



KATHY HOCHUL
Governor

SHELTON J. HAYNES
President & CEO

BOARD OF DIRECTORS

RuthAnne Visnauskas, Chair, Commissioner of NYSHCR
Robert F. Mujica Jr., Director of BUDGET
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Conway S. Ekpo
David Kraut
Howard Polivy
Michael Shinozaki

Agenda Item V.7. June 23, 2022

PROPOSED RESOLUTION

**APPROVAL OF INSURANCE BINDER FOR
PUBLIC OFFICIALS/EMPLOYMENT PRACTICES POLICY**

RESOLVED by the Board of Directors of the Roosevelt Island Operating Corporation of the State of New York (“RIOC”), as follows:

- Section 1. that the Public Officials/Employment Practices Insurance Binder for the period from June 1, 2022 through May 31, 2023, upon such terms and conditions substantially similar to those outlined in the Memorandum from John O’Reilly to Shelton J. Haynes/Board of Directors, dated June 7, 2022, attached hereto, are hereby approved;
- Section 2. that the President/Chief Executive Officer or President’s designee is hereby authorized to take such actions and execute such instruments as deemed necessary to effectuate the foregoing; and
- Section 3. that this resolution shall take effect immediately.



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MEMO

TO: Shelton J. Haynes, President and CEO / Board of Directors

FROM: John O'Reilly, CFO

DATE: June 7, 2022

RE: Approval of Public Officials/Employment Practices Insurance Binder through May 31, 2023

RIOC utilized the services of JFA Brokerage and Associates in partnership with Arthur J. Gallagher Risk Management Services (“Brokers”) and other broker intermediaries, to obtain renewals for our insurance policies for fiscal year April 1, 2022 – March 31, 2023. The overall premium increase for the renewing policies was approximately 7%. The Board approved the Insurance Binders, which included all insurance policies except for the Public Officials/Employment Practices (“Public Officials”) policy.

Prior to the April 1, 2022 renewal, the Public Officials carrier (XL Insurance Group) had requested a 60-day extension through May 31, 2022 to further evaluate and market the coverage. We had accepted the extension at the existing premium rate. We had expected premium and/or retention increases for the policy upon renewal, however, XL Insurance Group did not offer renewal terms due to loss history.

Following extensive marketing of the policy, the Brokers bound a policy with Chubb with a premium increase of approximately 1.5% year over year (\$64,942 vs. \$63,975). Although the premium increase was modest, the terms of the new policy are considerably less favorable than the expiring policy with respect to Employment Practices Liability retention (\$1M retention vs. \$250,000). The Public Officials’ retention remains at \$50,000. The higher retention limit means that RIOC will be liable for all but the most significant employment claims.

The good news is that management anticipates a reduction in future claims which should make next year’s renewal easier. Additionally, Chubb is open to having further discussions on the retention terms and any measures being taken by RIOC to mitigate future claims.

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Below are the various methods our Brokers used to access the dozens of markets they approached on behalf of RIOC, and the numerous brokers that work behind the scenes to provide our quotes.

Internal Gallagher marketing resources: Our Brokers worked with several Gallagher marketing representatives both locally, regionally and internationally. They worked with their colleagues in New York, New Jersey, Chicago, Los Angeles and London to access those markets that work with them on a direct basis. The general liability markets include AIG, Allied World, Berkley, Chubb, Cincinnati, CNA, Hartford, Liberty Mutual, Philadelphia, Zurich, etc. The auto markets approached directly include Chubb/Ace, Cincinnati, CNA, Hartford, Lancer, Liberty Mutual, Nationwide, Philadelphia, Starr Specialty, Travelers, Utica, Zurich, etc.

Gallagher Wholesale brokers: Gallagher's fully owned wholesale brokerage firm is Risk Placement Services, Inc. (RPS). Brokers specializing in property and casualty risks were utilized to approach several specialty carriers including AIG, Brit, Colony, IAT, Ironshore, Endurance, RSUI, Munich Re, 5Star Specialty, etc.

Outside Wholesale brokers: The Gallagher team also worked with outside wholesale intermediaries that are independent corporations and not owned by Gallagher. These specialty brokers have access and, in some cases, significant premium volume with many specialty carriers. Our Brokers outside wholesale brokers contacted and made an underwriting submission on behalf of RIOC to over 30 carriers.

Recommendation:

We recommend that the Board of Directors approve the renewal of the insurance binder for the 12-month period from June 1, 2022 through May 31, 2023 at a total cost of \$64,942, and then an undetermined amount for self-insured liabilities for the first \$1,000,000 for Employment liability claims.