

**GLASTONBURY INSURANCE ADVISORY COMMITTEE
SPECIAL MEETING MINUTES
THURSDAY, APRIL 27, 2023**

The Glastonbury Insurance Advisory Committee held a Special Meeting on Thursday, April 27, 2023 at 5:30 p.m. in Meeting Room A of Town Hall, 2155 Main Street, Glastonbury.

Committee members present: Sridhar Kadaba (Chairman), Benjamin Kehl (Vice Chairman), Stephen Ludwig, Allen Friedrich, Luther Weeks (**excused**), Ginny Kim and Philip Markuszka.

Others present for the meeting were Jonathan Luiz, Town Manager, Keri Rowley, Director of Finance and Administrative Services, Insurance Agent of Record Scott Sundberg from H.D. Segur, Daniel Anderson, Account Executive from H.D. Segur and Ryan Wells, Risk Management Consultant from H.D. Segur.

The meeting was called to order at 5:37 p.m. by Chairman Kadaba.

1. Public Comment Session - No one from the public submitted comments via the webform, nor was present to speak.
2. Communication: Minutes of 7/27/2022 meeting were approved with a correction under item number 4. The correction is as follows: "The sublimit for ransomware **increased decreased from \$2 million to \$1.7 million...**"
3. Communication: Schedule of Insurance
 - a. Mr. Sundberg provided the final schedule of insurance currently in place and commented that it was a snapshot into the final premium and reflected of what the committee discussed.
 - b. Additional conversation ensued including:
 - i. Mr. Ludwig asked if Travelers just covers physical damage like vandalism on the turf field. Mr. Sundberg said that is correct. Mr. Ludwig followed up asking if it covers air quality issues if there is a fire created by vandalism. Mr. Sundberg responded no and that there is a pollution exclusion policy from the General Liability policy.
 - ii. Mr. Kadaba asked if the Town was covered if there is health issues from the turf field? Mr. Sundberg said that pollution is not addressed in the policy.
 - iii. Mr. Ludwig asked if the Town was covered for a cancer cluster and Mr. Sundberg said no. Mr. Kadaba asked if it was covered under the umbrella policy and Mr. Sundberg replied no. Mr. Kadaba followed up and inquired if there should be concern and Mr. Sundberg said he has not seen any claim like that.
 - iv. Ms. Kim asked if it was a long time ago that the Town moved away from umbrella versus excess. Mr. Sundberg said yes and that he hasn't written a policy in over 25 years and is no longer cost effective.

- v. Mr. Ludwig asked about the builder's risk policy and if it would cover any of these issues. Mr. Sundberg said he would have to look at the policy. Mr. Ludwig followed up and asked if the builder has a clause in the contract to cover that. Mr. Sundberg said it depends on the RFP and the suit would go against the manufacturer. Mr. Ludwig said Travelers has washed their hands of the issue and any health issues from the field. Mr. Sundberg stated that there was no pollution control what so ever and the Town could purchase a policy but it would be a big number.
- vi. Mr. Kehl said that health issues aren't a pollution issue like cancer. Mr. Sundberg said that Travelers would consider that a pollution issue. Mr. Ludwig followed up and asked if it could be a general liability issue which Mr. Sundberg answered yes. Mr. Ludwig asked about the cost of a policy like that. Mr. Sundberg never secured a pollution control policy in his twenty-five years except for underground fuel tanks and wasn't sure if there was even a market for it.
- vii. Mr. Kehl asked if the Town could ask for people who use the field to sign a waiver. Mr. Sundberg said yes, but there is case law that waivers do not hold up in court and provide no real defense.
- viii. Ms. Kim asked about risk mitigation and about maintenance to the field to mitigation wear and tear that could bring chemicals out. Mr. Sundberg said there is a lot of information on turf fields but he isn't an expert. Ms. Kim clarified stating that its more from a town perspective of things that could be done as information becomes aware and that facilities has the ability to keep an eye on that. Mr. Luiz believes the Board of Education maintains the field and will pass on the information to see what they are doing. Mr. Wells says the Town should look to the manufacturer for recommendations of preventative maintenance.
- ix. Mr. Kadaba asked if there anything new on the schedule to share with the group. Mr. Sundberg replied no and it is just memorializing what is currently in place with no adjustments to deductibles. He added that those deductibles are levers the Town can pull to maintain costs as the market has gotten more difficult, but that would add more risk. He also stated that the Town has looked to be self-insured in some categories but it has never been advantageous. Adding that it only benefits the carrier, the risk-reward is not there for the Town.

4. Communication: Claim Experience

a. Conversation ensued including:

- i. Mr. Kadaba asked what extent claim experience has been factored into policy and cost. Mr. Sundberg said that the insurance companies use a longer view not individual years. He added when looking at workers comp, Travelers looks at a longer view rather than year by year and they also look at frequency versus severity issues. He stated that the Town has a handicap by having law enforcement and public works and is unique because the Board of Education run their own bus company. He sees the majority of districts privatize this.

- ii. Mr. Sundberg asked Mr. Wells to speak about what the Town does on a quarterly basis to address Workers Comp claims. Mr. Wells stated that there are two functions from Injury prevention. The first is state required quarterly safety committee meetings where injuries are identified and corrective actions town-wide and department specific are formed. The second is department head meetings where departments explain losses and preventive actions. He added that most towns don't take this proactive approach and take these steps. He stated that the level of commitment towards risk control can be more impactful than loses. Mr. Kadaba suggested that there was a constant feedback loop which Mr. Wells agreed to.
- iii. Mr. Ludwig asked that he saw 40 claims and 8 legal activities: are those workers that dispute the injury. Mr. Sundberg said no, some people work with Travelers as a claimant and some people get an attorney to represent them. Mr. Ludwig followed up asking if these are cases unrelated to indemnity but more medical based and if the employee is disputing whether or not they are ready to go back to work. Mr. Sundberg replied no, that it was more about the claimant being more comfortable represented by outside counsel than working directly with the carrier. He noted that one big improvement is that HR has more information on the workers comp claims. Mr. Ludwig sought clarification on the 8 legal cases wondering if it was someone suing the Town because of negligence. And Mr. Sundberg said no, that is not what these claims are on.
- iv. Mr. Kadaba referenced the claims report and asked if the 2022 numbers drop because of COVID impact. Mr. Sundberg said partly but he anticipates a blow back situation. He added that historically, Glastonbury has had years with significant drops or big claims. He would be more concern if Glastonbury has 100 claims for the Town or BOE.
- v. Ms. Kim asked why the BOE charts go back 3 years vs town's 4 years. Mr. Sundberg states that the BOE wasn't with Travelers yet, it was a starting point. Ms. Kim brought up the right-hand table that shows claim count and asked for clarification on whether that was the number of new claims filed this year? Mr. Sundberg replied that it is the claims filed in the policy year. Markuszka clarified that it is claims per that year and not cumulative.
- vi. Mr. Kadaba asked what is the big risk on a coverage issue and potential lost. Mr. Sundberg states that cyber is still the number one. It is the leading cause of losses in public administration. 38% of all cyber, ransomware, phishing claims are public sector. He added that they were seeing better coverage for less of a premium because more companies are offering that coverage. Mr. Kadaba followed up to ask if cyber coverage is getting easier because technology is now being managed a little better compared to what the situation was earlier with dual authentication. Mr. Anderson responded that Towns have done the heavy lifting and the last couple of years they have had to implement measures to get cyber coverage. He stated that from 2010 to 2020 total paid claims were under \$1 million and 2020 to now claims paid are in excess of \$15 million. Cyber carriers are saying now that towns have to do things like dual authentications to get coverage and as a result, municipalities are one of the best customers now.
- vii. Ms. Kim asked if the Town has any cyber claims. Mr. Sundberg said no claims.

- viii. Ms. Kim asked about the previous Town Manager's report that there would be a retirement in the IT department. Mr. Sundberg said that was Sanitation and that was a big position to fill because he ran two departments. Mr. Luiz said it is important to try and make sure everyone is prepared if the IT director does leave by making sure there is continued training
 - ix. Mr. Ludwig asked if there were any concern about AI? Mr. Sundberg said it will become a part of the future and will create other exposures. Mr. Ludwig asked if there will be exclusions this renewal on this and Mr. Sundberg said no. Mr. Luiz said that for what the municipality does, he doesn't know how it would be incorporated into this field. Mr. Ludwig wants to make sure we are covered for every scenario.
 - x. Mr. Kadaba asked about elections coming up and machine manipulation and how that incorporated into the town policy. Mr. Sundberg said this was a liability policy: bodily injury and property damage. He added that it is not meant to be the coverage for everything. He followed up noting that every policy is dedicated to a specific exposure and makes "what-if" questions hard to ask. Mr. Luiz said that Secretary of State has strict policies and that they audit the machines and process. Mr. Friedrich added that as a former employee in that office, he can assure the group that protocols are followed very strictly.
 - xi. Ms. Kim said if we move to the early voting, and municipalities have some level of responsibilities to lock up vulnerable data, will there be coverage against claims against the Town for a situation like not locking up the records and someone breaking in. Mr. Sundberg replied that there has to be a financial loss due to negligence on part of the Town and damages from a claim are being made. Mr. Anderson said there is a valuable papers and records coverage policy and if records were stolen and the Town had a financial loss there could be coverage.
 - xii. Mr. Kadaba asked if there was anything specific Mr. Sundberg wanted to mention. Mr. Sundberg said that the Town hasn't had incredible experience in year two but it has improved dramatically this year. He noted that from a cost perspective, the Town is still paying less than what the Town was paying in 19/20.
 - xiii. Mr. Kadaba asked about the overall compliance with respect to loss control when looking at other towns. Mr. Wells said that there is absolute commitment around the losses occurring within departments. The town tries to control losses through risk management, safety, and injury and liability prevention. Mr. Kadaba asked if the Town is more proactive than reactive. Mr. Sundberg said yes.
- 5. Communication: General Market Update
 - a. No comment made on this agenda item.
 - 6. Communication: Health self-insurance fund
 - a. Ms. Rowley reviewed the report for the health self-insurance fund

7. Other Comments and Questions

- a. Mr. Sundberg stated they are working on the renewal and will be presenting that at the next meeting. He said the reinsurance market is a 50% increase and the largest in the history of property reinsurance. He added that insurance to value is a big issue because of materials and inflation but they are working very hard with the carries to address these increases.
- b. Mr. Ludwig asked if Travelers has a separate property reinsurance program for municipalities. Mr. Sundberg said that they have a public sector within Travelers.
- c. Ms. Kim asked how often does the Town rebid. Mr. Sundberg states they don't market before a 3 to 5-year period on purpose. He did add that there are aspects that are looked at every year like cyber or ancillary stuff.

8. Adjournment

- a. With no further business to review, the meeting adjourned at 6:32 p.m.

Respectfully submitted,

Keri Rowley

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Director of Finance and Administrative Services