

SPECIAL COUNCIL MEETING

February 26, 2021

MINUTES

The Special Council Meeting of the Village of Moreland Hills was called to order by Council President Richman at 8:30am, via Zoom.

PRESENT AT ROLL CALL: Mr. Emerman, Mrs. Kozminski-VanderHart, Mr. Richman, Mr. Spencer, Mr. Stanard, Ms. Sturgis

Also Present: Prashant Shah, Treasurer; Sherri Arrietta, Clerk of Council; Janie Geis, Wichert Insurance

Mr. Richman made a motion seconded by Ms. Sturgis to suspend agenda items 2-8 and 10.

ROLL CALL:

AYES: Mr. Emerman, Mrs. Kozminski-VanderHart, Mr. Richman, Mr. Spencer, Mr. Stanard, Ms. Sturgis

NAYS: None

MOTION CARRIED

ORDINANCES AND RESOLUTIONS

Ordinance 2021-06 Introduced by Mr. Richman

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH WICHERT INSURANCE SERVICES, INC. FOR THE PROVISION OF GENERAL, LAW ENFORCEMENT, PUBLIC OFFICIAL, AUTOMOBILE, PROPERTY, EMPLOYMENT PRACTICES, AND CYBER LIABILITY INSURANCE TO THE VILLAGE OF MORELAND HILLS, SUBJECT TO ADDITIONS AND DELETIONS DURING THE TERM OF THE AGREEMENT AS APPROVED BY THE MAYOR, WAIVING COMPETITIVE BIDDING AND DECLARING AN EMERGENCY.

Mr. Richman stated he is going to turn it over to Mr. Shah to explain this ordinance. Mr. Shah explained that we need to renew this agreement by March 1. There was some difficulty getting the quotes in, but it gave them the opportunity to get quotes from other companies as well. Janie Geis, with Wichert Insurance, got two additional quotes on top of the one we received from Travelers Insurance, who is our current company. She was able to get one from Selective

and one from Trident. The Village had Selective several years ago, but have never dealt with Trident, although they have been around for a while. All prices were comparable, and overall there is a 10% increase, which stems from the fact that our property valuations have gone up, additional equipment was purchased over the last year, and loss ratio from some big claims we have had. These items all lead to a 54% loss ratio and will increase the premium but it is not a huge increase based on what insurance companies are going through throughout the US with all the claims that are being made. There is a lot of cost shifting going around, but since this is a business, they will recover their premiums somehow.

Mr. Shah explained how it is beneficial to stay with a single insurance company over the long term instead of jumping around because it develops a relationship. Underwriters tend to look at it favorably when renewals come up, and if certain claims come in that are within a grey area of the policy, there is a potential that these insurance companies would side with the insured because of this relationship that has developed. His recommendation would be to stay with Travelers, which will be a 10% increase from last year, with the same coverage. They initially were going to remove the sewer back up coverage, however, Ms. Geis fought for them to add it back in, which they did and so it is included in the policy.

Ms. Geis stated that the Village was with Selective Insurance for many years but switched to Travelers two years ago for a savings of \$10,000. She stated that when she goes to the carrier and is negotiating the best rate, she has to explain that to Mr. Shah. Unfortunately, with the scenario they were in, they just could not get it turned around quick enough. Travelers' model is a little different and from her standpoint, they are a little more difficult to get answers from quickly, as they are a bigger company than Selective. Selective is more of a regional company and so their model is different. She stated that her point in telling Council this is that she and Mr. Shah will have to do a better job of getting the numbers to Travelers sooner moving forward.

Ms. Geis explained that while going back to Selective would be a savings of \$5,000, she agrees with Mr. Shah that it is beneficial to stay with one company for at least five years. It takes about that amount of time to create a relationship with the carrier. This type of insurance is different from health insurance; it is a completely different animal in that you are dealing with different coverages, different terms, different underwriters, and different claims handling.

Mr. Emerman asked if the 54% loss is in relation to the premiums we pay, to which Mr. Shah answered that it was. He asked if the Village were to switch back to Selective, would we not

have that same relationship we had with them in the past. Mr. Emerman stated that it sounds as though they are easier to work with and asked if there be a benefit to switching back to them.

Ms. Geis stated that she works for the Village and so her recommendation to stay with Travelers is in the best interest of the Village. She explained that she and Mr. Shah just need to adjust their timeline so that they can have this quote to the Village sooner next year. In addition, another piece of this is that the Village currently has an open claim pending with Travelers. Mr. Shah explained that the claim is large and there may be a lawsuit. He stated that even though the insurance company will do what it is supposed to do, when you leave them, and there is a grey area in the claim or the lawsuit, it could end up going against us. This will be our third renewal with Travelers and he feels that it would be in our best interest to stay with them, not only for the pending claim but also to develop a history so that this 54% loss ratio can go down over the next couple of years allowing us to be able to look at better premiums. It all depends on what the market is for insurance in the long term. Selective has seen that we did switch from them two years ago because of lower premiums. Therefore, while they may be easier to work with, they have seen that Moreland Hills will take the opportunity, when presented, if a lower premium comes up. They may not be able to look at it as kindly as if we were still with them for several years. Mr. Shah reiterated that he feels that the Village should stay with Travelers, at least for another year or two depending on how the markets go.

Mr. Richman stated that he spoke with Mr. Shah the other day and from a dollars and cents standpoint, it would be possible to pick different coverages and different companies, but then you have the potential issue of cross over claims and there is absolutely something to be said for continuing the relationship. He stated that Council is always looking for what is in the best interest of the Village and the residents, and he trusts the recommendation of those who make that decision.

Mr. Richman made a motion seconded by Mr. Stanard to suspend the rules of Ordinance 2021-06.

ROLL CALL:

AYES: Mr. Emerman, Mrs. Kozminski-VanderHart, Mr. Richman, Mr. Spencer, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

Mr. Richman asked if anyone had any further questions.

Mr. Shah wanted to explain that the cyber liability component will renew at the end of June 2021 and will be added to the policy at that time. Depending on the premium, they will probably stay with the same company as this was the first year we have had this component and we do not have any claims.

Mr. Richman stated that it is his understanding that a lot of companies go low in the beginning to get business and then in the end you are facing an increase bringing you back where you otherwise would have been. Mr. Emerman clarified that his comment earlier was not about shopping the lowest rate but about going with the company that was the easiest to work with. He appreciates the comments made about the large pending claim so it makes sense to stay with Travelers.

Mr. Spencer stated that he understands this market as he has this responsibility at his company so he can support Mr. Shah and Ms. Geis' point of view of the market because he is experiencing the same thing. The market is crazy right now and the pressure on rates is certainly there across the board. He stated that he supports their recommendation.

Ms. Geis stated that the Trident quote was held up to the very last minute because they had to get approval of the umbrella and 8 million was as high as they would go. She stated that she had just moved a larger account that had the 10 million umbrella to Trident a month ago, and they were fine with it at that time, with a company that had way more exposures than the Village had, so there really is no method to the madness right now.

Mr. Stanard stated that he had the same questions as Mr. Emerman, so he thanked him for asking. Overall, our biggest concern and effort should be to reduce our claims wherever we can and lower that loss ratio. He stated that he supports Mr. Shah.

Mayor Fritz thanked everyone and stated that he thought Mr. Emerman's questions were relevant. As far as the cyber liability coverage, he attended a Mayors and Managers meeting yesterday where they had a cyber-security firm give a presentation. The presenter showed graphic data based on the firewall at his company, and it showed that in a 24-hour period, there were over 21,000 attempts to breach the firewall, most were Russian and others from overseas. He stated that he reached out to CVD after the meeting, and they explained that there is a national standard (which was also brought up at the Mayors and Managers meeting) and CVD can provide a certificate showing that they meet all those standards nationally. Mayor Fritz stated that he thinks the Village is protected well through CVD.

Mr. Richman stated that he understands that Travelers does not over cyber liability coverage as he thought it would be easier to get all the coverage done at once. Ms. Geis stated that actually Travelers does offer it, and in fact are the leading carrier in the marketplace, however they are expensive. She stated that there would probably be a little increase in the rate when we renew the cyber liability, but not much to be concerned about.

Mr. Richman made a motion seconded by Ms. Sturgis for passage of Ordinance 2021-06.

ROLL CALL:

AYES: Mr. Emerman, Mrs. Kozminski-VanderHart, Mr. Richman, Mr. Spencer, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

Mr. Richman thanked Mr. Shah and Ms. Geis and Council for their comments.

ADJOURNMENT

Mr. Spencer made a motion seconded by Mr. Emerman to adjourn the meeting at 8:55am.

ROLL CALL:

AYES: Mr. Emerman, Mrs. Kozminski-VanderHart, Mr. Richman, Mr. Spencer, Mr. Stanard, Ms. Sturgis

NAYS: NONE

MOTION CARRIED

The meeting was adjourned at 8:55am.

Attest:

Sherri Arrietta, Clerk of Council

Steve Richman, Council President