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MEMORANDUM

TO: Hon. Andrew Joyce
Chairman, County Legislature

FROM: Eugenia Koutelis Condon
County Attorney

DATE: August 5, 2021

RE: Request for Legislative Action
Award of Liability and Casualty Insurance
Policy Period: 8/15/21 – 8/15/22

Enclosed is a completed Request for Legislative Action relative to the award of the County's liability and related insurance coverage for the policy period August 15, 2021 to August 15, 2022. I am requesting that this matter be placed on the agenda for the August Legislative meeting.

The County's broker of record, Arthur J. Gallagher Risk Management Services sought renewal quotes for the County's insurance coverage. They are recommending that we proceed with the insurance set forth below.

The specific insurance in question are the County's general liability, automobile, law enforcement, police professional, property, public official's and employee

liability, crime, boiler and machinery, excess, umbrella and medical malpractice insurance coverage. The recommended awards are as follows:

Excess Commercial/General/Automobile/Law Enforcement Package and Public Official's and Employment Practices Coverage:

Expiring Premium: \$395,640

Umbrella Expiring Premium: \$113,132

Carrier: Safety National

Premium: \$414,188+ DMV fee of \$3,670

Policy Limits: \$2 Million/\$4 Million GL

\$2 Million Auto

\$3 Million Excess

SIR: \$1 Million

SIR for POL: \$500,000

Carrier: Allied World

Premium: \$428,000

Policy Limits: \$10M excess of \$5M

Carrier: Arch

Premium: \$133,000

Policy Limits: \$5M excess of \$15M

Property:

Carrier: Traveler's

Premium: \$318,422 + \$1,070 Fire Fee

Expiring Premium: \$282,798 + \$953 fire fee

Deductible: \$250,000

(Insured Values of \$578,870,067)

Boiler and Machinery:

Carrier: Greenwich

Premium: \$32,365.00

Expiring Premium: \$24,998.00

\$10,000 deductible option

Crime:

Carrier: Traveler's
Premium: \$4,594.00*
Expiring Premium: \$4,594.00

This is the second year in a three year policy with a \$2 million limit for Employee Dishonesty and Forgery or Alteration. The policy premium is \$13,782 to be paid in annual installments of \$4,594.

Medical Liability:

Carrier: National Fire & Marine (Med Pro Group)
Premium: \$398,903.00 Nursing Home (Senior Care)
Limits: \$1 M/\$3M
Carrier: MedPro RRG Risk Retention Group
Premium: \$119,456.00 (Clinical Only)
Limits: \$1 M/\$3M
Expiring Premium: \$390,461.00

Cyber Liability:

Carrier: Chubb
Premium: \$52,374
\$1 Million limit
Expiring Premium: \$65,585.00
Option: \$2 Million Excess \$115,000 (not Recommended).

Enclosed is back-up documentation, including the premium summary and marketing summary.

Please note, all premiums include Terrorism Coverage at the rate of 1% of premium.

The proposed awards result in combined premiums of \$1,905,074.00, which includes the mandatory New York State Fire Fee. This is a significant increase from last year when premiums were \$1,278,161. This year, we faced a difficult insurance arena and several of our packages were aggressively marketed. The municipal market has hardened and was impacted as a result of the impact of COVID-19, the 2020 hurricane losses, loss of re-insurance capacity and the impact of law enforcement exposure.

In the Spring, our long time medical malpractice carrier, Medical Liability Mutual Insurance Company notified the County that it was exiting the nursing home insurance business. As a result, we needed to move this coverage to a new carrier. While the

premium for the Clinics is remaining stable, the Nursing Home is seeing an increase in premium as a result of the marketplace concerns regarding Covid-19 exposures and potential liabilities.

We are seeing an increase in property premium, however, that is based upon an increase in our total insured value. Our Correctional Facility and Nursing Home were undervalued, and with completion of Shaker Place, there was a corresponding increase in our coverage values. The actual rate and premium remain the same.

The Boiler and Machinery premium is up roughly \$8,000 over last year with the same \$10,000 deductible. There is an option to increase the deductibles and reduce the premiums. The deductible increase is substantially more than the premium decrease and as we frequently report claims to this carrier, I do not recommend that we take the high deductible option.

The Cyber coverage limits have been reduced by the carrier. This is a result of the ransomware risks worldwide and not due to any risk or threats of risk on the County's part. We have an option to purchase additional coverage at significant cost which the broker is not recommending at this time.

As to our liability package, our current carrier, Argonaut/Trident is exiting the municipal arena. They accounted for a 35% market share for the municipal GL, auto and excess lines. With supply of these lines now significantly reduced in one year, the demand and cost on other re-insurance products has been driven up in a short period of time. See the broker's attached analysis. At this time, Trident has only agreed to insure \$2 Million of our expiring package and that may change by the August 15 renewal. The broker is still awaiting quotes from markets to build our coverage. The premiums that are presented are not final and we are still awaiting one final \$3 Million quote. In addition, we are still awaiting additional package and excess quotes. At this time, given that we are still 2 ½ weeks out from renewal, I am requesting that the broker be given the opportunity to continue to obtain additional quotes for these coverages, and that authority be given to move forward with binding quotes with appropriate carriers by August 15. Should any changes to these quotes occur, an amendment to this request will be made for the September Legislative meeting.

I will be attending the Law Committee meeting to address any questions that you may have. Thank you for your attention to this matter.

EKC:e

Enclosures

Cc: Rebekah Kennedy, Majority Counsel
Arnis Zilgme, Minority Counsel
David Reilly, Commissioner, Management and Budget