

**GLASTONBURY INSURANCE ADVISORY COMMITTEE
SPECIAL MEETING MINUTES
WEDNESDAY, JUNE 26, 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, with the option for Zoom video conferencing.

Also present from Acrisure were Scott Sundberg, Insurance Agent of Record, and Daniel Anderson, Account Executive.

Roll Call

Mr. Sridhar Kadaba, Chairman

Mr. Benjamin Kehl, Vice Chairman (participated via Zoom, signed off before vote)

Mr. Allen Friedrich

Ms. Ginny Kim

Mr. Stephen Ludwig

Mr. Philip Markuszka (participated via Zoom)

Ms. Luther Weeks

The meeting was called to order at: 5:30 p.m. by Chairman Kadaba.

- 1. Public Comment Session.** None
- 2. Communication: Minutes of April 30, 2024 Meeting**

The minutes were approved as presented.

3. Communication: Review of General Market/ Discussion of Select Coverages

Mr. Sundberg provided a brief overview of the coverage plan. He noted that it was a difficult year due to the \$1.5 million in losses in the worker's comp category. Mr. Sundberg stated that this type of insurance category is a protection plan and should not be considered an investment. He remarked that, from the Town side, it has been excellent and one of the best he has seen. Mr. Sundberg explained that the significant worker's comp losses are on the BOE side. Mr. Ludwig asked for more details on what factors brought on the 7.5 percent budgeted increase. Mr. Sundberg reiterated that there are large losses on the BOE side and explained that the total number of claims did not change. He noted that there has been an increase in the severity of claims. Mr. Kadaba asked for information on the nature of the claims. Mr. Sundberg noted that there have been mostly large claims and explained that it is not a premium problem. He explained that back in 2017 and 2018 the Town was in a similar situation with huge worker's comp losses. Mr. Sundberg explained that it was a \$1.2 million loss and in today's market it would have been a \$1.6 million loss. He explained that the situation changed and was brought under control. Mr. Sundberg went over the differences in Town and BOE staffing. Mr. Sundberg noted that he has seen this dilemma come up many times and explained that they can look into reallocating the costs. Mr. Ludwig noted that the BOE has a one percent fund and

asked if this can help offset some of the loss. Mr. Luiz explained that the fund was established a few years ago with the intent of financing capital projects. Mr. Sundberg explained that the process for the allocation should be consistent, equitable, and the Committee can decide to look into reallocation based on the experience and the long-term trends. Ms. Kim asked if the Town has received any offset or credit. Mr. Sundberg noted that the Town and the BOE are combined and explained that there should be consistency. He stated that a party might not like the reallocation and explained that something like this would require an agreement. There was a brief discussion on the \$83,000 credit. Chairman Kadaba remarked that premiums go up because of losses. Mr. Sundberg reiterated that insurance coverage is not an investment and is driven solely on experience. Mr. Luiz noted that there was a major increase in the cost of medical benefits. Ms. Kim asked if the losses have gone up consistently since 2021-2022 year mentioned. Mr. Sundberg remarked that the loss is far from normal and spoke again about the losses that happened in 2016 and 2017. He noted that the BOE is going through large losses. Chairman Kadaba asked what can be done to be proactive. Mr. Sundberg briefly mentioned risk control and spoke about the work with claims adjustment. He stated that the Town is paying attention and added that it is not a rate problem but it is a loss problem. Mr. Kadaba asked if we consider last year's losses as an outlier. Mr. Sundberg stated that it was not an outlier and there are a lot of opinions on what those spikes were. The Town has stellar experience, but there are other aspects of the insurance program costs that would be higher if not grouped with Traveler's Workers Comp because they are writing all the insurances. Mr. Sundberg said he isn't delivering less than expiring prices in the LAP renewals like what Glastonbury received. He continued to state that there will be a problem next year if loss continues on the Workers Comp side.

Mr. Sundberg noted that about 20 organizations out of Connecticut purchase excess insurance and explained that it is necessary. He spoke about a large claim out of New Haven and reiterated that there is a need to have extra coverage. Mr. Sundberg explained that they cannot get \$50 million today and added that they can barely get \$20 million. He explained that large companies, such as Munich, will no longer write excess policies and added that the Town has one of the most competitive rates. Mr. Sundberg stated that they were able to reduce one of the layers by \$40,000 and reiterated that insurance is not an investment.

Ms. Kim asked what conversations need to be had with the BOE to ensure predictability in the process. Mr. Sundberg remarked that it is a good question and explained that some conditions are beyond control. There was a brief discussion on whether or not it made sense to change the 7/1 budget cycle. Mr. Sundberg stated that it would not be his recommendation and explained that almost everything adheres to the 7/1 cycle. He remarked that he would not want to be the application that gets the most scrutiny and all of the attention. Ms. Kim noted that the 2021 losses were known and questioned if there was a sudden spike in the 8 months since then. Mr. Sundberg said it's hard to predict when it's accounts sensitive to losses. Mr. Sundberg noted that it is a cumulative effect and explained that the large loss one year was an outlier and the third year it is apparent that it is not an outlier.

Mr. Luiz explained that the Town has a fund in place for bad years. Mr. Kadaba asked how far off from budget we are. Mr. Sundberg mentioned that the Town is entitled to a \$83,000 credit that he confirmed is not in the renewal numbers. Ms. Kim asked if the Town could take all the

credit, and Mr. Luiz mentioned that he spoken to the BOE about splitting the credit. Mr. Markuszka asked if the Committee should look into self-insured plans in the future. Mr. Sundberg replied that every 3-4 years their firm explores the market and looks for savings. He noted that Watertown, CT has a self-insured plan. Mr. Sundberg added that there are questions that they still need to answer to the Committee regarding moving to a self-insured plan. Mr. Luiz noted that he had discussions with Dr. Bookman about this and explained that there were concerns from the Advisory Committee and the absence of stop-loss insurance. Mr. Sundberg noted that they will provide information of how a self-insured plan works. Ms. Kim noted that the Committee needs more transparency about the BOE losses. Mr. Sundberg offered to provide a report that excludes the names. Mr. Luiz explained that the Town receives the list of claims and added that there are quarterly meetings with the Town and BOE. Ms. Kim noted that the self-insured plan could be more volatile. Chairman Kadaba remarked that it opens the Town to higher risk. Mr. Sundberg reiterated that insurance plans are not investment plans.

4. Communication: Renewal Pricing for FY 2024-2025

Chairman Kadaba directed the Committee to the Premium Summary and noted that the expiring coverage was \$2,382,625. The Chairman noted that the renewal coverage is \$2,725,767. Ms. Rowley asked if Acrisure recommends looking at the allocation rates for the BOE and Town. Mr. Sundberg states that they can do that. Mr. Weeks noted that, if there is a long-term trend, it would be a good reason to change the allocation. Several Committee members agreed that it should be looked into. Mr. Sundberg replied that it is not a bad project. The Committee discussed whether or not the \$83,000 credit would be applied to offset some of the loss. Mr. Sundberg replied yes and added that it can be applied as the Town designates it.

5. Action: Recommendation to Town Manager of FY 2024-2025 Insurance for Liability-Automobile-Property and Worker's Compensation Coverage

Motion by: Ms. Kim

Seconded by: Mr. Markuszka

BE IT RESOLVED, that the Insurance Advisory Committee recommends these coverages and polices as listed in item #5 to the Town Manager.

Result: Motion passed unanimously {6-0-0}.

6. Adjournment

With no further business to review, the meeting adjourned at 6:41 p.m.

Respectfully submitted,

Nadya Yuskaev
Recording Secretary