Assurance
Minimizing risk. Maximizing health.®

An Insurance Program Proposal for

# Town of Cortland

Effective: *12/31/2019 to 12/31/2020*

**Presented on**

12/09/2019

**Presented by**

**Brent Haubenriser**
(847) 463-7869
bhaubenriser@assuranceagency.com

**Assurance**
Schaumburg, IL
Chicago, IL
Arlington, VA
**www.assuranceagency.com**

# Executive *summary*

We appreciate the opportunity to present this proposal to you. Our proposal was developed with your specific insurance and risk management needs in mind. If upon review, there's additional information you will need to facilitate your decision-making process, please let us know.

This proposal contains details describing Assurance's extensive service platform – a platform which we believe is the most robust in the industry. Our value-added services have continually evolved since our inception over 50 years ago and are routinely enhanced based on direct feedback from our key audiences. Each Assurance service has been created to address one or more of the following:

- Eliminate administrative costs to your company
- Reduce or eliminate the potential for claims or losses
- Reduce the amount of reserves on your claims
- Provide financial protection for areas of exposure
- Minimize risk and maximize the health of employees

At Assurance, each of our dedicated professionals is driven by a single promise to inspire the trust and confidence of our clients. We are confident that if given the opportunity to partner with you, we will deliver on this promise and earn your loyalty.
Thank you and we look forward to representing your company's interests.

# Premium *summary Option #1*

The following is a summary of the insurance carrier premiums quoted and payment plan options.

| Carrier/AM Best Rating/Demotech Rating<br>Coverage<br>Payment Plan | | Expiring Premium | Renewal Premium |
|---|---|---|---|
| Illinois Public Risk Fund - AAA by Demotech<br>Workers' Compensation*<br>4 Installments: Direct Bill | | $32,515 | $35,095 |
| Argonaut Great Central - A, XIV<br>Property/Inland Marine Package<br>2 Installments/Agency Bill | | $19,011 | $20,308 |
| Argonaut Great Central - A, XIV<br>General Liability Package<br>2 Installments/Agency Bill | | $11,209 | $11,568 |
| Argonaut Great Central - A, XIV<br>Automobile<br>2 Installments/Agency Bill | | $8,922 | $9,690 |
| Argonaut Great Central - A, XIV<br>Excess<br>2 Installments/Agency Bill | | $4,749 | $5,007 |
| Hanover - A, XV<br>Crime<br>Full Payment: Agency Bill | | $2,574 | $2,574 |
| | **Total** | **$78,980** | **$84,242** |

| | |
|---|---|
| Assurance Service Fee | $6,500 |
| Total Investment | **$90,742** |

* Subject to annual audit
*Workers Compensation Policy Effective 1/1/20 to 1/1/21
Note: Deposit premiums due upon binding

# Premium *summary Option #2*

The following is a summary of the insurance carrier premiums quoted and payment plan options.

| Carrier/AM Best Rating/Demotech Rating<br>Coverage<br>Payment Plan | | Alternate Quote With ICRMT |
|---|---|---|
| Illinois Public Risk Fund - AAA by Demotech<br>Workers' Compensation*<br>4 Installments: Direct Bill | | $35,095 |
| ICRMT – N/A<br>All Lines Package Premium<br>Annual/2 pay or 3 pay/Direct Bill | | $46,434 |
| Hanover - A, XV<br>Crime<br>Full Payment: Agency Bill | | $2,574 |
| | **Total** | **$84,103.00** |

| | |
|---|---|
| Assurance Service Fee | $6,500 |
| Total Investment | **$90,603.00** |

* Subject to annual audit
*Workers Compensation Policy Effective 1/1/20 to 1/1/21
Note: Deposit premiums due upon binding

# Coverages to *consider*

In addition to the coverages which have been formally quoted for you in the Premium Summary section, Assurance would also like to call your attention to additional coverages which could help you more completely round out the financial protection of your business interests. These additional coverages include, but are not limited to, the types of insurance described on the following pages.

***Please note:***
*The information contained on the following pages are not intended to represent formal quotations or offers of insurance. At your direction, Assurance will proceed with soliciting a premium quotation for your consideration, and such a quote will be submitted for you under separate cover.*

## Directors and Officers Liability Insurance (D&O)

Companies of all sizes, public and private, are susceptible to costly litigation with respect to the decisions made by its various Directors and Officers. Private companies, while having some different exposures than publicly traded companies, still face risks associated with various securities laws, shareholder derivative suits, employment litigation, and claims of business interference and breach of fiduciary responsibility.

Lawsuits against private companies come from many sources. While shareholders and employees are the most likely groups to sue private companies, suits can come from competitors, clients, suppliers, vendors, banks and other creditors. Suits may include allegations of fraud, unfair business practices, interference with prospective economic advantage, and many other wrongful acts.

Regardless of the number of shareholders, directors and officers of companies are exposed to claims of breach of fiduciary duty, as well as claims from employees, clients, vendors and competitors. D&O coverage provides protection for defense costs, settlements and judgments associated with these types of claims.

## Employment Practices Liability Insurance (EPLI)

Employment-related lawsuits are the fastest growing threat to business practices across America. Driven by federal legislation, monetary awards for employment-related claims for harassment, discrimination, wrongful termination, retaliation, defamation, unfair hiring practices, and other workplace torts are steadily rising with no end in sight.

In 2010, the Equal Employment Opportunity Commission handled 99,000 charges. Add to that the hundreds of thousands of employment claims filed with state and local agencies and the numbers are staggering.

A company with good employment practices is in an excellent position to defend itself in the event of employment litigation, but the cost of mounting that defense can be enormous. It is not uncommon for legal fees associated with winning an employment lawsuit to be in excess of $250,000. When you've spent that money on legal fees, it's hard to feel like you've won.

# Coverages to *consider*, continued

## Fiduciary Liability Insurance

Employee pensions, benefits and compensation programs are becoming increasingly complex. Anyone who serves as a trustee or who has discretionary authority over a pension, or other employee benefit plan, assumes a certain level of risk.

Fiduciary liability insurance protects benefit plans, the sponsor organization, and individuals acting as fiduciaries or administrators of the plans. The policy covers liabilities arising out of violations of any of the responsibilities, obligations or duties imposed upon fiduciaries by ERISA.

## Business Interruption Insurance

Damage to your property can cause losses beyond the physical damage. For example, if a fire causes you to temporarily close your business, you could have lost earnings. Business Interruption Insurance, or Time Element Coverage, provides insurance for your loss of income or extra expenses you incur if your property is damaged and your operations are shut down for a period of time.

## Equipment Breakdown Coverage (Boiler and Machinery Insurance)

Most traditional property policies do not provide coverage for the breakdown of critical equipment such as mechanical or electrical equipment, boilers and pressure vessels, air conditioning and refrigeration equipment and critical communications systems. Boiler and Machinery insurance provides the necessary coverage you need to protect the equipment critical to your success and profitability.

An equipment breakdown can cripple and, in some cases, destroy a business. Being prepared with Boiler and Machinery insurance protection and having a solution in place before something happens is paramount to your ongoing operation.

## Equipment Maintenance Insurance

For any business, equipment repairs can break your budget unless you're protected with Equipment Maintenance Insurance (EMI). This single policy is typically a low-cost alternative to holding numerous maintenance contracts for equipment repairs. Instead of numerous service contracts with varied anniversary dates, EMI provides one comprehensive insurance policy for all covered equipment. EMI can often provide initial cost savings of 15% to 20% when compared to individual service contracts.

## Extended Warranty Programs

Extended Warranty programs (or Extended Service Contract Programs as they are sometimes known) are contracts or agreements under which someone other than the manufacturer assumes the cost of repair or replacement of a product due to mechanical breakdown, wear and tear, deterioration or other reasons. Extended warranties are sold on such items as automobiles and other motor vehicles, major appliances, computers and electronics, etc. In many states, an extended warranty agreement is considered an insurance contract.

# Coverages to *consider*, continued

## Fidelity and Crime Insurance

Fidelity losses can and do significantly impact company assets. In fact, the average business loses 6% of its total annual revenues to employee fraud. Applied to the U.S. Gross Domestic Product, this translates to losses of approximately $600 billion, or about $4,500 per employee. The prevalence of computers and electronic fund transfers makes companies even more vulnerable to fraud-related losses.

No company is immune; losses occur in large and small businesses alike, regardless of industry and past loss experience. Of companies surveyed, nearly 40% had no insurance to cover their losses and over 60% were unable to fully recover their losses through the insurance policy they had in place. In some instances, losses can be so significant that they can put a company out of business altogether. In fact, many business failures are tied to an uninsured or underinsured crime or fraud.

Even the most ethical and careful companies are vulnerable to employee crime. While internal controls can limit the amount of a loss or assist in a more timely discovery of a loss, controls are routinely circumvented. In fact, most frauds are not discovered through the audit process, but rather through tips from employees or vendors.

All businesses rely on trustworthy employees and dependable vendors and subcontractors. While these resources can enhance the capabilities of a business, they also represent a significant risk. Even once trustworthy employees may be driven to steal in certain personal circumstances. Companies in a period of growth or acquisition, and those experiencing expense control and downsizing efforts, are particularly vulnerable.

Consider purchasing a Crime policy to cover Employee Dishonesty, Forgery or Alteration, Money and Securities, Computer Fraud, and related coverages. An endorsement can be added to provide the required ERISA bond for pension and profit-sharing plans.

## Foreign Coverage

In today's competitive global environment, your operations may extend beyond the borders of the United States. Employees may travel abroad to attend trade shows, or you may have international subsidiaries. The coverage territory of your insurance policies typically excludes territories outside of the United States, Canada, and Puerto Rico. While many international countries require their own compulsory admitted local insurance coverage, additional Foreign Coverage – such as Property at your international offices, General Liability for suits brought against you from countries outside of the United States coverage territory, Excess Automobile Liability for cars rented in a foreign country, and Voluntary Workers' Compensation and Employer's Liability for work related injuries to your domestic based employees traveling overseas, is available for your extra protection.

## Kidnap and Ransom Insurance

Kidnappings have increased worldwide, with some estimates showing 15,000 occurrences each year. Despite these facts, many times companies overlook the need to obtain coverage for kidnap and ransom. Kidnap and ransom insurance policies provide coverage in the event of a kidnapping. This typically includes coverage for monies paid to kidnappers or extortionists, loss of ransom in transit, and other expenses incurred as a result of a kidnapping. Kidnap and ransom coverage is designed to help minimize the financial impact of such an unforeseen event on your business. The time to prepare for a crisis is before a crisis occurs.

# Coverages to *consider*, continued

## Pollution Insurance

Almost every industry has pollution exposure, and environmental pollution insurance is now a core coverage business require. A large segment of the primary general liability insurance market has traditionally shied away from environmental insurance because of cost, a tedious application process, and the view that perhaps their exposure to an environmental risk was not significant enough to warrant coverage. Perception has changed. Manufacturers, distributors, and other industries, from traditional to nontraditional pollution-generating industries, now see the impact an environmental liability – regardless of whether it's large or small – can have on their business.

## Product Recall Insurance

Recall coverage serves as a vital risk management tool for manufacturers of finished goods, producers of OEM (Original Equipment Manufacturer) component parts and assemblies, and importers of consumer, commercial or industrial products. Product Recall coverage triggers upon the occurrence or threat of bodily injury or property damage.

## Professional Liability Insurance (Errors and Omissions)

The potential for errors in the performance of services - alleged or actual - is all too real. Don't let it have a damaging effect on your business. Professional liability coverage protects against liability claims for negligence, errors and omissions in the performance of professional services.

## Trade and Credit Insurance

Trade Credit Insurance helps companies reach their goals by ensuring that hard-won sales convert to cash. Our policies provide blanket coverage for all Accounts Receivable generated during the year, and indemnify the policyholder for the defaulted invoice value of products delivered to approved clients. Trade Credit Insurance is typically purchased by manufacturers and wholesalers operating in the food, chemical, pulp and paper, pharmaceutical, retail and high tech sectors. However, any company that sells goods and services on credit terms fits the Trade Credit Insurance client profile.

## Workplace Violence Insurance

Of the newer exposures facing privately owned companies today, one of the most frightening is workplace violence. In fact, workplace violence is the second leading cause of work-site deaths in the United States. According to the U.S. Department of Justice's annual National Crime Victimization Survey, as many as 2 million violent acts are reported each year in the United States alone. The Workplace Violence Research Institute has estimated that the cost of those incidents exceeds $36 billion annually. In 2001, the Bureau of Labor Statistics reported 674 workplace homicides, accounting for 11% of the total fatal work injuries in the U.S. Workplace violence incidents can devastate a company, destroying its bottom line and threatening its survival. At special risk are companies that deal with the public, exchange money, deliver goods and services, work with unstable or volatile persons, or operate late at night. Workplace Violence Insurance provides coverage for the financial loss associated with incidents of violence in the workplace.