

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 313
December 13, 2016
9:30 A.M.

The Three Hundred Thirteenth meeting of the State Insurance and Risk Management Board was held on Tuesday, December 13, 2016 at the D.A.S. Office, 450 Columbus Boulevard, Hartford, CT.

Acting Chairperson Savitsky presided.

The following members were in attendance:

State Insurance & Risk Management Board

Ms. Linda R. Savitsky, Acting Chairperson
Mr. Seth T. Mahler, Vice Chairperson
Mr. Richard Boccaccio
Ms. Susan M. Donatelli
Mr. Stephen Fontana
Mr. Wallace J. Irish
Mr. Patrick Mahon
Mr. Michael T. McCormack

Mr. George A. Dagon, Jr. was unable to attend.
Mr. Daniel J. Friedman was unable to attend
Ms. Marjorie F.B. Lemmon was unable to attend.
Ms. Martha Carlson, Deputy Comptroller, was unable to attend

Department of Administrative Services/Insurance and Risk Management Board

Ms. Toni Fatone, Deputy Commissioner
Ms. Daria J. Cirish, Risk Manager
Ms. Eileen G. McNeil

Office of the Agent of Record

Mr. John Byrnes
Mr. Fred Tanguay, Senior Vice President
Ms. Doreen Lessard

Approved
Linda R. Savitsky
February 28, 2017

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1. Approval of Minutes of Meeting No. 312 held on September 13, 2016 (Exhibit 1)

A motion was made by Mr. Mahler, seconded by Ms. Donatelli and

VOTED: To approve the minutes of Meeting No. 312 held on September 13, 2016.

Mr. Mahon abstained from voting.

2. Reconciliation of and Review of Premium Payments, Informal Bids Processed by the Board since the Last Approval (Exhibit 2)

Ms. Cirish reviewed the Net Payment Analysis noting that the Large Loss Committee recently voted to approve approximately \$1 million in claim settlements. She stated that the Board should be able to live within its budget this fiscal year as long as there are no large claim settlements and/or further budget reductions.

After a review of the payments, a motion was made by Mr. Mahon, seconded by Mr. Mahler and unanimously

VOTED: To approve the premium, deductible payments and informal bids processed by the Board since the last Board meeting totaling \$10,027,501.45

3. Votes

A) Casualty Policy (Exhibit 3A)

Mr. Tanguay explained that after this preliminary exhibit was prepared, he received a quote from Safety National for the first layer of coverage. He distributed an updated exhibit showing the quote from Safety National, as well as an additional revised quote from Lexington. Mr. Tanguay reviewed the four quotes. Option I was with the same limits and structure as expiring. Lexington's quote was \$475,000 more than the expiring premium. Option II was with a \$5 million S.I.R. In this option, Lexington's premium would be as expiring. Option III was with Safety National quoting a \$5 million excess \$4 million S.I.R. layer for Auto Liability, a similar policy for General Liability (Highway) and a \$5 million excess policy. Safety National's quote was significantly lower than Lexington's quote and also included risk management services.

Mr. Tanguay also noted that Lexington contacted him about the renewal. Mr. Tanguay advised them that another insurance company quoted this coverage substantially lower. He said he immediately received a revised quote from Lexington (Option IV) quoting coverage as expiring, with a \$4 million S.I.R.

Mr. Tanguay explained that Safety National is one of the best excess Workers' Compensation insurers in the country. They have recently made a commitment for casualty coverages in the public sector field, presently writing a lot of business in the mid-west. Safety National is also the new insurer for the City of Hartford. Mr. Tanguay advised that they have the highest Best Rating of A+XV.

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3. A) Casualty Policy (Cont.)

Mr. Fontana suggested that the Board retain the \$4 million S.I.R and current limits this year. He also suggested the Board research changing the limits and/or S.I.R. next year.

Mr. Irish suggested that Mr. Tanguay go back to Safety National and ask them if they would match Lexington's revised quote. Mr. McCormack also requested a summary of Safety National's municipality claim experience on their casualty municipal book of business.

After discussion, the Board directed Mr. Tanguay to contact Safety National, requesting they match the \$1,275,000 quote from Lexington with a \$4 million S.I.R. with same limits as expiring, as well as negotiate with the excess carriers for revised quotes. Upon receipt of these revised quotes, a phone vote of the Board will be taken within the next week.

3. B) Master Physical Damage Policy (Exhibit 3B)

After the exhibit was prepared, UConn acquired ten additional buses. Based on this new information, a revised exhibit was distributed to members. Mr. Tanguay noted that D.O.T. has been replacing their vehicles with new vehicles and values have gone up dramatically compared to last year.

After reviewing the exhibit, a motion was made by Mr. Mahon, seconded by Mr. Fontana and unanimously

VOTED: To place coverage as outlined in Exhibit 3B, for a total premium of \$147,715.

3. C) Division of Public Defender -- Lawyers' Professional Liability (Exhibit 3C)

Mr. Tanguay informed the Board that the attorneys for the Public Defenders are not State employees, therefore, not protected by sovereign immunity. This policy provides professional liability to these attorneys. He noted that although the number of attorneys increased, the quote for Option I, coverage as expiring, remained the same. Option II provides coverage as expiring with a \$5,000 deductible. Mr. Tanguay advised that there has never been a paid claim and that the deductible does not apply to defense costs.

A motion was made by Mr. Irish, seconded by Mr. Mahon and unanimously

VOTED: To place coverage as outlined in Exhibit 3C, Option II, for a total premium of \$58,760.

Mr. Mahler suggested reviewing higher deductibles for next year's renewal if loss experience remained the same.

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4) Claims Committee Report

Mr. Mahon advised that the committee met on December 2, 2016 to review 16 claims and upon a thorough analysis the committee voted to give C.S.S. approximately \$1 million settlement authority for selected claims. Defense counsel was also present to discuss one claim. The committee will meet again in May.

5) Old Business

A) Agent of Record and Third Party Administrative Services Contract Extensions

Ms. Savitsky said the topic of contract extensions was discussed at the June meeting and some of the Board members wanted to have further discussion at the September meeting, but ran out of time. She reminded the Board that the D.A.S. Commissioner asked that she and Ms. Cirish attend a meeting to discuss budget savings. The Commissioner asked all Divisions to go back to their vendors to ask for fee reductions, and if so, they would be willing to extend the contracts. Both contracts have clauses that allow for extensions. Ms. Savitsky said that the Agent of Record and the Third Party Administrator offered reduced fees. Ms. Savitsky noted that this whole process happened quickly and apologized for not emailing the Board during this process.

After some discussion, a motion was made by Mr. Mahon, seconded by Mr. Fontana and

VOTED: To confirm the extension of the Agent of Record and Third Party Administrator contracts in accordance with updated fee schedule.

Subsequent to the vote, Mr. Boccaccio asked for a tally vote. A tally vote was conducted with members voting as follows:

Linda Savitsky – yea
Susan Donatelli – yea
Stephen Fontana – yea
Wallace Irish – nay
Seth Mahler – yea
Patrick Mahon – yea
Michael McCormack – yea
Richard Boccaccio - nay

The vote passed with 6 yeas and 2 nays. The vote stood.

Mr. Irish wanted a record in the minutes stating his nay vote is no reflection on the Agent of Record. His nay vote is based on the lack of communication during the extension process.

Mr. Boccaccio requested a copy of the revised fee schedule and cost savings be distributed to all the Board members. He would also like this topic to be put back on the agenda at the next Board meeting.

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5. B) CT Port Authority

Ms. Cirish stated that she emailed all Board members in August explaining that she met with D.O.T. to review all the insurance requirements for the CT Port Authority, which is a quasi-State agency. She noted that the State owns the asset, therefore we provide property coverage, but the Port Authority is responsible for all other coverages. Although D.O.T. asked Ms. Cirish to review the insurance requirements, the Board is not involved in the purchase of this insurance and it is the responsibility of the Port Authority to satisfy the insurance requirements listed in the M.O.U.

5) C) UConn Health Center BioScience CT OCIP

Ms. Savitsky stated that there have been lengthy discussions, as well as emails to the Board members explaining the OCIP for the BioScience Center at the UConn Health Center. A statute was created that empowered UConn to enter into this agreement. UConn Health Center asked for the Board's assistance in the procurement of this OCIP and was allowed to use the Board's contract for Agent of Record Services with permission from the D.A.S. Procurement Division. The Board pays the bills and the Health Center reimburses the Board. The Board merely acts as a pass-through for these administrative services.

Mr. Mahon asked if we can get clarification as to why the bills have to go through the Board office.

6. Any Other Matters to Properly Come Before the Board

Ms. Donatelli distributed a hand-out regarding tort caps in other states and suggested that the Board go to the legislature to seek tort reform.

Mr. Fontana said that in the early 1990's, there was a proposed bill in the legislature for tort reform on the health care side. There were two sides making arguments for and against. He said there needs to be data from other states who have caps, compared with those who do not. He said an actuarial report may be needed. Mr. Irish suggested using UConn students to work on this report.

Ms. Fatone said that the Insurance Department may help with this proposal, however it is too late for the upcoming legislative session, but there would be time for a proposal during the 2018 session.

Mr. Mahler suggested establishing an ad-hoc committee to look into this. The Board will also talk about other committees at its next meeting.

This item will be put on the agenda for the next Board meeting.

Mr. Boccaccio requested a copy of the F.Y. 2016 Annual Report to the Governor be distributed to all Board members.

Ms. Savitsky advised the Board that Bob Broomall resigned from the Board and thanked him for his service.

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7. Date and Location of Next Meeting

Ms. Savitsky stated that the Board is statutorily required to meet four times a year (once every quarter). Mr. Irish would like to meet six times a year. After some discussion, Ms. Savitsky suggested that Ms. Cirish work with Mr. Tanguay to come up with six potential 2017 dates and email the Board.

8. Motion to Adjourn

It was moved by Mr. Mahon seconded by Mr. Fontana and unanimously

VOTED: The meeting be adjourned. The meeting adjourned at 11:57 A.M.