

STATE INSURANCE & RISK MANAGEMENT BOARD

Minutes of Meeting No. 297

December 6, 2012

10:00 A.M.

The Two Hundred Ninety-Seventh meeting of the State Insurance and Risk Management Board was held on Thursday, December 6, 2012 at the Board of Regents for Higher Education, 39 Woodland Street, Hartford, CT.

Acting Chairperson Mahler presided.

The following members were in attendance:

State Insurance & Risk Management Board

Mr. Seth T. Mahler, Acting Chairperson
Mr. Robert Broomall
Mr. Wallace J. Irish
Ms. Marjorie F.B. Lemmon
Mr. Patrick Mahon
Ms. Linda R. Savitsky
Ms. Martha Carlson, Deputy Comptroller

Mr. Edward S. Pocock, III was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Ms. Daria J. Cirish, Risk Manager
Ms. Eileen G. McNeil

Office of the Agent of Record

Mr. John Byrnes, President
Mr. Fred Tanguay, Vice President
Ms. Doreen Lessard

 *Seth T. Mahler*
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1. Approval of the Minutes of Meeting No. 296 held on September 27, 2012 (Exhibit 1)

A motion was made by Ms. Savitsky, seconded by Mr. Broomall and unanimously

VOTED: To approve the minutes of Meeting No. 296 held on September 27, 2012.

2. Reconciliation of and Review of Premium Payments, Informal Bids Processed by the Board since the Last Approval (Exhibit 2)

Ms. Cirish informed the Board that there will be a \$2.7 million recession to DAS' 2013/14 budget, however, it is uncertain how much will be taken from the Board's budget.

After a review of the payments, a motion was made by Mr. Mahon, seconded by Mr. Broomall and unanimously

VOTED: To approve the premium, deductible payments and informal bids processed by the Board since the last meeting totaling \$7,478,547.55.

3. Votes

A) Casualty Policy (Exhibit 3A)

Mr. Tanguay stated the Casualty Program provides \$96 million liability limits excess of a \$4 million self-insured retention (S.I.R.). He explained that losses have started to penetrate and even exceed the \$4 million S.I.R., and that the market is hardening. He said the number of vehicles has decreased over the past year. Mr. Mahler asked Mr. Tanguay to look into reducing the S.I.R. to \$2 million. Mr. Tanguay indicated the premium would be approximately an additional \$3.5 to \$4 million. The additional premium for a \$4 million S.I.R. with a \$10 million stop-loss aggregate would be approximately \$1 million; the additional premium for a \$12 million stop-loss aggregate would be approximately \$500,000.

The Board agreed that there is not enough time to do a proper analysis before this year's renewal and would like Mr. Tanguay to hire an actuary with the results to be used for next year's renewal.

A motion was made by Mr. Mahon, seconded by Ms. Savitsky and unanimously

VOTED: For Option #I, as outlined in Exhibit 3A at an annual premium of \$1,634,826.

There was a lot of discussion about hiring an actuary. Ms. Carlson offered to look into the actuarial contract that the Office of the Comptroller currently has in place to explore the opportunity of the Board using the services of the existing contract.

A motion was also made by Ms. Savitsky, seconded by Mr. Mahon and unanimously

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3. A) Casualty Policy (Cont.)

VOTED: To direct the Risk Manager to examine the existing Actuarial Services Contract currently in place with the Office of the Comptroller to see if the Board can utilize its services. The actuary will analyze claims, retention levels and aggregates, with the analysis used for next year's Casualty Program renewal.

3. B) Master Physical Damage Policy (Exhibit 3B)

Mr. Tanguay explained that this policy provides collision and comprehensive physical damage on scheduled State-owned vehicles with an ACV value of \$100,000 or more, or leased vehicles where insurance is contractually required. He noted that DOT has purchased an additional 55 vehicles this year to replace old ones, therefore the values increased.

A motion was also made by Ms. Savitsky, seconded by Mr. Mahon and unanimously

VOTED: To place coverage as outlined in Exhibit 3B at an annual premium of \$155,861.

4. Review of Risk Management Initiatives

Mr. Mahler explained that at its last meeting, the Board reviewed the various committees and decided it is no longer necessary to have the Fiscal/Underwriting Committee. The Board agreed to retain the Risk Management Committee even though there is no money in the Board's budget for risk management initiatives. Mr. Irish will become the Risk Management Committee Chair, with Ms. Lemmon and Ms. Savitsky serving on this committee as well. The Board agreed that the committee could explore non-monetary initiatives, i.e. gathering loss information to present to agencies and to determine protocol for preventing, reporting accidents, etc.

5. Any Other Matters to Properly Come Before the Board

Mr. Mahler will step down as Acting Chair of the Board and will go back to being Vice Chair. Ms. Savitsky will now take over the role of Acting Chair of the Board until the Governor appoints a Chair. Mr. Mahler will also step down as the Claims Committee Chair and Mr. Mahon will step up as Chair of this committee.

Ms. Cirish advised the Board that Ms. Zamore has resigned from the Board.

6. Date and Location of Next Meeting

The next Board meeting is scheduled for Tuesday, March 19, 2013. The meeting will be held at the Board of Regents for Higher Education.

The remaining Board meetings for 2013 will be June 18, 2013, September 17, 2013 and December 10, 2013.

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7. Motion to Adjourn

It was moved by Ms. Savitsky, seconded by Mr. Irish and unanimously

VOTED: The meeting be adjourned. The meeting adjourned at 11:24 A.M.