

TOWN OF NEWINGTON
STANDING INSURANCE COMMITTEE
SPECIAL MEETING MINUTES

October 21, 2015

Town Hall Lower Level Conference Room L100

- I. Call to order – Chairperson Castelle called the meeting to order at 6:08 PM.
- II. Roll call – members present: Clarke Castelle, Chairperson; Dave Nagel; Sharon Braverman; Cheryl Constantine; and John Slusarski. Others present: Terry Perry, CIRMA; Bill Guerrero and Rachel Merritt, USI Insurance Services; Lou Jachimowicz, Chief Finance and Operations Officer; and Jeff Baron, Director of Administrative Services.
- III. Public participation – None.
- IV. CIRMA extension offer – CIRMA put together a two year extension offer for the Town’s current program. It includes a 3% increase each year for liability-auto-property (LAP) coverage, a 1.5% increase each year in workers compensation paid-in premiums, while staying in a retro program, and a 1.5% increase each year in the potential maximum premium amount for workers compensation. CIRMA agrees to absorb up to 3% in wage increases each year as part of this offer. The Committee had considered this at their October 8th meeting, and had some questions, which Mr. Perry was invited to respond to. He provided a two page handout, which included the four questions from the Committee and data pertinent to his responses, and the 2013-14 CIRMA annual report, which also included pertinent data. On the questions about recent trends in the insurance industry and also CIRMA’s rate needs for the pool, CIRMA’s overall pool of clients have seen a 4.0% cumulative increase in workers compensation premiums and 3.5% cumulative increase in Liability-Auto-Property (LAP) premiums since 2010-11, while Newington has been in a retro program with no rate increases during that time and has seen only a 3% increase in LAP premiums during that time. CIRMA strives to provide rate stability. They do not manage by line of business. They heavily re-insure on property losses. There is no built in load for profit, or any bonuses. Their expenses are claims, risk management and underwriting. They have a 35 year data base for claims. They provide a retrospective rating program for workers compensation which includes two important features; namely, cash flow for premiums and loss reserve analysis. Increases are based on the individual results of each client. The majority of CIRMA’s book of business is guaranteed cost, Newington is their only retro program today. The LAP shows three and five year losses and is being increased. CIRMA has also provided member equity checks four of the past five

years. Mr. Slusarski asked about re-insurance costs. CIRMA uses Safety National, their rates have been flat. There is a potential for severe exposure based on what is covered by CIRMA (police, schools, coastal exposures, etc.). Mr. Guerrero noted that the costs that drive municipal exposures are different from the commercial market. There was also some discussion on specific topics such as prescription painkillers, loss history at the skateboard park, and downstream exposure for dams. Mr. Perry pointed out that the workers compensation retro program was capped at 18 months after expiration, with only two adjustments. Mr. Slusarski asked what happened if the Town exceeded the 3% of payroll increases that CIRMA was offering to absorb. CIRMA rates the policy by payroll classification. Audits rate payroll accordingly. If a payroll classification increases by more than 3%, that amount is added to the 1-1/2% premium increase. Ms. Constantine made a motion that the Committee accept CIRMA's extension proposal of the Town's current program, as presented, and recommend its' acceptance to the Town Council. A second to the motion was made by Mr. Nagel. There was no discussion on the motion. It passed unanimously by a vote of 5 YES to 0 NO.

- V. Any other business pertinent to the Committee – None.
- VI. Public participation – None.
- VII. Response to public participation – None.
- VIII. Adjournment – The meeting adjourned at 7:07 PM.

Respectfully submitted,

Jeff Baron

Jeff Baron
Director of Administrative Services