

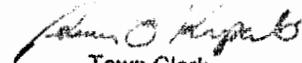
TOWN OF NEWINGTON
STANDING INSURANCE COMMITTEE
SPECIAL MEETING MINUTES

June 13, 2022

Via Zoom

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Town Clerk

- I. Call to Order – Committee Chairperson Tim Manke called the meeting to order at 5:16 PM.
- II. Roll Call – Members present: Sharon Braverman, Sam Sharma, Clarke Castelle, John Slusarski, Jon Trister, and Tim Manke. Also present: Jason Guerrero and Jill Peters, USI Insurance; Lou Jachimowicz, Board of Education Chief Finance and Operating Officer; and Jeff Baron, Director of Administrative Services.
- III. Public Participation – None.
- IV. Discuss and Take Action on Recommendation to Town Council on Placement of Insurance – Mr. Guerrero introduced Jill Peters of his office. She is the team leader of the public entity section of the Meriden USI office. He made a power point presentation. No formal quote has been received from CIRMA for 2022-23 coverage as of yet. His presentation included historical premium data. This includes Property coverage increases of 3% to 10%, General Liability increases of 0% to 10%, Auto Insurance increases of 3% to 12%, Umbrella coverage increases of 5% to 25% (principally due to Law Enforcement Liability exposure), and Workers Compensation changes of between -5% and +5%. He also presented a slide that showed a softening in the market over the last three quarters. When CIRMA (the Town's insurance carrier) offered their last rate lock in 2019 premiums that year were \$740,838. With 7.5% increases the next two years, premiums increased to \$775,557 and \$851,740, respectively. The Town's \$15 million umbrella limit was the primary driver. Mr. Slusarski asked if the premiums were with the umbrella? Mr. Guerrero replied that they were. He also noted that USI tried to find an alternate carrier for the umbrella. It was determined that CIRMA's cost was the lowest. There was a question about the most recent retrospective rating adjustment on the Workers Compensation coverage. USI verified that the numbers are correct: 1st year was \$326,926, the 2nd year was \$401,473, for a total of \$728,409. There is more efficiency in the Workers Compensation premium without the risk of being self-insured. He tried to make the retro formula as easy to understand by the Committee as possible. Mr. Slusarski asked what the original premium was? Mr. Guerrero replied that it was \$635,000 and change. USI did an analysis of other retro programs. Other insurance companies' loss development factors were higher than CIRMA's. Mr. Slusarski asked what the max is?

Mr. Guerrero replied that it was \$826,000 and change. Mr. Castelle asked what year this was? Mr. Guerrero responded that there were no fiscal year 2022 numbers from CIRMA. His recommendation to the Committee was to allow any rate lock from CIRMA to expire, if CIRMA offers a multi-year plan. USI (Lynette) is exploring Cyber Liability plans from three carriers (Cowbell, XL, and Crum & Forster). On Workers Compensation, Travelers is the next best option to CIRMA. He would recommend a presentation from Travelers to the Committee in the fall. Receiving a rate lock offer is never guaranteed. Historically, CIRMA's rate locks are 0% the first year, and between 5% and 7% the next two years. Ms. Peters added that she has never seen CIRMA not offer a rate lock. She encouraged the Committee not to let fear of not receiving a rate lock offer keep Newington from going out into the market. It has been a number of years since the Town has done so. Mr. Slusarski asked if current inflation rates would influence premiums going forward? Mr. Guerrero responded that yes, premium increases are due in part to social inflation – auto losses, the excess market and the property market (replacement costs). Insurance carriers are getting money from increases in values. CIRMA works with a company called Ebiz (SP?). It has been a few years since CIRMA inflated building values. Mr. Slusarski spoke about Workers Compensation, and specifically a Retrospective Rating program as opposed to a Self-Insured program. Mr. Guerrero stated that there are benefits to Self-Insurance. USI can do an analysis of claims, with a five year look back. You expect to have one bad year out of every five or six years with a Self-Insured plan. For each claim you are on the hook for \$1,000,000. Retros are not as popular as they used to be. It is all about the risk appetite. USI can do that analysis on the liability side as well. He is expecting to receive three Cyber Liability quotes this next week. The expected increase is 250%, because premiums have been so low. Mr. Slusarski asked what limits other municipalities carry on the Cyber Liability coverage? Ms. Peters replied that most of the Town's peers carry \$1,000,000. If you have \$2,000,000 and you reduce it, you can't get it back. Mr. Guerrero reiterated that Lynette in his office is getting the Cyber Liability quotes. The plan moving forward would be for the Committee to receive a capability presentation in the fall of 2022. In January/February of 2023 USI would work with the Town and the Board of Education staff to complete applications and gather information. The goal is to have carrier submission by March 1st. Implications on the Town's budget process were discussed. Mr. Guerrero noted that CIRMA would be asked for their indication as they have been in the past. Ms. Braverman asked if Travelers was in the municipal market for the long term? Mr. Guerrero answered that they were long term. Historically, they have more public entities in the country than any other carrier. They want to work with the Town. Ms. Peters added that she has never seen Travelers non-renew an account. They did exit the Connecticut market a number of years ago but they came back in 2008. They have two buildings in Windsor.

- V. Any Other Business Pertinent to the Committee – Mr. Guerrero stated that he will follow up with the Underwriter from CIRMA. If he receives a quote by the end of this week, the Standing Insurance Committee will need to meet to take action. The Committee agreed to meet on June 23rd at 5:15 PM. Mr. Manke directed Mr. Baron to forward anything received from USI to the Committee members.

- VI. Public Participation – None.
- VII. Comments by Members – None.
- VIII. Adjournment – the meeting adjourned at 6:03 PM.

Respectfully submitted,

Jeff Baron

Jeff Baron
Director of Administrative Services