

Minutes approved 03-21-12



RISK MANAGEMENT COMMITTEE

McKenzie Building, Jury Commission Room
Wednesday, February 22, 2012 – 4:00 p.m.

Committee Members Present: Vice Chairman James Carius, Russ Crawford, Jim Donahue, Terry Hillegonds, Lincoln Hobson, Carroll Imig, Tim Neuhauser, Greg Sinn, Terry Von Boeckman, Auditor Grashoff, State's Attorney Stewart Umholtz, Assistant State's Attorney Holly, Treasurer Burress

Committee Members Absent: Chairman Zimmerman, Dean Grimm, Mike Harris

MOTION

MOTION BY HOBSON, SECOND BY SINN to approve the minutes of the January 18, 2012 meeting.

On voice vote, MOTION CARRIED.

Vice Chairman Carius advised the Committee that Assistant State's Attorney, Mike Holly, would be in later in the meeting to address an Executive Session.

MOTION

RM-12-04

MOTION BY NEUHAUSER, SECOND BY DONAHUE to recommend to County Board to approve the County's Property, Automobile, Liability, et al. Insurance contract renewal with the Travelers.

Neuhauser advised the Committee that Wally McColloch and Jason Aiello from Wells Fargo were at this meeting to explain our updated insurance coverage. McColloch is the Senior Vice President and Aiello is a Commercial Agent. They are the brokers for our insurance package. There was a renewal meeting in November with Wells Fargo regarding updating the insurance policies. They have prepared all of the renewal numbers for this year and one specific thing discussed at the pre-renewal meeting was purchasing additional coverage called cyber liability. Cyber liability addresses the risks associated with e-business, the Internet, networks and informational assets. Neuhauser stated in his opinion it was an option the County should purchase.

McColloch stated cyber liability now has much greater exposure in the last few years. There is a lot of personal information in the data the County keeps. If the systems were hacked into and information was retrieved that caused someone financial harm, we haven't secured it well enough. Virus transmittal is another reason for cyber liability. It is a reasonably low premium and is not covered under any other insurance. The deductible is \$5,000.00 and it is a stand alone policy.

It was pointed out that there had been two Resolutions prepared, one including the cyber liability and one without. Neuhauser stated his recommendation was to vote to include the cyber liability. (E-12-04-b)

On voice vote, E-12-04b, MOTION CARRIED.

MOTION
RM-12-07

MOTION BY NEUHAUSER, SECOND BY CRAWFORD to recommend to County Board to approve a two year renewal agreement with Safety National as the Excess Workers' Compensation Insurance.

McColloch explained there were three options. The difference in options is twofold. One is a slight difference in premiums. The biggest difference is the retention, or deductible. Currently we have a \$500,000.00 deductible. This is a per occurrence deductible, not per claim or per person. For example, if a catastrophe strikes and 20 people were injured or killed, there is one deductible for that incident.

After 9-1-1, there are new workers' compensation laws for emergency responders, such as firefighters, EMTs, etc. The reporting and coverage is much more liberal. There is an unlimited time to report an incident. There is no recourse to deny the claim. What carriers are doing is forcing higher retentions on that category of employees. Currently there is \$500,000.00 retention on every employee.

There are three options to comply with the new laws: option #1 - increase retention on all to \$600,000.00 with a premium of \$25,327.00. option #2 - Increase to \$550,000.00 on all with a premium of \$29,548.00. option #3 - retain the \$500,000.00 retention on standard employees and increase emergency responders to \$600,000.00 with a premium of \$29,970.00.

McColloch stated that the biggest claim that Tazewell County had did not exceed \$300,000.00. He stated the most exposure is on the emergency responder side. The higher deductible on the non-emergency responders is likely to never be reached. His recommendation was Option 2.

Neuhauser clarified that the \$500,000.00 we currently have is no longer an option for emergency responders.

Crawford stated that he would like to see an Excel sheet with the coverage, the limits, the current cost, the proposed cost, the difference and the percentage of change.

McColloch explained that this is an anomaly year as this is normally handled with the County Administrator. He stated that the only change on the Workers' Compensation insurance is the deductible. The \$500,000.00 can be kept on all employees except the emergency responders. That has to increase to \$550,000.00 due to new regulations by the Workers' Compensation Industrial Commission.

Neuhauser stated that the \$550,000.00 made the most sense. (Option 2)
A change is required but the larger deductible does not seem necessary.

On voice vote, Option 2, MOTION CARRIED.

MOTION
RM-12-05

MOTION BY NEUHAUSER, SECOND BY HILLEGONDS to recommend to County Board to approve contract renewal with Cannon Cochran Management Services, Inc. (CCMSI) to be the County's Property, Automobile, Liability, et al. Third Part Administrator.

McColloch stated there are two Third Party Administrators for the County. One handles all the liability, which is CCMSI and one handles all workers' compensation, which is Gallagher Bassett. Last year Gallagher Bassett agreed to a stepped up three year term with no penalty if there is an opt-out during that three years. There is a 4% increase in fee cost each year. This is the second year of a three year contract. The CCMSI contract is on a year to year basis and is renewed on a flat basis. There is a minimum charge for administration and claims fund. If there are more claims than anticipated, there will be a charge on a per claim basis, which is indicated in the contract.

Crawford questioned the 12% increase over the three year period.
McColloch stated that their costs increase. In 2011 they had looked into combining services of the Third Party Administrators and found that there was very little savings.

On voice vote, MOTION CARRIED.

MOTION
RM-12-06

MOTION BY NEUHAUSER, SECOND BY HILLEGONDS to recommend to County Board to approve the Wells Fargo Insurance Services USA, Inc. contract renewal.

McColloch explained that insurance companies pay brokers commission on policies written. Several years ago there was a discussion with the former County Administrator that it would be more consistent to take away the commissions and initiate a service fee. Their service fee has been \$18,000.00 for the past three years. The request at this time is the service fee to be increased to \$20,000.00. They receive nothing from the carriers.

On voice vote, MOTION CARRIED.

Vice Chairman Carius thanked McColloch for the presentation and thanked Neuhauser for his input.

Assistant State's Attorney Holly stated there was no new pending litigation updates for the Committee.

Vice Chairman Carius recessed the meeting at 4:30 p.m.
(transcribed by S. Beeney)