

MINUTES OF TOWN OF HULL BOARD  
MEETING MONDAY JANUARY 4, 2010 – Insurance discussion

Call to order by Chairperson Holdridge at 5:45 p.m. at the Town Municipal Building, 4550 Wojcik Memorial Dr., Stevens Point WI 54482.

Present, Chairperson Holdridge, Supervisor Melvin Bembenek, David Pederson and David Wilz.

Excused from the meeting Supervisor Robert Brilowski.

Others present, Len Kawlewski of Rural Insurance.

Discussion with insurance carriers

Chairperson Holdridge, Clerk Wolle and Tom Ketchum of Horton Group went through proposals from Horton and Rural Insurance. Tom Ketchum could not attend this evenings meeting therefore the meeting last week. Tom handed out a sheet as we are trying to compare policies, do we have apples to apples or apples to something.

Chairperson Holdridge, there are some differences and I'm not sure how important the differences are. We need to think about if this building burns down, or something happens to it; if our guys have an accident with a vehicle and what is the liability protection.

Holdridge, do we have a record of claims?

Clerk Wolle, we have record of worker's compensation claims sent.

Holdridge outside of worker's compensation claims. Have there be claims relating to liability, comprehensive, collision, damage to building, these types of claims?

Clerk Wolle, right now I do not know if we have ever sent a claim in like that.

Holdridge, the only one I can remember that had the damage, the recent one last July off of Casimir Road.

Wolle you are referring to the one relating to the windshield.

Information relating to insurance put together by Horton Group:



L Kawleski without an endorsement on personal property, coverage for off premises is \$5,000. This would be the coverage unless the other business endorsement put on would increase that coverage amount.

J Holdridge that would be personal property of the town as opposed to personal property of an individual.

L Kawleski, no personal property is property the town does not own.

D Pederson, is that subject to the deductible?

L Kawleski, no not if it is personal property.

Clerk Wolle it's not subject to the deductible?

L Kawleski, not if it is personal property.

J Holdridge the glasses that were broken, there was no deductible on those.

L Kawleski a lot of time the deductible on small items won't apply.

J Holdridge, what is the Fire Department service charge? Horton has \$1,000 and Rural has \$10,000.

D Pederson being we are in the Town of Hull the department doesn't charge us for a call.

L Kawleski the Fire Department charge is something you would even have on your homeowner's policy. It's something that is automatically included, whatever the company wants to set. You don't pay additional for it. Example, the Municipal Building were to burn down and the Town of Hull Fire Department was here too along with Plover and Whiting and they charged you for their time, this is what the company will pay.

J Holdridge what is Fine Arts?

L Kawleski (laughter, could not understand what was being said).

D Wilz if this was an office building and we had some nice things in the entry way for people to look at.

D Pederson, we have a reciprocal agreement with other Fire Departments, if they respond to a fire in the Town of Hull, do they charge?

Chief Mark Kluck, no none of them do.

L Kawleski then that would be any good.

D Wilz what if someone has an automatic dialup service/sensor in their home and it goes off, dials in and notifies that there is something going on, probably a fire, the Fire Department goes out and finds there is nothing wrong. Do we charge for that?

M Kluck no. We respond because we don't know if they are false or not. Usually what happens is the company who owns the alarm system will call back. If the homeowner is there they will reset it and there is a code they have to punch in to reset. That will clear it at the alarm company, then the alarm company will call the Sheriff's Department and said it has been cleared we have the okay. We will send one truck just to make sure.

D Wilz, if nobody is home you will get into the building anyway so they've got an expense because you have just broken a door down.

M Kluck, that's right.

J Holdridge does the city charge for that or does the city charge when the police officers go?

M Kluck I think the police departments charge when they get a certain number of false alarms, example if they go back 4 times in a year or something like that.

J Holdridge do we have those once a year, what is the incidence?

M Kluck maybe once a year we get one.

J Holdridge Good Samaritan liability – Horton's policy has it, ours excludes it.

L Kawleski it is included. Good Samaritan should one of the Fire Department responders or EMS was in Marathon County and they see an accident and they stop and assist. That is a Good Samaritan.

J Holdridge so it is some Hull employee or volunteer?

L Kawleski it doesn't matter where they are at. If they want to stop and help they are covered under this plan.

J Holdridge Towing and Labor, that's in case our vehicle breaks down, our limit is \$500 and he has incurred cost.

L Kawleski your limit I believe is \$950.

D Wilz, towing and labor could be on anything, it could be a fire truck or could be a dump truck.

L Kawleski every one of the vehicles are listed whether it's the grader, the truck plows, the fire department, all of it.

D Wilz about 6-7 lines down from the top on the first page electronic improvement processes what is it?

L Kawleski if a catastrophe happens here and we have a lot of stuff in the computers in records, they will pay to get all of the records installed or whatever they do to recoup the records as much as they can. Whether you have files or if they can take in some of the damaged computers and take the hard drive work off of that, they will do all of that.

D Wilz is \$10,000 an accurate figure?

J Holdridge Horton has \$250,000.

D Wilz I can see that amount if you are a hospital.

L Kawleski I don't think we are that high on that. We are very generous. That is going to be more a part of the package that is in here. I won't have an individual number on that.

J Wolle it's higher than \$10,000 is that what you are saying?

L Kawleski yes I think it is more like \$25,000.

D Wilz under automobile coverage physical damage coverage member's automobile maximum, what is that?

L Kawleski that is somebody using their personal vehicle

D Wilz the Fire Chief has to go on a call he is in his truck.

L Kawleski right or even one of the road maintenance guys gets in his truck he goes to Fleet Farm to get something real quick, covered.

D Wilz it says our current carrier pays an actual cash value but Rural is \$2,500. Is that correct?

L Kawleski no whatever the vehicle is worth, the Blue Book.

D Wilz in other words all of our volunteer firefighters and EMS, they use their personal vehicle, sometimes they go from their home right to the incident and they are covered.

L Kawleski if they are on a call, as soon as that alarm goes off, they get that notice, they are covered, on their way back home too.

D Wilz what about the liability in that situation, example Mark takes off and goes right to the call and he gets involved in an accident with another person and he is at fault because he is on the road and they want to sue him, is he covered for that?

L Kawleski all of the liability that you have in the policy goes with him.

J Holdridge do you understand it that way Mark?

M Kluck yes, I wasn't sure we were covered on the way home from the call.

D Pederson what is the law enforcement endorsement, failure to arrest?

L Kawleski I don't know why anybody would arrest anybody. Hull does not have law enforcement.

M Kluck we almost had a homeowner arrested two weeks ago.

L Kawleski you would call somebody, you wouldn't throw him down and cuff him.

M Kluck we would call someone but we might throw him down and hold him down until someone gets there. There was a chimney fire. The guy was worried about where we were going to cut holes and he actually pulled one of the firefighters off of the ladder and said "I will go up there and show you where to do this." Then in the basement with Mark Fritsche, Mark was going to put water into his wood burner to put it out and told the guy to back off. The guy said you are not going to bust my wood burner. Mark F said no, we put water here to put the fire out. The guy asked Mark F if he had ever been knocked out. Mark F said at that point it was time to get police involved and we did. An officer came out, told the guy were to stand and indicated if he moved he will be arrested.

J Holdridge this was not a good citizen from the Town of Hull?

M Kluck actually it was from the Town of Dewey. It was a big 2 ½ story home that took a lot of ladders in different areas. Eventually Dewey called out the Village of Plover ladder truck to help get up to the top of the chimney.

J Holdridge even though we don't have law enforcement that coverage would be for one of our employees acting as kind of a policeman. Is that what we are saying?

D Pederson above that it has law enforcement liability.

D Wilz I don't think that is something we need. I can't imagine any of our employees would act as law enforcement.

L Kawleski law enforcement is going to tell you not to arrest anybody but to give us a call. But if you were to push a person down to get him under control because he is directly putting your men into harm's way, if you did something wrong and the court saw it that way that is when our liability steps in and takes care of that.

D Pederson the same could happen at a meeting here if somebody got out of control. I went through the policies again and you said they (Horton) were probably over valuing the Municipal Building and you had a more realistic value. I looked at the differences in the valuation on the vehicles and I saw big discrepancies there. On the FD van you had included the equipment inside. Do your figures include all of the equipment on those trucks? I'm trying to explain the difference between the two. The FD van Horton and Rural value was pretty close.

M Kluck the other gentleman that came I gave him what I considered full replacement cost. I don't know that you (Rural) have full replacement, you may have current value.

L Kawleski those were the numbers I was using for those.

D Pederson that explains it.

M Kluck my question to the board is which way do you want to go? It's up to you. Do you want total replacement?

J Holdridge the sheet relating to the building, under the property coverage, Horton has guaranteed replacement cost. What that means as I understand it whatever it costs to replace this building that is what they would pay.

L Kawleski right.

J Holdridge, Horton has \$1,000 deductible. Rural Insurance valued this building \$1,419,330

L Kawleski that's Horton's numbers and I used in the quote. When I did a valuation system I came in with \$950,000.

J Holdridge, the Fire Department is valued at \$513,948.

L Kawleski, we were pretty close to what Horton had that at too.

J Holdridge except you have a \$500 deductible.

L Kawleski, no there is \$1,000 deductible on buildings.

D Pederson on page 5 there is a \$500 deductible for Rural.

J Holdridge under Rural's policy if this building burns down and is totally destroyed what can we expect in replacement?

L Kawleski, Rural valued this building at \$960,000.

J Holdridge that is what you would pay?

L Kawleski that is a number that if I didn't miss anything that is the number I think it should be at. But the number you have in front of you as far as this policy goes is at the 1.7 million dollars.

J Holdridge, 1.4 million dollars.

D Wilz, would it be safe to say under Horton's they have guaranteed replacement but it is also based off of a certain number in which they say this building is worth 1.3 million and they have a number in there to cover that plus guaranteed replacement if the costs go up over time. Is that an accurate statement?

L Kawleski in their situation is probably will work that what, maybe that's why the number is higher so they can incur inflation over time. What Rural does is to throw on an inflation rate.

D Wilz, so Horton is starting high because he's guaranteeing replacement.

L Kawleski we are guaranteeing replacement too but instead of paying what it will be worth somewhere down the road you are going to pay what it is worth today because if it burns down today this is what it will cost to replace it.

D Wilz, you say your quote is based off of 1.4 million because that was the number you were given. Let's say we go with you and next week the building burns down and the loss is 1.6 million, how much do you cover?

L Kawleski then I would say if you went with the number I think it should be at (\$960,000) and it cost 1.6 million we will give you the \$960,000 and I would suggest you get in touch with our E&O insurance and get the rest from there agency.

D Wilz what you just said, it is not guarantee replacement on Rural's part. It has a dollar limit.

L Kawleski, there will be a dollar limit but theirs (Horton), if that is where their limit is, they will not go past it.

J Holdridge, theirs is much more open ended isn't it? If this building burns down and it costs 1.5 million wouldn't they pay that less the \$1,000 deductible.

L Kawleski, they will pay what it costs to replace it. They will have a crew come in here and rebuild the way it is. If the bill comes out to be \$960,000 that is what it is.

D Wilz let's say they did their work wrong and they based it off of 1.4 and it is wrong, they break the ground and it costs 1.8 million to replace it. They are going to replace the 1.8 if that is what it costs.

L Kawleski, I don't see how they would do that.

D Wilz that is what replacement means.

J Wolle that is what we were told.

J Holdridge we asked Tom that and that was clearly guaranteed replacement. That meant that they would pay whatever it would cost to replace it whether they were short or high.

D Pederson similar construction, same square footage, replace it with the same layout.

J Holdridge, that to me would be a big question because if this building burns down and we don't have adequate coverage, that's harmful.

D Wilz, some of the history is we found out a year or two ago that we were underinsured, undervalued. We were very concerned about that. I pushed to have guaranteed replacement value put into the policies that no matter what, if something bad happened we would be covered we would not be short a hundred thousand or three hundred thousand.

L Kawleski, yes you want everything put back the way it is. When I did the valuation system on this building, to be honest with you I put in a few things like extra thick concrete, added a few niceties just to get the price up there a little bit. Our cost will rise as inflation rises. Right now building costs really haven't done anything so they can keep it the way it is this year.

M Kluck so if inflation went up 4% next year you would increase the value.

L Kawleski, if inflation went up 12% we would increase it, it's automatic.

J Holdridge, what do you have then as the value of this building?

D Wilz, in your proposal, 1.4 million?

L Kawleski yes, the 1.4 I believe includes the salt shed in back also.

J Holdridge if you have that, that's what you generate the premium off of. We could expect that would be your upper limit if this building were to burn down. You are saying it is probably a \$900,000 building as it stands.

L Kawleski right and our valuation systems are updated monthly, so all of the costs are added into this so you are never behind the time as far as what material costs.

D Pederson and you are not going to pay anymore than it is worth.

L Kawleski we are going to make sure we have enough here.

J Holdridge do the architects have any value for this building?

D Pederson, they have values on what it would cost to upgrade and/or build new. They do not have the existing value.

M Bembenek, you are saying \$960,000 and next week the building burns down we would get right around \$960,000 that is replacement cost as of now.

L Kawleski that would be a suggestion now but if you were to sign this contract today the way it is it's going to be the \$1,360,000.

M Bembenek, if the cost goes up every year, will it automatically go up without the board having to discuss it?

L Kawleski it will go up according to the inflation.

D Pederson, he is suggesting that the 1.4 limit, we are buying something we don't need because we are not there yet.

L Kawleski when you look at it, pretty much a very nicely built pole building with a lot of concrete with some of the area for offices which obviously will cost a little more. I did separate the 2 parts.

D Pederson, this is the part that might burn where as the other part there is not a whole lot that would burn unless it is the contents.

L Kawleski if you have a fire, you can have a truck catch on fire and whether somebody comes in and deems the structure to be threatened, I would come in and say you have to take the whole thing down and bring it back up. It could be a total loss in one incident.

J Holdridge, looking at the auto. The coverage under Horton Group, they have \$1,000 deductible. You (Rural) have a \$500 deductible. If someone totals our one-ton pick-up is it actual cash value what the market value was of that vehicle?

L Kawleski they would go with a Kelly Blue Book price.

J Holdridge, I assume he (Horton) is the same way. Now the liability I have Horton at \$4,000,000 total, \$2,000,000 each incident, there is not a deductible on liability. Rural has \$10,000,000 aggregate, \$5,000,000 each occurrence.

J Holdridge, the Accident and Sickness, I'm not sure how you would evaluate that. Horton has a plan, Rural has a plan.

L Kawleski for accidental death and dismemberment, Rural has \$100,000. Medical dental insurance expense benefit Rural has \$100,000. We also have some accidental expenses up to \$25,000. If someone were to die we will help educate kids that are left behind. Burned disfigurement up to \$100,000

D Pederson we have a choice of a range but up to \$100,000.

L Kawleski Rural also has a partial disability, one of the firefighters gets hurt on a call and will have to be out of work and no paycheck, Rural will pay \$500 a week.

J Holdridge, maybe we should give the policies to Mark Kluck for his review.

L Kawleski, Rural's policy listed are all maxed out and will include the Jr. Firefighters. The difference between Rural and Horton is while Rural is cheaper we do not have pre-existing conditions. If some firefighters have for example a heart situation that would be a decision on which one you would go with. Horton takes care of pre-existing conditions and their premium is more. Rural does not have that element that is why we are at a better price. If there are not any of these issues to worry about and next week somebody develops a heart problem, then yes we have them.

J Holdridge premiums for Accident and Sickness: Rural - \$659.00 Horton - \$1,305.00

L Kawleski Horton has better cover as they take pre-existing conditions.

J Holdridge, the chief and one of the assistant chiefs have heart problems. If Rural had the insurance prior to the heart issues, Rural would cover them, because it was not pre-existing. Now they would not be covered by Rural due to the pre-existing.

L Kawleski, these are separate pieces for companies to go through. Horton has a different outlet than Rural, and Rural's outlet does not take pre-existing conditions.

J Holdridge the big distinction is the pre-existing. Hull could stay with Horton for the Accident and Sickness and go with Rural for all other insurance.

L Kawleski that is how the Town of Dewey handled their insurance.

D Pederson if the other coverages are pretty much comparable this is not a difficult decision.

L Kawleski, also the blanket bond, Rural is at \$510.00 at \$50,000. This is for two (2) years and is exactly what Hull has (\$50,000 for the clerk and \$50,000 for the treasurer).

J Wolle, what about for the board members?

L Kawleski, for the board members that is included in your liability and there is also that other piece with the theft. Crime and theft coverage is \$25,000  
Errors and Omissions is included in this package with the liability, \$5,000,000 each, \$10,000,000 aggregate

J Holdridge an example of this, if some board member either collectively or individually made some decision that adversely affects somebody, by virtue of being a board member we are protected.

L Kawleski, yes.

J Holdridge, is there any state protection from that?

L Kawleski, yes they put limits on the state but there are loopholes lawyers find and go above and beyond.

D Pederson if we acted in good faith we are protected.

J Holdridge what is good faith is probably the question. What is the state protection for that, \$50,000?

L Kawleski they say the most you can be sued for I believe is for \$250,000.

D Pederson that is accurate.

J Holdridge, why is your workman's compensation less costly than Horton's?

L Kawleski, it is probably just the numbers I'm using relating to the salaries.

<u>Premiums</u>	<u>Horton Group</u>	<u>Rural Insurance</u>
Property/equipment	\$ 4,252	\$11,174
Liability – General	9,201	2,354
Liability – Auto	<u>6,311</u>	<u>1,645</u>
	\$19,764	\$15,173

J Holdridge, is the difference because Tom Ketchum is an agent for Horton and he gets some of the premium, where as you work directly for Rural.

L Kawleski no, I do not think that has anything to do with it. We became the endorsed carrier for the Wisconsin Town's Association and we put a package together. Our actuaries understand what a township in Wisconsin is. Horton, I believe is from Connecticut, they are looking at it in a totally different situation. They have different types of liability, different types of conditions, more populated areas, so they come up with a price. Rural is just in Wisconsin, we only work in Wisconsin.

Total for Horton	\$33,139 (including workman's comp)
Total for Rural	<u>27,612</u>
Difference	\$ 5,527

L Kawleski, to find anything that doesn't do the pre-existing is very rare today (referencing Accident and Sickness for F.D.).

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Janet Wolle, Clerk