

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: INSURANCE

DATE: AUGUST 31, 2006

COMMITTEE MEMBERS PRESENT:

Supervisors Mason
Bentley
Barody
Kenny
Geraghty

OTHERS PRESENT:

Amy Clute, Self-Insurance Administrator
Representing TD Banknorth Insurance Agency:
Renee Baker
Robert Boothby, Jr.
Chairman Thomas
Joan Parsons, Commissioner of Administrative and
Fiscal Services
Joan Sady, Clerk
Amanda Allen, Legislative Office Specialist

COMMITTEE MEMBERS ABSENT:

Supervisors Haskell
Gabriels

Mr. Mason called the meeting of the Insurance Committee to order at 9:30 a.m.

Motion was made by Mr. Kenny, seconded by Mr. Geraghty and carried unanimously to approve the minutes of the July 27, 2006 Committee meeting subject to correction by the Clerk of the Board.

Privilege of the floor was extended to Amy Clute, Self-Insurance Administrator, who introduced Renee Baker and Robert Boothby Jr., representatives of TD Banknorth Insurance Agency, to give an update on the status of the property and casualty insurance lines held with their firm.

Mr. Boothby addressed the Committee, referring to a letter included in the agenda, which reflected the projected insurance premiums for the upcoming 2007 - 2008 policy year as requested by Ms. Clute. He quoted the costs of three lines of coverage which were included in the letter as:

<u>Policy Limit</u>	<u>Type</u>	<u>Annual Premium</u>
1)\$19,000,000	Builder's Risk for the Health & Human Services Bldg	\$17,100
2)\$10,979,800	Builder's Risk for the Municipal Center	\$ 9,882
3)\$ 1,655,000	Railroad Crossings (13 Locations)	\$ 9,100

Mr. Geraghty asked why such a high limit of liability was written for the Railroad Crossings and Ms. Baker explained that Pat Beland, Parks, Recreation & Railroad Director, had estimated the value of each Crossing to be an average of \$130,000 and there were thirteen of them, making the limit necessary.

General discussion ensued between Committee members with respect to the renovations to the Municipal Center.

Mr. Geraghty asked if the coverage written for the Railroad Crossings was a replacement cost policy and Ms. Baker replied that the coverage was written on an ACV (actual cash value) basis which reimbursed the depreciated value of the Crossings if damaged. She noted that because the Crossings were not considered a structure, the coverage had to be written on an inland marine form, which only offered ACV coverage. Mr. Geraghty asked what portion of the Crossings were covered by the policy, and Ms. Baker clarified that the Crossings themselves, as well as all of the mechanical and electrical facets, were covered.

Mr. Boothby advised that the two Builder's Risk policies quoted would not be written until the building projects actually started and at that time would be written with Peerless Insurance Co., rather than NYMIR (New York Municipal Insurance Reciprocal) because their rates were drastically lower.

Mr. Mason asked if alternate quotes were sought with other companies and Mr. Boothby replied that they had not searched for alternate quotes because, in their experience, Peerless Insurance Co. was the best and lowest priced carrier available for that line of coverage.

General discussion ensued.

Mr. Boothby advised that the next insurance issue was the Pollution Policy written through AIG. He said that the policy had a three year term which would renew at \$150,000; Mr. Boothby noted that the premium for the past three year term was \$73,837. He stated that the reasons for the drastic increase in premium could be attributed primarily to the increase in exposure, as initially there were 29 covered locations and there were now 40. The increase in rates over the three year period had also affected the rates, Mr. Boothby added.

Mr. Barody asked what would be considered a "pollution location", aside from the areas with fuel pumps, and Mr. Boothby replied that the current policy covered all locations as pollution locations. He suggested that the list of properties be reviewed to decipher which properties should be covered by the pollution coverage and the others removed for premium savings.

General discussion ensued.

Paul Dusek, County Attorney, suggested that he, Ms. Clute, an insurance representative and William Remington, DPW Superintendent, meet to review the list of properties and determine which should be listed under the pollution coverage. He added that after a list of eligible properties was developed it could be presented to the Committee for further review. It was the consensus of the Committee to proceed with Mr. Dusek's suggestion.

Joan Parsons, Commissioner of Administrative and Fiscal Services, noted that the policy carried a \$10,000 deductible and suggested that it be kept in mind when changes were made to the insurance coverage. She added that it might be economically advantageous to self-insure on some of the properties listed, due to the high deductible.

Mr. Boothby advised that although it was very difficult to project insurance costs for 2007, they had done their best to appease Ms. Clute's request. He said that their best 'guess' would be an overall increase of 10%, with a 20% increase on the Law Enforcement and Pollution lines of

coverage.

Mr. Boothby apprised that recently his firm had met with NYMIR, the underwriting company for the Law Enforcement policy, to discuss upcoming renewal pricing. He said that they were pleased to advise that there would be no increases in their rates, except in the Law Enforcement policy area, and for that there would be a 15% increase. Mr. Boothby added that while the lack of a rate increase was significant, it was not the only factor contributing to the cost of the coverage. He stated that exposures such as changes in property values, numbers of vehicles and values of equipment as well as experience rating (derived from claims paid and reserves) would also impact the final policy premiums. The number of Officers would affect the costs of the Law Enforcement policy as well, he said.

The Law Enforcement rate increase, Mr. Boothby advised, could not be attributed to experience solely in Warren County but was impacted mainly by class action suits occurring throughout New York State.

General discussion ensued.

In closing, Ms. Baker said that she would be developing a list of all the equipment currently scheduled to be distributed to the Department Heads for verification of its accuracy.

Mr. Dusek stated that he had one item to address, which was not included in the agenda and that was the lack of insurance coverage at the Airport. In preparing for a recent Glider event, Mr. Dusek said he had noticed that the insurance currently held excluded coverage for competitive events. He advised that the lack of coverage was a great concern to him but that he had been able to secure satisfactory insurance by insisting that Warren County be named as additional insured on each of the respective glider's policies, which held a policy limit of \$1,000,000. In addition, he noted, Warren County was listed as additional insured on the excess policy held by the event sponsor. Mr. Dusek explained his primary concern was that the same steps could not be taken for each event leading to a lack of coverage; he added that he had spoken with Ms. Baker and she advised that the coverage necessary for those events was very expensive, starting at a minimum premium of \$100,000 per year. Mr. Dusek suggested that the matter be discussed in the Airport Committee meeting to decide how events should be handled in the future.

Mr. Bentley questioned the coverage held by the Airport, and Mr. Dusek clarified that coverage was in place for the day to day business of the Airport and events such as the Adirondack Balloon Festival; however, he said, the policy excluded coverage for competitive events.

Mr. Kenny agreed that the matter should be discussed in the next Airport Committee meeting to determine whether the cost of the coverage was justified by the revenue generated during the competitive events held.

General discussion ensued.

It was the consensus of the Committee that Marshal Stevens, Airport Manager, be notified of the issue and directed to prepare a summary of the competitive events scheduled for the Airport and the revenues generated by them. The Airport Committee would then review the documentation

and make a decision to either purchase the additional coverage or decline future competitive events.

Ms. Clute advised that the NYMIR loss control personnel had toured the Municipal Center in the past week and were very happy to see that the safety recommendations made during the prior years visit, had been addressed and corrected. She added that a report would be developed and forwarded to her office shortly listing the recommendations from the recent visit.

Mr. Mason asked Ms. Baker and Mr. Boothby if a report had been developed reflecting the current values of the properties insured by Warren County. Mrs. Baker responded, stating that the report included in the agenda reflected those figures and she noted that when the properties were re-evaluated the cost of the insurance policy had decreased by almost \$7,000. Ms. Clute advised that a check reflecting the savings indicated by Ms. Baker had been received.

Returning to the agenda, Ms. Clute reminded the Committee that in their last meeting the number of covered lives had been discussed and it was determined that the numbers reported were incorrect. She said that she had contacted the Treasurer's Office to research the numbers and found that they were still incorrect. In an effort to clarify the issue and gain an accurate number, Ms. Clute said that she had distributed a form to the Department Heads listing the numbers reported by each and asking that the figure be either confirmed or corrected. She advised that she would return to the Committee with the accurate numbers once received.

Ms. Clute advised that her second pending item pertained to the development of a standardized policy for determining which County vehicles should carry comprehensive and collision coverage. She said that Mrs. Parsons would be updating the Committee on that item.

Mrs. Parsons summarized that she had met with the Health Services Department and a list of the vehicles owned and their current values was being developed. She advised that the Committee needed to make a decision identifying the length of time full coverage should be maintained on new vehicles.

Mr. Kenny said that he thought the amount of coverage carried should be determined by the value of the vehicle rather than the age, and Mr. Barody agreed. Mrs. Parsons noted that the nurses vehicles were generally purchased at \$10,000 to \$12,000 and after three years of use it did not make much sense to carry full coverage. She said that some of the higher priced DPW vehicles and equipment would need to be reviewed by estimated values because they held their value for a longer period. Mrs. Parsons noted that, interestingly enough, there were DPW vehicles valued upwards of \$80,000 which did not carry physical damage coverage.

Ms. Baker advised that a standard automobile policy covered vehicles on an actual cash value accounting for depreciation. She said that the larger vehicles and equipment used by the DPW Department were covered under the automobile policy for liability and listed on an inland marine schedule for physical damage coverage, which ensured replacement cost for up to ten years.

General discussion ensued.

It was the consensus of the Committee that the Mrs. Parsons and Ms. Clute should schedule a meeting to develop a schedule of all County vehicles and identifying their current value and the coverage carried by each. Once the schedule was produced it would be presented to the

Committee and a decision would be made to determine the standard by which the amount of coverage for each vehicle would be gauged.

Mr. Mason asked if the schedule included in the agenda reflected the values of all Warren County's buildings and property and Ms. Baker replied that it listed all of the properties that they were aware of. She advised that the Railroad Crossings were not initially included under the policy because her firm was not notified of their existence. Mr. W. Thomas remarked that the Town of Johnsbury's fuel farm was not included in the report and Ms. Baker advised that the location would have to be added.

Mr. Barody suggested that the schedule be distributed to all of the Supervisors for review and to ensure its accuracy and Joan Sady, Clerk of the Board, said she would be sure to do so. Mr. Barody added that in order to be sure the list was accurate it should be sent to the Department Heads also, and Ms. Clute said that the list would be sent to them, as it was every year.

As there was no further business to come before the Insurance Committee, on motion made by Mr. Kenny and seconded by Mr. Barody, Mr. Mason adjourned the meeting at 10:16 a.m.

Respectfully Submitted,
Amanda Allen, Legislative Office Specialist