

**Town of Wethersfield
Insurance Committee Special Meeting
Town Manager's Conference Room
May 30, 2007**

The meeting was called to order at 5:36 PM by Chairperson Polly Moon.

Committee members present were Polly Moon, Chris Bazinet, Sey Adil, Mike Fortunato and Paul Meade.

Also present were Greg Bedula from TD BankNorth Insurance Agency; Jeff Kotkin, Town Council Liaison; and Lisa Hancock, Finance Director - Town of Wethersfield.

Members Absent: Chris Lyons (excused absence); Edward Rosania

Public comments: no one was present from the public to speak.

Renewal of Property/Liability and Workers Compensation Insurance:

Greg Bedula discussed the quotes that he received from CIRMA, Metrogard and MIRMA programs. He stated that the Metrogard program is comprised of various companies that provide insurance coverage for property and liability. Metrogard has teamed with MIRMA to provide Workers Compensation coverage. He stated that MIRMA currently has a negative surplus because of actuarial factors. MIRMA representatives state that they would have had a positive surplus without those factors. CIRMA has a positive surplus of over \$40 million with the appropriate actuarial factors in place. Mr. Bedula has concerns with MIRMA's financial stability and stated that if the Town were to choose a relationship with them, he would have the Town officials sign off on the awareness of the potential financial issues.

CIRMA's initial budget estimates were \$638,000 for Property and Liability coverage and \$440,000 for Worker's Compensation. Mr. Bedula shared the Insurance Committee's questions with CIRMA regarding the sidewalk improvement program that the Town has put in place over the past several years. CIRMA revised their original quotes due to the increased maintenance of the Town's sidewalks. The revised quotes were \$525,160 for Property and Liability coverage and \$432,298 for Worker's Compensation coverage.

Mike Fortunato asked Mr. Bedula what his recommendation would be. Mr. Bedula responded that he felt that CIRMA would still be his recommendation even though there is a cost differential. He stated that Metrogard has a very good program, but CIRMA still has some additional advantages over Metrogard.

Mr. Bedula provided the following comparative information:

CIRMA	Metrogard/MIRMA
1) Provides International travel coverage	1) None
2) Full property limit to one loss = \$166 million (blanket limit)	2) \$75 million maximum per occurrence
3) School Board E&O: Deductible on employment practices claims (and all other coverages) of \$5,000	3) \$25,000 - employment practices only; all other coverages - \$5,000
4) Admitted for all coverages including employment practices liability coverage	4) EPL would have to be written in Lloyds of London, which is a non-admitted carrier. Our Agent would need to sign off that he could not obtain coverage elsewhere. Nonadmitted carriers are not subject to the State Guaranty Fund.
5) Admitted for Public Officials Liability	5) EPL would have to be written in Lloyds of London,

	which is a non-admitted carrier. Our Agent would need to sign off that he could not obtain coverage elsewhere. Nonadmitted carriers are not subject to the State Guaranty Fund.
6) CIRMA is financially solid	6) Metrogard is strong however MIRMA is still within the beginning stages of business and has a negative surplus
7) Umbrella: No self insured retention (SIR) has to be paid under the CIRMA program	7) Metrogard has a \$10,000 self insured retention (SIR)
8) CIRMA can bill the Town for special assessments due to the pooling arrangement	8) Metrogard has no pool thus no special assessments
9) Property loss payout aggregate of \$500,000,000.	9) Metrogard does not. Claims are paid on a 'per occurrence' basis.

Mr. Bedula stated that Metrogard/MIRMA has about 65 entities in total. CIRMA has about 118 municipalities, 21 separate Board of Educations' and another 20 District type entities.

Ms. Moon asked who is CIRMA's reinsurer. Mr. Bedula responded that Lexington Insurance Company (part of the AIG group) is the reinsurer for property; MunichRe America for liability; Safety National for Workers Compensation and Hartford Steam Boiler for Boiler and Machinery. MIRMA is reinsured by Selective Risk.

Sey Adil stated that CIRMA appears to be the safest choice for the Town and moved to recommend to the Town Council that they award the Town's Property/Liability and Worker's Compensation coverage to CIRMA. Seconded by Paul Meade. Motion carried unanimously.

Adjournment

Sey Adil moved for adjournment at 6:14 PM. Seconded by Mike Fortunato. Motion carried unanimously.

Respectfully submitted,

Lisa A. Hancock
 Director of Finance