

# MINUTES

## SELECT COMMITTEE ON INSURANCE AGENT RELATIONS – PROPERTY AND CASUALTY

THE MEETING WAS HELD IN THE AV ROOM #308 IN CITY HALL

5:00 P. M., FEBRUARY 24, 2022

Joseph Jenkins, Chairperson, called the meeting of the Select Committee on Insurance Agent Relations – Property and Casualty to order at 5:00p.m., February 24, 2022.

### **Committee Members Present:**

Joseph Jenkins, Chair

Bobby Reishman (left at 7:17)

Becky Ceperley

Mary Beth Hoover

Adam Knauff

Jennifer Pharr

Shannon Snodgrass

Members Absent:

None

Other Councilmember Present:

Larry Moore

Bobby Brown

Bruce King

Naomi Bays (over Zoom)

Ben Adams

Brent Burton

Chad Robinson

A roll call was taken, and it was determined that a quorum was present.

February 24, 2022

## 1. Approval of Previous Minutes

Councilmember Reishman motioned to approve the previous minutes from 2-15-2022. With those being present having voted in the majority in the affirmative, the Chair declared the previous minutes as approved. Note, further into the meeting Councilmember Snodgrass stated that she wanted her vote to approve the previous minutes withdrawn, but there was not an official revote.

2. To confirm that the official, average score of the Committee's members does not include Councilmember Reishman's scores, and that the official score, determined pursuant to the Committee approved procedure and assessment parameters, upon which this Committee's recommendation to Council is based upon, shall be: WVCorp - 178 and USI - 177.

Councilmember Hoover added that the scores of 178/177 is almost a tie in her eyes.

Councilmember Jenkins added that they are meeting in part to confirm the apparent assumption of the Committee that Councilmember Reishman's scores were not included in the final tally since one company not was not scored by him at all. He added that this will be a procedural clarification, despite the fact that he believes the Committee did approve the 180.3/177 scores as well as approved Option #3 from WV Corp.

Councilmember Snodgrass stated that she assumed Councilmember Ceperley would not be voting on this matter as she was absent from the last meeting. Councilmember Ceperley added that she assumed she would as she had read all of the materials and watched all of the videos from that meeting. Councilmember Snodgrass asked Councilmember Reishman if he was going to recuse himself from voting, and Councilmember said no. Councilmember Snodgrass asked if he had a conflict, and Councilmember Reishman said no.

Councilmember Snodgrass stated that given the irregularities with the EOI, and considering the information that has been provided, the end of the process has been rushed, adding that the two companies were never asked to do a formal presentation. Councilmember Reishman added that he did not believe the word "irregularities" to be correct. He asked what was irregular. Councilmember Snodgrass replied that there was a lot of information put forth by the City that she thought was incorrect/omitted on a spreadsheet. Councilmember Reishman disagreed. Councilmember Snodgrass stated that there were things left on the table and things that got discussed that were not correct. She said they were told by someone in the City that it was a one-year contract, and it is really a three-year contract.

Councilmember Jenkins stated that at this point, the Committee is just confirming a procedural clarification. Councilmember Jenkins stated that he vehemently disagreed that there were any irregularities. He believed that such irregularities are being pushed by one of the parties to sow doubt and discord within the Committee. All information

was provided to the Committee before the scoring at the last meeting, during which both parties were present, and a lengthy discussion was held. The timing had been set during the beginning of the first meetings. Councilmember Jenkins added that there were no irregularities in the EOI, that it clearly states the entire insurance package and how they will be scored. He was disturbed that a member of the Committee would question the integrity of what they have done, because nothing has been held back. He added that it is not true that it is a three-year contract.

Councilmember Snodgrass added that she felt like the Administration tried to push this. Councilmember Reishman asked what they said that was wrong. Councilmember Snodgrass replied that the delay with USI providing quotes with cyber security was not fully disclosed. Councilmember Jenkins replied that it was discussed during the last meeting why they couldn't obtain the cyber quote. Councilmember Snodgrass said the Administration was biased given the association with the WV Municipal League. Councilmember Jenkins added that it was disclosed in their proposal that WV Corp was endorsed by the WV Municipal League, although that relationship could have been clearer. However, that was clarified during the last meeting before the proposals were scored. He stated that he does not see anything that should materially affect the scoring.

Councilmember Knauff stated that he believed there were things that affected the way that he voted that had he known beforehand, he would not have scored the way he did, which was primarily cyber and workers comp. He stated that USI claimed they were not told to provide that. Additionally, they were given a table that had blanks from USI. Councilmember Jenkins added that was because they didn't provide a quote by February 7, adding that the timeline and what was required was set forth in the EOI. During the last meeting, USI properly explained why they had difficulty with getting quotes from cyber and workers comp

Councilmember Knauff added that he asked where the disclosure for the agreement with the WV Municipal League was and was told it was in the proposal, but he cannot find it. Councilmember Jenkins agreed that it was limited to the endorsement in their disclosure without further explanation. However, an explanation was given during questioning at the last meeting.

Councilmember Knauff added that the City has to pay to get out of the contract before three years. Councilmember Jenkins corrected that the City does not have to pay, as was clarified at the last meeting, and the only thing that would be lost was the potential to receive a dividend.

Councilmember Jenkins added that these things were are discussed at the last meeting. He added that some of the concerns were valid, and that they should go to Council. However, there has not been any new information that has been given that calls into question the scoring.

Councilmember Snodgrass added that the conflict of interest is that the current Mayor is

on the Board of the WV Municipal League, and that should have been disclosed. She added that it would be fiscally irresponsible when the scores are this close not to have a presentation by both groups. Councilmember Jenkins added that was on the agenda for the meeting. He added that rescoring at this point would destroy the integrity of the process, and would open the Committee up to protests.

Councilmember Pharr stated that she would not be changing her scores, because she based them on what was presented and her research. She did not think it was fair that Councilmember Reishman left the previous meeting prior to the other company presenting, and she appreciated his willingness to have his scores removed. She added that she thought some confusion came about due to comments that were made at the end of the last meeting. Councilmember Pharr confirmed with Councilmember Jenkins that the Committee has already voted to recommend Option #3 of WV Corp to Council with the scores of 180.3 vs 177. The vote presently before the Committee to remove Councilmember Resihman's scores to have the same recommendation go before Council with the scores of 178/177. Councilmember Pharr added that she was confused about the Municipal League. She added that the Committee should have a contingency in place because of that confusion.

Councilmember Ceperley stated that, having viewed the videos from the last meeting, everything was explained clearly to her. She will abstain from voting if a member has concerns about it.

Councilmember Hoover agreed that if there was a recount, the numbers would be skewed. She did want to ask some more questions to the groups as to how they got the numbers that were submitted in addition to the ones that were asked at the previous meeting.

Councilmember Snodgrass added that the average Councilmember not in the business would not understand. She expressed concerns that the Committee did not vote on nor ratify the score.

Councilmember Jenkins stated that the minutes of the previous meeting that were approved without objection clearly stated that the score were added and announced without the need to motion to approve them. There was a motion that was approved to include Councilmember Reishman's scores. The Committee then approved by motion the third WV Corp option. Councilmember Jenkins stated that rescoring just so those scores could be more spread apart changes that. Councilmember Snodgrass added that she felt like members of the Administration had been lobbying for one side, and that the Chair of the Committee had driven it a certain way.

Councilmember Knauff asked who motioned to approve the scores of 178/177. Councilmember Jenkins clarified that Councilmember Reishman made the motion with no second required.

From the Audience, Mayor Goodwin stated that she took offence to anyone assailing

the integrity of the Administration or insinuating that one of the groups had been picked before the process began. It was offensive and not true.

Councilmember Jenkins added that it was disappointing that Councilmember Snodgrass would attack him directly since the Committee started receiving misinformation after the last meeting. He has not seen or had any pressure from the Administration regarding which company to choose. The only exception was when the Committee asked the Finance Director or the City Attorney directly what they thought about something, which was appropriate to ask since they would be dealing directly with the company chosen.

Councilmember Pharr stated that she agreed that Councilmember Reishman's scores should not be included, because at the time of approving to include his scores she did not know he hadn't scored one of the companies. Councilmember Pharr asked if a member called the motion and then left before that vote, would that be negated. Councilmember Jenkins replied that it would not.

From the audience, Councilmember King asked if at the next Council meeting will they be voting on both companies. Councilmember Jenkins clarified that the recommendation from the Committee will be Option #3 from WV Corp for Council to approve or not. He added that they must have insurance in place as their current plan expires March 31, 2022. The Committee has done a lot of work and has had a lot of discussion, and it is a close call which he believes shows that both of the plans could be beneficial.

Councilmember Snodgrass stated that she wanted to again hear from both companies and rescore as this is the biggest expenditure that they City will make.

Councilmember Reishman motioned to confirm the scores to be 178/177.

A roll call was taken:

Yeas: Hoover, Jenkins, Reishman

Nays: Knauff, Snodgrass, Pharr

Abstain: Ceperley

With the Yeas and Nays being a tie of four to 4 (4 to 4), the motion fails, and the scores will stand as 180.3/177.

3. Q&A with WV Corp and USI to allow ALL Councilmembers the less formal opportunity to obtain additional information on the proposals evaluated by the Committee prior to a vote on the Committee's recommendation at the March 7, 2022 Council meeting.

From the audience, Councilmember Robinson asked for clarification as to WV Municipal League's endorsement of WV Corp. He added that he used to represent WV Municipal League for around 15 years, and at that time at least they did not endorse products or services. A representative of WV Corp further explained that WV Corp has had an agreement with AssuredPartners from 2007. WV Corp replaced an existing endorsement of the AssuredPartners Program. He didn't know about other products, but they have been endorsing an insurance product and receiving endorsement revenue for at least the past 20 years. Councilmember Robinson added that endorsement and membership benefits were two different things. Councilmember Snodgrass added that the WV Municipal League website mentions WV Corp as their insurance, and they will get a commission from the City's insurance company. Councilmember Robinson added that every Mayor serves on the Board of the Municipal League, so saying that someone serves on such a Board doesn't mean they agree with something or are pushing products.

Councilmember Knauff asked what USI saw to be irregularities or anything that was improper or misrepresented in how the City presented USI's proposal. A representative of USI stated that he had never seen an EOI as vague in its requirements; it solely listed coverages with a paragraph that said that the excess workers comp had a July 1 expiration date. Two other coverages had different effective dates as well. In the past, when the current company made their proposals, workers comp, crime and pollution were never listed. He added that there are very few markets that are interested in insuring larger cities. He has had discussions with the Administration since the beginning that it is a July 1 policy, and they would not be able to produce a quote that early as the companies they work with don't provide quotes 6 months in advance. Regarding the cyber insurance, USI (and AIG) was not able to provide that because of the City's lack of protocols. It was made clear to the Administration that AIG would be willing to provide a quote once those protocols were put into place. Finance Director, Andy Wood, added that was clearly explained to the Committee at the last meeting. USI added that at the last meeting Councilmember Jenkins stated that it was a tough call and mentioned that USI didn't provide workers comp or cyber quote. USI stated that he has made this clear to the Administration many times. Councilmember Jenkins added that there was a deadline that was set forth in the EOI, and he understood the difficulties USI had as they were explained to the Committee. He added that there was no stop-gap coverage provided that ended on March 31, so if chosen on April 1 City's self-insured retention would go from \$300,000 to \$600,000 at least until July 1. While he understood they couldn't get the quotes, they would have no idea what the cost of the missing quotes would be. He said that the Committee probably gave them a break on that as the Committee completely disqualified RCMD for similar reasons. Councilmember Jenkins added that it was his fault that he felt like he had to come up

with an explanation as to why they weren't chosen, and he shouldn't have said that. However, it did factor into his scoring, which was appropriate to do so.

Councilmember Knauff asked if USI could offer the missing quotes now or if the effective date was still too far away. USI replied that they do have buffer workers comp numbers, adding that the City has never had a workers comp claim since 2013 above \$200,000 and are currently insured for \$300,000. He added that there were savings there for the City. They provided a cyber security quote the day of this meeting at 2:00 of \$2 million. Had AIG not told them, the City would not be aware of those vulnerabilities. USI added that it doesn't make sense for the City to participate in a risk pool.

A representative from WV Corp responded that he had been involved with self-insurance pools since 1994. These types of pools purchase re-insurance. They are backed by AIG, and if they were to have a \$10 million property loss AIG would pay that claim on behalf of the pool. Continental Casualty is their liability reinsurer. The City is not too big to participate in a risk pool, as they would not be sharing in the risk of the pool but sharing in the group purchasing power of the reinsurance. He added that it was clear what the RFP was asking for. He added that if someone had a carrier provider that couldn't produce a renewal proposal 45 in advance or renewal, they should not be the insurance provider. He claimed USI knew they could produce those proposals 60 days in advance, and knew what could be put on the proposal from Safety National and they know that the cyber proposal they provided was adequate, as it creates material risk. WV Corp's cyber policy is underwritten by a A-15 carrier, and provides all of the coverages that the City needs. He added that it is unusual for a bigger City such as Charleston to do WV Corp's proposal in West Virginia, but it is not unusual nationally. WV Corp told the City in their proposal that if they selected the self-insured option they would remove the assessment provisions from the member agreement. There is no assessment and no risk. USI added that WV Corp has quoted sight unseen.

Councilmember Snodgrass asked USI how many times they came to the City evaluate. USI replied they spent 2 full days at the Sanitary Board, a full day at the Convention Center, City Hall, and the other City Departments. WV Corp stated they did not do that, but their proposal includes physical cost evaluations as an included service. They do desktop evaluations of the buildings.

Councilmember Reishman confirmed with WV Corp that their proposal is \$900,000 less expensive, and in 15 years they have never had an assessment.

From the audience, Councilmember Burton added that some statements that USI had made about AssuredPartners were totally inaccurate. One being that insurance was always presented to the City during the first week in March.

Councilmember Pharr added that she wanted to hear about the plans. Councilmember Hoover agreed.

Councilmember Snodgrass added that in the past, when insurance went before Council, the works comp numbers were not included because they could not get them until after the second Council meeting in March. Councilmember Jenkins added that it did include stop-gap insurance, which USI did not present. When the proposals were due, there were deficiencies on USI's proposals, but it was understandable as to why.

Councilmember Snodgrass asked WV Corp why Kanawha County, Morgantown, etc has not chosen to be in a risk pool. She stated that a City the size of Charleston does not need to take risk. WV Corp replied that they agreed with that, which is why their proposal does not have the City taking that risk. He added that when the pool was started in 2007, they made an agreement with the WV Municipal League (who was partnered with another company at the time) that they would not actively market with cities and towns. They have been pursuing cities and towns since mid-2021 now that they have an agreement with the WV Municipal League. Their program is backed by reinsurance security that is equal in financial strength to the USI proposal.

Councilmember Snodgrass asked if there was any financial risk that they see to the City. WV Corp replied that the financial risk to the City is based off of the risk of the reinsurance. If they are able to maintain A-15 reinsurance, then there is no greater financial risk than with any other provider.

Councilmember Pharr asked for clarification for the WV Corp Option #1. WV Corp replied with that plan there was risk. In Option #3, the City is self-insured with the risk being the degree of claims that the City would have. The program is structured very similarly to how AssuredPartners's all-lines-aggregate program.

Councilmember Hoover inquired as to the brokerage fees of the 2 companies. WV Corp replied that since they have negotiated everything on behalf of the group, their fees are embedded in the premiums. They are not selling through a producer. USI replied that their brokerage fee of \$250,000 is related to the man hours it would take to provide local risk control and services.

Councilmember Snodgrass stated again that she was disappointed that the WV League was not fully disclosed in WV Corp's proposal. She confirmed that WV Municipal League would receive commissions from certain parts of the City's contract with WV Corp. WV Corp added that their financial statement states that they have sponsorships and in what amount, but it doesn't specifically say as to where, which was a mistake. Councilmember Reishman added that he didn't care about that, he was focused on what the cost to the City would be.

Councilmember Jenkins stated that USI stated that do not have any relationships with the City, but Andy Richardson is Vice Chair of the Charleston Coliseum and Convection Center Board which oversees the City's largest insured asset. USI replied that Richardson is offering a workers comp TPA solution, and they were not aware of what Boards he served on. Additionally, they had a problem with the fact that some members scored WV Corp the max score for the Relationship section. Councilmember Jenkins replied that they would charge the City a \$250,000 brokerage fee, their premiums are

higher, the self-insured retentions are higher, and that all goes into the cost benefit analysis that was scored. Councilmember Jenkins added that USI had a reasonable explanation for why workers comp, cyber etc was missing, but there is a chance AIG would come back with a figure that was obscenely expensive or refused to give a quote.

Richardson replied that he never considered his Board position as a conflict as his local company, Smart Casualty Claims was making the bid. Councilmember Jenkins added that, likewise, no one from the City is getting a fee from the Municipal League. Richardson added that agreements like with the Municipal League are not unusual.

From the audience, Councilmember Adams asked what the premiums were for WV Corp Option #3 and USI. After discussion, it was determined to be:

WV Corp Option #3: \$1,497,770

USI Option #1: \$1,670,574 – likely an additional \$280,000 for workers comp  
(noting that some of the quotes were not provided by the due date)

The premium for last year was roughly \$1.8 million.

Councilmember Snodgrass asked if either company had any business relationships with anyone on the Committee past or present. Both said no.

Councilmember Pharr asked if there was flexibility with the USI commission. USI replied they would be prepared to do that for \$175,000 instead of \$250,000.

Councilmember Pharr added that with the scoring being so close, they should have a contingency in Option #3 doesn't pass. Councilmember Jenkins said he did not believe that was the proper process because there could be protests depending on what happens at Council. They could pre-plan to meet before the Council meeting on March 21, 2022 depending on the timing of any possible protests.

Councilmember Snodgrass added that the protest section of the EOI is probably the worst she has ever seen, and they should probably look at that as it all goes back to the City Manager. Councilmember Jenkins stated that the Committee approved the EOI.

Councilmember Pharr asked what would happen if the insurance resolution does pass Council on 3-7-2022. What would the Committee then need to do. Councilmember Jenkins replied he would announce a meeting of the Committee as soon as possible. The Committee would need to approve a new recommendation. WV Corp added that they would not protest. When ask if they would also not protest, USI was not able to answer. After discussion, the Committee agreed that March 18 would be a good date to meet.

Councilmember Snodgrass confirmed that the scores will go to Council as 180.3/177. Councilmember Snodgrass stated that the Committee did not vote on the scores after they were tallied. Councilmember Jenkins replied that was not necessary. The Committee then moved to accept the Option #3 Plan from WV Corp.

Chief of Staff, Mat Sutton added that the City Manager drafted the EOI. The Committee

then made changes to the EOI and approved it.

Councilmember Knauff motioned to adjourn the meeting.  
Meeting adjourned.