



## Legislation Text

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**File #:** 23-0995, **Version:** 1

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**TO:** Mayor Richard C. Irvin

**FROM:** Alex A. Alexandrou - Chief Management Officer  
Deborah A. Lang - Assistant Corporation Counsel III  
Jennifer G. Jordan - Risk Management Paralegal

**DATE:** December 5, 2023

**SUBJECT:**

A Resolution Authorizing Purchase of Property/Boiler Machinery, Fine Arts, Cyber and Excess Cyber Liability, Crime, Special Events Liability, Drone Liability, General Liability/Law Enforcement/Auto Liability, Excess Liability, Excess Workers Compensation, and Liquor Liability insurance policies for the period of December 31, 2023 through December 31, 2024.

**PURPOSE:**

To obtain approval of the proposal from broker HUB International Midwest Limited for Property/Boiler Machinery insurance from Chubb Insurance Company, Fine Arts Insurance from Hanover Insurance Company, Cyber Liability Insurance from AIG, Excess Cyber from Coalition, Crime Insurance from Travelers, Special Events Liability from Cincinnati Specialty, Drone Liability from (AAIC) American Alternative Insurance Company, Excess General Liability/Law Enforcement/Auto Liability Insurance from Safety National, Homesite, Kinsale, HDI Global, Allied World, Starstone, and Great American Insurance Company, Excess Workers Compensation insurance from Safety National Casualty Insurance, and Liquor Liability insurance from Lloyds of London for the period of December 31, 2023 through December 31, 2024.

**BACKGROUND:**

The City has historically maintained these types of insurance coverages as part of its overall insurance and risk management program totaling \$35M in overall excess liability coverage including self-insured retention level of \$2M. 2022-2023 total program cost, including broker service fee, was \$2,183,869.00.

**DISCUSSION:**

Our authorized broker HUB International reviewed our existing program and solicited additional market bids beyond renewal of the existing program. Despite extensive efforts by HUB, certain market conditions in the Property, General and Excess General Liability insurance markets have yielded significantly higher premium cost renewals as indicated on the attached premium summary exhibit. It is imperative the City of Aurora maintain all its present coverages despite these results.

HUB is recommending a renewal of the casualty lines for our Excess General Liability coverages which would maintain the self-insured retention by the City of Aurora at \$2M and have Safety

National for the first \$5M layer beyond the SIR and then Homesite Insurance Company (HIC), Kinsale, and HDI Global participating in the next \$10M. HUB recommends replacing Berkley/Gemini with Allied World for the next \$5M to \$15M. Starstone would have the next \$5M layer and Great American would have the next \$10M to complete the final layer to \$35M total coverage. Attached are Exhibit A through Exhibit D demonstrating the City of Aurora 2023 Limit Structure. Approval of this six-layer coverage structure will maintain the desired excess liability coverage of \$35M above the City of Aurora's \$2M self-insured retention. The public entity/municipality sector continues to experience severe capacity issues with a shrinking pool of what was already a very short list of variable markets. The increase in premiums reflect the market driven lack of capacity.

Property - HUB is recommending a renewal with Chubb as they continue to offer a very comprehensive coverage platform with certain coverage items that are not available with competing markets. Chubb will require a 15.5% rate increase due to ongoing market conditions as well as adverse and ongoing city claim losses over the past few years.

The property premium increased by 23% due to the combination of a 7% valuation and the 15% rate.

Overall, the total cost including broker service fee for 2023-2024 is \$2,519,775.00 as compared to \$2,183,869.00 for 2022-2023. Funds for these insurance policies are budgeted for in the Property and Casualty Fund budget.

**IMPACT STATEMENT:**

N/A

**RECOMMENDATIONS:**

That the City Council approve the resolution authorizing the purchase from broker HUB International Midwest Limited for Property/Boiler Machinery insurance from Chubb Insurance Company, Fine Arts Insurance from Hanover Insurance Company, Cyber Liability Insurance from AIG, Excess Cyber from Coalition, Crime Insurance from Travelers, Special Events Liability from Cincinnati Specialty, Drone Liability from (AAIC) American Alternative Insurance Company, Excess General Liability/Law Enforcement/Auto Liability Insurance from Safety National, Homesite, Kinsale, HDI Global, Allied World, StarStone, and Great American Insurance Company, Excess Workers Compensation from Safety National Casualty Insurance, and Liquor Liability insurance from Lloyds of London for the period of December 31, 2023 through December 31, 2024 for \$2,519,775 inclusive of all applicable premiums, taxes, and broker service fees.

cc: Finance Committee



CITY OF AURORA, ILLINOIS

RESOLUTION NO. \_\_\_\_\_  
DATE OF PASSAGE \_\_\_\_\_

A Resolution Authorizing Purchase of Property/Boiler Machinery, Fine Arts, Cyber and Excess Cyber Liability, Crime, Special Events Liability, Drone Liability, General Liability/Law Enforcement/Auto Liability, Excess Liability, Excess Workers Compensation, and Liquor Liability insurance policies for the period of December 31, 2023, through December 31, 2024.

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, the City Council has determined it is the best interest of the citizens of Aurora that the City purchase Property/Boiler Machinery, Fine Arts, Cyber and Excess Cyber Liability, Crime, Special Events Liability, Drone Liability, General Liability/Law Enforcement/Auto Liability, Excess Liability, Excess Workers Compensation and Liquor Liability insurance policies for the period of December 31, 2023 through December 31, 2024; and

WHEREAS, the renewal proposal from insurance broker HUB International Midwest Limited, for Property/Boiler Machinery insurance from Chubb Insurance Company, Fine Arts Insurance from Hanover Insurance Company, Cyber Liability Insurance from AIG, Excess Cyber from Coalition, Crime Insurance from Travelers, Special Events Liability from Cincinnati Specialty, Drone Liability from (AAIC) American Alternative Insurance Company, Excess General Liability/Law Enforcement/Auto Liability Insurance from Safety National, Homesite, Kinsale, HDI Global, Allied World, Starstone, and Great American Insurance Company, Excess Workers Compensation insurance from Safety National Casualty Insurance, and Liquor Liability insurance from Lloyds of London for the period of December 31, 2023 through December 31, 2024.

WHEREAS, the 2023 City Budget provides for this item in account numbers 601-0000-410.40-10, 601-0000-410.40-40, and 601-0000-410.40-70.)

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Aurora, Illinois, as follows: that one (1) year of Property/Boiler Machinery insurance from Chubb Insurance Company, Fine Arts Insurance from Hanover Insurance Company, Cyber Liability Insurance from AIG, Excess Cyber from Coalition, Crime Insurance from Travelers, Special Events Liability from Nation Specialty Insurance (NSI), Drone Liability from (AAIC) American Alternative Insurance Company, Excess General Liability/Law Enforcement/Auto Liability Insurance from Safety National, Homesite, Kinsale, HDI, Allied World, Starstone, and Great American Insurance Company Excess Workers Compensation insurance from Safety National Casualty Insurance, and Liquor Liability insurance from Lloyds of London for the period of December 31, 2023 through December 31, 2024 through broker HUB International Midwest Limited for \$2,519,775.00 inclusive of all applicable premiums, taxes, and broker service fees.