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Special Town Council Meeting

March 22, 1984

A special meeting of the Wallingford Town Council was held in Council Chambers, called to order at 6:15 p.m. by Chairman Robert Parisi.

Answering present to the roll called by Rosemary A. Rascati, Town Clerk, were Council members Bergamini, Diana, Gessert, Killen, Krupp, Papale, Parisi, Polanski and Rys. Mayor Dickinson was also present. The pledge of allegiance was given to the flag.

Mr. Killen requested that a moment of silence be observed in memory of Thomas M. Cosgrove who passed away this week and the Council observed a moment of silence.

Mr. Killen moved consideration of item (3) as the first item of business, seconded by Mr. Diana.

Vote: All Council members voted aye and the motion was passed.

Mr. Gessert RESOLVED to amend the Electric Division budget by \$200,000 to Overhead Lines Maintenance A/C 593; \$100,000 to A/C 440 Residential Sales and \$100,000 to A/C 442-3 Industrial Sales. This motion was seconded by Mr. Killen.

Mr. Gessert: I read in the newspaper the other day input on who was back in service first and who was back in service last. I must say, after visiting you several times during the crisis, that I didn't see anyone at the Electric Division giving less than 100%. I think you did a superb job getting everything resolved in the time you did and I would like to personally congratulate you for your efforts.

Mrs. Papale noted that Dave was speaking for the entire Council and Mr. Parisi noted that he was very impressed with the job.

Mr. Killen stated that the criticism directed was constructive and people got their answers and were content with them.

Mr. Walters commented that the Electric Division was overly optimistic during the first few hours and they were not aware of the extent of the problem at first glance.

It was noted that the budget amendment is to recognize and add to the income side of the budget by \$200,000 in two different accounts.

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Mr. John J. Horvath, President, The Wallingford Board of Independent Insurance Agents, introduced the following agents: Mark Miller, Jim Shortelle, Uria Fishbein, Jim Gaffey, Terry Shortelle, Carl Cornaglia, Bill Lanzoni, Hank Sheldon, Jay Fishbein, Joe Gaffey and Chris Hutchinson.

For the last 2 years, the Board has been meeting in Council Chambers the second Tuesday of every month and with the efforts of Charlotte Collins, meetings have been set up with department heads and personnel from the Town of Wallingford. Representatives from the insurance companies have also been present.

Mr. William Lanzoni: This Board was established in 1935 and formed mainly in the interests of the Town of Wallingford and to prevent political intervention from a change of parties, etc.

Mr. Mark Miller (Casualty): Without getting specific as to limits, I'll give you a brief rundown of the policies that do exist.

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The general liability policy covers all the operations of the Town including Electric Division, Water & Sewer, etc. It includes products and liability insurance should there be a problem with the water supply, cafeterias should there be food poisoning, there is products coverage. This covers all the divisions and basically all their operations with the exception of some of the professional liability coverages which will be talked about later.

Over and above those two policies, we have an umbrella liability which is just additional limits, if you will, of liability. It is more reasonable to buy extra coverage with an umbrella than it would be to increase the limits of the underlying policy, plus the coverage is broader.

About 15 months ago, the liability policy was placed with another company within the CIGNA Group and it now covers in excess of all the police professional and all the other professional coverages which will be discussed later. It formerly covered only in excess of general liability and auto but it has been broadened for about \$2,000 less premium.

Fire Department coverage was changed approximately a year ago. We were specifically looking for fireman's errors and omissions coverage at the time and Fire Chief McElfish directed us to a company in Pennsylvania who gave us a great deal of information and it turned out they have a program specifically for Fire Departments, written by INA, part of the same company that writes all the other Town coverage.

For virtually the same amount of premium, we elected to purchase the coverage for the vehicles and the general liability for the Fire Department separately because of the improved coverage. The umbrella policy I mentioned still goes over the vehicle and general liability policy. In addition, we expanded the coverage for portable equipment and now we are in a situation where hoses are covered and all the equipment of the Fire Department is covered where before it was only large items such as the hearse tools and things like that.

Mr. Gessert: What is the deductible on the vehicles?

Mr. Miller: \$1,000 on the vehicles for collision on Fire Department and \$50 deductible on comprehensive. The other Town vehicles are \$1,000 deductible for collision and \$1,000 deductible on comprehensive.

Mr. Gessert: Does that company offer the same type of protection for police errors and omissions?

Mr. Miller: No. The name of this company is the Volunteer Firemen's Insurance Services which is misleading because they originally started doing volunteers but now do paid companies as well.

Mr. Polanski: How many vehicles are covered for the Town?

Mr. Miller: The Town auto policy covered 187 and Fire Department vehicles number 26. That is the number within one or two numbers.

Mr. Rys: Do we investigate on a yearly basis the best coverage for dollars invested, whether it be through Aetna or Travelers?

Mr. Miller stated that will be addressed later in the meeting.

Mr. Diana: Through whom is the general liability insurance purchased?

Mr. Miller: INA. Auto is Aetna but the two are part of the CIGNA Group. There are two Aetnas--Aetna Life & Casualty and Aetna Insurance Company which recently merged with INA and CIGNA was formed.

Mr. Krupp: The Wallingford Board of Independent Insurance Agents in essence acts as an agent of the Town in securing certain insurance coverage. Is there any enabling legislation which awards this prerogative to The Wallingford Board of Independent Insurance Agents? It is not incorporated in the Charter and I cannot find it in any Ordinances that have been passed to date.

Mr. Horvath read from the Town Council Minutes of May 10, 1983 the portion of the minutes pertaining to the motion adopting a resolution appointing The Wallingford Board of Independent Insurance Agents as non-exclusive agent of record for the Town insurance as provided in Chapter 7, Section 4, Subsection 7 of the Town Charter for the fiscal year beginning July 1, 1983. . .

Mr. Krupp: Mr. Horvath, are you aware that a Resolution passed by a Council dies with that Council? The last effective date of that Resolution was January 1 of this year.

There was some discussion regarding reappointment by the Council and this will be addressed at a later date.

Mr. Horvath: For the past 2 years, we have been looking into different types of liability coverage which we call miscellaneous liability coverage and Carl Cornaglia will explain the 4 policies written in the last 2 years.

Mr. Carl Cornaglia: There is an exclusion in all general liability policies for wrongful acts and errors and omissions. As a consequence, another policy must pick up that exposure. We have 4 policies in effect:

- (1) Public Officials' Errors & Omissions
- (2) Town Clerk's Errors & Omissions
- (3) Police Professional Liability Insurance
- (4) Board of Education School District Legal Liability which is in fact an Errors & Omissions.

Mr. Gessert: Would you explain Police Professional Liability?

Mr. Cornaglia: That is professional liability for the Police Department which would cover false arrests, unlawful detention, assault and battery, defamation. There is a \$2,500 deductible.

A wrongful act shall mean any actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty. That is excluded under the general liability policy and that is why we have this separate policy. This is a new coverage that did not exist before until about this time last year. This was the result of meetings with the Town.

Mr. Gessert: Recently, we have had to appropriate funding to defend a public official who fired two people. Would his action in firing those people if we are found to be liable for that be covered under Errors & Omissions or would it not?

Mr. Miller: That has been turned over to the insurance company and is currently pending.

Mr. Cornaglia: The policy covers both defense costs and potential damages, monetary damages.

Mr. Killen: What does General Liability cover for any public official?

Mr. Miller: Actual bodily injury or property damage.

Mr. Diana: To what extent are we covered, during our duties as members of the Council? What about statements to the press?

Mr. Cornaglia: As long as you are acting in official capacity of the Town, an agent of the Town, if I may.

Mr. James Gaffey: The insurance company will examine the circumstances of each individual claim and will weigh it on its own merits. Our policy is, when any type of claim like this arises, it goes right to the insurance company and they make the decision after completing their investigation.

Mr. Diana: To leave it to the insurance company after the fact does not do me any good; I am trying to find out what we are covered against.

Mr. Cornaglia: In my opinion, it is covered, but I will let you know.

Mr. Diana: If it is not, I think it would behoove me to look into personal insurance.

Mr. Horvath: The next item is Fire Coverage for the Town which was condensed into 1 policy a little over a year ago.

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Mr. James Gaffey: Prior to January 1, 1983, there were separate policies for the 5 divisions within the Town--Mayor's Division, Board of Education, Water & Sewer Department and Electric Division.

Fire Insurance is insurance on the Town's real and personal property, all buildings and contents within those buildings.

These 5 policies had different inception and expiration dates and different coverages, a mixed bag of policies and coverages. The Board Members and Tom Myers worked together and decided to give the Town one comprehensive fire policy with a common inception and expiration date to coincide with the Town's fiscal year. This comprehensive set of specifications includes everything the Town owns on an all-risk basis. We added the perils of flood, earthquake, vandalism, including vandalism to school buildings which was previously not covered, burglary, theft. We increased the amount of insurance by roughly \$20,000,000. Under the 5 separate policies previously mentioned, there was a total amount of insurance in force of about \$55,000,000 for which the Town was paying roughly \$55,000 total premium. We went out to bid, increased the amount of insurance from \$56,000,000 to almost \$75,000,000 and got a premium almost \$20,000 lower than the Town had been paying. Since then, we have added coverage for the Town's electronic data processing equipment, media and software, for roughly \$500,000 and have added additional expense coverage for the 2 high schools. We have insured all the Town's valuable papers and documents for \$179,000. We are proud of this particular policy because we dramatically increased the amount of insurance and the kinds of things the Town will be insured against and still managed to save the Town roughly \$20,000 in premium.

Mrs. Bergamini: What is the deductible on vandalism at schools?

Mr. James Gaffey: \$1,000.

Mr. Killen: Does this cover 100% of replacement value?

Mr. Miller: 90%.

Mr. Killen: Who is charged with updating the contents of the building?

Mr. James Gaffey: Before we put this policy together, we worked with Mr. Kemp who was the Assessor at the time and we increased the Town's statement of values to bring everything up to replacement cost which accounted for the increase of \$20,000,000 in the Town's coverage, buildings and contents.

Mr. Killen: Under the Charter, the Purchasing Agent is charged with keeping an inventory of all movable equipment.

Mr. Myers: We have an inventory of all furniture and equipment. In the schools, it is inventoried by classroom. Each Town building is by individual piece of equipment, maintained by the Purchasing Agent. The schools maintain a record which is also reported to Purchasing. That change was effected in order to get the Town's accounting records in conformity with Generally Accepted Accounting Principles, mandated by Connecticut Public Act 77-611.

Mrs. Bergamini: The schools just purchased a new computer for \$43,000. Are they responsible for reporting that to you?

Mr. James Gaffey: Yes, and they have been very good about reporting new equipment to us. That has come about as a result of the meetings we have had here the second Tuesday of each month.

Mr. Diana: Is this insured through INA and is it an annual policy?

Mr. James Gaffey: This is Aetna Life & Casualty, the big Aetna and is a 3 year policy. We wrote it for 3-1/2 years so we could make it concurrent with the Town's fiscal year, payable monthly. Values are increased as we get them.

Mr. Horvath: I'll now ask Uria Fishbein to discuss the bonds for the Town along with the credit policy we have for the Electric Division.

Mr. Uria Fishbein: The credit policy for the Electric Division covers basically all their commercial accounts with a bit of coverage for small commercial accounts with a \$2,000 limit. Basically, it is done on a Dun & Bradstreet rating setup and in the policy, the bigger commercial accounts are listed such as Pfizer, American Cyanamid, Times Fiber, Northeast Data, Safety Electric Equipment and a limit of coverage which applies to those accounts. For instance, American Cyanamid is in here for \$400,000; if they became insolvent, this policy would be there to work with in the way of credit coverage.

Mr. Uria Fishbein: If there is a reason to cover a particular company for an amount exceeding the D & B rating, they are specifically listed. There is a maximum of coverage on the policy of \$400,000, based on the commercial sales volume of the Electric Division and excluding residential and Town use. This is a highly specialized coverage, only written by 2 companies, to my knowledge. One is this London Guaranty & Accident Company of New York. We first got into this about 8 to 12 years ago. Each year, London Guaranty & Accident comes to Wallingford and reviews the figures and statistics with Walter Lee. We are the agent of record but it is more of a direct negotiation between this company and the Electric Division.

Stop & Shop is listed in the D & B with a 5A rating which would only give them a \$5,000 limit of coverage and they are listed in here for \$50,000, as an example. If it exceeds the D & B rating, it is specifically named with the specific limit of liability.

Mr. Gessert: What does this particular coverage cost us?

Mr. Uria Fishbein: \$12,473, from November 21, 1983 to November 21, 1984.

Mr. Gessert: Several years ago, Yale Steel defaulted on their electric bill and to my knowledge, that bill has yet to be paid. Didn't the insurance cover this particular situation?

Mr. Uria Fishbein: It was a question of "who was the company" as I recall. I understand from the company that if the proper proof was presented to them, they would have to pay the claim. The proper proof has never been presented.

Mr. Gessert: To the best of my knowledge, the Yale Steel has never paid the bill they owed the Electric Division.

Attorney McManus: Whatever was supposed to be for a bond never was there and there is no bond. There is a case which will be tried and should be tried fairly quickly.

Mrs. Bergamini: Is there a deductible on this policy?

Mr. Uria Fishbein: There is a cumulative deductible on this policy and before this policy would come into play and how they arrive at this figure which has to do with 90% coinsurance. First the Town must accumulate \$19,950 of loss, I'll call that deductible based on the amount of coverage and the amount of sales. This is a catastrophe type policy.

Mr. Parisi: Where are all the policies kept?

Mr. Horvath: Mr. Thomas Myers gets the originals with the bills, Charlotte Collins gets a copy, the Town Attorney's Office gets a copy and the department heads if they are involved.

Mr. Polanski: Before November of last year, the bonds did not go through the Insurance Agents; are they going through now?

Mr. Uria Fishbein: The bond with Yale Steel had nothing to do with us; that was between Yale Steel and the Electric Division.

Mr. Krupp: You indicate that we have had this coverage for 8 to 12 years or so; what has been our experience factor during that time?

Mr. Uria Fishbein: There have not been any claims, with the exception of one this year and there is a controversy over it.

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Mr. Krupp: We are looking at an expenditure over that time period of \$100,000+ without ever having collected on that particular provision. I wonder if it is appropriate to approach it from the standpoint, based on our experience factor, should we be expending the funds for this type of thing or would we be better off to put it into a self-insurance type of situation?

Mr. Uria Fishbein: That is something you can present to your Electric Division.

Mr. Gessert: We should ask you people to come back and take a look at that as a possible alternative. Instead of insuring the whole amount for \$12,473, should we self-insure up to a certain point and then carry a policy beyond that point or should we self-insure the whole thing? We can ask you to take a look at it based on the expectancy of a claim, anticipated amount, experience ratio and what the premium is costing us, etc. You could come back to us and let us know.

Mr. Miller: This is directly negotiated between the Electric Division and the Company. The Electric Division takes into account how much their budget could absorb and that is how the various figures are arrived at.

Mr. Krupp: What I am looking at is during that time we were paying those premiums, if we had been investing it ourselves in some type of self-insurance fund and accumulating it and accruing interest, we would more than have paid for the Yale Steel debauchment.

Mr. Uria Fishbein: You can approach every piece of insurance in the same light. The representative from London Guaranty & Accident stated that he could arrange a meeting if necessary with you or a committee of you, along with Walter Lee, to answer your questions.

We have a Constable Bond, required by Statute, in the amount of \$1,000 and it covers all the Electric constables, Oakdale constables, Choate constables, Dayton Hill Park, Civil Defense, Dog Warden, wood cutting constable and along with that, there is a bond for the Town Clerk, also required by Statute.

We have a separate bond that covers all employees (if they are on the payroll of the Town, they are considered under this blanket bond) and covers faithful performance and honesty. This includes the Mayor's Division, Sewer Division, Electric Division, Water Division, Education Division, Grant Employees, Manpower Employees and those are the direct Town employees. We have an endorsement for things such as Police Benevolent Fund for 2 members, Transit Authority for 7 members, Community Day Care Center for 15 members and each department is billed for their proportionate share of this bond by way of number of employees. According to this bond, the Town has 1,007, exclusive of Police Benevolent, Transit and Community Day Care.

We also have another bond on the Tax Collector, required by Statute. We have a bond on the Town Treasurer, required by Statute.

We have a holdup and safe burglary coverage for cash and checks, laid out in a variety of limits. All schools were recently added. This covers the way to and from a depository and covers monies left overnight in safe locations.

The constables pay their own little premium but the Town must authorize them and swear them in and by Statute, they must be bonded.

Mr. Horvath: I'll ask Terry Shortelle, our Treasurer, and also Chairman of Boiler & Machinery coverage to speak.

Mr. Terrence Shortelle: A normal insurance policy names the perils against which you are insured--fire, lightning, wind, hail, etc. One of the things which is excluded on a normal policy is mechanical breakdown, wear and tear maintenance type things, which is understandable.

A boiler and machinery policy is really the complete antithesis of a normal insurance contract in that it does insure for mechanical breakdown. The boiler and machinery policy as stated covers large pieces of machinery, boilers in the Town on a schedule for the various departments within the Town in the event a boiler were to explode, for instance, and cause bodily injury, property damage and the object itself would also be covered. Primarily, these items are insured through the Electric Division, heavy transformers and such.

It is presently written with Travelers. It did go out to bid 2 years ago, to Kemper and Hartford Steam Boiler and Travelers was the successful bidder and there is a good rapport between the people at the Electric Division and Travelers.

It's basically coverage for specialized heavy equipment in Town.

Mr. Parisi: Do you mean the boilers at Borough Electric because they are not running that much.

Mr. Terrence Shortelle: That is right. However, by law, they must be charged up every 2 years or so. The company is aware that they are not operating and I think the rate they are charging is indicative of the fact that they are not operating. The premium is \$30,000 per year and there are many different deductibles. There is coverage at many different locations.

Public Works, Board of Ed, Water & Sewer Department deductibles are \$1,000 on those items specified for those departments.

Electric Division is basically a \$5,000 deductible but on transformers 10,000 kva and over, \$10,000 deductible. These are agreed upon with Chuck Walters and the company.

Mr. Gessert: What do you define as machinery?

Mr. Terrence Shortelle: This is basically heavy, permanently placed equipment.

Mr. Parisi: Why does the Board of Ed come to us for boiler breakdowns?

Mr. Terrence Shortelle: A boiler which breaks down from something within the boiler, not an outside peril, is something that should be covered.

Mr. Henry Sheldon: If the boiler wears out, it is not covered. If it breaks, tears or explodes, that will be covered. That is the purpose of this coverage.

Mr. Miller: Sudden, accidental breakdown is covered, not long, gradual deterioration.

Mrs. Bergamini: A safety valve on a boiler was inadvertently closed instead of open and caused an explosion and damage in one of the schools. Is that something that would be covered?

Mr. Terrence Shortelle: Yes, it is. That is a claim that should be put in.

Mr. Miller: One of the biggest features of a boiler and machinery policy is the engineering service. They come out and inspect these boilers top and bottom and make sure they are in safe operating condition. You are paying a lot of money but are getting a lot of engineering service out of it.

Mrs. Bergamini: Is the Board of Education aware of this?

Mr. Parisi: May I make a recommendation that upon this inspection, a copy be forwarded to this Council and make sure the Board of Education knows about it. It may be a very simple communication problem where they have coverage they don't know they are entitled to.

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Mr. Cornaglia: With the prior Board, there was a lack of communication. For example, we had two liability policies in effect at one time for the Board of Education, one written through the Board and the Board of Education got separate coverage. It was due to lack of communication.

Mr. Polanski: If the school boilers were inspected, they would have known about the policy.

Mr. Terrence Shortelle: By law, the boilers must be inspected every 5 years and there must be a certificate on the boiler or they will be subject to a fine. We try to make people aware of what coverages there are and we also want to make sure we are covering every exposure which exists.

Mr. Gessert: Would you be kind enough to check and be sure that because the boilers are shut down, there is a corresponding reduction in premium? Please let us know.

Mr. Terrence Shortelle: I'll follow through, Dave, and get a letter to you but I can promise you that it is in effect now. There would be a larger exposure if these things were running all the time.

Mr. Killen: Terry, do I understand that The Wallingford Board of Independent Insurance Agents has had a meeting with the Board of Education, similar to this one?

Mr. Horvath: Just about two weeks ago, we had people from Travelers here discussing this policy and there was a representative from each department here.

Charlotte Collins noted that there was no representation from the Board of Ed.

Mr. Killen stated that the entire Board of Education should be invited to such a meeting.

Mr. Diana: As Marie mentioned, if we did in fact transfer money to pay for a boiler, the Board of Ed should be made aware of this policy.

Mr. Horvath: I'll turn it over to Jim Shortelle.

Mr. James Shortelle: The equipment floater policy most of you know as Marine Policy and it insures mobile equipment, or equipment that floats from one place to another, other than vehicles registered for highway use. It can be anything from portable radios to large lawnmowers, tractors, payloaders, backhoes, sweeps, etc. It can also cover highly valued items that do not necessarily move from place to place. They could be computers, large Xerox machines, etc. where they want them insured over any blanket amount. They are scheduled items and opposite the item is replacement cost value, specifically stated and valued.

It is an all-risk policy, the broadest policy you can get. It insures all risks with some very vague minor exclusions, acts of war, fair wear and tear; it covers just about the entire gamut.

Mr. Gessert: Every year, the compactor needs \$8,000 to \$10,000 worth of maintenance at the landfill. That is normal wear and tear and is not covered. (Mr. Shortelle agreed.)

Mrs. Bergamini: What if you had a plow which hit a manhole cover and the manhole cover came up and hit the mechanism.

Mr. James Shortelle: That is a motor vehicle licensed to go on a highway and is not covered. A backhoe is not registered to go on a highway.

Mr. Killen: How do you arrive at the amounts for the equipment floater policy?

Mr. James Shortelle: Each department head gives us the amount of the equipment he has, a statement of values, usually on an annual basis and all additions and deletions are a constant flow.

Mr. Uria Fishbein: Some time ago, everybody was instructed to give us a copy of the billing which came in with each piece of equipment. To our knowledge, I think they have been doing a good job.

Mrs. Bergamini: Portable radios are used constantly; for what are we covered in that area?

Mr. James Shortelle: You are covered for an all-risk peril. If they were stolen, they would be covered for theft, subject to the deductible. Mysterious disappearance is covered on an all-risk basis.

Mr. James Gaffey: I am not aware of any claims. If they are losing them and coming to you to have them replaced, maybe these people should be put in claims.

Mr. Gessert: Just what kind of coverage do we have? Say, for example, we took a trip to Pittsfield, Massachusetts to see a resource recovery plant. Several people took their own vehicles. If we wrinkled a fender on the trip, under whose policy is it covered?

Mr. Miller: The vehicle's insurance is always primary, your own personal policy. If your limit of liability proved it was not sufficient, the Town's policy would pick up--the auto policy first over and above your limit of liability, the umbrella over and above that. The Town is protected for non-owned vehicles and this could be the school teacher who is driving children down the street, whatever. But their own policy must be primary.

Mr. Gessert: We are probably one of the largest property owners in the Town of Wallingford. I'm sure we have liability coverage for swan dives on our grass, slides into first base and dives through ceilings. I haven't heard on this subject yet. (Mr. Horvath states that will be covered when all questions are answered.)

Mr. Killen: Mr. Mayor, would you send a letter to all department heads and have them do the leg work, so to speak, before they come before us looking for money. They could let us know if the item is insured and if the money will be coming back into the General Fund.

Mr. Miller: All it takes is a call to Jim Gaffey and they all know that--he is the one who handles the claims.

Mr. James Gaffey: As part of the meetings we have had with department heads over the last two years, one of the things we have done is instructed them regarding our claims procedure and how to present a claim for losses to their own equipment or an auto accident one of their people might have and also, if a third party is involved, a claimant, if you will, what to tell the potential claimant and what not to tell the potential claimant--how not to prejudice the case against the Town by saying certain things. All department heads are pretty well informed at this point regarding claims. If a claim involves a claimant, they are to write a letter to the Town Clerk to put in a formal complaint against the Town. I can report this has been going very smoothly.

For 1983, we had 92 claims filed against the policies held by the Town of Wallingford. Losses were paid out of \$66,037 and of that, roughly \$15,000 of it was previously uncovered, claims that would not have been covered with policies that the Town previously had. When we went to the all-risk policy, we had roughly \$15,000 in claims in 1983 that were basically uncovered in the previous policies. I'm speaking of vandalism to the schools, for example.

Unfortunately, the fire policy which we were able to save so much money on and under which we increased the coverage so dramatically, has had some very unfortunate loss experience. The premium is roughly \$39,000 and in 1983, we have paid out \$46,500 in losses, 160% loss ratio. This is fire insurance on all the Town buildings. There was a \$21,000 fire loss at Lyman Hall High School in the boys lavatory, some computer consoles stolen at Lyman Hall, about a \$6,000 claim, video equipment stolen from Sheehan High School, about an \$8,000 claim. We got an incredibly low premium on this policy with great coverages and we just hope that things will improve with the alarm system.

Mr. Krupp: You mention 1983 losses of \$66,000; what was the total premium paid for the Town?

Mr. Terrence Shortelle stated that he did not have that figure.

Mr. James Gaffey: There are still a few claims unsettled and there are reserves on those. As 1984 progresses, some of those will be resolved and the claim has been resolved over the boy who fell through the skylight at Robert Earley School and is in the process of being settled for roughly \$350,000.

Mr. Polanski: Do sidewalk cases come under these policies?

Mr. James Gaffey: Yes, now they do.

Mr. Mark Miller: Those represent paid claims; there are many other claims still outstanding, particularly liability type. Sidewalk falldown may take several years and the company has money set aside to pay those claims.

Mr. Rys: Once the school system has the alarm system in operating order, will the insurance companies take this into consideration and result in a lower rate?

Mr. James Gaffey: I think that is very unlikely because this policy was written so far below everyone else in the bidding for the coverage they gave us and then to be hit with the losses they got hit with, I can't really say. We will certainly ask them to apply any applicable credit because of the alarm systems. Because losses have far exceeded policy premium, I can't see them offering that many credits for an alarm system.

The insurance company has been kept apprised of the installation of the alarm system.

Mr. Uria Fishbein: We urged the insurance company to live through the installation of the alarm system which has been a long, dragged out installation.

Mr. Gessert: Do you insure against blown engines in fire trucks?

Mr. Uria Fishbein: You would have to refer that to a guarantee such as Chrysler gives, 5 years, so many miles, etc. and the manufacturer will add it to the price.

Mr. Gessert: Did the insurance company fight the claim of the boy who fell through the skylight at Robert Earley School?

Mr. James Gaffey: I think the fact that it has been pending since 1979 indicates a pretty thorough investigation by the insurance company.

Mr. Gessert: If one of our volunteer fire personnel loses his life during a fire, do we have any type of protection for them?

Mr. Mark Miller: At the present time, I believe the coverage is \$10,000 for loss of life, not much coverage. I think there is \$50 or \$60 per week for loss of wages should they be disabled. We have put in the budget this year an increased premium which would allow that to go up to \$30,000 for loss of life, \$100 per week disability. You can buy more but every time you go up, the premium goes up.

Mr. Gessert: I would like to get an estimate from you people of what the premiums would be. I think for people volunteering, unfortunate enough to be caught in that type of situation. . .

Mr. Mark Miller: There is some worker's comp coverage for these people, in addition to this. The State Statutes did extend worker's comp to cover volunteer firemen several years ago. There are dependent benefits in the case of loss of life and scheduled benefits for loss of an arm, etc.

There is on file a quote which we just received which shows \$30,000, \$60,000 and \$100,000 and I will be glad to give you a copy so you can see the premiums.

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Mr. Gessert: There must be a way to come up with some type of insurance protection for various medical coverages. The Board of Ed noted that they have increased their budget because their insurance costs went up. Is there any opportunity through you people to take a look at what we are paying for medical insurance and compare it to somebody else who can provide equal coverage to Blue Cross/CMS and that type of carrier at a competitive price?

Mr. Uria Fishbein: The union contract will have something to say about the type of coverage but they are not concerned with the premium.

Mr. Gessert: The Board of Education contract may say Blue Cross coverage but if you went to that union with equal protection at a significant savings to the Town, or even more protection with a different carrier, that may be flexible in the contract.

Mr. Uria Fishbein: If we got the specifications, there is no reason why it couldn't be put out to bid with various companies.

Mr. Horvath: The school board put out the specs last July and we all had an opportunity to bid on it.

Mr. Mark Miller: Quite frankly, the experience in the education division had been so horrendous that nobody wanted to bid on it. They had a really bad year and they are experience rated.

Mr. Gessert: There is sickness when you are sick and there is also the taking of 120 days sick leave upon retirement which isn't being sick. Is that included in an insurance policy?

Mr. Mark Miller: That is not a medical expense; that is a benefit that the Town is giving its employees.

Mr. Gessert: If you would need our request to investigate alternative medical coverage, I would like the Council to put that on a forthcoming agenda.

Mr. Horvath: If you would give us a letter to that effect, we would be happy to do it.

Mr. Uria Fishbein: From what I have read in the press, is the Board of Education the crux of the matter here--that they get their money and spend it as they want?

Mr. Gessert: I've seen increases of 40% to 50% in a line item budget when everything else is going up 5% or 10%.

Mr. Uria Fishbein: Should the letter come from you to look into the Board of Education's medical insurance or should the letter come from the Board of Education?

Mrs. Bergamini: The Board of Education is facing better than double premiums now because the policy was first offered at such a low cost. The money does come from this table but they do have to pay their premiums because of a union contract and their premiums have increased tremendously. Isn't there some type of policy where you can pay 110% of your claims and then you have a balloon policy which picks up after you pay the equivalent of 110% of your previous claims?

Mr. Cornaglia: That is self-insurance. You work this through an organization who has an extra 5% to 10% for paying all their claims and when the claims get to the catastrophe level, you go beyond this organization and directly to the insurance company. Modest claims are paid on this 105% to 110% basis, directly by an organization and there are about 3 in the State.

This can be investigated if we have the authorization.

Mr. Mark Miller: The Board of Education came to the Council to be excluded from the provision that we are the non-exclusive agents for the Town of Wallingford.

Mr. Diana: I'm concerned about coverage for commissioners and volunteers working for the Town who are not on the payroll.

Mr. Mark Miller: Commissioners are covered; volunteers are covered on a more limited basis. Members of boards and commissions are covered as long as they are acting on behalf of the Town.

Mr. Gessert: I just want to clarify for the fiscal year ending 6/30/82, Blue Cross was \$215,000. Budgeted for 1983/84 \$395,000. I think it's time to take a look at what else is available. 177

Mr. Horvath: I would like to see the Council appoint an insurance committee to work with us. I'd like to answer Jim and Ray's question about bidding. We have been working on specs for insurance coming up and Mark will explain it as briefly as he possibly can.

Mr. Mark Miller: The company is picked on the basis of the bid, every 3 years. The general feeling is if you do it more often than 3 years, the companies won't bid. You must give them at least a 3 year commitment because if you have 1 bad year, it gives them a couple of years to recover.

Every 3 years, we approach every company represented by an agent on this Board, approximately 25 companies, including all major companies and ask them to bid. It is out to bid right now because July 1 ends the period with this particular carrier. We expect bids at this point from 6 different companies. We prepare the specs and do look for competitive bids so we feel you are getting the best of what is available, every 3 years.

Mrs. Papale: I've worked with this Board for the past few years and I feel that these gentlemen have always tried to get the best insurance for us for the lowest price. All I can hope for is that you will continue to do what you have been doing.

Mr. Parisi thanked The Wallingford Board of Independent Insurance Agents.

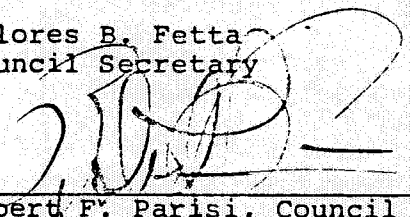
Mr. Diana moved approval of the Town Council Minutes of March 13, 1984, seconded by Mr. Gessert.

Vote: All Council members voted aye and the motion was passed.


A motion to adjourn was duly made, seconded and carried and the meeting adjourned at 8:20 p.m.

Delores B. Fetta
Council Secretary

Approved


Robert F. Parisi, Council Chairman

3-27-84
Date


Rosemary A. Rascati, Town Clerk

3-27-84
Date