

INSURANCE ADVISORY COMMITTEE

The Insurance Advisory Committee, consisting of June Roberts, Bob Masse, Bob Watson, and Jay Borelli, met with Jeff Conti, the Assistant Town Administrator, early in 2006 several times to review the July 2006 insurance renewal bid process. Upon agreement by the Selectmen, and after reviewing alternative advisors, it was agreed to retain Terry Curtin of Kevin F. Donoghue and Associates to assist on a modified basis to prepare the bid specifications and to review the bids.

Mr. Curtin attended several meetings prior to the renewal and offered a number of suggestions for revisions to the draft specifications that Jeff Conti had prepared in draft from the prior insurance bid process that Terry Curtin had assisted with over 3 years ago. After receipt of bids from five brokers by the May 18, 2006, deadline in response to the RFP, Mr. Curtin presented his recommendations and reviewed with the committee spreadsheets comparing the 5 proposals. He then recommended a combined program with MIIA continuing to handle the Town's worker's compensation captive insurance program, and Deland, Gibson as the broker handling all other coverages including new general liability (GL) and umbrella policies.

The Committee discussed options for the umbrella policy and recommended a \$1 million limit. It was believed that this would provide sufficient protection especially combined with the new GL policy. The Committee also asked Mr. Curtin to investigate whether the Town could realize lower premium costs by raising the deductibles on the professional liability policies and/or a deductible on the GL policy for water and sewer backups.

A report was provided to the Selectmen which included a spreadsheet prepared by Mr. Curtin that compared the proposals. Because the proposals differed greatly in structure and in the type of coverage offered, direct comparison was difficult as each proposal offered unique advantages. The recommendation to the Board was as follows, and the recommendation was accepted:

- Property insurance, including contractor's equipment/inland marine and crime, would continue to be provided through the Town's current broker, Deland, Gibson Insurance Associates by Axis Re.
- Boiler and machinery insurance would continue to be provided through Deland, Gibson by Hartford Steam Boiler.
- Professional liability insurance, including public officials', school board and law enforcement liability, would continue to be provided through Deland, Gibson by Redland Insurance.
- Workers' Compensation insurance would continue to be provided by the town's current carrier, the Massachusetts Interlocal Insurance Association (MIIA).
- Automobile insurance would be transferred from MIIA to be provided through Deland, Gibson by Redland Insurance.
- The Town's General Liability policy covering the Senior Center would be dropped and replaced with a comprehensive General Liability policy provided through Deland, Gibson by Redland Insurance.
- The Town would add a \$1 million Umbrella policy through Deland, Gibson.

The cost savings in the recommended program become more dramatic if the Town's estimated annual self-insured general liability losses are factored in, which would be covered under the new program.

Jeff Conti advised the Committee that he would meet with the Town's MIIA representative to review the Worker's comp program and would meet with Deland, Gibson to do the same for the Town's other coverages. The Committee appreciates Jeff Conti's diligence in managing the program, as internal management of claims and insurance programs is essential for successful risk management. He also facilitated scheduling a seminar, which was arranged by Deland, Gibson and the Town's insurer, Massamont, for department heads on liability and the various laws and regulations.

The Committee meets several times a year to review the experience of the insurance policies, and to review schedules to assure that the Town's property has been properly scheduled. Risk management has been emphasized at the meetings along with the need for a town employee like Jeff Conti to assure

that the insurers are performing their claims handling responsibilities diligently. Claims handling must be reviewed by the Town, or claims can languish in insurance company departments without the priority that the Town must demand to assure that the loss experience doesn't result in increased premiums.

Respectfully submitted,
June E. Roberts, Chairman