

**AGENDA**  
**FINANCE COMMITTEE**  
**Village of Hoffman Estates**  
**December 12, 2011**

**Immediately following Transportation and Road Improvements**

**Members:** Gary Pilafas, Chairperson  
Anna Newell, Vice Chairperson  
Karen Mills, Trustee  
Ray Kincaid, Trustee  
Jacquelyn Green, Trustee  
Gary Stanton, Trustee  
William McLeod, Mayor

**I. Roll Call**

**II. Approval of Minutes – December 5, 2011**

**NEW BUSINESS**

1. Request authorization for renewal of the Village's 2012 excess workers' compensation and property and casualty insurance coverage.

**III. President's Report**

**IV. Other**

**V. Items in Review**

**VI. Adjournment**

**FINANCE  
COMMITTEE MEETING MINUTES**

**December 5, 2011**

**I. Roll Call**

**Members in Attendance:**

**Anna Newell, Vice Chairperson  
Trustee Karen Mills**

**Other Corporate Authorities  
in Attendance:**

**Trustee Ray Kincaid  
Trustee Jacquelyn Green  
Trustee Gary Stanton  
Village President William McLeod**

**Corporate Authorities not  
In Attendance:**

**Gary Pilafas, Chairperson**

**Management Team Members  
in Attendance:**

**Jim Norris, Village Manager  
Art Janura, Corporation Counsel  
Dan O'Malley, Deputy Village Manager  
Mark Koplin, Asst. Vlg. Mgr., Dev. Services  
Gary Salavitch, Director of Engineering  
Patrick Seger, Human Resource Mgmt. Dir.  
Bob Gorvett, Fire Chief  
Michael Hish, Police Chief  
Algean Garner, Director of H&HS  
Monica Saavedra-Kulousek, Asst. Dir. of H&HS  
Joe Nebel, Director of Public Works  
Michael DuCharme, Finance Director  
Rachel Musiala, Asst. Finance Director  
Gordon Eaken, Dir. of IS  
Doug Schultz, Community Relations Coord.  
Bruce Anderson, Cable TV Coordinator  
Bev Romanoff, Village Clerk  
Ben Gibbs, GM of the Sears Centre Arena  
Nichole Collins, Emergency Mgmt. Coord.**

The Finance Committee meeting was called to order at 7:05 p.m.

**II. Approval of Minutes**

Motion by Trustee Green, seconded by Trustee Mills, to approve the Finance Committee meeting minutes of October 24, 2011. Voice vote taken. All ayes. Motion carried.

Motion by Trustee Stanton, seconded by Mayor McLeod, to approve the Special Finance Committee meeting minutes of November 14, 2011. Voice vote taken. All ayes. Motion carried.

**NEW BUSINESS**

- 1. Request approval of the 2012-2016 Capital Improvements Program as recommended by the Capital Improvements Board.**

An item summary sheet from Michael DuCharme was presented to the Committee.

Motion by Mayor McLeod, seconded by Trustee Kincaid, to approve the 2012-2016 Capital Improvements Program as recommended by the Capital Improvements Board. Voice vote taken. All ayes. Motion carried.

- 2. Request approval of an ordinance adopting the budget for all corporate purposes of the Village of Hoffman Estates, Cook and Kane Counties, Illinois, in lieu of the appropriation ordinance, for the fiscal year commencing on the first day of January 2012, and ending on the thirty-first day of December 2012.**

An item summary sheet from Michael DuCharme was presented to the Committee.

Motion by Mayor McLeod, seconded by Trustee Stanton, to approve an ordinance adopting the budget for all corporate purposes of the Village of Hoffman Estates, Cook and Kane Counties, Illinois, in lieu of the appropriation ordinance, for the fiscal year commencing on the first day of January 2012, and ending on the thirty-first day of December 2012. Voice vote taken. All ayes. Motion carried.

- 3. Request authorization to establish Police hire back rates for the period January 1 through December 31, 2012.**

An item summary sheet from Michael DuCharme was presented to the Committee.

Motion by Trustee Mills, seconded by Trustee Kincaid, to establish Police hire back rates for the period January 1 through December 31, 2012. Voice vote taken. All ayes. Motion carried.

- 4. Request authorization to declare \$5,357,786.84 as surplus funds within the EDA Special Tax Allocation Fund, and direct the Treasurer to remit said funds to the appropriate taxing districts.**

An item summary sheet from Michael DuCharme was presented to the Committee.

The Committee, Jim Norris and Mr. Cary Collins of 1710 White Oak Lane in Hoffman Estates discussed the reason for the surplus and how the funds were distributed.

Motion by Mayor McLeod, seconded by Trustee Stanton, to declare \$5,357,786.84 as surplus funds within the EDA Special Tax Allocation Fund, and direct the Treasurer to remit said funds to the appropriate taxing districts. Voice vote taken. All ayes. Motion carried.

**5. Request authorization to award three year contract to JP Morgan Chase for banking services.**

An item summary sheet from Michael DuCharme was presented to the Committee.

Motion by Trustee Stanton, seconded by Mayor McLeod, to award three year contract to JP Morgan Chase for banking services. Voice vote taken. Trustee Kincaid voted nay. Motion carried.

**6. Request acceptance of Finance Department Monthly Report.**

The Finance Department Monthly Reports were presented to Committee.

Motion by Trustee Stanton, seconded by Mayor McLeod, to accept the Finance Department Monthly Report. Voice vote taken. All ayes. Motion carried.

**7. Request acceptance of Information Systems Department Monthly Report.**

The Information Systems Department Monthly Report was presented to Committee.

Motion by Trustee Green, seconded by Trustee Mills, to accept the Information Systems Department Monthly Report. Voice vote taken. All ayes. Motion carried.

**8. Request acceptance of Sears Centre Arena Monthly Report.**

The Sears Centre Arena Monthly Report was presented to Committee.

Motion by Trustee Mills, seconded by Trustee Kincaid, to accept the Sears Centre Arena Monthly Report. Voice vote taken. All ayes. Motion carried.

**III. President's Report**

**IV. Other**

**V. Items in Review**

**VI. Adjournment**

Motion by Mayor McLeod, seconded by Trustee Mills, to adjourn the meeting at 7:20 p.m. Voice vote taken. All ayes. Motion carried.

Minutes submitted by:

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Emily Kerous, Director of Operations & Outreach  
Office of the Mayor & the Board

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Date

**COMMITTEE AGENDA ITEM  
VILLAGE OF HOFFMAN ESTATES**

**SUBJECT:** RENEWAL OF THE VILLAGE'S 2012 EXCESS WORKERS' COMPENSATION AND PROPERTY AND CASUALTY INSURANCE COVERAGE

**DATE:** DECEMBER 12, 2011

**COMMITTEE:** FINANCE COMMITTEE

**FROM:** KEN KOOP, RISK MANAGER

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**PURPOSE:** To discuss the results of the market test related to the Village's excess property and casualty and excess workers' compensation insurance coverage.

**I. PROPERTY AND CASUALTY**

**BACKGROUND:** Since 1985 the Village has used conventional insurance and a "protected self insurance" package to insure property and liability losses. For coverage such as property, auto liability, general liability and crime losses, the Village has assumed a self-insured retention (SIR) limit per claim. A cap known as the "loss fund" has been used to limit the total exposure under this program. Excess coverage has been purchased to protect the Village from catastrophic losses. This excess coverage protects the Village against individual losses above \$100,000 and combined losses in excess of \$400,000.

In 2010 the Village Board approved the use of Mesirow Financial Services for brokerage services related to excess property and casualty and workers' compensation coverage. As the Village's broker, Mesirow Financial Services reviewed and evaluated the insurance market for the 2012 renewal.

Over the past year the insurance market has continued to harden. Carriers are becoming less competitive in the public sector market place as compared to years past. One result of a hard insurance market is the restriction of insurance products and markets resulting in increased premium costs. The insurance market is expected to continue to harden for the foreseeable future.

The Village requires that all conventional and excess insurance companies possess a minimum "A.M. Best" rating of "A". This rating reflects the financial stability of the insurance company.

In addition, it is a prudent risk management technique to recommend that the carriers submitting proposals be “admitted” in the State of Illinois. Those carriers not “admitted” in this State are not covered under the State’s insurance fund if for some reason they become insolvent. Admitted carriers are licensed and governed by the laws of the state they are in, and their rates and forms (coverages) are reviewed and approved by that state. This optimal because each states insurance department is charged with protecting the interests of the consumer. They review the rating to make sure there is no price gouging, and they review the coverages (forms) to make sure there are no egregious exclusions on the policy being sold.

Non-admitted carriers are not protected by any state guaranty funds. They also are free of State rate and coverage form requirements. They can charge any price, and provide any coverage or exclusion they deem necessary, without the over site of the State insurance regulators.

The current primary comprehensive property and liability excess insurance program has been placed with One Beacon Insurance Company, through Mesirow Financial Services. This program has been in place since January 1, 2010. The 2012 budget for Liability Fixed Costs is \$485,190.

For losses above the excess insurance carrier limit of \$2,000,000, the Village participates as a member of the High-Level Excess Liability Pool (HELP). This pool provides an additional level of coverage to the Village in addition to the coverage provided by the standard excess insurance market. HELP was created in the 1980’s as a result of an insurance crisis that caused the public sector liability insurance market to quickly become unavailable. HELP initially offered a \$5,000,000 limit of coverage to its members, and now offers a \$10,000,000 limit. The Village is now participating in the third term of HELP. The current term of HELP (HELP III) will expire April 30, 2018. The 2012 budget for the HELP Pool is \$84,800, which is unchanged from the previous year.

In order to obtain competitive insurance program indications to replace the expiring 2011 insurance program, Mesirow Financial Services has recently approached twelve (12) insurance markets on the Village’s behalf (exhibit A). Due to the very competitive terms of the existing coverage’s many markets declined to quote on the Village’s renewal. There was only one competitive insurance package submitted to the broker other than that of the incumbent carrier.

**DISCUSSION:**

Below is an overview of the property and liability quotations submitted to the broker for consideration. A summary and comparison of the competing programs is illustrated on exhibit B. Mesirow Financial Services submitted two (2) program options. One from the incumbent carrier One Beacon with Affiliated FM for property coverage, and the other quotation with a combination of carriers: Safety National, Affiliated FM, Travelers and Lloyds.

### **Safety National, et al Property and Casualty Package:**

1. Safety National law enforcement liability, public officials, and employment practices coverages are non-admitted in the State of Illinois, while comparable One Beacon coverages are admitted in Illinois.
2. The Safety National package program was created and recently introduced to the market in August of this year. It has been relatively untested in this market.
3. Safety National would require the Village to utilize a specific third party claims administrator to handle the Village's claims. This would severely restrict the Village's autonomy related to the adjustment of claims.
4. Safety National provides very limited loss control services.
5. Surplus lines taxes and fees – Safety National non-admitted programs require the payment by the Village of taxes in the amount of \$5616.

### **Expiring One Beacon/Affiliated FM Package**

The expiring coverage package is identical to the comprehensive program currently in place.

1. One Beacon Insurance Company is a leader in providing insurance coverage to public entities. They have developed the claims management and loss control structures within their organization that are unprecedented in the public entity insurance marketplace.
2. The Village has experienced a positive relationship with the carrier, and has been insured by them since January 1, 2010.
3. One Beacon offers exceptional loss control services at no additional cost.
4. The combined program has separate limits for Law, Employment Practices and Public Officials Liability coverage, as opposed to a single limit for all the coverages combined.
5. Since all lines of the expiring coverage package are admitted in the State of Illinois, there are no additional taxes or fees associated.
6. The total premium of \$360,156 reflects a .4% increase from last year, and is not the lowest premium submitted. However, as detailed above, the coverage provided and stability of the company, in addition to the comprehensive list of high quality services provided, offers the Village the least exposure at the most competitive premium.

## **II. EXCESS WORKERS' COMPENSATION COVERAGE**

**BACKGROUND:** Since 1997 the Village has maintained a self-insured workers' compensation program requiring a self-insured retention (SIR). The current SIR per claim is \$500,000 and \$600,000 for Police and Fire. Excess coverage above the retention level has been purchased from Safety National Insurance Company, through Mesirow Financial Services, to protect the Village from catastrophic losses. This excess coverage protects the Village against individual losses above \$500,000/\$600,000 for workers' compensation. The policy limit for these coverages is Statutory (unlimited) for workers' compensation and \$2,000,000 for employer's liability. These limits are per each injury occurrence or employee disease.

The current cost of these coverages is based on a rate of .1625 per \$100 of payroll. The rate is determined by the insurance company's underwriter taking into account the Village's claims frequency, severity, loss prevention programs and payroll, among other factors. The total cost for the Village's excess workers' compensation insurance coverage for 2010 was \$46,521. The current excess insurance policy with Safety National expires on December 31, 2011.

The Village required that all conventional and excess insurance companies have a minimum "A.M. Best" rating of "A". This rating reflects the financial stability of the insurance company. The 2012 budget for Workers' Compensation Fixed Costs is \$48,480.

The excess workers' compensation marketplace has proven to be especially hard compared to previous years.

**DISCUSSION:**

Mesirow Financial Services submitted two (2) coverage options from the incumbent carrier, Safety National Insurance Company. Both include statutory limits of coverage with a \$500,000/\$600,000 self-insured retention. One is for a standalone policy and the other considers the inclusion of the property and casualty program. Safety National is a leader in the Public Entity Excess work comp marketplace with over 40% share of all accounts of this type. No other carrier was willing to compete with the incumbent carrier for the 2012 renewal.

Mirroring the existing program, Safety National Insurance Company did increase their rate from .01625 per \$100 of payroll to .01925 for the renewal. The cost to the Village for excess workers' compensation coverage would be \$53,473, with a standalone policy and \$51,390 if the policy was included with the Safety National property and casualty package.

**FINANCIAL IMPACT:**

The recommendations presented below represent a 22% decrease in the 2012 budgeted amount related to these programs.

**RECOMMENDATION I:**

**Property and Casualty**

When taking into account the differences in coverage of the Safety National/Affiliated FM program, compared to the expiring One Beacon program, it is evident the expiring program better protects the Village's interests. Therefore, after careful review, staff recommends the Village purchase the One Beacon property and liability insurance package from Mesirow Financial Services, for the policy year January 1, 2012 through January 1, 2013, for a total fixed cost of \$360,156.



## **RECOMMENDATION II:**

### **Workers' Compensation**

After careful review, staff recommends the Village purchase excess workers' compensation insurance coverage with statutory limits and a \$500,000/\$600,000 self-insured retention, from Mesiraw Financial Services, for the policy period of December 31, 2011 through December 31, 2012. Safety National Insurance Company will underwrite the excess workers' compensation insurance policy at a rate of .1925 per \$100 of actual payroll. The premium will be \$53,473, subject to an annual premium adjustment based on audited payroll figures.

Note: The original proposals are available for the Committee's review in the Ante reading room.

Coverage + Premium Summary and Comparison

	One Beacon - Chubb Travelers - GA - Lloyds 1/1/2010-11 Expiring Program Premiums One Beacon + Chubb Admitted - A XIV + A+ XV	One Beacon - Affiliated FM Travelers - GA - Lloyds 1/1/2011-12 Expiring Program Premiums Affiliated FM Admitted - A+ XV	One Beacon - Affiliated FM Travelers - GA - Lloyds 1/1/2012-13 Renewal Program Affiliated FM Admitted - A+ XV	Safety Nat - Affiliated FM Travelers - GA - Lloyds 1/1/2012-13 Renewal Program Affiliated FM Admitted - A+ XV
<b>Property</b>				
Building and BPP Limit				
Includes Sears Centre	\$161,865,948	\$169,039,055	\$168,862,688	\$168,862,688
Cause of loss form	Special - RCV - Agreed Value	Special - RCV - Agreed Value	Special - RCV - Agreed Value	Special - RCV - Agreed Value
Deductible	\$100,000	\$100,000	\$100,000	\$100,000
Business Income	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000
Extra Expense	Included in BI	Included in BI	Included in BI	Included in BI
Equipment Breakdown	Same as TIV	Same as TIV	Same as TIV	Same as TIV
Earthquake	\$5M/\$25M	\$25,000,000	\$25,000,000	\$25,000,000
Earthquake Deductible	\$100,000	\$100,000	\$100,000	\$100,000
Flood - minus Flood Zone A	\$5M/\$25M	\$25,000,000	\$25,000,000	\$25,000,000
Flood Deductible	\$100,000	\$100,000	\$100,000	\$100,000
<b>IM - Mobile Equipment</b>				
Contractor equipment	\$845,047	\$845,047	\$845,047	\$845,047
Misc Property + Equipment	Included in IM limit	\$613,179	\$613,179	\$613,179
Equipment EDP Limit	\$500,000	\$500,000	\$500,000	\$500,000
Inland Marine Deductible	\$100,000	\$100,000	\$100,000	\$100,000
Fine Arts	\$500,000	\$500,000	\$500,000	\$500,000
Deductible	\$100,000	\$100,000	\$100,000	\$100,000
<b>Property Premium</b>	<b>\$104,249</b>	<b>\$73,000</b>	<b>\$72,846</b>	<b>\$72,846</b>
<b>Engineering fees</b>	N/A	\$3,500	\$2,500	\$2,500
Terrorism (TRIA) - Optional	\$9,714	\$10,000	\$10,000	\$10,000
<b>Carrier</b>				
<b>General Liability</b>	<b>One Beacon Admitted - A XIV</b>	<b>One Beacon Admitted - A XIV</b>	<b>One Beacon Admitted - A XIV</b>	<b>Safety National Admitted - A IX</b>
Limits	\$2M/\$3M	\$2M/\$3M	\$2M/\$3M	\$2M/\$3M
SIR - Self Ins Retention - GL	\$100,000	\$100,000	\$100,000	\$100,000
SIR - Aggregate (GL,EBL,LEL, POL + EPL)	\$400,000	\$400,000	\$400,000	\$200,000
Defense Inside or Outside	Outside	Outside	Outside	Outside
Healthcare/Social Services	\$2,000,000	\$2,000,000	\$2,000,000	Included in GL limit

VILLAGE OF HOFFMAN ESTATES

Exhibit B

	One Beacon - Chubb Travelers - GA - Lloyds 1/1/2010-11 Expiring Program Premiums	One Beacon - Affiliated FM Travelers - GA - Lloyds 1/1/2011-12 Expiring Program Premiums	One Beacon - Affiliated FM Travelers - GA - Lloyds 1/1/2012-13 Renewal Program	Safety Nat - Affiliated FM Travelers - GA - Lloyds 1/1/2012-13 Renewal Program
<b>Carriers</b>	One Beacon + Chubb	Affiliated FM	Affiliated FM	Affiliated FM
<b>Admitted or Non + AM Best rating</b>	Admitted - A XIV + A+ XV	Admitted - A+ XV	Admitted - A+ XV	Admitted - A+ XV
Failure to Supply	\$1,000,000	\$1,000,000	\$1,000,000	Included in GL limit
Sewer back up coverage	\$1,000,000	\$1,000,000	\$1,000,000	Included in GL limit
Sexual Abuse	\$1,000,000	\$1,000,000	\$1,000,000	Included in GL limit
<b>General Liability Premium</b>	Included in casualty premium	\$80,423	\$78,806	\$51,156
Terrorism (TRIA) Optional	\$1,947	\$2,413	\$2,364	\$1,995
<b>Carrier</b>	One Beacon	One Beacon	One Beacon	Indian Harbor/Safety National
<b>Law Enforcement Liability</b>	Admitted - A XIV	Admitted - A XIV	Admitted - A XIV	Non Admitted - A+ XV
Limits	\$2M/\$3M	\$2M/\$3M	\$2M/\$3M	\$2M/\$4M
Defense Inside or Outside	Outside	Outside	Outside	Outside
SIR - Self Ins Retention - Law	\$100,000	\$100,000	\$100,000	Deductible - \$100,000
SIR or Ded - Aggregate				
(GL,EBL,LEL, POL + EPL)	\$400,000	\$400,000	\$400,000	LEL - \$100,000
Occurrence or Claims Made	Occurrence	Occurrence	Occurrence	Occurrence
<b>Law Liability Premium</b>	Included in casualty premium	Incl in Professional premiums	Incl in Professional premiums	\$69,354
<b>Surplus lines taxes + fees</b>	N/A	N/A	N/A	\$2,747
<b>Carrier</b>	One Beacon	One Beacon	One Beacon	Indian Harbor / Safety National
<b>Public Officials Liability</b>	Admitted - A XIV	Admitted - A XIV	Admitted - A XIV	Non Admitted - A+ XV
Limits	\$2M/\$3M	\$2M/\$3M	\$2M/\$3M	\$2M/\$4M
SIR - Self Ins Retention - POL	\$25,000	\$25,000	\$25,000	Deductible - \$50,000
SIR or Ded - Aggregate				
(GL,EBL,LEL, POL + EPL)	\$400,000	\$400,000	\$400,000	POL + EPL - \$100,000
Occurrence or Claims Made	Claims Made	Claims Made	Claims Made	Claims Made
Defense Cost	Outside	Outside	Outside	Outside
Retro Date	5/1/1996	5/1/1996	5/1/1996	Full Prior Acts
<b>Public Officials Premium</b>	Included in casualty premium	Incl in Professional premiums	Incl in Professional premiums	Incl in Professional premiums
<b>Carrier</b>	One Beacon	One Beacon	One Beacon	Indian Harbor / Safety National
<b>Employment Practices Liability</b>	Admitted - A XIV	Admitted - A XIV	Admitted - A XIV	Non Admitted - A+ XV
Limits	\$2M/\$3M	\$2M/\$3M	\$2M/\$3M	\$2M/\$4M
SIR - Self Ins Retention EPL	\$50,000	\$50,000	\$50,000	Deductible - \$50,000
SIR - Aggregate or Ded				
(GL,EBL,LEL, POL + EPL)	\$400,000	\$400,000	\$400,000	POL + EPL - \$100,000
Occurrence or Claims Made	Claims Made	Claims Made	Claims Made	Claims Made
Defense Costs	Outside	Outside	Outside	Inside
Employee Benefits Liability	\$2M/\$3M	\$2M/\$3M	\$2M/\$3M	\$2M/\$3M
Retro Date	5/1/1996	5/1/1996	5/1/1996	Full Prior Acts
<b>Employment Prac Premium</b>	Included in casualty premium	Incl in Professional premiums	Incl in Professional premiums	Incl in Professional premiums
<b>LEL, POL + EPL premiums</b>	Included in casualty premium	\$139,546	\$140,834	\$70,508
<b>Prof surplus lines taxes + fees</b>	N/A	N/A	N/A	\$2,788

VILLAGE OF HOFFMAN ESTATES

Exhibit B

Carriers Admitted or Non + AM Best rating	One Beacon - Chubb Travelers - GA - Lloyds 1/1/2010-11 Expiring Program Premiums One Beacon + Chubb Admitted - A XIV + A+ XV	One Beacon - Affiliated FM Travelers - GA - Lloyds 1/1/2011-12 Expiring Program Premiums Affiliated FM Admitted - A+ XV	One Beacon - Affiliated FM Travelers - GA - Lloyds 1/1/2012-13 Renewal Program Affiliated FM Admitted - A+ XV	Safety Nat - Affiliated FM Travelers - GA - Lloyds 1/1/2012-13 Renewal Program Affiliated FM Admitted - A+ XV
	Carrier	One Beacon	One Beacon	One Beacon
<b>Automobile</b>	<b>Admitted - A XIV</b>	<b>Admitted - A XIV</b>	<b>Admitted - A XIV</b>	<b>Admitted - A IX</b>
Auto Liability Limit	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Auto Liability retention	\$100,000	\$100,000	\$100,000	\$100,000
Defense Inside or Outside	Outside	Outside	Outside	Outside
APD - Ded -Collision/Comp	\$100,000/\$100,000	\$100,000/\$100,000	\$100,000/\$100,000	\$100,000/\$100,000
Rating basis - # of units	204	221	221	221
	vehicles	vehicles	vehicles	vehicles
APD - Valuation	ACV - Actual Cash Value all	ACV - Actual Cash Value all	ACV - Actual Cash Value all	ACV - Actual Cash Value all
UM/UIM limits	\$40,000	\$40,000	\$40,000	\$40,000
Hired + Non Owned	Included	Included	Included	Included
Hired Auto APD limit	None	None	None	None
Coverage	Fleet	Fleet	Fleet	Fleet
<b>AL + APD Premium</b>	Included in casualty premium	\$56,155	\$59,099	\$61,588
<b>Casualty Premiums</b>	<b>\$386,387</b>	<b>Incl in package premium</b>	<b>Incl in package premium</b>	<b>Incl in package premium</b>
<b>Carrier</b>	<b>One Beacon A XIV</b>	<b>Travelers A+ XV</b>	<b>Travelers A+ XV</b>	<b>Travelers A+ XV</b>
<b>Crime</b>				
Employee Dishonest limit	\$500,000	\$500,000	\$500,000	\$500,000
Forgery or Alteration	\$500,000	\$500,000	\$500,000	\$500,000
Money + Securities	\$500,000	\$500,000	\$500,000	\$500,000
Computer Fraud	\$500,000	\$500,000	\$500,000	\$500,000
In Transit	Not offered	\$500,000	\$500,000	\$500,000
Faithful Performance of Duty	Excluded	Included	Included	Included
Deductible	\$10,000	\$5,000	\$5,000	\$5,000
<b>Crime Coverages Premium</b>	Included in casualty premium	\$2,363	\$2,363	\$2,363
<b>Carrier</b>	<b>Great American</b>	<b>Great American</b>	<b>Great American</b>	<b>Great American</b>
<b>Under Storage Tank Liability</b>	<b>A+ XV</b>	<b>A+ XV</b>	<b>A+ XV</b>	<b>A+ XV</b>
Limits - Environ/Defense/Agg	\$1M/\$1M/\$1M	\$1M/\$1M/\$1M	\$1M/\$1M/\$1M	\$1M/\$1M/\$1M
Deductible	\$5,000	\$5,000	\$5,000	\$5,000
<b>UST liability premium</b>	<b>\$1,127</b>	<b>\$1,127</b>	<b>\$1,127</b>	<b>\$1,127</b>
<b>UST surplus taxes + fees</b>	<b>\$81</b>	<b>\$81</b>	<b>\$81</b>	<b>\$81</b>

VILLAGE OF HOFFMAN ESTATES

Exhibit B

Carriers Admitted or Non + AM Best rating	One Beacon - Chubb Travelers - GA - Lloyds 1/1/2010-11 Expiring Program Premiums One Beacon + Chubb Admitted - A XIV + A+ XV	One Beacon - Affiliated FM Travelers - GA - Lloyds 1/1/2011-12 Expiring Program Premiums Affiliated FM Admitted - A+ XV	One Beacon - Affiliated FM Travelers - GA - Lloyds 1/1/2012-13 Renewal Program Affiliated FM Admitted - A+ XV	Safety Nat - Affiliated FM Travelers - GA - Lloyds 1/1/2012-13 Renewal Program Affiliated FM Admitted - A+ XV
Carrier	Lloyds	Lloyds	Lloyds	Lloyds
Illinois Liquor Liability				
Limits - includes carnivals + fairs	\$1M/\$1M	\$1M/\$1M	\$1M/\$1M	\$1M/\$1M
Liquor Liability Premium	\$2,500	\$2,500	\$2,500	\$2,500
IM, B&M Crime, GL, EBL, LEL,	\$494,344	\$358,695	\$360,156	\$339,558
TRIA Premiums				
GL + Prop (optional)	\$11,995	\$12,413	\$12,364	\$11,995
Casualty Claim Hand Charges	Refer to CCMSI	Refer to CCMSI	Refer to CCMSI	Refer to CCMSI
Increase or Decrease		-\$135,649	\$1,461	-\$19,137
Excess Workers Compensation				
Carrier	Safety National	Safety National	Safety National	Safety National
AM Best rating Admitted/Non	Admitted - A IX	Admitted - A IX	Admitted - A IX	Admitted - A IX
Policy Period	12/31/2011-12/31/2012	12/31/2011-12/31/2012	12/31/2011-12/31/2012	12/31/2011-12/31/2012
Employer Liability - Part B	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Payroll	\$28,408,460	\$27,778,290	\$27,778,290	\$27,778,290
Excess Workers Comp Est. Annual Premium	\$46,164	\$46,529	\$53,473	\$53,473
Increase or Decrease		\$365	\$6,944	\$6,944
Estimated Annual Premium	\$540,508	\$405,224	\$415,713	\$393,031
Increase or Decrease		-\$135,284	\$8,405	-\$12,193
WC Claim Handling charges	Refer to CCMSI	Refer to CCMSI	Refer to CCMSI	Refer to CCMSI

Quote Options

Safety National - Excess Work Comp - \$51,390 / if (SN) casualty coverage is also bound this year  
 Safety National - Casualty - POL + EPL coverages at \$25,000 ded would be \$77,904 plus SLT+F of \$2,805

One Beacon, Safety National, Travelers, Great American + Lloyds - Payment  
 Mesirow Financial - Agency Bill Annual

Property + Casualty - One Beacon + Safety National  
 Terrorism (TRIA) - Signed + dated rejection request forms

# Exhibit A

## Insurance Markets Responses

### Casualty Coverages

Carrier	Status	Comment
One Beacon	Quoted renewal	Quoted refer to Mesirow proposal
Safety National	Quoted	Quoted refer to Mesirow proposal
Travelers	Declined	Can't compete with current pricing
CV Starr	Declined	Minimum retention \$250,000 SIR

### Property

Carrier	Status	Comment
Affiliated FM	Quoted	Quoted refer to Mesirow proposal
Chubb	Declined	Can't compete with current pricing

### Workers Compensation

Carrier	Status	Comment
Safety National	Quoted	Quoted refer to Mesirow proposal
Midwest Employers	Declined	Can't compete with current pricing

### Crime

Carrier	Status	Comment
Travelers	Quoted	Quoted refer to Mesirow proposal

### Underground Storage Tank Liability

Carrier	Status	Comment
Great American	Quoted	Quoted refer to Mesirow proposal

### Liquor Liability

Carrier	Status	Comment
Underwriters at Lloyd's	Quoted	Quoted refer to Mesirow proposal