

STANDING INSURANCE COMMITTEE
SPECIAL MEETING MINUTES

2019 JUN -5 PM 12:15

June 4, 2019 – Town Hall Lower Level Conference Room L100


Town Clerk

Call to order - Chairperson Serra called the meeting to order at 5:32 P.M.

- II. Roll Call - Members present: Diana Serra, Chairperson; Beth DelBuono; Sharon Braverman; Clarke Castelle; and John Slusarski. Others present: Bill Guerrero, Rachel Merritt, and Jason Guerrero, USI Insurance; Lou Jachimowicz, Chief Finance and Operations Officer; and Jeff Baron, Director of Administrative Services.
- III. Public Participation – None.
- IV. Review of insurance proposal from CIRMA -The Agent of Record presented a handout showing the value of having CIRMA as the Town's insurance carrier and outlining the CIRMA one year and three year proposals for the Town's Liability, Auto and Property (LAP) coverage. Bill Guerrero noted that the year for the subject heading in this handout should be "2019/20" not "2018/19". CIRMA has provided a Member Equity Distribution to the Town since 2011/12. It also offers a Student International Travel policy and a Pollution Program. The deductible for the Pollution policy will be \$75,000 as of July 1. It is a claims made policy with a \$5 million aggregate, and a \$1 million per claim limit. The Town and Board of Education's workers compensation coverage will remain on a retrospective rating program next year. It is a flat renewal, with no increase in premium, excluding any increase in the Second Injury Fund (for employees whose prior employers don't carry workers compensation coverage). The maximum that the Town and Board would have to pay is capped at \$865,459. The renewal premium for workers compensation is \$621,459.

If the Town elects to go with a one year renewal with CIRMA for the LAP coverage, it would increase 5%. CIRMA also offered a three year budget stabilization program, with no LAP increase for 2019-20 and a maximum increase of 7-1/2% each of the following two years. Bill Guerrero pointed out that there are only a few companies (Travelers, Trident) in Connecticut that write workers compensation coverage. The only other option for workers compensation would be self-insurance, which contains exposures (sometimes due to legislative changes) that often times are not funded. Workers compensation is the tail that wags the dog (workers compensation and the LAP coverage would both need to be provided by CIRMA or the same carrier if the Town is not self-insured). Travelers has been increasing premiums 3-5% for their package policy. CIRMA is local so they do not have claims from across the country, although they are impacted by the re-insurance market. Rates are increasing for others due to property claims, auto claims, and sexual abuse and molestation claims. The umbrella markets are also being impacted. The size of jury awards are up astronomically. USI noted that they are seeing exclusions for traumatic brain

injuries on umbrella policies also. They are seeing a lot of volatility in the marketplace. Mr. Castle observed that CIRMA has not imposed sub-limits. Mr. Slusarski asked about Post Traumatic Stress Disorder claims. Bill Guerrero replied that there has not been anything as of yet. CIRMA has been taking a wait and see attitude. Most towns feel that if they can manage their claims they can manage their premiums. Large towns are self-insured. The smallest self-insured town is Windsor. Mr. Castle asked Mr. Guerrero for a loss triangle showing how workers compensations losses have developed over time.

Bill Guerrero distributed the CIRMA three year budget stabilization program proposal to the Committee. The maximum increases in years two and three may actually be less. In the past CIRMA has done loss history analysis and reduced the premium increase, where it was warranted. The Town agrees to reduce losses through effective implementation of a risk management program, to commit resources to support and implement risk management initiatives, to create a safe municipal environment, and not to bid this coverage for the next three years. Bill Guerrero pointed out that 3% to 5% increases are not unusual. Jason Guerrero also stated that the three-year worst case scenario would be a 15% increase, which would be an average of 5% per year. Mr. Jachimowicz had been to training earlier in the day for a CIRMA risk management initiative and pilot program that included using wireless nodes for notification of cold weather potential problems.

- V. Consider and take action on placement of coverage – Ms. Braverman made a motion that the Standing Insurance Committee recommend to the Town Council that it accept the three year CIRMA budget stabilization program proposal as presented by the Agent of Record. A second to the motion was made by Ms. DelBuono. There was no further discussion. The motion passed by a vote of 5 YES to 0 NO.
- VI. Any Other Business Pertinent to the Committee – Mr. Slusarski asked about the status of potentially changing the composition of the Committee, which came up during the attempt to hold a meeting (which fell short of a quorum) the previous week. It is believed that this would require a revision to the Town charter.
- VII. Public Participation - None.
- VIII. Response to Public Participation – None.
- IX. Adjournment – the meeting adjourned at 6:23 P.M.

Respectfully submitted,

Jeff Baron

Jeff Baron
Director of Administrative Services

Town of Newington
Insurance Committee Meeting of June 4, 2019

RE: July 1, 2018/19: CIRMA Insurance Renewal

Dear Committee Members:

CIRMA, who is the current insurer for the Town of Newington, has offered their insurance renewal indications as well as an overview of the cost benefit of their value-added services and products.

Total Member Equity Distribution to the Town of Newington - \$315,766

- 2018/19: TBD
- 2017/18 \$70,579
- 2016/17 \$50,306
- 2015/16 \$38,492
- 2013/14 \$57,805
- 2012/13 \$52,637
- 2011/12 \$45,947
- Student International Travel Accident – Estimated value \$2,500 (no programs during this term)
- Pollution Program – Estimated value to purchase separately \$25,000 - \$35,000
- Three Year LAP rate guarantee
- Workers Compensation 'Retro' dividend program

Property/Liability/Auto renewal rate (excluding changes in exposure) is up an overall 5% from the expiring premium of \$739,607, if no LAP Three Year Rate Lock is accepted. Should the Committee decide to accept CIRMA's rate lock, then the renewal will be '0' for 2019/20 and a maximum 7.5% for 2020/21 and 7.5% for 2021/22. The reason for this increase is the adverse property claims incurred over the past few years. This is contingent upon the BOE participating in a property loss control program that CIRMA has initiated to minimize property losses which the BOE has agreed to.

Workers Compensation renewal deposit premium is \$621,459 (excluding second injury fund assessment which are subject to audit) and a maximum of \$865,459, remains the same as per expiring.

Sincerely,

William N. Guerrero
Senior Vice President
USI Insurance Services

Rachel Merritt
Municipal Team Leader
USI Insurance Services

Jason H. Guerrero
Account Executive VP
USI Insurance Services



**CONNECTICUT
INTERLOCAL
RISK
MANAGEMENT
AGENCY**

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Letter of Commitment for Budget Stabilization Program between the
Connecticut Interlocal Risk Management Agency (CIRMA)
and the
Town of Newington and Newington Board of Education
Effective 7/01/19-20 – 7/01/21-22

CIRMA certifies that the Town is eligible for the budget stabilization program for Liability-Automobile-Property (LAP), which includes enhanced risk management services, and a multiple-year coverage period with stabilized rates applicable to annual contributions.

This program provides the following benefits to help the Town address their LAP losses:

- The Town receives a customized risk management program to reduce loss costs and insurance premiums.
- The Town secures a stable multi-year risk management budget to facilitate municipal financial planning.
- The Town re-allocates savings from loss costs and insurance premiums to risk management programs and other municipal operational expenses.
- The Town enhances its community goodwill and public image through improved risk management practices, reduced losses, and premium savings.

CIRMA's Commitment

- This is a multi-year commitment by CIRMA to assist the Town in implementing and monitoring the risk management program and return to the Town the risk management results.
- CIRMA agrees, in partnership with the Town, to establish a risk management plan to create a safe municipal environment and reduce losses.
- CIRMA agrees to cap rate increases to the LAP policy as follows:
 - 2019-2020: 0.0% over 2018-2019, plus exposure
 - 2020-2021: 7.5% over 2019-2020, plus exposure
 - 2021-2022: 7.5% over 2020-2021, plus exposure
- Rate increases are exclusive of any variations in the equipment breakdown premium provided through Hartford Steam Boiler and any separately placed policies.
- These are maximum increases possible; actual increases may be less.

Town Commitment

- The Town agrees that the only way to reduce losses is through effective implementation of a risk management program.
- The Town agrees to commit sufficient resources to support and implement the risk management initiatives agreed upon with CIRMA.
- The Town acknowledges that this is a multi-year approach to reducing losses and to creating a safe municipal environment.

The Town agrees not to bid the LAP insurance program referenced herein for the time period noted above in accordance with CIRMA’s Budget Stabilization Program.

In the event the Town bids this contract during this program period, this mutual commitment ceases. Additionally, CIRMA reserves the right to terminate or modify the program for the following reasons:

- If the Town does not implement the agreed upon risk management initiatives.
- If the Town fails to make timely payment of premiums.
- If the Town possesses an unmanaged high risk/non-standard exposure.

David Demchak
President and CEO
CIRMA

Ms. Tanya Lane
Town Manager
Town of Newington

Date

Date