

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **INSURANCE**

DATE: MARCH 30, 2006

Committee Members Present:

Supervisors Mason
Haskell
Bentley
Kenny
Geraghty

Others Present

Amy Clute, Insurance Administrator
William Thomas, Chairman
Joan Parsons, Commissioner of Administrative &
Fiscal Services
Joan Sady, Clerk
Paul Dusek, County Attorney
Supervisor VanNess
Marshall Stevens, Airport Manager
Robert Boothby, TD Banknorth Insurance Agency,
Inc.
Renee Baker, TD Banknorth Insurance Agency, Inc.
Carlene A. Ramsey, Sr. Legislative Office Specialist

Absent:

Supervisor Barody
Gabriels

Mr. Mason called the meeting to order at 11:00 a.m.

Motion was made by Mr. Bentley, seconded by Mr. Geraghty and carried unanimously to approve the minutes of the previous meeting, subject to correction by the Clerk.

Ms. Clute distributed an Agenda packet to each of the Committee members and a copy is on file with the minutes.

Ms. Clute began her report with Agenda Item 1, Property & Casualty Insurance. She noted that Mr. Boothby, of TD Banknorth Insurance Agency, Inc. would report on Items 1A, B, and C.

Privilege of the floor was extended to Mr. Boothby as he explained the Healthcare Facilities umbrella coverage had been submitted to a number of carriers for quotations. He stated that most of the carriers have declined any type of umbrella policy, with only one quotation having been returned.

Mr. Boothby pointed out the original quote requested a policy with a \$10 Million limit. The one company that responded, he said, has counter-offered with a \$5 Million limit, for a minimum premium of \$50,000.

Ms. Baker, of TD Banknorth, clarified the carrier's underwriters had not completed their review. She cautioned the \$50,000 premium would be the very least amount the carrier would charge. Continuing, she commented the underwriters were reviewing all of the information, determining what their normal charge would be so they can determine what the excess premium would come to.

Mr. Wm. Thomas entered the meeting at 11:05 a.m.

Responding to questions from various Supervisors, Ms. Baker declared that the insurance market was just not there for excess liability coverage on health care facilities. She mentioned she had reviewed the County's insurance coverage history and could determine that prior to 2002, the County's entire health care program

(property, liability, umbrella) had been written with a carrier. In April 2002, she found that NYMIR (New York Municipal Insurance Reciprocal) took over the property coverage into the main policy, without any umbrella coverage on the healthcare facilities. She reminded the Committee members that their close review of the other coverages (on auto, general liability, public officials and law enforcement) gave rise to the question of healthcare facilities.

Ms. Baker further responded that in the past 5 years the County has had 1 claim submitted, although nothing was paid on the claim.

Mr. Mason invited the County Attorney, Paul Dusek, to expound on the question from a lawyer's perspective. He said he felt the problem was that you just never know when that 1 big hit claim is going to come, in the medical area. He pointed out the County had sufficient operations going on within the County (Westmount Health Facility, Public Health Nurses, and Countryside Adult Home) to justify the concerns over the broad exposure that exists.

Mr. Dusek said he felt the County had been extremely fortunate, thus far, and he credited the County employees for the record to date. However, he acknowledged that just one large claim could occur at any time. In a private business, he noted, the insurance limits would be matched with the corporation's assets. Given the County's situation, he stated, the exposure was extremely high. Therefore, he said he felt a \$5 Million policy would not be unreasonable for the County to carry and he urged the Committee to pursue some increase over the current \$1 Million policy.

Mr. Boothby declared that he would pursue the quotations and report back to the Committee.

As for Item 1B, Hangar Keepers Liability coverage, Mr. Boothby explained the policy would cover damages to an individual's aircraft while it was stored in a County-owned hangar, if the damages were due to the County's negligence. He stated the requests for quotes have been issued and he was waiting for the replies.

Mr. Dusek observed the County has no Hangar Keeper's insurance at the present time. Just recently, he pointed out, a hangar door was blown off and a private plane did incur slight damage. However, he said, a similar event with slightly different circumstances could easily result in much more serious damages and he recommended the County have at least some type of coverage.

Responding to questions from various Supervisors, Marshall Stevens, Airport Manager, stated the average value of stored aircraft ran between \$40,000 to \$60,000. He noted the County's hanger currently housed a couple of aircraft, each valued in excess of \$100,000. However, he said, most of the more expensive aircraft were being stored in Mr. Schemerhorn's hangar so he would have the liability.

Mr. Boothby turned to Agenda Item 1C, County Claims Review and he reported that Ms. Baker had prepared a 5-year comparison of the different types of coverage. He directed attention to the 5 Year Loss Ratio chart attached to the TD Banknorth handout.

Mr. Stevens and Mr. Wm. Thomas left the meeting at 11:15 a.m.

Mr. Boothby reviewed, in detail, all of the information presented on Property, Inland Marine, GL (general liability) Health, Public Officials, Auto, and Excess Worker's Compensation coverages. (Please refer to the Chart for details.) In summary, he said he felt, the spreadsheet presented the loss trends quite well for a quick review.

Mr. Bentley queried whether or not the premiums paid, over the years, could be added to the Chart.

Ms. Baker responded that TD Banknorth had the past 2 years' information. She said she would contact NYMIR to see if they could provide the premium information.

Ms. Clute explained that she could assist with at least initial premiums as billed at the beginning of each year. She noted her office did not always receive the adds and deletes as each year unfolds.

As for Agenda Item 1D, Law enforcement claims, Mr. Dusek observed the Committee members had urged Mr. Boothby to meet with representatives from NYMIR to discuss the Law Enforcement coverage. He reported that he attended such a meeting, along with Sheriff Cleveland, to review the Sheriff's claim exposure.

Mr. Dusek acknowledged the Sheriff's Patrol Officers enter into situations, on a daily basis, that give rise to the potential for claims. As an example, he noted that Officers responded to a landlord/tenant dispute just a few days ago. Following the incident, he reported a lawyer for one of the tenants in the building called his Office (County Attorney) and relayed quite a remarkable story. For a brief moment, he said, he was quite concerned over how the Officers may have conducted themselves. However, once he spoke with Sheriff Cleveland, he learned the facts were quite different from the tenant's story. In the end, he said he was confident the County would have no liability issues with the Officers performance, yet the claim still needed to be reported, in the event some type of lawsuit was filed in the future.

Mr. Dusek reiterated that police officers are quite often dealing with individuals involved in "hot issues" and the likelihood of a potential claim (however unfounded) was rather high. In addition, he pointed out that often times the inmates at the jail get together, talk litigation, and 2 or 3 lawsuits pop up all at once, even though most of them have no merit. Occasionally, a valid claim was filed, he noted, and the County had to pay some type of settlement.

As the result of the meeting with NYMIR, Mr. Dusek reported NYMIR's review of the Sheriff's Office came back "positive." He said they found Warren County was on track with other Counties and NYMIR looked favorably upon the fact the Correction Facility was an accredited facility.

Mr. Dusek said he felt when Mr. Boothby had observed the Sheriff's Office had started 2006 with 2 or 3 claims, he cautioned the Committee that if the trend continued through the year, the County may see the premiums increase. Mr. Boothby indicated he agreed with Mr. Dusek's comment.

Continuing, Mr. Dusek said he felt it was important to assure the Committee that even

though the Law Enforcement numbers were higher than the other categories, he stressed the majority of claims were without merit. However, he cautioned the County would never want to lose due diligence and he commended the Supervisors and County Staff for maintaining a high sensitivity for training and professional behavior.

Mr. Boothby concurred and further stated the meeting with NYMIR helped foster good communication with the Sheriff and County Attorney, to observe how much effort the County put into this area.

Ms. Clute resumed Agenda review at Item 1E, Office for the Aging (OFA) insurance coverage and she invited Mr. Dusek's comments.

Mr. Dusek explained the landlord of the OFA offices requires the County to have certain insurance coverages in place. As he and Mr. Boothby and Ms. Baker were reviewing the levels of insurance coverages, Mr. Boothby pointed out the liability coverage on the rented space was rather low. In the event an incident were to occur in the County's rented space that affected the other offices in the rest of the building, he observed the County's coverage may a little slim.

Mr. Boothby reported the County currently carried \$50,000 for liability coverage for claims that may develop from damages caused by the negligence of a County employee or volunteer. He pointed out that a hypothetical fire may cause the sprinklers to go off and/or cause significant smoke damage that could generate a claim in excess of the \$50,000 limit.

Mr. Boothby declared the County could increase the liability limit from \$50,000 to \$1 Million for an annual cost of \$89 or \$2 Million for \$183. He said he felt it would make sense for the County to increase its limit to something beyond the current \$50,000.

Following a brief discussion, motion was made by Mr. Haskell, seconded by Mr. Geraghty and carried unanimously to increase the Office For the Aging's general liability insurance coverage from \$50,000 to \$2 Million, and the annual premium *increase* shall not exceed \$183; and to authorize a resolution be prepared for the next Board meeting. A copy of the resolution request form is on file with the minutes.

Ms. Clute resumed Agenda review at Item 1F, 2006 coverage summary and she directed attention to the second page of the Agenda packet. She explained that Ms. Baker had prepared the chart of the various insurance policies and their respective carriers, limits, deductibles and premiums (as of the start of the year). She stated the data was provided for information only and required no action to be taken.

Next, Ms. Clute reported Agenda Item 1G pertained to the values of the County's various automobiles. She said the Clerk of the Board of Supervisors had compiled the list. Mrs. Sady distributed the vehicle listing to each of the Committee members and a copy is on file with the minutes.

Messrs. Wm Thomas and Dusek left the meeting at 11:30 a.m.

Mr. Mason said he felt the Committee members may want to review the list in depth and he suggested the discussion could be tabled until the next Committee meeting.

Ms. Baker pointed out the column entitled "Cost New" was the value as of the date the vehicle was first put on the policy. At that time, she said the carrier assigns a rating basis number that never changes over the life of the vehicle. She further clarified that if the vehicle were totaled, the vehicle would be replaced at the estimated depreciated value and not the original purchase price.

Mrs. Parsons entered the meeting at 11:32 a.m.

Motion was made by Mr. Kenny, seconded by Mr. Bentley and carried unanimously to table the discussion on County Department automobile values until the next Committee meeting.

In response to questions from various Supervisors, Ms. Baker briefly explained the Sheriff's Office traditionally turned down comprehensive and collision coverage on its vehicles. She indicated the Sheriff had stated his Office was self-insured for this coverage.

General discussion ensued.

Ms. Clute resumed Agenda review at Item 2, Safety. At Item A, she reported a free, 2-day, safety training class had been scheduled for April 4 and April 11, 2006. She stated the training was geared towards highway, maintenance and laborers and was presented in conjunction with the New York State Department of Labor Office of Safety and Health Agency.

Ms. Clute indicated the Department of Public Works (DPW) wanted to send all 120 employees and so 3 extra classes were going to be scheduled. She invited the Town Supervisors to send some of their highway maintenance workers.

In addition, Ms. Clute reported Item B, pertained to a second course on Highway Exposures/Work Zone Safety. She reported the health educators with the Public Health Department were presenting the class, at no charge. The content, she noted, would include poison ivy, rabies, road kill, bird flu, and lyme disease for the morning session. The afternoon session would be presented by John Curran, the Region 1, State Department of Transportation Construction Safety Coordinator.

Messrs. Wm. Thomas and Dusek re-entered the meeting at 11:45 a.m. and Mr. Barody entered the meeting at 11:45 a.m.

Mr. Geraghty, as Town of Warrensburg Supervisor, asked Ms. Clute to look into offering a "Train the Trainer" course. He said it was difficult to release the whole highway department at one time.

As one final item of business, Mr. VanNess reminded the Committee of an earlier discussion on the Insurance Department's use of private investigators (see the minutes of the March 2, 2006 Insurance Committee meeting for details). As a follow-up, he said he had asked Ms. Clute to gather some data on the associated costs. He explained he was curious to see if the County would benefit by hiring a part-time investigator.

Mr. VanNess acknowledged that the Self-Insurance Department was going through an audit,

currently, and he suggested the investigator issue could be addressed once the audit was completed.

Ms. Clute reported, in 2005, there were 11 cases investigated at a cost of approximately \$25,000. She said 7 of the 11 cases had positive outcomes. In 2004, she stated, 4 cases were investigated at a cost of \$10,000; in 2003, 9 cases at a cost of \$9,900; and in 2002, 6 cases at \$14,000. She explained 2002 included a case that was investigated all the way through the Court action and ended with the claimant releasing all benefits.

Mr. Mason said the Committee would discuss the investigator question after the audit results were available.

There being no further business to come before the Committee, on motion by Mr. Bentley and seconded by Mr. Haskell, Mr. Mason adjourned the meeting at 11:50 a.m.

Respectfully submitted,
Carlene A. Ramsey, Sr. Legislative Office Specialist