

**CLEVELAND PUBLIC LIBRARY**

**Finance Committee**

September 13, 2016

**RESOLUTION TO RATIFY AND APPROVE THE PURCHASE OF INSURANCE  
COVERAGE FOR POLICIES EFFECTIVE AUGUST 1, 2016 AND SEPTEMBER 18,  
2016**

WHEREAS, On June 19, 2012, the Board of Library Trustees authorized the Executive Director to make the final determination to accept the insurance package that best meets the objectives defined in the specifications, and directed that the coverage purchased be presented for ratification by the Board of Library Trustees at their next regularly scheduled meeting; and

WHEREAS, On September 18, 2012, the Board of Library Trustees ratified the decision to purchase Property Insurance through The Hylant Group for the first year's premium of \$230,000 and General Liability, Automotive, Umbrella Liability and Crime Insurance through McGowan & Co., Inc. for the first year's premium of \$114,120 for the period August 1, 2012 through August 1, 2013; and

WHEREAS, The Board of Library Trustees also ratified the decision to purchase Public Officials Liability and Employment Practices Liability Insurance through McGowan & Co., Inc. for the first year's premium of \$31,981.25 for the period September 18, 2012 through September 18, 2013; and

WHEREAS, On December 17, 2015, the Board of Library Trustees authorized the Executive Director to purchase Cyber Liability Insurance through McGowan & Co., Inc. for the first year's premium of \$16,710.75 effective January 1, 2016 for a maximum of a one-year period; and

WHEREAS, On September 17, 2015 and December 17, 2015, the Board of Library Trustees authorized the renewal of the insurance packages stated above for one, one-year renewal period commencing on August 1, 2016 and September 18, 2016 for Public Officials Liability and Employment Practices Liability Insurance, provided terms, conditions, and pricing remained comparable to the current programs and consistent with then current market conditions.

WHEREAS, The 2016 renewal premiums are as follows:

**EXHIBIT 3**

<b>Coverage</b>	<b>Insurer/Agent</b>	<b>Expiring</b>	<b>Renewal</b>	<b>Comments</b>
Property, including Boiler & Machinery	Fireman's Fund Insurance Company/Hylant	\$237,469	\$236,929	Rate remained flat from expiring, resulting in a slight decrease in premium
General Liability	Philadelphia Insurance Company/McGowan	\$55,460	\$54,396	Rate remained flat from expiring, resulting in a slight decrease in premium
Automotive Coverage	State Auto Insurance Company/McGowan	\$30,690	\$32,871	Increased due to (2) auto claims and replacing older vehicles with newer vehicles
Umbrella Liability	Ohio Casualty/McGowan	\$41,496	\$40,881	Rate remained flat from expiring, resulting in a slight decrease in premium
Crime	Travelers Property & Casualty/McGowan	\$10,320	\$10,320	Remained flat
Cyber	Ironshore/McGowan	\$9,758.70	\$17,741.85	Original Premium \$9,758.70 (1/01/16-7/31/16) Annualized = \$16,710.75 Incremental increase due to increased risk since the Cyber policy is a claims made policy. With a claims made policy the incident & the reporting of the claim both have to occur between the retroactive date and the policy period. Each year the policy continuously renews, the coverage period expands, and Ironshore's exposure to loss increases. For the first four years or so a Claims-made policy is in force, the premiums increase incrementally to reflect this increased risk
Public Officials and Employment Practices Liability	Illinois National Insurance Company (member of the AIG Group)	\$34,759	\$34,712	8 carriers were approached and only 2 provided quotes; one of them was AIG our incumbent. The market place is still having an issue with the frequency of claims. Besides AIG, Western World provided an indication for a \$1M limit as well as a \$2M limit. The premium came in cheaper (\$32,788), however McGowan feels that the policy is inferior to

**EXHIBIT 3**

				our current AIG policy. The major factor is that the AIG policy does not have a limit for defense costs and Western World limits defense costs to \$1M. AIG provided an excellent renewal quote, keeping the retentions the same per expiring for the \$1M limit.
--	--	--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Now therefore be it

RESOLVED, That the Board of Library Trustees ratifies and approves the decision to purchase Property Insurance through The Hylant Group for the fourth year's premium of \$236,929 and General Liability, Automotive, Umbrella Liability, Crime and Cyber Insurance through McGowan & Co., Inc. for the fifth year's premium of \$156,209.85 for the period August 1, 2016 through August 1, 2017; and be it further

RESOLVED, That the Board of Library Trustees approves the decision to purchase Public Officials Liability and Employment Practices Liability Insurance with Illinois National Insurance Company through McGowan & Co., Inc. for the fifth year's premium of \$34,712 for the period September 18, 2016 through September 18, 2017.