

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' RISK MANAGEMENT MEETING
LAS VEGAS, NEVADA
JUNE 9, 2011
(approved July 14, 2011)

The Board of Trustees' Risk Management Committee of the Las Vegas-Clark County Library District met in regular session in the Enterprise Library, Las Vegas, Nevada, at 4:30 p.m., Thursday, June 9, 2011.

Present: Committee: V. Davis-Hoggard, Chair
C. Reese
K. Benavidez

Board: K. Crear
R. Kirsh

Counsel: G. Welt

Absent: M. Saunders

Staff: Jeanne Goodrich, Executive Director
Steve Rice, General Services Director

Guests: Charles Dorsey, Wells Fargo Insurance Services USA, Inc.

V. Davis-Hoggard, Committee Chair, called the meeting to order at 4:39 p.m.

Roll Call (Item I.) All members listed above represent a quorum. Due to technical difficulties, Trustee Saunders, who attempted to attend the meeting via telephone, could not hear the other attendees and was not able to participate in the meeting.

Agenda (Item II.) Trustee Benavidez moved to approve the Agenda as proposed. There was no opposition and the motion carried.

Discussion and possible Committee action regarding a report from the District's broker regarding proposals for contract award for property and casualty insurance and public officials and employment practices liability insurance for the policy year commencing on July 15, 2011. (Item. III.)

General Services Director Steve Rice introduced Charles Dorsey, Managing Director of Wells Fargo Insurance Services USA, Inc. Mr. Dorsey is the District's insurance broker of record and presented a report regarding proposals for contract award for property and casualty insurance and public officials and employment practices liability insurance (POEPL) for the policy year commencing on July 15, 2011.

Mr. Rice explained that Wells Fargo Insurance Services USA, Inc. (Wells), Broker of Record, conducted a thorough review of the District's current policies and coverage limits and prepared a proposed insurance package and recommendation for contract award.

Mr. Dorsey began his report by noting that the premium cost for the proposed contract for the 2011-2012 policy year will be the third year under a three year guarantee from insurer Philadelphia Indemnity Insurance Company. Mr. Dorsey congratulated the District on keeping its loss rate below the established threshold to maintain the guarantee. The addition of the Windmill Library and Service Center building and several other minor items has increased the District's exposure level, but, overall the premium rate is the same. Dorsey reminded Trustees that Exposure X Rate = Premium Cost.

Due to the opening of the Windmill Library and Service Center, the District has added a little over \$50 million in coverage to its property liability. Committee members will see, going through the proposal, that the premium costs in several areas of the District's coverage have been affected by the addition of the Windmill building and subsequent staff addition. In addition to the addition to the property covered by the policy, liability and the POEPL coverage will be affected by this addition.

For the 2010-2011 policy year, Mr. Dorsey explained that the premium cost approved by the Board came to \$235,316. Mainly due to the addition of the Windmill building to the District's coverage upon its completion, the annualized premium cost for the 2010-2011 policy year came to \$269,991. Dorsey noted that he annualized costs due to any changes made to the coverage through the year to have a fair comparison. He added that premiums for several of the coverage lines came down, due to increased exposure lowering the premium rate.

For the 2011-2012 policy year, the proposed premium cost is \$268,411. Mr. Dorsey also noted that the District will receive a small reduction in that cost. Normally, the insurer would pay 12.5% of the total premium cost to Wells as its commission. Wells agreed in 2010 to accept a flat fee of \$29,000. Therefore the difference between the commission paid to Wells by the insurer and the flat fee has been refunded to the District. This has resulted in approximately \$3,500 savings to the District during the last policy year and close to \$5,000 in the next policy year.

Mr. Dorsey and Mr. Rice then reviewed the current insurance coverage.

Commercial General Liability - \$1 million in primary coverage, \$2 million general aggregate coverage for a premium cost of \$12,738 for the 2011-2012 policy year. The increase from \$10,677 for the last policy year was due to the increase in coverage due to the addition of the Windmill facility. This figure is based upon square footage.

Property - \$308,667,510 coverage for the District with a \$163,723 premium for the 2011-2012 policy year. It is a relatively small increase in the premium, and is due to the addition of the Windmill facility. Mr. Dorsey commented that the District was getting a very good deal. The insurer reviewed the District's efforts to limit property damage such as spending money on sprinkler, fire alarms and regular maintenance as well as management practices overall.

Automobile Liability - The District added 1 vehicle to its coverage for a total of 31 vehicles plus 1 trailer. The addition of 1 box truck raised the premium slightly to \$50,525 for the 2011-2012 policy year.

Umbrella - This area provides \$20 million of coverage over all liability lines. There is no change in the premium cost for the 2011-2012 policy year and it will remain at \$17,270.

Public Directors and Officers, Employment Practices, Cyber and Internet Liability (POEPL) - \$1 million liability limit with a \$2 million aggregate limit. This is a special form of coverage offered by Philadelphia. The premium increased slightly, from \$23,497 to

\$24,155 for the 2011-2012 policy year and is due to increased exposure with the opening of the Windmill facility.

Mr. Dorsey said that the complete written proposal from the insurer, which included details of the schedule of coverage and pricing for each District location and vehicle, was included in the material provided to Trustees.

Mr. Dorsey then discussed the District's loss summary reports that were also provided and date back to the 2006-2007 policy year. The reports break down losses by category (general liability, property and automotive). This loss summary was also included in the information provided to Trustees and provides details on each claim filed and the amount paid (if any). He noted that no claims have been filed under the property coverage in the last year and no claims have been filed under the automobile coverage in the last two years, which, he commented, was very good for the area the District operates in. Dorsey also commented that overall the District's claim history was very low, as staff has done an excellent job on controlling losses. The District has no trends, or frequency and severity problems with claims. These lead to higher premiums.

Mr. Dorsey then handed out to each Committee member a marketing report his staff compiled. The report lists the different insurers Dorsey and his staff contact each year and their response. Regardless of the three year agreement with Philadelphia, Dorsey and his staff continue to approach insurers each year and determine interest in bidding for the District's business. Several of the insurers that Dorsey approached asked: If the District was satisfied with current insurer (yes) and if the District is expecting a premium increase (no). Based upon these responses, a number of insurers that Dorsey approached, several of whom have previously insured the District, declined to bid. Several mentioned they could not match the current coverage levels.

Trustee Reese, noting that the coverage includes flood insurance, asked which District locations were located in flood zones. Mr. Rice explained that the Moapa Valley Library was located in a 100-year flood zone.

Chair Davis-Hoggard asked whether terrorist coverage was included and Mr. Dorsey confirmed that was included in the POEPL line.

Chair Davis-Hoggard thanked Mr. Dorsey for all of his education and explanations through the years about the District's insurance coverage as she feels she finally understands the subject.

Mr. Dorsey thanked the Committee for their review in June, moving up the process from early July several years ago. This allows time to get everything in place for the start of the policy year on July 15. He added that Philadelphia is now insuring libraries nationally due to their work with the District – it was the first library they had insured. They now are aggressively pursuing this business.

Trustee Benavidez moved to recommend to the Board of Trustees that a contract for property and casualty insurance be awarded to Philadelphia Indemnity Insurance Company at an annual premium of

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\$244,256.00 for the policy year commencing on July 15, 2011 and that a contract for public officials and employment practices liability insurance be awarded to Philadelphia Indemnity Insurance Company at an annual premium of \$24,155.00 for the policy year commencing on July 15, 2011.

There was no opposition and the motion carried.

**Public Comment
(Item IV.)**

None.

**Adjournment
(Item V.)**

Chair Davis-Hoggard adjourned the meeting at 5:04 p.m.

Respectfully submitted,

Verlia Davis-Hoggard, Committee Chair