

Executive Summary

Thank you for the opportunity to present our marketing results for the renewal of DuPage County Illinois' insurance policies that are scheduled to expire December 1, 2025. We are pleased to continue represent DuPage County as your insurance broker.

To prepare for the renewal, we worked closely with the County's staff to gather necessary information to prepare a thorough underwriting submission. We greatly appreciate the support of these individuals and others who assisted in the development of the required underwriting and loss data.

State of the Insurance Marketplace

Forecasting outcomes for 2025 varies significantly by line of coverage. While the property market is shifting in a more favorable direction compared to recent years, the casualty market continues to face headwinds — particularly around pricing, capacity, and placement timelines. Law enforcement liability (including jail medical liability), excess liability and auto liability continue to be the most challenged lines of business.

Hyper-social inflation and nuclear-verdict liability claims experience for the public sector continue to limit the number of carriers available for public entity liability risks and is ultimately impacting the availability of coverage and hindering competitive pricing options. The risk appetite of insurance carriers for public entity liability risks is low. Specifically, in some markets-- like Illinois, the number of public entity carriers willing to entertain larger public entities is limited.

The challenging landscape has pressed on for multiple years -social inflation, active shooter events, sexual abuse and molestation revival lawsuits, fleet liability and severe weather-related property losses. These loss cost increases, coupled with capacity reductions and higher retentions, continue to define a complex and challenging market environment. Entities with unfavorable loss experience are challenged further and coverage availability at desired levels is either hard to come by or subject to exceedingly high premium.

As always, we solicited the marketplace for the most competitive options (see marketing summary). Our marketing efforts yielded positive results in favor of the County and are detailed within the proposal.

Overall factors driving market conditions include:

- **Excess Liability-** The public entity liability market continues to face upward pressure driven by several key factors, notably "social inflation" — the rising cost of insurance claims influenced by societal trends such as substantially increased jury awards. Reinsurer and carrier pricing models are trending toward more conservative approaches and higher limit factors, resulting in carriers pushing for higher self-funded layers.
- **Law Enforcement Liability-** Law enforcement liability continues to be a primary focus in underwriting due to its inherent complexities. This coverage line faces significant challenges stemming from heightened media scrutiny, civil unrest, and federal case rulings. Higher

premiums are expected to continue, especially with adverse claim experience. Loss and exposure-based factors related to reverse conviction, excessive use of force, police vehicle pursuit and inmate suicide and jail medical care are driving concerns.

- **Automobile Liability-** Higher frequency and severity of auto claims continue with an increase in distracted driving and vehicle repair costs. All auto sectors to continue to experience underwriting loss.
- **General Liability/Public Officials/Employment-Related Liability/Sexual Molestation-** Litigation funding, plaintiff-friendly legal decisions, large jury awards, employment regulatory scrutiny, active assailant and sexual abuse claims are driving premiums higher for public entities.
- **Cyber Liability-** Public entities are still considered elevated risk and are monitored more closely than others. Despite ongoing claims activity, premiums remain relatively stable for entities with good controls and no losses. Ransomware payments in 2024 were down 35% (\$1.25B to \$814M).
- **Property-** The property market is currently experiencing its most competitive environment in years. Carriers are eager for growth, and capacity is readily available. Following an extended period of exceptionally challenging hard market conditions, more favorable dynamics have emerged. The market was well-positioned to handle the impact of Hurricanes Helene and Milton and the California Wildfires. Insurance to value remains a focus for underwriters.
- **Workers' Compensation-** Premiums continue to remain stable and are largely loss dependent and payroll exposure based.

Insurance Renewal

Property:

As mentioned, the property market is more favorable this renewal and we were successful in leveraging market competition to yield positive results for the County. The County's incumbent carrier, Chubb, is offering a 3% decrease in rate (currently below \$0.04) and has agreed to lock that rate for next renewal term as well. In keeping with insurance to value trending consistency, the County's total insured values are trended upward at 3%. Despite the increase in the property value exposure basis, the County's premium has decreased by \$589 from expiring. The County's long-term relationship with Chubb, coupled with low loss experience, were significant factors in this favorable renewal.

Excess Liability (GL, Auto, Law, Employment Practices, Public Officials Liability) and Excess Workers Compensation:

There is a limited pool of carriers for public entities, especially with law enforcement and correctional/jail exposures. That stated, contrary to past years, there is a new liability insurance program entrant into the self-insured public entity market space that has provided a competitive alternative.

- The program is Metis/Obsidian. The fronting paper issuing the policy is Obsidian Insurance Company (AM Best A-). Having a fronting policy is required to meet regulatory requirements. The program flows through the Metis captive, which is treaty reinsured by Lloyd's of London (Underwriters--Chaucer and Canopus).

Renewal terms were also received from the County's incumbent primary liability carrier, Safety National. The Safety National renewal is \$453,693 which is 28% (\$99,949) over expiring premium. The large premium increase for Safety National is attributed to the County's significant jail medical exposure, the County's recent significant loss experience involving jail operations and the overall challenging public entity market conditions.

The Metis/Obsidian program offered two options for the County's liability program (Primary and Excess). While there is a significant premium difference between primary options from Metis/Obsidian and Safety National (\$77,325). Since Metis/Obsidian is a new and emerging market not all the County's incumbent excess liability carriers were comfortable sitting on top of the Metis/Obsidian primary program. As such, the carrier availability at a competitive price for the excess layers was not available with the Metis/Obsidian primary program. However, Metis/Obsidian quoted a very competitive \$10M excess \$10M layer (\$250,000- not including stamping taxes and fees), which can be placed over a Safety National primary liability program coverage tower. The County's incumbent \$5M excess \$5M liability market (Upland) provided a quotation of \$336,505, representing an 8.7% increase, which is very competitive in today's excess liability marketplace. It is important to note, that the County's long-time excess liability partner, Allied World (AWAC) quoted the \$10M excess \$10M layer at a significantly higher premium than expiring citing the County's claims frequency/severity and excess liability marketplace constraints. Additionally, AWAC indicated that they will no longer offer \$10M (\$5M only) in coverage at next year's renewal (2026 to 2027). As a result, we obtained a very competitive quote from Metis/Obsidian to maintain the County's complete \$20 million limit.

Regarding workers' compensation, competitive quotations were received. However, the Safety National liability program is contingent upon maintaining the excess workers compensation coverage with the incumbent, Safety National. Safety National quoted \$202,996, representing a 6% decrease over expiring, despite an increase in payroll.

Additionally, since medical malpractice exposure for the jail medical operations is such a prevalent exposure, we obtained medical malpractice liability insurance quotations. We obtained an indication from GenStar of \$350,000-\$400,000 for a \$1,000,000 limit of liability policy.

Executive Summary – Continued

Employment Practices Liability:

The County has purchased a separate policy for employment practices liability to cover losses below the County's \$2,000,000 retention, with a lower deductible (currently \$100,000). The renewal pricing is \$47,437. Following discussion with staff, it is recommended that this "buy down" policy is no longer needed given the County's favorable employment practice liability loss experience and proactive management practices involving harassment, terminations, hiring and discrimination.

Ancillary Lines:

As we typically see, many of the small premium policies and ancillary lines have renewal premiums that are very close to expiring. The main exception is coverage for the underground storage tanks where we usually see at renewal, premium increases as the tanks continue to age.

Thank you again for the opportunity to present this renewal proposal. We appreciate that you continue to choose Alliant to service your insurance and risk management needs. We welcome any questions or concerns regarding your insurance program and risk management measures.