

**GLASTONBURY INSURANCE ADVISORY COMMITTEE
SPECIAL MEETING MINUTES
TUESDAY, APRIL 30, 2024**

The Glastonbury Insurance Advisory Committee along with Director of Finance, Keri Rowley and Town Manager, Jonathan Luiz, held a special meeting at 5:30 p.m. in Meeting Room A of Town Hall at 2155 Main Street.

Also present from Acrisure were Insurance Agent of Record Scott Sundberg and Daniel Anderson, Account Executive. Lindsay Trueb, Account Manager, arrived at 5:37 p.m.

Roll Call

Mr. Sridhar Kadaba, Chairman
Mr. Benjamin Kehl, Vice Chairman
Mr. Allen Friedrich (excused)
Ms. Ginny Kim
Mr. Stephen Ludwig
Mr. Philip Markuszka
Ms. Luther Weeks

The meeting was called to order at: 5:33 p.m. by Chairman Kadaba.

- 1. Public Comment Session.** None
- 2. Communication: Minutes of January 11, 2024 Special Meeting**

Motion by: Mr. Weeks

Seconded by: Mr. Markuszka

Result: Motion passes (5-1-0), with one abstention from Chairman Kadaba because he was not present at the meeting.

3. Communication: Schedule of Insurance

Mr. Sundberg introduced the team and spoke briefly about the updates to the coverage. He noted that they worked with Karen Bonfiglio of the Board of Education to add the standard policy coverage for student travel. Mr. Sundberg explained that during COVID student travel was shut down and noted that school districts are now resuming with student travel and adding the coverage. He noted that other coverage also includes above ground storage and directed Committee members to the information on page 3 of 6, Schedule of Insurance category. There was discussion on the coverage limits and the increasing rates. Mr. Sundberg provided an overview of the general market conditions. He explained that premiums are going up due to inflation, rising property costs, and increases in liability payouts. Mr. Sundberg noted that they are working with a major carrier and are trying their best to improve coverage rates. He provided an example of 25 municipalities that join and would be eligible for better rates and coverage. Mr. Sundberg noted that they are still working out the details and the rates depend on

how many accounts join. Chairman Kadaba asked about the cost of the policy and how it would be divided. Mr. Sundberg replied that he will talk to Munich and added that there will be parameters that determine rates and coverage. He added that they have to develop these parameters. Chairman Kadaba asked when this will happen. Mr. Sundberg replied July 1 and explained that the rates are all tied to budget size. He noted that it is usually universal and explained that they look at categories that all municipalities have, such as public works and the police. Mr. Sundberg stated that this is their first shot at this and they will look at all the factors to come up with a fair distribution. Mr. Weeks asked if the combined municipalities will include New Haven. Mr. Sundberg replied no and explained that this plan would preclude bigger towns. He noted that they are not interested in driving up the cost.

Mr. Sundberg noted that cyber has softened and explained that initially it was very expensive. He noted that there is an influx of new players in the market. There was a discussion on cyber policy and social engineering coverage. Mr. Sundberg noted that social engineering coverage is limited to \$250,000. He noted that major municipalities have had losses of millions and reiterated that the coverage is only \$250,000. Mr. Anderson spoke about crime claims versus cyber claims. He explained that in cases of cyber hacks or when a municipality is tricked out of money, it is counted as cyber or social engineering. Mr. Ludwig asked about the inclusion of voluntary parting of funds. Mr. Anderson explained that this would not fall under a crime claim and would be treated as cyber. He noted that cyber carriers aren't giving full coverage and noted that it is a major gap. Ms. Kim brought up the category of funds transfer false pretenses. Mr. Anderson explained that this is a synonym and similar to the social engineering category with inclusions built in.

Mr. Sundberg noted that at the last meeting there was agreement to table the discussion on self-insured workers comp. He noted that the team agrees with the decision, and added that they will do a detailed analysis, provide hard numbers and a model for future results and savings. Mr. Ludwig asked if the analysis would provide a better feel for the losses. Mr. Sundberg explained that the biggest driver for loss is auto, police, and rising inflation. Mr. Ludwig noted that there is a large loss exposure somewhere and suggested a risk intelligence report that would better identify the factors. Mr. Scott explained that they will continue to provide more information in the risk intelligence report and explained that the losses are not shock losses. Chairman Kadaba asked if there is any coverage that is unique to Glastonbury. Mr. Sundberg noted that towns are pretty much the same and explained that they all have police departments, school systems and added that the differences are due to size. Mr. Sundberg noted that other differences include residential state troopers and regional school districts and added that it is cookie cutter stuff. Mr. Luiz noted that some areas in Town have a greater flood risk. Mr. Sundberg agreed with the point and spoke about a town hall building in Massachusetts that had to be rebuilt. Chairman Kadaba asked about the artificial turf line item. Mr. Anderson explained that liability claims are covered. Chairman Kadaba noted that he has not seen other items, such as pickle ball courts, listed separately as a line item. Mr. Sundberg explained that the artificial turf is considered high value, which is why it is listed separately. Mr. Ludwig asked if vandalism is covered. Mr. Anderson replied yes.

Mr. Sundberg noted that most claims come from auto. He noted that Ms. Rowley provided them with all of the documentation and they will provide renewal numbers that improve coverage and

take care of the gaps. Mr. Sundberg provided an overview of the fire vehicle coverage, valuations, replacement cost coverage and auto coverage. He explained that the rates are high and the cost of replacing vehicles with new vehicles has skyrocketed. Depreciation of vehicles and inflation are the factors driving up the rate. Vice-Chairman Kehl asked if the auto policy is per vehicle, and added that the coverage looks low. Mr. Sundberg replied yes. Vice-Chairman Kehl remarked that the coverage is lower than what he has. Mr. Sundberg asked for the name of the company and added that they would look into it.

4. Communication: Claim Experience

Mr. Sundberg noted that the changes were reflected in the reports. There was a brief discussion on the 2023 fiscal year. Mr. Sundberg remarked that it did not look so great for the BOE and added that, overall, it was a great year for the Town. There was a brief discussion on the 16 large loss claims that exceed the \$50,000 coverage. The BOE has 7 while the Town has 9 claims. The Acrisure team went over some of the BOE coverage items.

5. Communication: General Market Update

Mr. Sundberg explained that premiums are going up due to inflation, rising property costs, and increases in liability payouts. He noted that there are more storms and added that they are underwriting for hail storms. Mr. Sundberg explained that costs to replace cars, equipment and buildings are very high. He brought up an example of a school district that had planned to do renovations 4 years ago to find that the costs increased significantly in 2024. Mr. Sundberg noted that coverage in many categories has improved. Chairman Kadaba asked if there were macro factors and brought up examples of California and Florida. Mr. Sundberg explained that what happens in other places, including other countries, affects all markets. Chairman Kadaba asked what can be done from a planning perspective. Mr. Sundberg reiterated that prices have been driven by inflation and provided an example of a stair stepping mechanism approach that has been utilized by almost all of the shoreline towns. Mr. Sundberg explained that this approach is taking in the costs in a 3 or 4-year period, versus all at once. Chairman Kadaba asked what can be done to manage the premium costs. Mr. Sundberg noted that a good risk management plan is in place to prevent avoidable loss. He brought up a few scenarios on avoidable loss. Mr. Ludwig noted that the Town does a lot of the work and brought up the example of the sidewalk work happening in the Bell Street area. Chairman Kadaba asked about the potential risk exposures. Mr. Luiz noted that they have invited OSHA to come in and conduct inspections. He explained that there are no fines when the agency is invited to do an inspection and added that the plan is to continue to invite OSHA every 2 years to conduct inspections and look for potential dangers. Mr. Sundberg agreed with the point and added that their staff conducts mock OSHA inspections. There was further discussion on mock OSHA inspections. Mr. Luiz asked the Acrisure team to invite Ryan to evaluate the risk components. Mr. Sundberg agreed. The Acrisure Team concluded the presentation.

6. Communication: Health Self-Insurance Fund

Ms. Rowley provided an overview of the Health Self-Insurance Fund through March 2024. She reported that the total reserve is \$13,463,690 allocated \$4,880,566 and \$8,583,124 between Town and Board of Education, respectively. As of March the fund is experiencing a \$1,522,736 loss for the fiscal year. Ms. Rowley explained that there are 16 large loss claims which are defined as any claims that exceed \$50,000. BOE has 7 while the Town has 9 large loss claims. There are 6, 3 for the BOE and 3 for the Town, that have exceeded the individual Stop Loss limit. The individual Stop Loss limit is \$200,000 for the BOE and \$150,000 for the Town. Ms. Rowley went through the report and noted that the recommended minimum reserve is \$1,146,286 for the Town and \$4,029,314 for the BOE (\$5,175,600 total). Ms. Rowley noted that the health insurance renewal rate is projected to be reduced by 5 percent. There was a discussion about the last meeting regarding the BOE funds and plans to reduce the budget. Mr. Ludwig noted that the Self Insurance Reserve Fund YTD balances do not show a recommended maximum reserve. He asked if there was any information on what the maximum reserve would be. Ms. Rowley replied that she can ask the Acrisure team to provide the information.

7. Adjournment

With no further business to review, the meeting adjourned at 6:37 p.m.

Respectfully submitted,

Nadya Yuskaev
Recording Secretary