

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES RISK MANAGEMENT COMMITTEE MEETING
LAS VEGAS, NEVADA
JULY 22, 2004
(approved September 9, 2004)

The Risk Management Committee of the Board of Trustees of the Las Vegas-Clark County Library District met in the Las Vegas Library, Las Vegas, Nevada, at 4:30 p.m., Thursday, July 22, 2004.

Present: Board: A. Arthurholtz, Committee Member
M. Pohl, Committee Member
V. Davis-Hoggard
K. Benavidez

Counsel: G. Welt

Absent: K. Carter

Staff: Daniel L. Walters, Executive Director
Numerous Staff

Guests: Charlie Dorsey, Marsh USA Inc.
Chris R. Kidd, Marsh USA Inc.

A. Arthurholtz, called the meeting to order at 4:30 p.m.

Roll Call As listed above.

Agenda Trustee Pohl moved to approve the Agenda as proposed. There was no opposition and the motion carried.

Discussion and possible Board action

General Services Manager, Steve Rice introduced the District's Broker of Record, Charlie Dorsey from Marsh USA Inc. Mr. Dorsey introduced his associate Chris R. Kidd who was also in attendance.

**recommending to
the Board of
Trustees that a
contract for
property and
casualty insurance
be awarded to

* for
the policy year
commencing on July
1, 2004. (Item
III.A.)**

Mr. Dorsey indicated that Marsh conducted aggressive marketing of the District's insurance needs in order to obtain the most competitive bids. Requests for proposal were sent to seven firms. Two responses were received, from Chubb and CNA. The proposals were very close in terms of cost. Mr. Dorsey recommended that the District retain the current carrier, Chubb. Of the two firms Chubb has a higher *Best* rating and there are indications that CNA is not as stable. In addition, Nevada law allows that an insurance company can drop a new client for no reason within 90 days of establishing a new account. This is not the case with a renewal. Therefore it is more risky to switch to a new carrier. Since there is no significant savings or increase in coverage, Mr. Dorsey indicated the best course of action is to renew with Chubb.

***Company to be recommended by Risk Management Committee.** Counsel Welt asked about costs associated with the boiler and machinery. Mr. Dorsey explained that Chubb increased this portion of the cost due to claims filed in previous years. The claim this past year for the boiler at Sahara represented a loss to Chubb. Steve Rice

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explained that this coverage is for sudden failure or loss. Costs for repairing or replacing these systems can be substantial. Mr. Dorsey indicated that the breakdown of the Las Vegas Library's chiller will most likely be a loss for Chubb again this year and we might expect to see an impact on the deductible or premiums next year.

Basically the coverage is the same as last year with minor additions for new vehicles. The quotes are a slight reduction in premium with essentially the same coverage. Trustee Arthurholtz asked for any further comments or discussion.

Trustee Pohl moved that the committee recommend to the Board of Trustees that a contract for property and casualty insurance be awarded to Chubb for the policy year commencing on July 1, 2004 for \$231,270.00.

Discussion and possible Board action recommending to the Board of Trustees that a contract for public officials and employment practices liability insurance be awarded to_____*. (Item III.B.)

***Company to be recommended by Risk Management Committee.**

Mr. Dorsey gave a brief outline of Employment Practices and Public Officials Liability Insurance (EPL) policies and coverage. He indicated EPL covers issues resulting from harassment, wrongful termination and discrimination complaints, typical Federal Title Seven complaints.

Counsel Welt asked about exclusions.

Executive Director Walters indicated that the coverage is narrow and it is important to understand the exclusions. Up until now the District has not taken this type of coverage because of the limited coverage it offers. Walters explained that questions came up last year and the Committee and Board asked him to investigate this type of insurance. After several meetings with Counsel and the Broker of Record it is still somewhat vague what is covered and what is not.

Trustee Arthurholtz asked if other government agencies have this type of coverage. Mr. Dorsey listed several local governments and agencies that have this type of coverage.

Counsel Welt indicated the advantages of this insurance are for catastrophic incidents. In such cases the coverage would help with defense costs.

There was a discussion of past history of complaints that might be covered by these insurance and legal costs that the District has incurred. Walters explained that despite the best efforts by the District to implement policies, provide training, and hold mandatory refresher courses it would only take one serious action that could put the District at risk to a claim. Trustee Pohl expressed concerns about the vagueness of the insurance and the many exemptions. Trustee Arthurholtz felt that since other agencies have similar insurance it warrants further consideration, and that the premium was reasonable and could protect the District from a catastrophic claim.

Counsel Welt asked Broker of Record Dorsey to investigate whether the

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District would maintain control of the claim until the deductible is met. Mr. Dorsey indicated this could be negotiated with the insurance company and he would investigate. This would prevent insurance company from settling claims that the District felt were not justified. The concern was expressed that settling might lead to other frivolous complaints.

Mr. Dorsey indicated that if the District was unhappy with a decision that the insurance company made with regard to settling a claim, it will always have the option to release the company from that claim or cancel the insurance.

Mr. Dorsey explained the various quotes and recommended that the District take option 3 without the Terrorism Risk Insurance Act (TRIA) coverage. He felt the TRIA coverage was not relevant in this type of insurance.

Trustee Pohl moved to recommend to the Board of Trustees that ACE USA be awarded a contract for public officials and employment practices liability insurance with the policy option which provides aggregate limit of liability of \$1,000,000 with a \$50,000/100,000 deductible for the premium of \$29,073.

Trustees Pohl and Arthurholtz voted in favor.

**Public Comment
(Item IV.)** None

Adjournment (Item V.) The meeting was adjourned at 5:30 p.m.

Respectfully submitted,

A. Arthurholtz, Acting Committee Chair