

CITY OF HENDERSON – RECORD BOOK

Record of Minutes of A Work Session Meeting on June 09, 2020

A Work Session of the Board of Commissioners of the City of Henderson, Kentucky, was held on Tuesday, June 09, 2020, at 2:00 p.m., prevailing time, with no primary location designated for this video teleconference meeting as the result of the state of emergency declared by the President of the United States and the Governor of Kentucky due to the global COVID-19 pandemic, and in accordance with recommended and mandated precautions related to COVID-19 per the Kentucky Attorney General Opinion 20-05, public attendance was not permitted at this meeting due to the highly contagious nature of COVID-19. It is not feasible for the City to maintain order and abide by recommended and mandated precautions while providing a central physical location for public viewing. The meeting was conducted in accordance with KRS 61.826.

There were present Mayor Steve Austin presiding.

PRESENT:

Commissioner Patti Bugg (via Zoom video panelist)
 Commissioner X R. Royster, III (via Zoom video panelist)
 Commissioner Bradley S. Staton (via Zoom video panelist)
 Commissioner Austin P. Vowels (via Zoom video panelist)

CITY STAFF MEMBERS included William L. “Buzzy” Newman, Jr., City Manager; Dawn Kelsey, City Attorney; Maree Collins, City Clerk; Donna Stinnett, Community Relations Manager/Public Information Officer; Robert Gunter, Finance Director; and David Wright, IT Network Administrator II

ALSO PRESENT: Mr. Bill Latta, Field & Main Insurance, Director of Insurance; Jan White, Field & Main Insurance Agent; Whitney Floyd, Field & Main Insurance President; Tom Williams, Henderson Water Utility General Manager; and Kevin Patton, *The Gleaner* (via Zoom)

THE FOLLOWING AGENDA ITEM WAS DISCUSSED:

1. Review and Discussion of City General Liability, Automobile and Property Insurance
 - ✓ Mr. Bill Latta, Field & Main Insurance Director of Insurance, thanked staff for all the work on these applications.
 - ✓ Mr. Latta reviewed the Tab Sheet comparing the coverages and costs associated with the various type of insurance from each vendor submitting proposals. Travelers (current coverage), Kentucky League of Cities Insurance Services, One Beacon and KEMI all submitted proposals. The proposal from KEMI was for Workers’ Compensation only. The proposal from Travelers, which does not include Workers’ Compensation coverage, came to \$882,616.00. The proposal from Kentucky League of Cities Insurance Services without Workers’ Compensation coverage came to \$573,892.00 and the One Beacon proposal which does not include Cyber or Workers’ Compensation coverage was \$910,320.00.
 - ✓ Mr. Latta reviewed a comparison of the proposals from Travelers and KLCIS.
 - A consultant hired by the City several years ago to help with reviewing insurance proposals recommended coverage be provided by a company with at least an AM Best rating of A and the policy should not be assessable.
 - KLCIS is a pool with assessments and therefore does not have an AM Best rating.
 - Travelers is the largest writer of municipalities in the country and has over 300 loss control representative to assist in claims adjustment and loss control inspections and recommendations.
 - The KLCIS specifically writes in Kentucky and has one outside loss control representative for our portion of the state. It insures 380 cities and municipal agencies in Kentucky.
 - Travelers provides \$2M liability limit with \$10M excess, the excess liability policy extends over the Cyber coverage – KLCIS provides \$12M liability limit, they do not write an excess policy.

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- Travelers provides coverage for sewer backup at \$1M per occurrence – KLCIS provides sewer backup coverage at \$100K per occurrence.
- Travelers offers water/gas utility Failure to Supply at \$100K with options for higher limits – KLCIS offers Failure to Supply “under certain conditions” otherwise it is excluded from the policy.
- Travelers provides Abuse/Molestation at a separate limit from the GL (so that it does not erode the GL limit) – KLCIS states the policy is silent, thus it is not excluded.
- Travelers Cyber liability is written on a claims made basis with a retro date of 07/01/2008. It also provides various 1st party coverages such as Computer Fraud; Fund Transfer; Extortion; Computer Program and Electronic Data Restoration Expenses; Telecommunications Theft and Social Engineering Fraud – KLCIS Cyber liability is written on a claims made-reported basis (claim must be made and reported in the policy term). This is not as broad as Travelers. Also not listed was any 1st party coverage.
- Travelers provides Public Entity Management Liability and Employment Practices Liability coverage with separate limits. The policy provides coverage for Key Employees and Injunctive Relief (both with sub-limits and retention) and the EPLI provides for third party sexual harassment – KLCIS proposal the Public Entity Management Liability and Employment Practices Liability share the limit.
- Travelers auto policy is written on a composite rated basis allowing for addition and deletion of vehicles throughout the policy term without reporting and billing for each endorsement, tried up at the end of the term in one audit – KLCIS does not composite rate the vehicles. A separate endorsement and billing for each policy change throughout the policy term will be sent. Each addition/deletion will need to be reported.
- Travelers provides the DXT362 endorsement which covers underground pipes at treatment facilities, docks, splash pad, skate park, fences, etc. that are normally excluded under property coverage by other companies. Travelers provides the DXT447 endorsement that covers streetlights, signs, traffic lights, traffic signs and stadium lights that are not specifically described at a location but throughout the jurisdiction of the city. – KLCIS excludes poles, towers, aerials, electrical metering devices, traffic control systems or street lighting unless attached to a building listed on the building schedule for which a premium is charged. Listed items would have to be scheduled separately and a premium charged if they are not attached to a building, to be covered.
- Taxes and fees charged on the Travelers proposal are \$12,398.00 – KLCIS does not charge taxes.
- Travelers offers various installment pay plans at no additional cost – KLCIS installment pay plan fees vary from 0.5% to 0.75%.

DISCUSSION WAS HELD relating to the differences in coverages and premiums between the two proposals; the assets of each provider; it was reported after the comparison was completed that KLCIS will cover cyber retroactively to 2008; question was raised if there have been any previous assessments by KLCIS; if there were KLCIS dividends for good years or would the next year’s premium reflect the gain-premiums are based on exposure; that other insurance pools in Kentucky have gone bankrupt due to underfunding and all former members were assessed for the settlement; the cost and necessity of additional coverage if going with KLCIS; cancellation clause – is in the Trust Agreement with 60 days written notice to the Board and will pay all assessments which could be several years before they are actually due and payable; and comparing the \$300,000.00 savings with any additional risk for the pool; if going with KLCIS, some of the savings should be set-aside to help cover any future additional assessments.

NO FORMAL ACTION WAS TAKEN BY THE BOARD OF COMMISSIONERS.

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MEETING ADJOURN:

MOTION by Commissioner Staton, seconded by Commissioner Royster to adjourn.

The vote was called. On roll call, the vote stood:

- Commissioner Vowels --- Aye:
- Commissioner Bugg ---- Aye:
- Commissioner Royster -- Aye:
- Commissioner Staton ---- Aye:
- Mayor Austin ----- Aye:

WHEREUPON Mayor Austin declared the work session adjourned at approximately 3:00 p.m.

ATTEST:

Maree Collins, CKMC
City Clerk

Steve Austin, Mayor
August 25, 2020