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SPECIAL TOWN COUNCIL MEETING

MAY 6, 1986

7:00 p.m.

Town Clerk's Office (10)

A special Town Council Meeting was held on this date for the express purpose of discussing the findings of the insurance consultant who was hired to review the insurance program of the Town of Wallingford.

Chairman Gessert called the meeting to order at 7:17 p.m. Answering present to the roll called by Town Clerk Rosemary Rascati were Council Members Bergamini, Diana, Gessert, Gouveia, Holmes, Killen, Papale, Polanski and Rys. Also present were Mayor William W. Dickinson, Jr., Comptroller Thomas A. Myers, Town Attorney Vincent T. McManus, Jr. and Deputy Comptroller Glenn Klocko.

Mayor Dickinson said there was a cover letter from him, a Phase I report from Tillinghast, Nelson & Warren, Inc. of Darien, CT and a schedule of the current policy coverage prepared by Tillinghast. The Phase I report is self-explanatory and the main attention of the report deals with the self-insured retentions, deductibles and Exhibit I shows the variety of retentions the town has and Tillinghast advocates standardizing them and getting the quotes at 25/50/100 thousand dollars. Tillinghast is in the process of preparing specifications, a listing of the coverages the town needs and asking for quotes from insurance companies which would be reviewed and prior to that, a questionnaire was sent out to all of the agents in town as well as agents and brokers outside of town. A check was done with the insurance department for a list of agencies who are familiar with municipal coverages. The questionnaires asked the agencies to identify their qualifications, markets they had access to, familiarity with municipal coverages, etc. Only five responses were received back:

Boccaccio & Susanin, Inc., Hartford, CT
Cornaglia Insurance Agency, Inc., Wallingford, CT
Ferguson & McGuire, Inc., Wallingford, CT
Goodwin, Loomis & Britton, Inc., Hartford, CT
John L. Horvath, Inc., Wallingford, CT

Mayor Dickinson further stated that because of the structure of the insurance industry where the companies do their marketing through agencies, in order for us to be able to obtain quotes from companies, agencies must go the company for which

they are appointed as an agent and ask for coverage. A company will not allow two agencies which represent it to go forward competing with one another and you have to designate agencies. This does not help in the bidding process and the purpose of tonight's meeting is not to review specifications but to identify agencies to obtain coverages once specifications are complete and come back to us with a package. The "public bidding process" should be waived to allow the appointment of these agencies to go to their companies to get quotes and coverages needed and come back to the Council. 397

The Cornaglia Insurance Agency did not identify any market-place that they actually broker but the four others have identified markets that they have access to. The suggestion is that Ferguson & McGuire would be identified as agent and assigned The Hartford Insurance Group, Goodwin, Loomis & Britton, Inc. would be assigned markets based on the other markets that they requested in the questionnaire, John L. Horvath would be asked to secure a renewal quote for the Fire Department, currently the agent on that portion of the coverage. Ferguson & McGuire, Inc. and Goodwin, Loomis & Britton, Inc. would be asked to obtain separate premium quotes on the fire department policy to allow a comparison to be made. Markets would be assigned for excess liability, public officials liability and police professional liability, based upon the markets identified by the agencies. Proposals would be received from Ferguson & McGuire, Inc., Goodwin, Loomis & Britton, Inc. and John L. Horvath, Inc. covering a variety of coverages and enabling, hopefully, a comparison of quotes, enabling Tillinghast to come in during Phase II to explain the differences in proposals and make recommendations.

Mr. Gessert asked if Tillinghast would make any suggestions regarding self-insurance risks based on the quote and the Mayor asked the Council to look at Exhibit I on the Phase I report which details the retentions which runs the gamut and Tillinghast feels it should be standardized. Mr. Collins feels the Council should think about the fact that all claims are insured from the first dollar on Workmen's Compensation. Today, Mrs. Collins received a package from Mutual Municipal Insurance, a Cayman Islands operation and for a municipality the size of Wallingford, self retention would be \$100,000. Mayor Dickinson mentioned that the town is looking for a quote from CIRMA, Connecticut Interlocal Risk Management Agency, if they are in a position to quote this year and they do not operate through an agency at all.

Mr. Polanski asked why the only comparison available would be on the fire department policy with Goodwin, Loomis & Britton assigned. Mayor Dickinson pointed out that is not coverages they are talking about, but markets and currently the policy is with The Hartford which Ferguson & McGuire represents and they will be going back to the Hartford for a quote and wherever else Goodwin, Loomis & Britton can get coverage will be used for comparative purposes. Mrs. Collins pointed out that the fire department coverage is very, very specialized where there is replacement values on the fire engines, etc. which are coverages which could be provided under the regular policy but we want to determine if the coverage will be higher than the coverage currently obtained from The Hartford. Mr. Gessert felt the company from Pennsylvania offers a bargain and Mrs. Collins pointed out that it's also an affiliate of INACIGNA which cancelled the town.

Mr. Diana is glad something is being done about insurance but he felt this meeting is a total waste of time without Tillinghast, Nelson & Warren, Inc. present to answer questions about self-insurance, duplication of policies, how money can be saved on premiums, willful consortiums and the paperwork given to read has confused the issue more, but this is not the fault of the Mayor or Mrs. Collins. Mrs. Collins pointed out that Tillinghast will be here for Phase II. Mr. Diana asked about the five agencies who responded the questionnaire and the Mayor explained again the structure of the insurance industry.

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Mr. Diana suggested self-insuring as other towns do with similar risks and the Mayor pointed out that this is CIRMA, operated through the Connecticut Conference of Municipalities but it is doubtful that they will have any quote this year because of difficulties in setting up their general liability insurance program. Mr. Diana asked about total self-insurance with other towns such as North Haven or Cheshire with whom you can enter into talks with. Mr. Diana felt that the agencies will provide reasonable packages but his gripe is that this is the only choice being offered and some other choice might be considered. Mayor Dickinson said entering into an insurance package with another municipality is an enormous complexity and he has a certain passive familiarity with the subject of insurance over the years and a complete self-insurance program for the Town of Wallingford is a complex arrangement that took the Conference of Municipalities several years to set up for just workers' compensation. Not only are you talking about reserving enough money to meet insurance department requirements, but you are also talking about complete claims handling capability and currently the Town of Wallingford has no claims capability which is one reason an outside company is used--they handle the claims. Costs must be factored in and then going to other municipalities with the variety of risks they represent and factoring what percentage of the pool they bring in versus us and then having a claims office that handles the multitude is very complex and would not be possible by July 1. Mr. Diana does not disagree with the Mayor and to totally self insure from A to Z would be insane but he felt a certain liability or certain limit could be self-insured. Mr. Diana would like to discuss these things with the consultant and Mayor Dickinson said he would have the opportunity when Phase II specifications are presented.

Mr. Holmes felt that the deductible is out of whack in certain areas and the deductibles are a determination which must be made by the Council according to the risk and he felt that the consulting firm was asked to get specifications back into line to allow a competitive bidding situation should the market open up again.

Mayor Dickinson pointed out that time is a factor here and he would like to get everything in order before June 30 and suggested waiving the bidding process.

Mr. Holmes moved to waive the bidding procedure for the purpose of soliciting proposals from the following companies for insurance bids: Goodwin, Loomis & Britton, Inc., Ferguson & McGuire, Inc., John L. Horvath, Inc. and Connecticut Interlocal Risk Management Agency. Mrs. Bergamini seconded the motion.

VOTE: Unanimous ayes with the exception of Messrs. Diana and Killen who voted no; motion duly carried.

A motion to adjourn was duly made, seconded and carried and the special meeting adjourned at 7:45 p.m.

Meeting recorded by:
Lisa M. Bousquet, Council Secretary

Meeting transcribed by:
Delores B. Fetta

Approved David A. Gessert
David A. Gessert, Council Chairman

May 13, 1986
Date

Rosemary A. Pascati
Rosemary A. Pascati, Town Clerk

May 13, 1986
Date