

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 312
September 13, 2016
10:00 A.M.

The Three Hundred Twelfth meeting of the State Insurance and Risk Management Board was held on Tuesday, September 13, 2016 at the Connecticut State Colleges and Universities, 61 Woodland Street, Hartford, CT.

Acting Chairperson Savitsky presided.

The following members were in attendance:

State Insurance & Risk Management Board

Ms. Linda R. Savitsky, Acting Chairperson
Mr. Seth T. Mahler, Vice Chairperson
Mr. Richard Boccaccio
Mr. George A. Dagon, Jr.
Ms. Susan M. Donatelli
Mr. Stephen Fontana
Mr. Daniel J. Friedman
Mr. Wallace J. Irish
Ms. Marjorie F.B. Lemmon, via phone
Mr. Michael T. McCormack
Ms. Martha Carlson, Deputy Comptroller

Mr. Robert J. Broomall was unable to attend.
Mr. Patrick Mahon, was unable to attend

Department of Administrative Services/Insurance and Risk Management Board

Ms. Toni Fatone, Deputy Commissioner
Ms. Daria J. Cirish, Risk Manager
Ms. Eileen G. McNeil

Office of the Agent of Record

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

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Ms. Toni Fatone, Deputy Commissioner, Department of Administrative Services was introduced to the Board.

Before the agenda items were discussed, a motion was made by Mr. Friedman, seconded by Mr. Irish and

VOTED: To add the following three items to the agenda under Agenda Item #4: 1) Agent of Record and Third Party Administrative Services contract extensions; 2) CT Port Authority and 3) UConn Health Center OCIP.

Mr. Mahler, Mr. Dagon and Ms. Carlson abstained from voting.

1. Approval of Minutes of Meeting No. 311 held on June 7, 2016 (Exhibit 1)

It was noted that the motion made in Item 3B at the June 7th meeting was made by Mr. Mahon, not Mr. Mahler.

A motion was made by Mr. McCormack, seconded by Ms. Lemmon and

VOTED: To approve the minutes of Meeting No. 311 held on June 7, 2016 with the correction noted above.

Mr. Mahler, Mr. Dagon and Ms. Carlson abstained from voting.

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

Mr. Tanguay reviewed the Net Payment Analysis advising F.Y. 2016/17 numbers on spreadsheet are net of a slight O.P.M. hold-back. He noted that last fiscal year the Board requested to carry-forward \$1.3 million from its General Fund lapse to cover seven large claims due to settle at the beginning of this fiscal year. Ms. Fatone explained that O.P.M. did not approve the request nor did they approve a request to use some of the lapse money to fund a risk management study.

Mr. Tanguay advised that he expects the premiums to come in at or under budget, but it is too early in the fiscal year to make a prediction on the claim settlements. He noted that we will be in a better position to evaluate the claims budget after the first of the year.

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

VOTED: To approve the premium, deductible payments and informal bids processed by the Board since the last Board meeting for F.Y. 2015 totaling \$1,630,707.70 and for F.Y. 2016 totaling \$1,373,628,30.

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3. Votes

A) UConn – Athletic Injury - Confirming (Exhibit 3A)

Mr. Tanguay explained that most policies now coincide with the Board meetings, however, this policy has to renew on August 1 since fall collegiate athletics start on this date. This policy covers 880 intercollegiate athletes and is over and above any other health insurance policy the athlete may have.

A motion was made by Mr. Dagon, seconded by Mr. Irish and

VOTED: To confirm coverage be placed as outlined in Exhibit 3A, Proposal #1 with a \$2,000 deductible for a total premium of \$254,500.

Mr. Mahler abstained from voting.

3. B) DOT – CT Transit Rolling Stock (Exhibit 3B)

This policy provides physical damage coverage on the CT Transit buses while they are parked in garages and parking lots. Mr. Tanguay advised that DOT is starting to replace old buses with new ones.

After reviewing the exhibit, a motion was made by Mr. Mahler, seconded by Ms. Donatelli and unanimously

VOTED: To place coverage as outlined in Exhibit 3B, for a total premium of \$113,633.

3. C) Master Student Malpractice (Exhibit 3C)

Mr. Tanguay stated that this is a medical malpractice policy purchased to cover allied health students while they are doing off-site clinical work. There were two quotes. C.N.A. offered the same rate as expiring.

A motion was made by Mr. Dagon, seconded by Mr. Mahler and unanimously

VOTED: To place coverage as outlined in Exhibit 3C, for a total premium of \$94,537.

3. D) DOT – Metro-North (Exhibit 3D)

Mr. Tanguay explained that this policy provides excess rail liability and advised that Metro-North/M.T.A. is one of the most heavily traveled commuter rail line in the country. DOT owns the cars, tracks and stations and contracts out the management and operation of the rail line to Metro-North MTA. Within the agreement between the State and Metro-North, the State is responsible for 65% of all claim expenses and Metro-North is responsible for 35% of claim expenses on the New Haven side. Mr. Tanguay advised that unfortunately because of the recent slow-speed derailment in Bridgeport, as well as increase in ridership, the renewal premium has increased 2.5%. The increase is \$333,811 over the budgeted amount.

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3. D) DOT – Metro-North (Cont.)

Because of the increase, Mr. Tanguay requested quotes for lower limits as shown on Exhibit 3D. The Board had a lengthy discussion regarding the limits and whether the State needs to carry \$100 million limits since no claim has ever exceeded the \$25 million SIR.

After much discussion, a motion was made by Mr. Dagon, seconded by Mr. Fontana to renew at the expiring limits of \$100 million excess of \$25 million SIR.

In light of the State's budgetary situation, an amended motion was made by Mr. McCormack, seconded by Mr. Irish to renew at a limits of \$75 million excess of \$25 million SIR.

Mr. Boccaccio made a motion to table the vote and instruct Mr. Tanguay to requested quotes on higher SIR's. A second was made by Ms. Donatelli.

A tally was taken and the amendment to the main motion failed.

A tally was taken on tabling the vote until quotes on higher SIR's were received. The vote to table the discussion failed.

Mr. Fontana suggested that Mr. Tanguay request different layers and different SIR's for next year's renewal.

A vote on the main motion was taken. A tally was taken and the main motion passed by a vote of 6-5. It was therefore

VOTED: To renew the coverage with coverage as expiring as outlined in Exhibit 3D, Proposal I for an annual premium of \$1,733,811.

Mr. Mahler would like to look into this again in greater detail before next year's renewal.

3) E) CT Library Museum (Exhibit 3E)

Mr. Tanguay advised that this policy covers fine arts at the museum, library and warehouse and this coverage is in excess of the \$25 million limits provided by the F.M. Global property policy. This is a supplemental policy purchased through Lloyds of London. Lloyds of London is quoting as expiring.

A motion was made by Mr. Fontana, seconded by Mr. Mahler and unanimously

VOTED: To place coverage as outlined in Exhibit 3E, for an annual premium of \$167,536.82.

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3) F) Master Property Policy (Exhibit 3F)

Mr. Tanguay explained that the policy covers approximately \$17 billion in values and over 3,000 buildings. In the past the Board purchased a separate Equipment Breakdown policy covering the boilers in the buildings. This year F.M. Global quoted this coverage. Mr. Tanguay explained that having coverage with one carrier will make the claim process go smoother. With the added equipment breakdown coverage, the renewal proposal is still less than expiring.

A motion was made by Mr. Fontana, seconded by Mr. Friedman and unanimously

VOTED: To place coverage as outlined in Exhibit 3F. Property Policy renewed for an annual premium of \$5,017,712; premium for Excess Named Storm Limits \$638,940; premium for BioScience CT Builders Risk Installment \$187,200.

Ms. Donatelli thanked Mr. Tanguay for a great job negotiating this coverage.

3) G) Connecticut State Colleges and Universities – Community Colleges (Exhibit 3G)

Mr. Tanguay stated this is accident medical expense coverage for students at the community colleges. The rate is based on enrollment, and the enrollment decreased from last year by approximately 3,800 students.

A motion was made by Mr. Mahler, seconded by Ms. Donatelli and unanimously

VOTED: To place coverage as outlined in Exhibit 3G, for an annual premium of \$61,315.72.

3) H) UConn – Use of XL Center for Basketball/Hockey (Exhibit 3H)

Mr. Tanguay advised that this policy renews on November 1, however he requested a renewal premium indication prior to today's Board meeting so that this could be potentially voted on at today's meeting. The insurance company gave an indication that the premium would be \$63,000, which is \$6,755 less than expiring.

A motion was made by Mr. Friedman, seconded by Mr. Fontana and unanimously

VOTED: To direct Mr. Tanguay to continue negotiations with the insurance company and authorized Mr. Tanguay to renew coverage if the renewal quote is \$63,000 or less.

Mr. Tanguay will report back to the Board on this renewal.

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4. Any Other Matters to Properly Come Before the Board

Ms. Savitsky suggested tabling the three additional items that were voted to be added at the beginning of the meeting due to time constraints. These items are: the Agent of Record/TPA extensions, CT Port Authority and UConn Health Center OCIP. These are to be discussed at the December meeting.

Mr. Boccaccio suggested that the Board meet more frequently. Mr. Mahler also suggested that the Board look into reviving some of the inactive committees of Board.

These items will also be discussed at the December Board meeting.

5. Date and Location of Next Meeting

The next Board meeting will be held on December 13, 2016. The meeting will be held at the Connecticut State Colleges and University, 61 Woodland Street, Hartford. Mr. Irish suggested meeting at 9:30 A.M. so that it provides more time to discuss all the items that were tabled. Ms. McNeil will check to see if the room is available at 9:30.

Ms. Savitsky reminded members to bring their calendars to the December meeting because the 2017 meeting schedule will be set.

6. Motion to Adjourn

It was moved by Mr. Friedman seconded by Mr. Mahler and unanimously

VOTED: The meeting be adjourned. The meeting adjourned at 11:55 A.M.