

Minutes of the Special Meeting of the Board of Trustees of the Village of Williamsville held in the Williamsville Village Hall, 5565 Main Street, Williamsville, New York on Friday, May 29, 1992 at 7:30 a.m.

Present: Ronald W. Daniels - Mayor
James P. Hayes
Patrick M. Kelly
Mary E. Lowther
Yvonne Kaye

Thomas V. Troy, Village Attorney
Theresa L. Cummins, Administrator/Clerk-Treas

Also Present: Edward Gelia, Sr. - Representing United Ins.
Marge Wutz - Representing PENCO
Lynn Frank - L.R. Frank Agency
James Zymanek - Fire Chief

Absent: Dave Laubisch, Supt. of Public Works

Mayor Daniels opened the meeting at 7:40 a.m. and turned the meeting over to Trustee Kelly who would discuss the Village Insurance proposals.

Trustee Kelly explained that during the past year, he has worked extensively on our insurance program. He has obtained copies of other village budgets, and compared insurance costs. During the past several years, we have been paying between \$120,000.00 - \$125,000.00 for insurance, while other communities even those with police, are paying less than us. Because of this, he has talked to a number of carriers this past year. In talking to PENCO, he was advised that in 1988, they had put a bid in for Village insurance of about \$69,000.00 and no one in the Village had any knowledge of that bid. That year we paid about \$120,000.00 - range. At that point he decided to investigate other coverages. After getting the Loss Runs which were not produced in a timely manner by the current insurance company, he sat down with PENCO and came up with their proposal.

Trustee Kelly referred to his 10 page memo he had written to the Board, specifically the chart on the last 2 pages which indicate the proposed coverage to be superior to what we now have. It provides almost down the line \$2,000,000.00 coverage. It provides for a \$5,000,000.00 excess policy. Under our present excess policy, Hutchinson Hose is excluded and in his opinion they represent our largest potential for a loss. The proposed policy does cover Hutchinson Hose.

Trustee Lowther asked what the difference is between A & A+ firms. Trustee Kelly stated the A+ firms are a little safer. The carriers we now have in place are not A+ companies. A companies are good companies; + companies are a little bit better

Minutes of the Special Meeting of the Board of Trustees of the Village of Williamsville held in the Williamsville Village Hall, 5565 Main Street, Williamsville, New York on Friday, May 29, 1992 at 7:30 a.m.

Trustee Kelly stated that presently officers are covered only for \$1,000,000.00 under Errors & Omissions. We are specifically excluded from the Excess Coverage. He does not think this is adequate.

Trustee Lowther asked about the current audits. Trustee Kelly stated he doesn't want to be in a position where the insurance company can come back after a year and tell us we owe more money. Under our current policies this can happen; under PENCO it cannot be audited.

Trustee Lowther asked about the \$69,000.00 quote from PENCO in 1988 which was not accepted and if there was any substantiation for it. Mrs. Wutz stated she had a copy of the proposal with her. Mr. Gelia stated that when he received the proposals in 1988, he brought them in to Mayor Brenton and although PENCO was a few thousand dollars less than CIGNA, he suggested staying with CIGNA because of the engineering costs which accompany changing policies. Also that year, we received a refund check in the amount of \$5,000.00. Also during the time when many companies were not covering municipalities, CIGNA was always there so we decided to stay with CIGNA at that time. He stated that every year their office submits the proposal to five or six companies for their bid amounts. This year when they asked PENCO to submit a bid, they were informed that PENCO was already bidding it. He has come up with a bid which is very competitive and believes it provides more coverage. His excess policy is an umbrella policy and this provides broader coverage. An excess policy covers only those things covered by the primary policy while an umbrella policy covers everything covered under the primary policy and covers other things such as age discrimination not covered under the primary policy. Mr. Gelia pointed out the proposal of E & O is from a non-admitted company. The Nutmeg Company is not admitted to do business in NY State. Trustee Kelly stated that Nutmeg is a Hartford subsidiary.

Cost wise the total package for PENCO comes to \$83,100.00 while Mr. Gelia's proposal totals \$90,752.00. Raising the errors & omissions to \$2,000,000.00 would raise that premium about \$2,000.00.

Trustee Lowther stated the last few years the billings were about \$120,000.00. Why the dramatic decrease? Is it because there is outside competition? Mr. Gelia stated he has shopped every year and sometimes CIGNA has not been the lowest but we have chosen to keep it with CIGNA because the insurance business is volatile.

Minutes of the Special Meeting of the Board of Trustees of the Village of Williamsville held in the Williamsville Village Hall, 5565 Main Street, Williamsville, New York on Friday, May 29, 1992 at 7:30 a.m.

Trustee Kaye asked about inspection of the Village something PENCO still has to do? Mrs. Wutz stated PENCO has Loss Control & they have already been here. This is something they will do on an annual basis. If there are any major problems found, they will grade them by priority. However, the premium for this year will not change.

Trustee Kaye asked what the problem was in getting the Loss runs? Mr. Gelia said as an agency, he has no control over the loss runs. These come from the company.

Trustee Kaye asked Marge Wutz about the specimen policies. On the last page of the commercial policy - she didn't see \$2,000,000.00 for contractual liability, broad form, incidental malpractice listed somewhere in the body. She didn't know where they were listed. Mrs. Wutz stated that contractual liability is listed in the very beginning of the policy and becomes part of who is insured. It's assumed in the policy.

Trustee Kaye also asked about water pollution of our water system. Mrs. Wutz stated they define water for a municipality that provides water as a "product". Pollution is excluded but there may be a product liability coverage. The company would defend us until it was proven that it was polluted. Trustee Kelly stated that no policy covers pollution.

Marge Wutz stated that under the Hartford policies anything that is not specifically excluded is included. That dictates what is covered by the excess policy. That's rule of thumb in insurance. All the policies will be written with Hartford so there will be no place for anything to fall through. It is definitely an enhancement to have all the coverage with one company.

Trustee Hayes asked Mr. Gelia what their firm did to pursue getting the Loss runs. Clerk Cummins stated she had been dealing with John Flynn on the matter. She had called him several times and had sent a letter formally requesting the information. Mr. Gelia stated he would have to check with John but he assumes he called the company to request them. That's all they can do. They can't force them.

Trustee Hayes stated there is some dissatisfaction also in the type of service rendered. Trustee Kelly stated the loss runs are one thing - Also how the bids have come in during the last several years. They don't come in until after the 1st of June when we're into our next budget year. Also, the Fire Department has not been happy with the service.

Minutes of the Special Meeting of the Board of Trustees of the Village of Williamsville held in the Williamsville Village Hall, 5565 Main Street, Williamsville, New York on Friday, May 29, 1992 at 7:30 a.m.

Mr. Gelia stated that he never heard from anyone at the Village that the service was bad. He thought they had taken very good care of this account. The reason Hutchinson Hose was not named on the policies is that they have their own policies. However, the Village is protected if anything happens with the fire company.

Trustee Hayes questioned when Mr. Gelia's proposal was prepared and at whose request. Mr. Gelia stated it was prepared on Friday, May 22nd, because he was told the Board would be making a decision on May 26th. Trustee Hayes stated he thinks it is incumbent for our Insurance Agent of Record to be aggressive enough to work with the Village well in advance of the expiration dates to get our insurance quotes to us. It appears Mr. Gelia's quote was rushed in here only in response to another proposal. This is not acceptable to Trustee Hayes. He expects more from our Insurance Broker.

Fire Chief Zymanek stated regarding the service the previous chief had spoken frequently about not getting paid on a Claim submitted in February. Also, insurance cards for the trucks were always very late. Sometimes it would be late in July before we got them. Also regarding compensation insurance, the L.R. Frank Agency, who handles that has been providing info on seminars and training. We have never gotten that type of information from Mr. Gelia's office.

Mr. Gelia stated he has never gotten any complaints from the Village and is surprised to hear about them. He will investigate the complaints. He feels the policies he is offering are superior and that is why they are more expensive. He feels a municipality should never move their insurance for \$5,000.00 or \$6,000.00. It is important for the Village to know that his firm has always looked out for the interests of the Village. They obtained the insurance for the raft race and liquor legal for the Jolly Boys when no one else could provide it.

Mr. Gelia stated he has always been available to meet with the Village officers at any time. Trustee Kelly said he has met with Mr. Gelia in the past. The questions that haven't been answered are the 1988 bid and the fact we've been substantially higher for a # of years. He also stated the PENCO policy is substantially superior to the other bid.

Minutes of the Special Meeting of the Board of Trustees of the Village of Williamsville held in the Williamsville Village Hall, 5565 Main Street, Williamsville, New York on Friday, May 29, 1992 at 7:30 a.m.

On motion by Mayor Daniels, seconded by Trustee Hayes, the following resolution was adopted:

RESOLVED THAT L.R. Frank Associates, Inc. is hereby appointed the Insurance Broker of Record for the 1992-1993 official Village year.

Unanimously carried.

On motion by Mayor Daniels, seconded by Trustee Hayes, the meeting was closed at 9:15 a.m.

Theresa L. Cummins
Administrator/Clerk-Treasurer