

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: SUPPORT SERVICES

DATE: DECEMBER 15, 2014

COMMITTEE MEMBERS PRESENT: OTHERS PRESENT:

SUPERVISORS TAYLOR
MCDEVITT
FRASIER
VANSELOW
WOOD
BROCK
SEEBER

AMY CLUTE, SELF-INSURANCE ADMINISTRATOR
KEVIN B. GERAGHTY, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ADMINISTRATOR
JOAN SADY, CLERK OF THE BOARD
FRANK E. THOMAS, BUDGET OFFICER
SUPERVISORS GIRARD
MONROE
LEE POLLOCK, ROSE & KIERNAN INSURANCE BROKERS
SARAH MCLENITHAN, SECRETARY TO THE CLERK OF THE BOARD

Mr. Taylor called the meeting of the Support Services Committee to order at 9:30 a.m.

Motion was made by Ms. Wood, seconded by Mr. Vanselow and carried unanimously to approve the minutes of the previous meeting, subject to correction by the Clerk of the Board.

Privilege of the floor was extended to Amy Clute, Self-Insurance Administrator, who advised the only item for discussion referred to a presentation by Lee Pollock of Rose & Kiernan Insurance Brokers, relative to the 2015 renewal proposal for the County's property and casualty insurance coverage. Mr. Pollock distributed copies of the full insurance proposal, as well as documents detailing possible coverage changes; *copies of all of the aforementioned documents are on file with the minutes.*

Mr. Pollock apprised the cost for the Law Enforcement Professional Liability portion of the insurance represented a combination of the increased number of Corrections Officers at the County Jail, as well as the fact that armed Correction Officers were handling the transportation of inmates to other facilities and/or court appearances rather than an unarmed Correction Officer. He explained that this caused the cost of the premium to increase because an armed Correction Officer carried the same rate of an armed Patrol Officer. He said the final item impacting the cost of the Law Enforcement Professional Liability portion of the insurance was the number of claims.

Mr. Pollock highlighted some possible coverage changes, the first of which related to increasing the deductible for Law Enforcement Liability from \$25,000 to \$50,000 which would reduce the total premium from \$711,715.72 to \$689,331.72. He explained that a deductible was something the County paid if there was a claim that was either adjudicated or settled. He continued, the deductible covered the judgements and settlements of that claim; however, he noted, it did not include the insurance company's costs to defend the claims for the County. He mentioned although the deductible amount would be doubled he felt this was a good option for the County, as the history of claims moving forward to judgements against the County were very rare. He apprised if the County were to take this route he would suggest setting aside funding to cover the premium in case the need should arise. He pointed out if you added the current deductible of \$25,000 with the premium savings it was just short of \$50,000.

Mr. Taylor questioned what the claim history was for Law Enforcement Professional Liability and Mr. Pollock replied the claims history had been excellent from a judgement point of view; however, he stated, the estimated cost to the insurance company on an annual basis to defend the County was about \$100,000. In regards to claims over the last five years, he said there had been no claims that

exceeded the \$25,000 deductible, and in fact, he advised, most had not surpassed \$10,000.

Mr. McDevitt queried whether any savings would be realized by having non armed Corrections Officers transport inmates, as he had observed unarmed New York State Prison Guards transporting inmates on many occasions. Mr. Pollock advised it was dependent upon what classification of inmate was being transported and he noted that Corrections Officers guarding inmates in the Shock Program were generally unarmed. He said the industry standard for most prisoner transport was with armed Correction Officers, as the inmates being transported usually involved different levels of offenders. Mr. Brock asked whether the \$191,352 listed as the total premium for Law Enforcement Professional Liability included the \$50,000 deductible and Mr. Pollock replied in the negative. Mr. Pollock mentioned this would be the cost if the County kept their deductible at \$25,000 for these claims. He apprised the premium would be reduced from \$191,352 to \$169,337 for Law Enforcement Professional Liability if the deductible was increased to \$50,000. Mr. Taylor questioned how this years premium could be less than that of last years. Mr. Pollock commented the reason for the reduction in the premium price from this year to last related to increasing the deductible for Law Enforcement Professional Liability from \$25,000 to \$50,000, as well as a reduction in the number of claims for general liability, particularly within the DPW (Department of Public Works).

The next potential change in coverage, Mr. Pollock stated, referred to the Inland Marine portion of the policy. He said the current coverage was with Hartford Insurance Company which he had been pleased with; however, he apprised, they could no longer offer lower deductibles on Auto Physical Damage, EDP Equipment, Contractors Equipment, Employee Tools, BOE (Board of Election) Voting Machines, Unscheduled/Leased Equipment, Watercraft and Radio Equipment. He advised the Hanover Insurance Company offered the same level of insurance coverage for the same price as the Hartford Insurance with lower deductibles on all of these items except the Auto Physical Damage and the EDP Equipment. He commented the downside would be if a garage fire were to occur there may be three different insurance companies involved rather than two.

Mr. Taylor asked Mr. Pollock for an explanation on the \$150,000 coverage on Employee Tools, as he felt this was rather high. Mr. Pollock explained this requirement was part of the Union contract requirement for the County to provide coverage at those levels. He stated it related to the mechanics tools in the Highway Garage. Ms. Clute added the coverage was for the employees at the mechanics garage that had their own tool boxes filled with their own tools, which were very expensive.

Ms. Seeber requested that Mr. Pollock recommend whether he felt the County should change their coverage from Hartford Insurance Company to Hanover Insurance Company on the Inland Marine Equipment, except for the Auto Physical Damage and EDP Equipment, to ensure the deductibles remained low. Mr. Pollock advised because of their tight budgets he felt the Department Heads would prefer smaller deductibles.

Mr. Taylor questioned whether there were any concerns with increasing the Law Enforcement Professional Liability deductible from \$25,000 to \$50,000 and Ms. Wood replied affirmatively. She explained her apprehension with increasing the deductible related to the financial strain it would place on the County to put forth the \$50,000 toward the deductible should the need arise. Paul Dusek, County Administrator, noted the County had a good claims history; however, he said, should only one \$50,000 claim occur it would be budget neutral because the \$25,000 deductible and the \$22,000 in savings were almost equal to \$50,000. He continued, it could become problematic if more than one \$50,000 claim was made. He stated any old claims would fall under the \$25,000 deductible. He apprised the chances of a \$50,000 claim being due the same year it was filed were

minimal; therefore, he advised, going forward the County could plan for them and set aside funding. He suggested setting up a reserve fund for potential claims much like the Computer or Vehicle Reserve Funds utilizing the \$22,000 they saved in the premium by increasing the deductible. He pointed out that currently claims were paid out of the budget; however, he said, since deductibles were increasing he thought it would be wise to set aside funding for potential claims. He suggested setting aside a small amount per year such as \$10,000 to build up a reserve while minimizing the impact on the County budget. Mr. Taylor asked whether Mr. Thomas, Budget Officer, was agreeable to this course of action and Mr. Thomas replied affirmatively.

It was the consensus of the Committee that the Law Enforcement Professional Liability premium be increased from \$25,000 to \$50,000 in order to reduce the premium for Warren County's Property & Casualty Insurance from \$711,715.72 to \$689,331.72.

Mr. Taylor asked Mr. Pollock to explain the options available for Inland Marine Coverage. Mr. Pollock advised a determination needed to be made regarding whether to keep the coverage with Hartford Insurance Company on all Inland Marine with a \$2,500 deductible or keep the deductibles the same as they were and have Hanover Insurance Company provide the coverage for all Inland Marine Equipment except Auto Physical Damage and EDP Equipment, as this coverage would remain with the Hartford Insurance Company. Ms. Clute added Hanover Insurance Company would provide a lower deductible for the same premium price. It was the consensus of the Committee to change their Inland Marine Coverage from the Hartford Insurance Company to Hanover Insurance Company on all equipment except Auto Physical Damage and EDP Equipment.

Ms. Clute apprised the following changes would be made to Warren County's Property & Casualty Insurance for 2015:

- 1) The Law Enforcement Professional Liability premium would be increased from \$25,000 to \$50,000 in order to reduce the premium from \$711,715.72 to \$689,331.72; and
- 2) Hanover Insurance Company would provide Inland Marine Coverage for all except the Auto Physical Damage and EDP Equipment, which would be provided by the Hartford Insurance Company for Inland Marine.

As there was no further discussion on the matter, motion was made by Ms. Wood, seconded by Mr. Vanselow and carried unanimously to authorize the renewal of Warren County's Property & Casualty Insurance for 2015 as outlined above and the necessary resolution was authorized for the December 19, 2014 Board meeting. *A copy of the resolution request form is on file with the minutes.*

Ms. Clute presented the following requests:

- a) Request for authorization to approve the request to renew the Employer's Liability Specific Excess Insurance coverage with Capitol Indemnity Corporation for 2015 and authorizing payment to Rose & Kiernan in an amount not to exceed \$20,072.

Ms. Clute noted no changes were made to the policy other than the premium, which she said was paid from the Self-Insurance Fund.

Motion was made by Ms. Wood, seconded by Mr. McDevitt and carried unanimously to approve the request as outlined above and the necessary resolution was authorized for the December 19, 2014 Board meeting. *A copy of the resolution request form is on file with the minutes.*

- b) Request for authorization to approve the request to renew the Excess Workers' Compensation Policy with Midwest Employers Casualty Company for 2015 and authorizing payment to Rose

& Kiernan in an amount not to exceed \$160,050.

Ms. Clute advised similar to the Employer's Liability Specific Excess Insurance coverage there were no changes made to the policy except the premium, which would be paid from the Self-Insurance Fund.

Motion was made by Ms. Wood, seconded by Ms. Seeber and carried unanimously to approve the request as outlined above and the necessary resolution was authorized for the December 19, 2014 Board meeting. *A copy of the resolution request form is on file with the minutes.*

Mr. Dusek stated he would like to follow up on the comments he made earlier regarding the possibility of establishing a reserve fund for future claims. Mr. Dusek pointed out they had budgeted for a higher premium for the Warren County's Property & Casualty Insurance; therefore, he believed the difference should be utilized to establish the reserve fund. He suggested referring the matter to the Finance Committee for further discussion in February.

Motion was made by Ms. Wood, seconded by Mr. Vanselow and carried unanimously to refer the matter to the Finance Committee for further discussion.

As there was no further business to come before the Support Services Committee, on motion made by Mrs. Frasier and seconded by Mr. Vanselow, Mr. Taylor adjourned the meeting at 9:52 a.m.

Respectfully Submitted,
Sarah McLenithan, Secretary to the Clerk of the Board