WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **INSURANCE**

DATE: **NOVEMBER 27, 2006**

COMMITTEE MEMBERS PRESENT:	**OTHERS PRESENT:**
SUPERVISORS MASON	AMY CLUTE, SELF-INSURANCE ADMINISTRATOR
BENTLEY	JOHN WEBER, CAPITAL FINANCIAL GROUP, INC.
KENNY	PAUL DUSEK, COUNTY ATTORNEY
GABRIELS	JOAN PARSONS, COMMISSIONER OF ADMINISTRATIVE & FISCAL SERVICES
GERAGHTY	JOAN SADY, CLERK
COMMITTEE MEMBERS ABSENT:	SUPERVISORS CHAMPAGNE
SUPERVISOR HASKELL	SOKOL
	F. THOMAS
VACANT:	LARRY CLEVELAND, SHERIFF
TOWN OF QUEENSBURY	MAURY THOMPSON, *THE POST STAR*
	AMANDA ALLEN, LEGISLATIVE OFFICE SPECIALIST

Mr. Mason called the meeting of the Insurance Committee to order at 9:32 a.m.

Motion was made by Mr. Kenny, seconded by Mr. Geraghty and carried unanimously to approve the minutes of the September 22nd Committee meeting, subject to correction by the Clerk of the Board.

Privilege of the floor was extended to Amy Clute, Self-Insurance Administrator, who distributed copies of her agenda to the Committee members; *a copy of the agenda is on file with the minutes.* Ms. Clute announced that John Weber, President of Capital Financial Group, Inc., was in attendance to report on the status of the health insurance administered by his firm to Warren County employees.

Mr. Weber explained that although the final enrollment numbers were not yet available, the enrollment meetings had gone very well. He noted that changes had been made to the MVP drug benefit which positively affected those enrollees purchasing non-formulary drugs. In previous months, Mr. Weber advised, letters were distributed to all Warren County employees stating that credible drug coverage was available under their current policy, eliminating the necessity to apply for Medicare part D coverage. Mr. Weber said that a letter was also sent to the retirees of Warren County addressing the Medicare D issue and including that each policy holder would be required to pay approximately $5 per month for their coverage rather than receiving a monthly rebate, because the costs had risen.

In addition to the Medicare related information, Mr. Weber advised that letters had been sent to each active Warren County employee detailing the changes to the various health care policies. He noted that the majority of the changes had occurred within the MVP Health program and additional letters were sent to members of that program, outlining the changes specifically. Mr. Weber advised that the number of enrollees in the MVP Health program had risen dramatically while the number of GHI enrollees had decreased due to a change in the carrier charging the lowest amount of premium for their coverage.

Mr. Weber distributed a chart to the Committee members outlining the funds received from the Federal Government for the Medicare D Subsidy. He explained that the funds received for members of NYSHIP (New York State Health Insurance Program) were simply credited against future premiums while reimbursement was received from the Empire program. Mr. Weber advised that the funds received from the Empire program were forwarded directly to the Treasurer's Office and Mrs. Parsons added that these funds were credited against health insurance expenses.

Mr. Weber apprised that approximately $60,000 had been received from the Medicare Subsidy earlier in the year and he did not anticipate additional payments until March of 2007. The actual per person figure used by the Federal Government to determine the Medicare Subsidy was unknown, Mr. Weber said. He added that initially they had estimated the rebate to be $750 per person, but that number had since been reduced to approximately $400 per person.

Mr. Weber estimated that there were 26 new enrollees in the Warren County health programs which could be attributed mainly to new hire employees and those who had decided not to remain on an alternate policy. He advised that he would return to the Committee with more definite numbers at the next Committee meeting.

Mr. Weber said that his firm had attempted to gain individual bids for health coverage from several different carriers, however most had declined to respond. He advised that both MVP and CDPHP were not willing to provide coverage quotations because there were too many retirees included, and GHI's quote was far too high. Mr. Weber noted that Empire had provided a high end quote of $471 per person; however, he noted, the quote was based on the fact that no experience rating factors were available. Mr. Weber apprised that his firm intended to re-bid the health coverage in March of 2007. In addition, he stated, his firm continued to work on decreasing the number required by New York State for an experience rated group by networking and contacting the various Legislators of the State.

Mr. Weber reiterated that the recent enrollment meetings held for all Warren County Employees had gone extremely well, with nothing but positive feedback received. He added that his firm had been instrumental in aiding Warren County employees with approximately 20 to 30 denied claims and complaints per week.

Resuming agenda review, Ms. Clute addressed the topic of excess Workers' Compensation coverage. She reminded the Committee that late in 2005 they had discussed the possibility of self-insuring for this excess coverage, however they had decided to renew the policy because there was not enough time to research other possibilities to make an educated decision. She said that discussion with respect to the coverage had been tabled until this meeting to determine whether or not the additional policy was needed.

Ms. Clute explained that the excess Workers' Compensation coverage was a catastrophic policy purchased over and above the Workers' Compensation policy and had been renewed continuously for the past five years. Initially, she said, the cost of the coverage had been approximately 9% of the Self-Insurance Budget, however that cost had risen dramatically to represent 19% of the Budget. Ms. Clute estimated the cost of the additional coverage to be approximately $202,000 for 2007; she added that although there had been no rate increase, the premium was based on payroll figures, and those had increased. Ms. Clute stated that the policy paid for catastrophic losses on a per occurrence basis and included a $750,000 deductible per claim for employees and a $1 million deductible per claim for firefighters and ambulance personnel.

There were seven self-insured Counties in New York State, Ms. Clute apprised, Saratoga County being one of them. She said that Saratoga County contributed $200,000 each year to a reserve fund which self-insured for these types of catastrophic losses. She noted that there were two other Counties insured for the same coverage with the same carrier, Safety National, but receiving lower rates than Warren County; however, Ms. Clute said, she had been unable to obtain the reason for this. She advised that the renewal information and premium for the excess coverage would be received at the end of December and she asked the Committee for direction in renewing, or non-renewing, the policy.

Mr. Mason noted that as per prior correspondence from Ms. Clute, the largest claim presented in Warren County's history had been for $361,000. He said that he felt the County should seriously consider self-insuring for this coverage based on the lack of claims above the policy deductible and the $4.5 million available in reserve for use in covering such losses. Mr. Mason stated that he had requested the attendance of Paul Dusek, County Attorney, to offer a legal opinion on the matter.

Mr. Dusek began by asking Ms. Clute what the coverage limits of the policy were, and Ms. Clute replied that she did not believe there was a limit to the policy. Mr. Dusek noted if that were true it would explain the high cost of the policy. Ms. Clute advised that in losses such as those resulting in a traumatic brain injury, the cost of the claim could be upwards of $1 million per year, justifying the cost of the coverage. Mr. Dusek stated that unfortunately there was no easy answer for this problem; he noted that past performance was not necessarily indicative of the future and there was no way to forecast catastrophic accidents which may occur. Mr. Dusek cited the Ethan Allen incident on Lake George in 2005 as an example of this type of occurrence. (*Subsequent to the meeting it was determined that the excess policy carried a liability limit of $25 million per occurrence.*)

Although a large $4.5 million reserve was available, Mr. Dusek advised that he would not feel comfortable in self-insuring until the reserve had reached an amount in the vicinity of $10 million. He noted that by contributing only $200,000 per year, as Saratoga County did, it would take a long time to reach that comfort level.

Mr. Mason asked if there were restrictions to the amount that could be carried in reserve and Ms. Clute advised that there was a limit of $5 million. However, she noted, that limitation had been set by a Local Law which could be amended, raising the limit to whatever level they felt necessary.

Mr. Mason asked how closely the Fire Departments and Emergency personnel were monitored with respect to safety measures and Mr. Geraghty replied that Fire Districts were certainly more structured and monitored than the volunteer Fire Companies. Mr. Geraghty added that no matter the safety measures taken, they should continue to present the safety issue.

Mr. Dusek noted that the City of Glens Falls Fire District was certainly more structured and regulated than other smaller Fire Companies because they were financed by the City, which was able to provide the funding necessary for extensive training and such. Mr. Geraghty stated that all Fire Departments were required to meet OSHA (Occupational Safety and Health Administration) standards and training requirements. In addition, he advised, insurance requirements demanded the submission of driver license information, limiting those operating Department vehicles to personnel with exemplary driving records.

Mr. Bentley stated that the volunteers of the Town of Horicon's Fire Company had never sustained any major injuries and adhered to all training and safety standards. He said that it was his opinion that Warren County should not renew the excess policy and should self-insure for this excess coverage using the same practice as Saratoga County.

Mr. Kenny said he disagreed with Mr. Bentley, stating that it would take 30 years to build up a $10 million reserve. He added that no savings would be passed on to the taxpayer because whether the funds were contributed to the reserve fund or used to pay policy premium they could not be spent to reduce the taxpayer's burden. Mr. Kenny said that it made more sense to pay the premium and maintain the excess coverage.

Mr. Mason asked Ms. Clute who the premium was paid by and Ms. Clute advised that the coverage was paid through the self-insurance fund which each City or Town participating contributed to. She added that the charge to each Town or City was altered annually based on their claims experience.

Mr. Gabriels reminded the Committee that earlier in the meeting Ms. Clute had noted that there were two Counties insured by the same insurance company and receiving a lower rate for the same coverage, and he asked why. Ms. Clute replied that she had discussed this topic with the insurance carrier, Safety National, but was unable to gain a valid reason for the difference.

Mr. Dusek noted that the rating information used was proprietary and legally the company was not required to disclose the reason behind the difference in rates. He added that the other Counties in question may not have the same exposures as Warren County, such as increased tourism in Lake George and the volume of traffic traveling I-87. Mr. Dusek said that the majority of these other Counties may also be extremely remote, reflecting a much lesser exposure. Agreeing with Mr. Kenny, Mr. Dusek reiterated that it would take a long time to develop the $10 million reserve he thought would be needed to comfortably self-insure, leaving the County at risk for those years.

Discussion ensued.

Although $200,000 seemed like a lot of money for the excess coverage, Mr. Dusek apprised, when broken down to reflect the contribution of each participant, the amount did not seem that high. He noted that the City of Glens Falls alone would pay approximately 1/5 of the premium, however, when compared with the coverage provided the premium did not seem unreasonable. Mr. Dusek stated that the potential was always present for a catastrophic loss to occur and it would be beneficial to have this policy in place.

Mr. Geraghty suggested that they continue to investigate other options for this policy and he asked if they were limited in their choices for the coverage. Ms. Clute replied that there was a limited market for this coverage and Safety National, the current carrier, had provided the lowest quotation. Mr. Kenny asked if TD Banknorth had gained competitive quotes from other carriers and Ms. Clute replied that she was not aware of any for the 2007 renewal.

Mr. Mason stated that the Committee was experiencing the same scenario as they had in 2005 when the excess coverage was secured at the last moment with the prospect of searching for more reasonable coverage in the next year. He added that the Committee had been researching alternatives to this excess insurance for the past three years with no extraordinary results. Mr. Mason suggested that Ms. Clute contact TD Banknorth to be sure that they had searched for alternate quotations; meanwhile, he said, the Committee needed to decide how they wished to proceed for 2007.

Mr. Gabriels suggested that the excess compensation renewal policy be purchased for 2007 and alternate quotations sought for the 2008 renewal, and the Committee was in agreement.

Motion was made by Mr. Gabriels, seconded by Mr. Kenny and carried unanimously to renew the Excess Workers' Compensation coverage for 2007 and seek alternate quotations for the 2008 renewal and the necessary resolution was authorized for the December 15th Board meeting.

Returning to the agenda, Ms. Clute addressed the topic of physical damage coverage for Warren County vehicles. She reminded the Committee that she had forwarded them a listing of all County-owned vehicles and the limits of coverage currently held. Ms. Clute stated that the Committee needed to determine whether they wished the auto coverage to be placed based on the Department Head's discretion or by a standard limit set by the Committee.

Mr. Kenny said that he felt a County policy should be established to determine the limits of coverage placed on each vehicle, based on value. However, he noted, this may affect the way in which the Sheriff Department's vehicles were insured. Mrs. Parsons advised that currently, the Sheriff self-insured his vehicles and she did not think that practice should be changed.

Mr. Kenny apprised that there were other Counties covering their vehicles under an inland marine policy and he suggested that Warren County research the ramifications of doing the same. In addition, he noted, they could consider raising the collision deductibles on these vehicles to $1,000 per incident to save additional funds.

Mr. Mason agreed with Mr. Kenny's statement that a policy should be placed to definitively determine what vehicles should carry physical damage coverage and which should have liability only. Mr. Geraghty asked if there was not currently a system in place to be sure that the appropriate coverage was assigned when a new vehicle was purchased and Ms. Clute replied in the negative. She added that the vehicle information and coverage requests were forwarded directly to TD Banknorth and the coverage limits were assigned at the Department Head's discretion. Mr. Geraghty asked who was in charge of keeping a detailed listing of the vehicles purchased and Mrs. Parsons advised that a listing of all Warren County Vehicles was maintained by the Treasurer's Office. In addition, she noted, Highway Law required the DPW Superintendent to file a listing of all highway vehicles with the Clerk of the Board annually.

Discussion ensued.

It was the consensus of the Committee that the automobile policy should be renewed as it was and a standard set at the next meeting to determine how coverage would be assigned to County vehicles in the future. Ms. Clute advised that the coverage limits could be changed after the policy was renewed, a suggestion which was favorable to the Committee.

Mr. Kenny suggested that the Committee consider shifting all vehicles to an inland marine policy form, assigning full physical damage coverage to all vehicles over a certain value. He added that after reviewing the listing of vehicles covered by the policy, the premium of $10,000 did not seem outrageous. Secondly, Mr. Kenny suggested that a broker from TD Banknorth be invited to the next Committee meeting to counsel them in this area.

Mr. Champagne asked if the Purchasing Department was involved in the vehicle acquisition process and Mrs. Parsons replied that they were not necessarily involved in all transactions. She noted that the Purchasing Department approved the purchase orders and occasionally looked up the New York State contract information on behalf of the Department Head; however they were not aware of when the vehicles were purchased or the coverage placed. The Auditor and the Treasurer's Office would typically approve the final transaction for the purchase, Mrs. Parsons added.

Mr. Champagne suggested that logical placement for the responsibility of keeping track of County vehicles and the coverage held might be with the Purchasing Department, while Mr. Gabriels thought it would be more practical to have the information transferred from the Treasurer's Office to the Self-Insurance Department.

Mr. Mason agreed that a policy must be placed to determine who would be responsible for keeping track of County vehicles and their coverage; he suggested the topic be discussed further at the next Committee meeting to make a definitive decision.

Mr. Kenny noted that there were several new vehicles listed in the report supplied by Ms. Clute which did not carry adequate coverage. Mr. Bentley suggested that TD Banknorth be contacted immediately to add coverage to any vehicle valued over $10,000.

Motion was made by Mr. Bentley, seconded by Mr. Kenny and carried unanimously to contact TD Banknorth and request that full physical damage coverage be added to any County vehicle valued at $10,000 or more.

Ms. Clute advised that, included in her agenda, was a request to transfer the balance of the Self-Insurance Fund to the Contributory Reserve Fund, and she noted that this was the standard resolution approved each year.

Motion was made by Mr. Kenny, seconded by Mr. Geraghty and carried unanimously to approve the request to transfer the balance of the Self-Insurance Fund to the Contributory Reserve Fund and the necessary resolution was authorized for the December 15th Board meeting. A copy of the resolution request is on file with the minutes.

The final item of the agenda, Ms. Clute apprised, was a request made by the Clerk of the Board to standardize the Committee's arrangement for future meetings, and she asked the Committee for their preference. It was the consensus of the Committee that, if possible, the meetings should continue to be scheduled on a Monday morning, otherwise Friday morning meetings would be acceptable.

As there was no further business to come before the Insurance Committee, on motion made by Mr. Gabriels and seconded by Mr. Bentley, Mr. Mason adjourned the meeting at 10:33 a.m.

Respectfully Submitted,
Amanda Allen, Legislative Office Specialist