

Special Village Board Meeting
Monday - June 9, 2014 - 5:00 p.m.

A special Village Board meeting was held on the above date at 5:00 p.m. with the following members present:

PRESENT: Mayor Patricia Abato
Trustee Jo Meegan-Corrigan
Trustee Matthew Byrne, Trustee John Meehan

ALSO PRESENT: Virginia Menschner, Village Clerk
Terry Rice, Village Attorney

ABSENT: Trustee Frank Hagen

VILLAGE INSURANCE:

Mr. Scott Liebert of CLG Insurance of Nanuet introduced himself along with Tim Johnson, president of their company, who Mr. Liebert said he brought along in case there were any agency questions. Mr. Liebert said they were our insurance broker approximately two years or three years ago for nine years. And he called our Treasurer, Tom, earlier in the year to see if you would like a quotation and a proposal from our insurance agency and he said yes. So they went to work on it, they went to their carriers and came back with a proposal. He said he thought they had a copy, and he hopes he had enough - the Mayor said we all have copies if it is what you e-mailed to her today. She ran off a copy to everyone. He said in addition he would like to give them this. This is from Houston Casualty, the carrier they are proposing. This is information on the carrier and the services they provide, their loss control services, claim services, their rating, financial stability and how they are involved in numerous properties. So he is going to give each a little blurb about Houston Casualty. Mr. Liebert said in addition to that - Mr. Johnson said the main thing. On the Houston Casualty piece - it is a lot of words but it is essentially backing up Houston Casualty's skill set in insuring municipalities. It is also discussing various services that come along with offering insurance to us. He said it is a lot of words but again it is just a backup.

Mr. Liebert said he did have another sheet he would like to give them that describes Houston Casualty's insurance program highlights. He said he is just going to read some information and then he will pass along the sheets so they can look at it. He said they do insure municipalities in the area such as Eastchester, Newburgh, Poughkeepsie, Mt. Pleasant, PACO, Orange County, City of Kingston, Village of Wesley Hills and the Town of Highland. Those are some of the municipalities Houston Casualty insures in the

area. Some of their services are full loss control service within 90 days after finding, full claim service, law attorneys, general liability, professional coverage, public officials liability and coverages with an umbrella. Mr. Liebert asked Mr. Johnson if there was anything he would like to add. Mr. Johnson said the coverage highlights. Mr. Liebert said the coverage highlights of the program that we are proposing - Mr. Johnson said when we look to and we insure many municipalities and when we look to insure them we only want to line up the right kind of carrier for each municipality. Not every insurance company is right. And as Scott speaks further you will understand why the pricing that we are able to come back with and the program we are able to come back with makes sense for Suffern.

Mr. Liebert said he wanted to tell the Board a little bit about their agency before they get into the meat of the proposal. And a little bit about himself so they know him. CLG is a Rockland County Agency. They have been in Rockland County with their roots going back to 1912. They are a full service agency and they specialize in municipal insurance - so much that he would like to hand out a municipal client list so if you have a need to call anybody you can call them up and ask them how CLG is doing. Mr. Liebert said they insure in Rockland County the Town of Clarkstown, Village of Nyack, Village of Piermont, Village of Chestnut Ridge, Village of Airmont, Village of Upper Nyack. He said just so you know they do work with public entities in New York State. He said if the Board has any questions to please ask. He said they have 30 employees in their office and they are all insurance professionals. In their office you will be assigned a team - the team would be himself and Ellen Flowers, who has over 20 years experience and he has over 30 years experience in the insurance world. They are ranked as one the top 5% agencies nationally by Marsh and Murray which is an insurance consultant firm. They have a dedicated claims department, 24 hour turnaround time for insurance certificates and insurance ID cards and paperwork that you may need. They review all contracts for proper risk transfer, risk management such as leases and contracts with subcontractors that you may have in order to protect you correctly. They can help with claims, driver selection, safety manuals, human resource policies and procedures. He is available 24 hours a day via his cell phone and e-mail. He said he has 30 years experience insuring municipalities and he has become an expert in the municipal field. He is also a lifelong resident of Rockland County and he has supported many local organizations. He was past president of Meals on Wheels, past chairman of the Work Investment Board of Rockland County which Scott Vanderhoef had set up, and a past president of his local Rotary Club and now he is a

Board member of United Way. He said some things that they want to do with Suffern in addition to writing our policy - he said they don't write policies and walk away. He said they will be here to serve us. They will read monthly Board meeting minutes and the reason they read monthly Board meeting minutes is because you are making decisions at your Board meeting and it could have a tremendous effect on insurance and on your risks. He said he will read through the minutes or the contact in the Village and explain the situation what is going on. It may alter your decision or help make a decision and protect the Village. They review claim issues each year and implement necessary risk control to reduce your claims because claims drive the insurance premium. They review contracts, leases, additional insurance requirements to make sure you are managing your risks correctly. And one of the more important things every year 120 days prior to your policy's renewal they will set up a meeting, review your insurance and go to the insurance market place and make sure the current carrier you have is the correct price carrier and correct coverage carrier. The carriers change from year to year. Sometimes Houston Casualty is the carrier and sometimes they are not. Someone else is. Their allegiance is not to their carriers. Their allegiance is to their clients. So they are willing to switch carriers if need be and they would make a recommendation. He said they will come back to us and say carrier ABC is this, XYZ is this and they will weigh it. Mr. Johnson said speaking to here, in the proposal on page 10, speaks to their service timeline. And he will speak for the entire company. He said they manage all their clients to a strict service timeline. By doing so they don't miss important things like modifications going sour. He said they want to look at open claims and make sure they get those reserves down as best as they can. When they are looking forward to what insurance carrier might they insure with it is really important to have the whole picture of not only claims but what changes might be happening in the municipality, budgets, what new exposure they may have taken on. So they are going to consider all those things before they build what is called a risk profile and then ultimately go to the insurance market place. And going to the insurance market place every year may not make sense given past claim trends and things of that nature but often times, and he thinks this year is a very good example, the municipal insurance premiums can kind of go up and down a little bit more than the average. But at times it makes a whole lot of sense to go into the market place and do the work and see what the carriers are going to come back with.

Mr. Liebert said they also review our drivers to make sure you are not hiring a driver with a terrible driving record which could result in a loss. Because what we find is drivers with bad driving

records tend to get in accidents when they are driving your vehicles as well as their own personal vehicles. To review their proposal a little bit Mr. Liebert said he would like to talk about our claims. If you turn to page 31 - in order to work a proposal in insurance we need a history of your claims because that is what the carrier looks at. If your claims are tremendous your premium will go up. If they are good your premium may not. They compare the volume of claims to the premium paid over a five year period. Your loss ratio has been running and that is called a loss ratio and over a five year period about 20% or less compared to all the premiums you paid and all the claims you had they paid about 20% of the dollars out that you paid in. And to an insurance company that's great. They like that. Your claims are great and he has to compliment us. And the loss ratio is what drives the premium up. And it seems to him, looking at last year's premium, you had an excellent loss ratio. This renewal premium should be driven down. He said they are also Travelers agents. The Mayor said your numbers are way off from what she got from Travelers. Mr. Liebert said these are the loss runs we got from Travelers. He said that is the best we had. That is the information we had from the Village. The Mayor said that is definitely not correct. Mr. Johnson asked where do you see the data. The Mayor said in 2009/2010 we had \$280,321 in claims. In 10/11 we had \$319,527 worth of claims and in 11/12 we had \$80,386 in claims. Mr. Johnson asked if she was looking at Travelers loss run? It looks like the - the Mayor said workman's comp. Mr. Liebert said we are not talking about workers comp at all. The Mayor said okay, but don't they look at the whole - Mr. Johnson said what we are quoting here - proposing your insurance is affordable. The Mayor said okay. So they don't look at our claims in total. They just look at the claims that are covered under them. Mr. Liebert said they look at what they are insuring - they are not insuring workers comp. Mr. Johnson said that is a different carrier. The Mayor said but a lot of times they look at insurance as a whole. Mr. Liebert said they do. But in this case they are looking strictly at the coverage - property insurance, which would be your buildings and content, they are looking at your claims for general liability where you could possibly be sued, automobile liability and automobile physical damage where you get sued from an automobile accident or you pay for physical damage to your car, such as a collision. Then there are two other specific coverages - police professional liability that protects the police and lawsuits generated to the police and also public officials liability which protects you as a Board for the decisions you may make. If someone sues you for an error in a decision or something they don't like. So we are only looking at those claims. And those claims, from the information we got from the loss runs from Travelers, they have 20%. So what he

is trying to say is that our loss ratio is excellent and besides workers comp you are running a very good Village as far as losses. Attorney Rice asked if that included employment practices. Mr. Liebert said employment practices also.

Trustee Meehan asked if workers compensation had anything to do with employment practices. Mr. Liebert said no. Employment practices liability is it protects you from lawsuits if you get sued by a current employee, former employee, prospective employee for discrimination, sexual harassment, you hire a male instead of a female, and sexual discrimination. That is what it is and that is part of the public officials liability policy. Attorney Rice said if somebody gets too brave he has coverage. Mr. Liebert said he has coverage. Attorney Rice was trying to say it nicely to make sure it is covered. Mr. Liebert said there is not a lot of that going on. Mr. Johnson said we see more claims in that area. Outside of work comp and automobile they see more claims in that area than anywhere else. Trustee Byrne asked about two pending claims in that category - does employee practice liability have a number of claims too? Mr. Liebert said the only pending claim we have is on page 32 - we have a liability claim of Jamie McKay. It is a pending claim. They set a reserve. They haven't paid anything yet - an expense or to the claimant. Mr. Johnson said potentially there were two employee practices potential instances that may have been reported to the carrier. Trustee Byrne said that is not the lawsuit that is written down below that is it? Mr. Johnson said no, that is the general liability claim.

Mr. Liebert said what they have seen with Travelers over the last couple of years, and Travelers is one of their agency companies, but what Traveler's has done the last couple of years has increased the entire bulk of the municipalities that they insure they have increased the premiums. It was a corporate decision made by Travelers Corporate. They felt they were not getting enough premium in municipality insurance so they decided to raise the premiums - not specifically because the Village of Suffern's losses were bad but we have seen it in Chestnut Ridge, Village of Maybrook and in each one of those cases they moved the village or town from Travelers to another more competitive and quality company. Trustee Byrne asked who is Philadelphia - is that a division of Travelers? Mr. Liebert said no, it is a whole separate company. Trustee Byrne said it is specifically an insurer for separate policies. Mr. Liebert said correct, as far as he can tell from our current insurance. They are. And the reason it was priced there is that they priced it with Philadelphia three years ago to keep the premium at bay. Instead of pricing it with Travelers they priced it with Philadelphia. The Mayor asked Mr. Liebert when he

got this automobile list from the Village. Mr. Liebert said he got it in pieces and then he got the final correct one just last week when they added six autos. The Mayor said she still sees the Harley Davidson on here. That is why she is asking. Mr. Liebert said that is the final final list that he has from the Village. And the last week they added another six vehicles to the policy which they didn't get in the first place. They only got them - so there are six vehicles additionally added to that.

The Mayor asked if those were the six on the last page. Mr. Liebert said he is not exactly sure where they are but they are in that list. Mr. Liebert said as far as he knows the list is accurate. To delete a few or add a few is not going to change the premium. Mr. Liebert said Travelers arbitrarily increased the premium. When we market every year, as Tim pointed out, to quality insurers and their proposed premium compared to what we are currently paying - and that is what he compared it to. He said their proposed premium is \$216,000 in round numbers. About \$65,000 less than what your current program is. They figured, by the information given to them, our current program was around \$281,000. If it was him he would think pay. These guys are coming in with a low ball quote. But they didn't. They went out to two other carriers, for a total of three, and they have quotes similar but a little higher from the two other carriers. Allied World is one and the reason that they are not proposing Allied World is that he doesn't have enough experience with them. He doesn't know about their loss control services. He doesn't know what type of attorneys they use to defend because they are relatively new in the market. And he likes to go home after a meeting and be able to sleep at night. So when I get a phone call he knows it is going to be covered and he knows who is going to handle it. He said he just doesn't feel comfortable with Allied. Mr. Johnson said it is no criticism. Mr. Liebert said he is not criticizing them. He said he doesn't know their services. The second was NYMIR which is the New York State Municipal Insurance Reciprocal. They came in at approximately \$227,000 or \$226,000. Trustee Byrne said \$231,000. Mr. Liebert said \$231,000. Trustee Byrne asked if there was still capitalization. Mr. Liebert said yes, because there is a capitalization fee on top. NYMIR is not an insurance company. It is endorsed by the Conference of Mayors and the county association and it is a reciprocal. All the money that you pay in premiums to NYMIR goes in one pool. They take money out of the pool to pay a claim. They also, the policy with NYMIR, is also assessable. So if that pool disappears because maybe a major hurricane went through lower New York State and destroyed municipal property you can be assessed for more dollars. NYMIR is a great company as far as service goes. Their premiums are stable but they felt that Houston

Casualty is better at this time. We may suggest NYMIR next year if Houston Casualty changes. The Mayor said there is no guarantee with NYMIR that their premiums will remain stable, correct? Mr. Liebert said NYMIR has been in business since the 1980's - late 1980's - and we had two clients with NYMIR since then and it is Village of Piermont and the Village of Upper Nyack. And he can say that the Village of Upper Nyack's premium has been basically the same since the 1980's. One main driving reason for that is the losses - they don't have any losses. It's a quiet, sleepy small village - no police, no activities, no pool. Nothing where there really can be a loss. Piermont has had it. And their premiums have fluctuated because they have losses because they do activities. They are a big village. The Mayor said that probably is not a really good option for us. Mr. Johnson said it is also at this stage \$20,000 more than the Houston Casualty offer. The Mayor said even if it was lower for us she doesn't think it is a good option only because we are a full-service Village. We have a lot of stuff that can go on here. So if it is assessable then that could mean - Mr. Liebert said it has never been assessed since they have been in business. Mr. Johnson said when it speaks to assessable he means that you are actually assessable - the whole pool is assessable. So you could have a great year but the village of whatever can have a bad year and if too many have a bad year you might have to pony up even if you had a great year. And that's the idea. The Mayor said that is what she is saying. Mr. Johnson said it is truly a pool. So one day it could be a great option for you. We wouldn't want to pull that out as an option down the road. We just don't know where the market place is going. If the entire market place of municipalities starts going up in the traditional market place - you see Travelers going and Travelers as a company is trying to set the rate and pricing trend for the last three, four, five years. They are kind of the big gorilla in the marketplace right now. So they are trying to set tone and they are trying to set tone in the municipal market as well. Not everybody has followed. Houston Casualty and the specialty group that is handling this for Houston Casualty is really crunching their book based on what they see. They understand their exposures today. So they are able to kind of break off on the whole trend of the whole market higher. And so understand that this is a supply and demand. This is like anything else believe it or not so when you have a specialty carrier like Houston Casualty in this space at times, and this is a perfect example, they will be able to price something significantly better than a larger brand name carrier like Travelers would be able to do. With that said they are an A+ carrier and their financial side rating is at the top - it is 2 billion. They are a strong company.

Attorney Rice asked what they don't cover. What are we going to be surprised by if we are paying in and they say that's not covered. Mr. Liebert said relative to what you currently have? Is that what you mean or just in general. Attorney Rice said general. Mr. Johnson said intentional acts. Attorney Rice said they ask about sexual harassment. Mr. Liebert said no. Attorney Rice asked are there any environmental things not covered. Mr. Liebert said you are covered for herbicides, pesticides. And in the highlights, coverage highlights, you asked about pollution if there is a sewer backup and the Village is negligent but the fine pollution on the reversal is covered under this. It is not covered under the policy. So in addition to the sewer backing up in someone's house because of negligence of the Village maintaining the pipes improperly, the lines, there is a pollution line because now the sewerage has polluted which shouldn't be. The pollution exclusion is removed. Attorney Rice asked if they claim that you are taking the value of someone's property by regulation if that is covered. Mr. Liebert said as far as he knows. Attorney Rice said a lot of carriers exclude that. Mr. Liebert said as long as it was a monetary claim. Mr. Liebert said in addition they provide central use coverage because you deal with children - you have parks, swimming pools, activities for children and most carriers provide they provide sexual abuse coverage but it is a sub-list. Use and casualty limit goes to the limit of the policy and then to the limit of the umbrella. An umbrella - Attorney Rice asked what the primary is - Mr. Liebert said a million/three million. Attorney Rice asked how do you figure the three million on that. Mr. Liebert said that is the highest - Mr. Liebert said that is the most they are ever going to pay out. Mr. Johnson said the annualization on that policy is multiple claims adding up to three million. But any single occurrence - in a single occurrence one million. In a series of occurrences up to three million. And then the umbrella falls on top of that. Mr. Liebert said it is stacked a little differently than most carriers. Trustee Meegan-Corrigan said if we don't have a good year and we have four claims and four million dollars then the umbrella kicks in? Mr. Liebert said the umbrella works like this. You have a serious automobile accident. One of your highway superintendent drivers was driving a highway truck and runs a red light. And hurts somebody - kills somebody. They turn around and sue the Village because you are negligent - the guy was driving negligent. Your automobile liability policy is written at a million but they sue you for four million dollars. They win the lawsuit. A million dollars is paid under the automobile liability policy. The three million additional is paid out of the umbrella. Now the umbrella covers independently over each line of coverage. So now if you are sued under general liability there is another five million waiting to be used up over

general liability. There is another three million for public officials. The umbrella covers the individual of five million over each line of coverage. So you are five million over each line of liability. The Mayor said but not under general liability. Mr. Liebert said yes, under general liability. The Mayor said general liability is a million. Mr. Liebert said a million plus a five million dollar umbrella. So you are talking six million in the event of an accident. The Mayor said for general liability. Mr. Liebert said for general liability and then you are talking another six million for public officials liability, another six million for police/professional liability and another six million for auto liability. The Mayor said right.

Trustee Meegan-Corrigan said if we had four general liability claims for a million dollars what happens to that fourth one. Mr. Liebert said so you have four million dollars on your behalf. Trustee Meegan-Corrigan said correct because there are four different incidents. And we are covered for three million dollars. So what happens when we hit the fourth. Mr. Liebert said the cap is six so you are covered. Mr. Johnson said one thing. In a situation where you clearly have an exposure where you have a three, four, five million dollar situation that's why you have brokers and risk managers like us. We are going to look at that situation and probably run out and buy you additional layers at that stage. If you ever start running into those situations, and it is rare and they really don't see it - Mr. Liebert said he has been in the insurance business for thirty odd years and he has never seen liability limits eaten up completely. He said someone gets severely hurt in one of your parks and it is found that it is your fault - improper maintenance, maybe the swing set. The liability claim drags for so long - you have to go to court. And it may not be decided until two years down the road. In the meantime you have already renewed your insurance. You have brand new limits again, and you have renewed the insurance again so that is three years that you have brand new limits again. And you never see them get used up. And not that they can't. But he has never seen it. Mr. Johnson said not at this level.

The Mayor asked if the Board had any other questions because we do have another appointment with the next broker at 5:30. Trustee Byrne asked if these are all premium paid policies. Mr. Liebert said yes. There is no retroactive dates. We only cover events back to the creation of the Village. You are not buying on a claim. If you see that you have a lot of claims and you are going to burn up your aggregates a common thing that you would do is go to the marketplace for future claims.

Mr. Liebert said that Tom Zordan who has dealt with them all along is here and he was wondering if he has any questions or comments.

Trustee Meehan said he knows the Liebert Agency and he knows they have been around a long time.

Mr. Liebert said years ago they had Select Insurance as a carrier and they had a problem because they had a \$25,000 deductible and we didn't have the right incent so if someone came with a claim and since we had a \$25,000 deductible the carrier could say oh, we are just going to settle it and pay the \$25,000 and there was nothing that we could do about it. And this happened more than once. Trustee Byrne said they used to settle. Mr. Liebert said yes, in two lines of coverage - public officials liability which public officials do not want to admit guilt so they would consent to settle and in police/professional liability where they consent to settle. The proposal goes in detail. Property schedule, auto schedules and they should be correct because they got them from the Village. It explains the limits but he just wanted to give them a half hour of a brief overview. He said if you have any questions he will leave his cell phone number and he will be available all evening. Please call. Attorney Rice asked about a deductible. Mr. Liebert said a deductible applies to a payment of the claim.

Peter Crotty introduced himself and said he is the broker on this account. And just to give them a brief explanation of how they work or what he does because his agency, Crotty Insurance Agency, is in Paramus. This account is with Scirocco Financial which is in Hasbrouck Heights. He said he has been in the insurance industry for thirty five years - on larger accounts, commercial accounts, bigger accounts he has partnered with Scirocco Financial and he has for the past fifteen years. So on bigger accounts what happens is they run them together so Scott and he are becoming co-brokers on this account. Once it is set up he does the internal work, working on renewals and things of that nature, while the case is going on during the year, for instance if Virginia or anybody needs service work it is done through Jennifer in their office and claims are handled through Linda Carbone and they just move on from there. So it is pretty much if you can view it this way kind of a team effort and for lack of a better phrase he kind of quarterbacks between them. If there is a problem someone gets a hold of him or Scott and they work it that way. So what they are going to do here, and as long as it okay with them, and he doesn't know how much time they have allotted for the meeting, but what they want to do is take a couple of minutes because Scott is going to take it over from here and bring them up to date on what was

going on before they arrived at the scene, what they did, and their moves that they made to improve the situation and then very quickly go over the last couple of years as to how they were brought to this juncture here for the renewal and for talking about what is going to happen. And if that is acceptable to everyone that is what they are doing. Mr. Crotty handed out some items.

Scott Gallagher from Scirocco Group spoke at this point. He said they are in Hasbrouck Heights. They are a fairly sizeable agency - about 120-130 people and they have a big municipal practice. They have been handling the Village account since 2012. When they came in we had Travelers, actually, as the company that was handling the insurance on the Village and Mayor LaCorte brought us in to look over some things. He said that there are a bunch of things that they did. When they came in they reviewed our current program, they fixed stuff, we had some gaps and errors in what equipment and what vehicles you had on the policy. They took care of that and cleaned it up for the year. He said we had a couple of significant gaps. You had no coverage for your fireworks and he knows that it didn't seem like a big deal but if something happened that related to the event that you had you had no coverage on the fireworks which was immediately corrected. Mr. Gallagher said they were actually able to get Travelers to build it into their pricing that year. We also had no coverage for the water department. You had general liability coverage but the Travelers policy before them had a stringent for water department coverage. Over the years what they did was they handled a couple of things but they, he guesses it was a year and half ago, they did an analysis on the flood coverage for the Village. On all of these policies they will give you flood coverage but they will give it to you in not the highest hazard flood zone so there was always, in the sports fields areas - there were some areas that were in high flood zones and they tried to see what they could do to fill the gap. It ended up being very expensive and what the decision was was to stay with the coverage you had so some of the areas in your town you had flood coverage on - some of them you don't that are in the highest flood zone areas. Trustee Meegan-Corrigan said water, sewer and DPW.

Mr. Gallagher said there is a Farmer's Market that Mayor LaCorte asked us to look into options regarding that, which they did, and they took care of that for him. He said they made a bunch of recommendations early on in 2012 regarding a suggestion that you add pollution coverage. He said there is limited pollution on this policy but there are other programs they could add. They looked into the whole issue of cyber liability. It is becoming a big

thing - you know about Target and all the issues relating to private information, social security numbers and all of that good stuff that you have in your files. He said they spoke about property values. One of the things that came up over the years is are your buildings insured properly and are the buildings valued correctly. He said they never got it resolved. They never got - he doesn't know if the town anywhere in our records has any information about appraisals that were done but that is something that needs to be looked at this year if you have that information. He said they have done some work with claims managing and Travelers, quite honestly, has been phenomenal as far as claims service goes. In Suffern over the years there was a big claim and he believes it is five years ago now relating to a police motorcycle accident where they paid out over a million dollars. Most companies, where you get a claim like that, will dump you the next year. They are pretty good. There have been some rough years through Travelers and they have stuck with it and renewed every year.

Mr. Crotty said you may be saying to yourself what are you reading down this laundry list of these things. The reason he asked Scott to speak about that is to show you as a Board that for the last couple of years that they have been on the account that they are not asleep at the switch. They are proactive. They look at things that are wrong. They identified things that were wrong. And they took steps to correct them. What they have tried to also do is kind of get things in order so that it is a little more systematic so when it comes time for renewal, when it comes time to look at things, they are not looking all over the place. Information is in one store - easily accessible and able to be distributed. It seemed to them that that wasn't happening and that is what they attempted to do and that pretty much now takes them up to the renewal process.

Mr. Gallagher said that normally what they try to do is that four months out they try to have a renewal meeting within their office and say okay, what are other markets we may be interested in here, what do we need to get together with the ultimate goal of being for you instead of three days before a renewal they try to get before you thirty days before a renewal. That is the objective. Because nobody wants to be here at the last minute. He said he apologizes that that is the case. He said he thinks it is outside of their control what happened this year. He said normally what they do is that they have been dealing with Tom Zordan on collecting information and one of the first things that insurance companies ask is they say fill out these applications, which they had a basic application from last year, give us a current list of

vehicles, give us a current list of your equipment - DPW has all these different machines and they change from year to year - and get us a driver list - your employees change every year and they want to know who is driving company vehicles and they started that process towards the end of April. And quite honestly this is just a stack of e-mails that went back and forth of the ongoing requests and the Mayor can tell you that it has just been an agonizing ordeal to try to get it. And the insurance companies will not give you a break and say listen we have last year's autos and they will tell you to take a hike. And quite honestly we missed a couple of companies when we didn't get them this information thirty days in advance of renewal they said you know what, we are out. We just don't have enough time to underwrite. He said they got a list and it is not even an accurate list and he can see from what he got. He said they got the last list on last Thursday and he rushed it out to the companies and asked them to do their best and give quotes. He said they got quotes late Friday and some updates this morning.

Mr. Crotty said that prior to that the best information we had to work on we did solicit quotes because they didn't want to be left bringing nothing here and not even having a renewal from Travelers. He said the information that they were given to the companies in regards to vehicle counts, equipment counts - the information and what they tried to do here is to take a professional approach into how your insurance is handled. And it seems to him to be a very simple process.

The Mayor said we still have a vehicle list that is not complete. That is not complete. And it still has things - you have things on there that are not - this has to be gone through again - she said this is still not. Mr. Gallagher said they were given the information a week or two weeks ago. And the information was just off track. And it was on the equipment list. It wasn't even on the vehicle list. He said he requested the year, make, model, vin number, value - the normal stuff. And he still does not have it. So we did the best we could with the information we had. We think what we should be in the future is somebody in the Village should have Excel spreadsheets with all this information and just update it regularly and we would just touch base whether it is monthly or quarterly. The Mayor said just so that the Board knows she has already asked Tom and Barbara to, going forward, to do a month to month equipment/employee vehicle list and that they should be submitted to whatever insurance company we are going to deal with - a broker, insurance company, whatever. That going forward they should get a monthly report so that everything is always up to

date and that everything is on the insurance and covered. So they are going to be doing that going forward.

Mr. Gallagher said what they decided to do is they had Travelers last year so they got a renewal proposal from Travelers. The second quote from CNA. They are equally great companies. And they are A-rated or better. So the first one says option one on the proposals. It breaks it down in the left column is the Travelers pricing from last year. Keep in mind there are small changes that happen during the year but this is our best starting point from last year. Attorney Rice asked if he could ask him about CNA. He said he knows Travelers very well. CNA he doesn't know. Mr. Gallagher said they have a sizeable public sector process. He said he asked one of his contacts there for a list of some of the towns and villages that they work with so you can see that they are for real. Attorney Rice asked how do they handle claims. Mr. Gallagher said they are good, they are very good. Mr. Crotty said they have a local office, they have various counsels. They do a mix. A lot of these companies do. Mr. Crotty said he would have to say that the one thing that Travelers is exceptional is claims.

Mr. Gallagher said he would show the Board in a minute. Travelers has a higher price and he wouldn't disqualify them just on the factor - just on price - because they are truly a great company and they do a great job with claims. Attorney Rice said he can tell them from experience that Travelers has provided coverage in cases where he doesn't know why they provided coverage. They are very liberal with the coverage which is unusual with an insurance company. They are always worried about the language that they use in a claim. Mr. Crotty said that part of what happened and it was too late for them to redo the proposals is the CEO of Scirocco couldn't be here today because he is being tested for pneumonia at Hackensack Hospital. But what he did was he spoke to the people at Travelers. What is going to happen is that they are going to show you CNA and Travelers. Travelers has come down significantly from the initial number. He said they only just found that out where they couldn't do it. It is a verbal. He said this was meant at the end but he will say it now. Sometimes when you deal with these insurance companies they don't believe the door is closed until they see the slightest light coming through. You can tell them hey look if you are not here we are not going to renew with you. They don't believe you because they think that we are just playing them back and forth so they wait and they wait and they wait. So it was maybe at three or three-thirty. But if you will indulge us, Scott will take you through CNA and then we will go over to the Travelers issue.

Mr. Gallagher said just to give you a little more on the situation with Travelers and why we appreciate them so much. You have a current situation going on with the police department. There is a claim where there is a variety of claimants and you have law enforcement liability coverage with a \$10,000 deductible. So if somebody files a claim and it goes against that policy there is a \$10,000 deductible and they have eight claimants now - four different lawsuits and eight claimants. You lose one of them - with some companies you have to worry about am I going - since we have four different lawsuits - am I going to have four different deductibles or are they going to work together and have this as one deductible and one claim. And Travelers is doing that. So things like that you really appreciate because a lot of other companies they put up a fight. You have to go through it all. With Travelers they step up.

Mr. Gallagher said one of the other things that both Travelers and CNA do that some of the other companies don't do is on your professional liability coverage - which is your municipal liability, your law enforcement, your employment practices - wrongful termination, and things like that - they give you one million for any claim and three million aggregate per yearly limit. Where a lot of the other companies out there, and he doesn't know what the other gentleman who was here offered, but they give you one million per occurrence. One million aggregate. And you think what's the big deal. What's the big deal is when we have suits like this law enforcement liability situation when you could go through your one million per incident and your umbrella and then you are left with no coverage. Mr. Crotty said the umbrella is five million. But if that thing pays out big then for the next suit that comes along, were there to be one, you have no coverage. Which is one of the other good things about CNA and Travelers. As you can see the total for Travelers before the adjustments - you had \$252,000 which is what they had as of this morning. John threw that out and spoke to them this afternoon and spoke to them and said listen this is make it or break it time. They are going \$240,000 as a final number. We told them they might lose it and they said you know what, we have claims experience and we know what the future brings based on the past and they said they think that is the fairest best price they can do. So it is \$240,000 with Travelers. CNA is \$211,997 for everything except Workers Comp. The Mayor asked if it was the same coverage. Mr. Gallagher said yes. He said you know there are always little differences here and there but on all the important areas it's the same coverage. Attorney Rice asked what about the sewer backup. Mr. Gallagher said on the plus side, Travelers on flood and earthquake they have a \$50,000 deductible. CNA is \$25,000. On the

other side, sewer and drain backup - if you had a backup in one of the buildings and one of the pipes leaked upstairs and it hit downstairs or it backed-up through the ground and water and came up and did damage - with Travelers you have \$250,000 in coverage. With CNA it is \$25,000. Mr. Gallagher said the biggest worry financially for the Village is cyber-liability. It's a big thing that people are looking to sue for when if the Village computers were hacked, somebody got in and it was even alleged that payroll information was compromised - social security numbers, all of that - then federal law would say you are going to monitor all of these people's credits for the next x amount of years. You don't have that. We talked about it in past years. It is not terribly expensive but we do get to the point of price. He said he thinks you should look into that. Trustee Byrne asked about sexual harassment. Mr. Gallagher said that is included in what is called the employment practices liability. He said the policy is comprehensive in the standard - it is discrimination, sexual harassment, wrongful termination, failure to promote. They are all pretty uniform. The Mayor said what about - you were talking about the sewer backup. So what about at the sewer backup the pollution of the sewerage. Mr. Gallagher said you should have, and we have spoken about this before, it was in one of his recommendation lists - and it is not very expensive - you should have a pollution liability separate policy. Because there are a couple of areas you should have it. One is, and he will tell them where he gets it on contractors notes - what happens if an excavator's hydraulics leak and it is sitting on a street besides somebody's house and the hydraulics leak overnight and they decide that they are going to call the EPA or whoever it would be and file a claim. There are limitations to what is included in the way of pollution on these policies. So he thinks that is something we need to review and look at this year. And we can do an analysis and it would take - the Mayor said so none of that is covered - Mr. Gallagher said there is a certain pollution coverage in the policy. The Mayor said there is. So for a sewer backup that, let's say, got into someone's basement and now you have a cleanup that needs to be taken care of. That's covered? Mr. Gallagher said specifically he will double check on that. He said pollution wording is tricky - he will check.

Somebody asked if the policy's coverage is a million/three million? Mr. Crotty said three million aggregate. Aggregate is the total yearly amount they would pay in claims if you had multiple claims.

The Mayor said wasn't CLG saying - Attorney Rice said on the primary the three million is across all of the policy but then on

the umbrella the five million is for each of the underlying policy. Is that what you have also? The Mayor said that is what she just said. The five million averages on the umbrella would be five million - the Mayor said but it is one million on the CLG. It is one million on the CLG and then it goes to the umbrella. Is that what he said? Attorney Rice said the umbrella is five million. The Mayor said okay, so it is exactly the same. Mr. Gallagher said here is the difference between some companies and that may be what you are talking about. Mr. Gallagher said with both CNA and Travelers you have your primary policy and it is one million for any one claim, three million total per year in case you have multiple claims. With some other policies they have one million per claim and one million aggregate so you are maxed out. And then you have your five million umbrella. So let's go to the police example. If you had this claim that you are going through now and that claim is a seven million dollar claim - you are going to use your primary one and your five umbrella. And then you are done. If that's the way that policy reads. With theirs you have run out of coverage for that first claim at six but then if you have another claim a week later we would still have two million left in your aggregate amount to pay future claims. In some policies you don't get that.

Attorney Rice said let's say that scenario happens and now you have a six million dollar claim - the umbrella would kick in separately on that as well, right? You would still have five million under public officers. Mr. Gallagher said if you use up your umbrella in any case with any company your umbrella is not per claim. Attorney Rice said not per claim. What he is saying is your umbrella is five million on top of your primary for the policy and to use that up you would have another five million dollars exposure on your GL you would still have another five million on your umbrella? Mr. Gallagher said he thinks the five million is a set limit and when it is used up on those umbrella limits you are done. Mr. Crotty said five million umbrella over everything.

The Mayor said to just bring the Board's attention to page 27 of CLG's. The current Traveler's policies have a three million dollar limit. It says HVC cannot offer this limit. Mr. Gallagher said they are talking about the aggregate limit. The Mayor said yes. So that's the difference, correct? Mr. Gallagher said yes and it is a significant difference when you get into the world of having a large fund. The Mayor said that is what she was trying to say. It is only a million. She said it states it right here. She said she asked that question and that is not what they said and we will

talk about that later. She just wants to make sure we are all on the same page.

Mr. Crotty said he would like to make a suggestion as well. Just as this is - these are agency-prepared quotes. Scirocco prepared this. Quotes that you would get from hard copy quotes from underwriters are about 20 to 50 pages. We have hard copies if you want. In that it specifically spells out what the coverage is and what it is not. Not that anyone does any sleight of hand when they are doing this. This is meant as the highlight - the coverages. And sometimes that leaves it open to misinterpretation and the way that you handle that is simply to go to the quote from the underwriter and open to the page and it is spelled out. And so a hard copy quote is about 40 or 50 pages. These are agency prepared, just as theirs is. The Mayor said okay.

The Mayor asked Attorney Rice if he had a question on the fifth amendment takings coverage. Attorney Rice asked if fifth amendment takings claims covered? Mr. Gallagher asked if he could explain that. Attorney Rice said they claim that the zoning regulations, for example, is so that you basically have zoned all value out of your property for example. Mr. Gallagher asked if he could get back to him by tomorrow morning on that. Attorney Rice said okay. He said most policies don't cover that. Mr. Gallagher asked for the terminology again. Attorney Rice said fifth amendment takings.

Trustee Byrne said the premium difference between Travelers and CNA is not insignificant. It is \$30,000 difference. Can you point, rather than go line by line, the major differences? Mr. Gallagher said it is not a coverage difference. Travelers has been with you through thick and thin. When you have had claims and they have paid 400% of what you paid in and you know they have these current claims now and they are trying to price to make it affordable to stay in the market place and what happens sometimes is you get a new company in, whether it is CNA, quite honestly, or whatever company they use here. Sometimes they come in trying to buy your business the first year a little bit and then you have to hope that you have a good year with them the first year you are with them or else everything starts adjusting up to where it should be and he thinks that might explain it a little bit. Mr. Crotty said also add to that. Anytime you change carriers you have already gotten through the humps, so to speak, with Travelers. Whether you change to CNA or whether you change to anyone else you have already met the requirements. Any new carrier can come in and say we don't like the way the Village Hall is run. It is a safety hazard. Therefore you are going to need to invest \$70,000 to make it safe in order for us to continue with your coverage. Or they

get hammered with a couple of claims during the year and whatever you saved this year comes back next year or it goes back the next year or they drop you. So sometimes it is not always the best thing to do to put everything down and say give me the absolute cheapest price here. He said they have done that. They have competed on price. Travelers wouldn't go there but CNA will. They are cheaper than them but a decision here to make is, we have about a \$25,000 swing, is it worth the \$25,000 to the Village to not upend, to not pick up the same, and have somebody else come in here and have a list of requirements. Also, you know there are claims coming down the road - some have arrived already and some are about to happen. It is not their intention to try to shoehorn this and take it away from Travelers. It is their intention to come in and give an overview of both companies so you are able to make a decision on this. It might be worth the additional money. He said he is just putting that out there as a suggestion. Attorney Rice said he has never dealt with CNA.

Mr. Gallagher said some policies have it where you have had continuous coverage and certain claims are paid even though they are older claims. Attorney Rice said if the Board said gee, we like Travelers. Is there any possibility of your going back and getting another reduction from them? Mr. Gallagher said that is their bottom price - it is \$240,000. He said he doesn't think he can get them to go any lower. Mr. Crotty said they really thought this morning that the \$252,000 was it for them and whatever happened and went on today he wasn't aware - he said they heard very late in the day. He said he knows he knows the CNA price and he is sure he would try to get as close as he could to that. He said we could always ask them but if you want an honest opinion it is doubtful only because they are three days away and they have to assume that this is their final price. So he thinks this is their final number.

The Mayor asked if anybody else had any questions. Somebody asked about the workers comp part at the bottom. He asked to have that explained. Mr. Gallagher said you have - there are so many markers for workers comp and then there have been some rough years as far as claims go. You are in what is called a safety group right now called Perma and have been there for he thinks for two years now. A company like Travelers or CNA will not write to workers comp on your account and you want to be in these safety groups because they offer loss control services. Usually in order to make them work effectively you want to be with them for four or five years so they can average out their losses. If you start hopping from one group to another and you get non-renewed somewhere it is harder to get back in. You want to have some history with them.

But what happened is a couple of things. You see the price is up from last year with Perma. Part of it is a 5% increase in payrolls that they got from last year. They do an audit at the end of every year. So part of it was that. Part of it was you have something called an experience rating factor where it is a multiplier that gets put on your policy and it went up by 10% last year because of the claims. You had \$550,000 in claims in 2012. Mr. Crotty said you have two major claims involving two police officers. One is a little more than \$400,000. And you have another and another one. So between a normal increase and those they contribute collectively to a rate increase. But the big thing is the one with the two cops. If you want to look on the bright side for the future they will probably retire. Mr. Gallagher said Perma paid out 550ish last year. They are not interested. Another company, Select, said they are going to quote and he doesn't know if they will come back with a price or not. Attorney Rice asked who they were. Mr. Gallagher said one is the NYS Insurance Fund and he doesn't recommend them because their claim service is absolutely atrocious. He thinks safety group programs are the way to go. He said he thinks that is where you want to be. They get written every year so if your payrolls go up or down they get factored in.

Mr. Gallagher said if he was asked he would probably go with Travelers.

The Mayor thanked them.

A motion was made to go into executive session at 6:15 p.m.