




ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

June 3, 2022

To: Jerome D. Schad, Chair
Peggy A. LaGree, Vice Chair
Michele M. Iannello, Treasurer

From: Karen A. Prendergast, Chief Financial Officer 

Subject: 2022/2023 Insurance Renewals

All of the Authority's insurance policies renew July 1, 2022. Lawley has been working on renewal rates and will present a preliminary renewal package at the board meeting on June 16, 2022.

A resolution authorizing the Chief Financial Officer to sign renewal applications and bind coverage for the 2022/2023 period will be included on the June 16, 2022 meeting. I have included the 2021 resolution for your information.

Insurance is budgeted in the following accounts:

Workers' Compensation	Fringe Benefit Expense – All units
Commercial Auto	Transportation Expense – Various units
All Other Insurance	Insurance Expense – General Expenses 7510

If you have any questions, please call me and I would be happy to discuss the upcoming renewal with you.

cc T. McCracken
M. Carney
R. Stoll
M. Musarra

ERIE COUNTY WATER AUTHORITY
AUTHORIZATION FORM
For Approval/Execution of Documents
(check which apply)

Contract: _____ **Project No.:** _____
Project Description: Insurance Renewals July 1, 2022 - June 30, 2023

Item Description:

- | | | | |
|--|--|---|---------------------------------------|
| <input type="checkbox"/> Agreement | <input type="checkbox"/> Professional Service Contract | <input type="checkbox"/> Amendment | <input type="checkbox"/> Change Order |
| <input type="checkbox"/> BCD | <input type="checkbox"/> NYSDOT Agreement | <input type="checkbox"/> Contract Documents | <input type="checkbox"/> Addendum |
| <input type="checkbox"/> Recommendation for Award of Contract | <input type="checkbox"/> Recommendation to Reject Bids | | |
| <input type="checkbox"/> Request for Proposals | | | |
| <input checked="" type="checkbox"/> Other <u>Insurance Applications 2022-2023 plan years</u> | | | |

Action Requested:

- | | |
|--|--|
| <input type="checkbox"/> Board Authorization to Execute | <input type="checkbox"/> Legal Approval |
| <input type="checkbox"/> Board Authorization to Award | <input type="checkbox"/> Execution by the Chairman |
| <input type="checkbox"/> Board Authorization to Advertise for Bids | <input type="checkbox"/> Execution by the Secretary to the Authority |
| <input type="checkbox"/> Board Authorization to Solicit Request for Proposals | |
| <input checked="" type="checkbox"/> Other <u>Authorization to bind insurance for plan year 2022-2023</u> | |

Approvals Needed:

APPROVED AS TO CONTENT:

<input type="checkbox"/> Comptroller	_____	Date: _____
<input type="checkbox"/> Chief Operating Officer	_____	Date: _____
<input type="checkbox"/> Executive Engineer	_____	Date: _____
<input checked="" type="checkbox"/> Director of Administration	<u><i>Javanya Lestiz</i></u>	Date: <u>06/06/2022</u>
<input checked="" type="checkbox"/> Risk Manager	<u><i>Molly J. Musarra</i></u>	Date: <u>06/06/2022</u>
<input checked="" type="checkbox"/> Chief Financial Officer	<u><i>Karen A. Bendugast</i></u>	Date: <u>06/06/2022</u>
<input checked="" type="checkbox"/> Legal	<u><i>[Signature]</i></u>	Date: <u>6/6/2022</u>

APPROVED FOR BOARD RESOLUTION:

<input checked="" type="checkbox"/> Secretary to the Authority	<u><i>[Signature]</i></u>	Date: <u>6/8/22</u>
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Remarks: _____

Resolution Date: _____ **Item No:** _____



June 6, 2022

RE: 2022-2023 Insurance Renewal Projections for Erie County Water Authority

Dear Commissioners:

We are in the process of finalizing renewal quotes on behalf of the Erie County Water Authority for all insurance policies effective July 1, 2022. We are still in negotiations with our underwriters but below is an update on what we can expect on each policy in terms of coverage and pricing changes.

Workers Compensation (NYSIF – New York State Insurance Fund)

- Renewal Quote Received
 - 2022-2023 Renewal \$2,114,632 vs. 2021-2022 Expiring \$1,839,869
 - 14.9% increase driven by an increase in the Experience Modification rate (1.62 to 1.81) and NYSIF Differential Charge (15% to 36%)
 - As of June 6th, we are in negotiations with NYSIF to bring differential charge down.

Cyber Liability (Corvus/Lloyds/Hudson)

- We are anticipating another challenging renewal on the Cyber Liability coverage this year. The market for Cyber Liability, particularly on public utility operations, is still extremely volatile. The primary carrier (Corvus) has already advised us that they will be cutting the limit from \$5 Million to \$2 Million. Therefore, we are shopping the entire program to match the current \$15 Million Limit. We should expect an increase again this year but the exact range is still TBD.

Property (Affiliated FM)

- Renewal Quote Received
 - 2022-2023 Renewal \$492,165 vs. 2021-2022 Expiring \$443,643
 - 10% Increase due to a combination of Replacement Value increases and a slight rate increase
 - Due to rising costs of labor and building materials, we are seeing increases across the board on property insurance, particularly on those accounts with large property schedules like ECWA. Insurance carriers are adjusting their rating structure to account for the rising Replacement Costs of buildings and equipment/machinery.
 - We have requested higher deductible options and lower “Loss Limit” options to see if there are any justifiable cost savings.



General Liability and Auto Liability (Grundy/Philadelphia)

- We have not received formal renewal quotes yet but our underwriter has advised that we should expect a 7%-10% rate increase based on current market conditions...We are in the process of negotiating this down but Grundy has indicated that most of their policyholders in the Waterworks/Utility program have seen increases in this range so we should expect something similar.

Umbrella/Excess Liability (Grundy/Philadelphia)

- We should expect a similar increase of 7-10% on the Umbrella premium as it typically follows form with the underlying Liability coverages.

Public Officials Liability including Employment Practices Liability (Chubb)

- Our underwriter advised we should expect a rate increase of 8%-12%.... This is consistent with what we are seeing in the marketplace for other similar accounts.

Crime (Travelers)

- We do not anticipate any major changes on the renewal this year.

Security Guard Liability Coverage (Clear Blue)

- We do not anticipate any major changes on the renewal this year.

Sincerely,

Patrick Quinn, ARM
Insurance Advisor
361 Delaware Avenue
Buffalo, NY 14202
716-849-4365
pquinn@lawleyinsurance.com