

South Central Connecticut Regional Water Authority
Audit-Risk Committee
December 17, 2020
Meeting Transcription

A regular meeting of the South Central Connecticut Regional Water Authority Audit-Risk Committee took place on Thursday, December 17, 2020, via remote access. Chairman Cermola presided.

Present: Committee – Messrs. Cermola, Borowy, Curseaden, DiSalvo and Ms. Sack
Management – Mss. Collins, Kowalski, Nesteriak, Reckdenwald, Schenkle and Messrs. Bingaman, Norris and Singh
RPB –Mr. Levine
Staff – Mrs. Slubowski

The Chair called the meeting to order at 2:58 p.m.

Joe:

The minutes of September 17th.

David:

Accepted. [crosstalk 00:20:30]

Kevin:

Second.

Joe:

All in favor.

Committee Members:

Aye.

Joe:

Opposed? Motion carried. We've got cyber technology. And it says, including your second session, you want to an executive session from the beginning, Prem?

Prem:

Yes. I think that'd be good, Joe.

Joe:

All right. I entertain a motion to go into executive.

Tony:

So Moved.

David:

Second.

Joe:

All in favor?

Committee Members:

Aye.

[EXECUTIVE SESSION FROM 3:00 P.M. TO 3:15 P.M.]

Jeanine:

[Inaudible] Manager until the July reorganization that we had now she's under the auspices of the corporate services team in my division, and she has taken over additional responsibility tides of risk. She handles environmental health and safety items as well. So with that said, Amanda, take it away.

Amanda:

Thanks, Jeanine.

Jeanine:

Welcome.

Amanda:

Presentation will focus primarily on the risk side of what I still handle. However, there you'll see some of my other duties peppered in throughout. Do I have control to change? Perfect. Quick agenda items, we're just going to move through the reporting and monitoring and some of the results from the claims. We'll look at the management of the insurance and claims, COVID impacts that have had on claims management and then some charts that I've provided in the appendices.

Amanda:

This slide discusses how we review the claims data, reporting we produce allows for trend analysis, which can then be used in updating work processes. We've used this for detecting types of motor vehicle accidents, we've used it for different types of liability claims that have come in such as reviewing our work sites. This was a big push when Beth came in and took over operations, we took a look at if we're out on the street and we're looking at a sidewalk, are there any other structures near us to make sure that they're all in safe, good order for the general public.

Amanda:

I'll move to the next one. This slide here talks about our five-year fiscal vehicle accidents. In here, you'll see what we classify the accidents in two ways preventable and non-preventable. Preventable are items where we strike another, strike, a stationary object where a police officer may have found us at fault, be a ticket or a warning. Non-preventable are typically where these are items that may have fallen on a car or items like somebody else hitting us.

Amanda:

You can see in the last two fiscal years, we've greatly reduced our preventable motor vehicle accidents, this has been a really huge push for the driver's safety program. Slightly up this year, were six preventable motor vehicle accidents. However, based on the trend analysis, we're not seeing any pinpoint as to whether it be due to the pandemic, remote working or different types of accidents, each one is very different from the others.

Amanda:

Okay, you can move on to the next one. Thank you. Here you're going to see different types and cause of accidents. So you can see on this one, approximately 35% of our accidents is that, that one right here in the middle where it says 52, that is RWA vehicles, other vehicle. So these are seen typically in rear end collisions, someone clipping into us, and a lot too when the guys are parked on the side of the road where their mirrors may get taken off, if it's a tight street and someone isn't paying attention, you'd be surprised how many you haul drivers have taken off a side mirror on a truck that's parked on the side of the road. The other large items, the vehicle striking stationary objects, this is 33% of the accident. So we see this as our biggest area of focus for driver training. We're going to focus on our surroundings and situational awareness training as we keep going through the rest of the fiscal year.

Amanda:

All right. We can go on to the next one. This slide here is a depiction of our general claims. This includes our liability claims as well as our collections. Liabilities are claims against RWA and the collections are RWA claims against others, those are typically hit hydrants and hit means and services. You can see over most of the years, we collect more than we pay out, which is very good for our liability, it means that our guys and our company are being very safe in general. And the last two years, while they seem fairly low, claims take quite a few years to develop so we tend to look at these as after two to three years, we have pretty much reached the end life of the claims.

Amanda:

Okay. This year breaks out the general claims by cost type. You can see the largest item here is the hydrant replace and repair. The other that we call that our most frequent accident, the cost value there isn't nearly as high as say the main failures or the main hits or service hits. Those tend to be a lot more costly on the repair side. One item we're finding here has been that there's been some hit and run accidents, this means that we don't have a responsible party to collect against. One of the areas that we're kind of looking into is that hydrants and services aren't covered by our general insurance, so when there isn't a third party to hold accountable, RWA is left holding the bill on those unplanned and costly repairs.

Amanda:

Okay. So because hydrants are the number one, I broke those out for you guys, just to give you a little bit of information. This top chart here, which I'm on the screen is very, very small depicts the hydrant hits by month. We did this in the last presentation for this update and it's changed slightly because we saw all of the summer months as the most frequent hits, now we're seeing August as the key month. So I don't know if I'm thinking that this summer we're going to try to target something in our communications and social media is about watching out for RWA hydrants.

Amanda:

Breaking down in the second chart, you're going to see that hydrant damage by town, Ansonia and Milford are actually leading towns with the most hit hydrants. And I did have analysis on these because I thought it was interesting. And Milford actually has the most hydrants out of all of them, so they make a little bit of sense, but Ansonia only has about 450 hydrants in comparison to Milford's 1,436. So I'm not sure what's going on in Ansonia with the drivers there, but might be a good key for us to look at it, it's time to start flagging those hydrants for more visibility.

Amanda:

Go onto the next one. Okay. Insurance and claims management. Now Beth is going to assist me with this one, I will run through these and then give her an opportunity to speak to some of them. These are our three... Well actually they were, when I made this presentation, there's two open, one closed. Three large facility claims that we have going, the Lake Gaillard Alum Claim involves our environmental pollution policy. This deals with one of our vendors, for our alums. We are currently seeking reimbursement for all of the costs to our filter beds that were damaged by the inadequate alum.

Amanda:

Lake Gaillard pump station, we had issue with a VFD that failed. We're using our boiler machinery policy on this one, which actually has a much lower deductible, which will help us get more of our dollars back on the claim. And the Sanford Street pump station was involved in the August tornadoes, this was processed under our traditional property insurance policy, which does have a large deductible. However, we were able to settle the claim for 232,000. That check is actually in process and I hear it was delivered to my desk yesterday, so I'm very excited about getting that deposited. Beth, did you want to speak more to the operational goals that these claims highlight?

Beth:

Sure. So if you remember from Prem's last presentation that he just delivered we looked at the top 10 risks for the organization and two of these fall within those top 10. So our Lake Gaillard pump station would be considered a critical component failure and our Lake Gaillard Alum claim would actually kind of talk to our supply chain. So as a result, Amanda and I are going to work beginning 2021 to really take a hard look at some of our top 10 risks and ensure that we're using these types of events to harden our mitigation factors around these issues and also make sure moving forward that...

Beth:

... these issues, and also make sure moving forward that we have put in place those things that we can do to prevent. If you remember our presentation from cash back, I think it was April, or even March, maybe. Our goal to focus on the three Rs in terms of reducing risk, increasing resiliency, and redundancy. We're really going to make a push, coming 2021 to take a hard look at the risk register, and ensure that we've got coverage in terms of our mitigating plans.

Amanda:

[inaudible 00:30:34] All right, let's move on to our next slide. This is just a quick update within the Insurance and Claims Management. So our Insurance Renewals are on March 1st. We have already begun preparing our renewal data for our broker on the traditional lines. We have had information presented to us that the Property Umbrella/Excess and Professional Liability lines are in a hardening market, which means they're looking for additional rate, and there's very close looks at loss control, and

engineering recommendations. We are up to date on all recommendations from our property insurer. So we have no worries there. However, we do have a very large asset book. So that does put us in the category of rate increases.

Amanda:

So we have already started our marketing plan for this. So that way we can get the best coverage, and pricing for RWA. Part of this insurance renewal we're seeing is COVID specific questionnaires. These are on multiple lines of coverage from our EPLI, which has our Employers Practice Liability, our Property Coverage, our Umbrella/Excess, and also our Fiduciary lines. Good news in the insurance arena though, is we have received favorable terms from Zurich, who is the carrier on our Captive Casualty program. They have not put forth any recommendations for communicable disease exclusions, which means that anything related to COVID in the general liability, auto-liability, and workers' compensation have not been explicitly excluded.

Amanda:

We will not see any rate increases outside of our typical increases on our revenue, and our payroll. The captive really helps insulate RWA from the insurance marketplace. We see steady claims, steady loss control, and we as a captive are targeting the membership to companies that we know are very successful having strong revenue background, and that they have met all of the metrics to be a strong contender in our captive, the Churchill Casualty program remains one of the strongest heterogeneous captives in the Cayman book of business.

Amanda:

The COVID Impact of Claims, I know everyone's probably a little COVID out, but it did have quite a bit of claim impact for us. This first bullet here speaks to the executive order that was issued by Governor Lamont, allowing for the rebuttable presumption of workers' compensation benefits for essential employees. This dates only from March 10th to May 20th of 2020. This allows employers to argue that the presumption may not be related to work. However, it does open the door for a disease to be included as a work-related injury. Now items such as the flu H1N1, and other communicable diseases have not been included as part of workers' compensation. So this is a very new item for us.

Amanda:

We do have two workers' compensation claims that have been brought forward. They were denied because they did happen after the May 20th date. However, our insurance carrier is letting us know that these may be reopened for her review by the Connecticut Work Comp Commission. If that date was to be extended by executive order by Governor Lamont. Another issue we're looking at is order 7G, which is a Suspension of the Statute of Limitations. This is only for the duration of the COVID-19 emergency declaration. Statute of limitations are the length of time you have to file a lawsuit in the Connecticut court system. So injury to a person, libel slander are a two year. Property damage is three years. Contracts, and construction are six, and 10 respectively.

Amanda:

So at this point, any time from the date that 7G was filed until the emergency declaration ends, those dates are waived. So if you were injured two years ago, and you should have filed the suit, you now have the ability to continue to file a lawsuit until this executive order ends. So it does create a little of open-

endedness for us, because if there was some general liability claim that was open, and we think it could be closed because the statute of limitations has told, we now do not have that known date. So we don't have any claims that have been brought forth. We don't have any knowledge of any that will come forward, but we're keeping an eye on this suspension.

Amanda:

The other item we're still seeing is continued difficulty with trial dates. Any jury trials are now being pushed into mid 2021, and later. We're not even sure that those will go forward. The Work Comp Commission is also only hearing hearings via a phone, and any that require in-person are being pushed off, which means that we are having a difficulty in closing some of our older Work Comp claims that are ready for settlement, because we do need the signatures, and people at the commission. That wraps up the Risk Management updates. Since the last time we had spoke, are there any questions that I can answer for anyone?

Joe:

Any questions anyone? Hearing none. Thank you, Amanda.

Amanda:

Absolutely. And I'll just let you know, there's some additional charts in the back of the presentation. If anybody has interest in looking at them, they just discuss in detail more about the auto claims, and just a little bit more graphics, but I won't put you guys through all of that.

Jeanine:

Thanks, Amanda.

Joe:

Thank you.

Amanda:

Thank you all. Have a great day.

Joe:

All right. I'll entertain a motion to adjourn the Audit Risk Committee, and meet as the Environmental Health and Safety Committee.

Suzanne:

So moved.

Kevin:

Second.

Joe:

All favor.

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Group:

Aye.

Joe:

[Opposed 00:07:05]. Motion carried.

[AUDIT-RISK MEETING ENDS AT 3:28 P.M.]