

Minutes of Finance Committee Meeting – January 5, 2016.

Attendance: D. Schwey, C. Carroll, T. Hershner, G. Ossege, S. Shadwell

The primary purpose of the meeting was to discuss the proposals for insurance for 2016. Three separate proposals had been received and reviewed by the Township.

OTARMA – has been the insurer since 1987. Proposed coverage of \$5mm at a cost of \$99805. It was expected that we would receive a "Capital Distribution" (refund) of \$6500.

Gallagher's Insurance Agency - Proposed coverage through Traveler's Insurance of \$3mm plus umbrella coverage totaling \$6mm at a cost of \$77343.

Ohio Plan – Proposed coverage of \$3mm at a cost of \$59852, with an umbrella coverage of an additional \$2mm at a cost of \$2230.

It was basically unanimous that we should move from OTARMA as a means of reducing costs to the township. While we had been extremely satisfied with their service and responsiveness the cost differential was too much to continue with this supplier.

Both of the new proposals included a "Tail Coverage" for any incidents that may have occurred prior to 2016 that would no longer be covered by the previous insurer.

While both Ms. Schwey and Mr. Shadwell felt we should go with the lowest bid from the "Ohio Plan" for at least 2016 as a test case, Mr. Ossege brought up the fact that as a smaller "Group Plan" there was not a lot of capital funds that would protect against a major claim from a member of the co-operative group. As a Co-op the existing members would be liable for any claims if the co-op were to become insolvent, as was a recent case of a similar group in KY.

Discussion then went to the Gallagher's plan. While this is the Insurance Agent the coverage would be through Traveler's Insurance Group a much larger company. However it was felt that as the initial discussions with The Gallagher Agency had been made through a mutual acquaintance of both Mr. Ossege and a Trustee (Mr. Pautke) the three Township employees were uncomfortable with any appearance of impropriety. To assuage such questions, Mr. Hershner agreed that he should contact Mr. Forsythe and ask that he effectively recuse himself from any future discussions or negotiations between Gallagher Insurance and the Township.

It was decided that while the Traveler's bid was not the lowest, because of the company's size and reach within the Insurance Industry we would recommend that the Township proceed with a change of insurers, moving to Traveler's Insurance through the Gallagher Insurance Agency once the proposal is finalized.

It was agreed that The Finance Committee would meet on the second Tuesday each month at 6:30 p.m.

G. Ossege

S. O. Shadwell

Revised 1/13/16