

CLEVELAND PUBLIC LIBRARY

Board Meeting

June 18, 2020

RESOLUTION REGARDING LIBRARY INSURANCE RENEWALS

WHEREAS, The Library's insurance policies for property, general liability, commercial auto, commercial crime, cyber liability, umbrella, excess liability, and public officials and employment practices liability coverage, expire on August 1, 2020; and

WHEREAS, On September 21, 2017, the Board of Library Trustees authorized the renewal of the insurance packages stated within the Resolution for four, one-year renewal periods commencing on August 1, 2018, provided terms, conditions, and pricing remain comparable to the current programs and consistent with then current market conditions; and

WHEREAS, The 2019-2020 expiring premiums for the Library's insurance policies total \$439,953; and McGowan Insurance, the Library's insurance broker, estimates that the cost of renewing the Library's insurance policies for one year will cost approximately \$520,132.75, which is an increase in cost of approximately 18.22% over the premium for the 2019-2020 policy; and

WHEREAS, This increase is due primarily to the COVID-19 pandemic. Affiliated FM, the Library's property insurance carrier, is estimating a 22% rate increase and AIG, the Library's public officials and employment practices liability insurance carrier, is estimating a 25% rate increase. Rates for the directors and officers insurance have increased by 44% on average based on 2019 results and the "unprecedented turbulence" created by the COVID-19 pandemic. The Library is shielded from some of this since we are a government entity; and

WHEREAS, The current insurance market is the hardest market since the savings and loan crisis of the 1980s; and

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WHEREAS, McGowan Insurance is working with underwriters and may be seeking proposals from other carriers, but will not have renewals and proposals in time for the June Board meeting; and

WHEREAS, Library Administration has determined it to be in the best interests of the Library to obtain additional proposals or options for the above-described policies and to select the policy with the most favorable terms to the Library while continuing coverage without interruption; and

WHEREAS, In order to provide better, more responsive service to the Library, McGowan Insurance recommends that the Library change its broker of record, the wholesaler from which McGowan Insurance obtains its policies, to AmWINS Brokerage of the Midwest. The change in broker of record will not affect commission levels nor carrier coverage; now therefore be it

RESOLVED, That the Board of Trustees authorizes the Executive Director, CEO or his designee, to make the final determination to accept the insurance package that provides the best coverage for the lowest overall cost, for a total annual premium for all policies not to exceed \$520,132.75, and the coverage purchased will be presented for ratification by the Board of Library Trustees at their next regularly scheduled meeting; and be it further

RESOLVED, That the Board of Library Trustees hereby approves the designation of AmWINS Brokerage of the Midwest as broker of record authorized to negotiate insurance renewals with McGowan Insurance and its wholesalers on behalf of the Library.