



ALBANY COUNTY LEGISLATURE  
HAROLD L. JOYCE OFFICE BUILDING  
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ALBANY, NEW YORK 12207  
(518) 447-7168 - FAX (518) 447-5695  
WWW.ALBANYCOUNTY.COM

SHAWN M. MORSE  
CHAIRMAN

PAUL T. DEVANE  
CLERK

## AGENDA

### PERSONNEL COMMITTEE

FEBRUARY 26, 2014

#### PREVIOUS BUSINESS:

##### APPROVING PREVIOUS MEETING MINUTES

1. RESOLUTION NO. 309 (2013): DIRECTING THE DEPARTMENT OF HUMAN RESOURCES TO PROVIDE AN UPDATED VACANCY REPORT TO THE LEGISLATURE ON A WEEKLY BASIS
2. RESOLUTION NO. 63 (2013): CLARIFYING THE RESIDENCY REQUIREMENT POLICY FOR EMPLOYEES OF ALBANY COUNTY

#### CURRENT BUSINESS:

3. AUTHORIZING AN AGREEMENT REGARDING EXCESS WORKERS' COMPENSATION INSURANCE AND AMENDING THE 2014 RISK RETENTION FUND

Honorable Shawn M. Morse and Members of the Albany County Legislature:

LADIES AND GENTLEMEN:

The Personnel Committee of the Albany County Legislature met on January 29, 2013. Chairperson Ward, Messrs. Cotrofeld, Ethier, Joyce, Rahm, Mendick, Stevens and Ms. McKnight were present. Mr. Mayo was excused. The following items were discussed and/or acted upon:

Approving Previous Meeting Minutes: Unanimously approved.

1. Resolution No. 309 (2013): Directing the Department of Human Resources to provide an updated vacancy report to the legislature on a weekly basis: Tabled at the request of the sponsor.
2. Resolution No. 63 (2013): Clarifying the residency requirement policy for employees of Albany County: Tabled at the request of the sponsor.
3. Approving the Sheriff's Department Collective Bargaining Agreement with the Deputy Sheriffs Police Benevolent Association: The Sheriff requested approval of a four-year agreement between the Sheriff's Department and the Deputy Sheriff's Police Benevolent Association on the terms and conditions of employment from January 1, 2013 through December 31, 2016. It was indicated that under terms of the agreement, employees of the bargaining unit will receive a 2% salary increase for 2013 to step VII only, retroactive to September 1, 2013 and payable on May 15, 2014; a 0% salary increase for 2014 with a \$3,000 increase to step VII effective January 1, 2014 and payable on May 22, 2014; a 0% salary increase for 2015, and a 2% salary increase for 2016. It was further indicated that the agreement provides for modifications to the Prescription Drug Plan that effective on January 1, 2014, the co-pay for both retail and 90 day domestic mail preferred formulary brand drugs shall increase to \$15 and non-formulary prescription brand drugs shall increase to \$60, non-domestic mail for a 90 day supply for preferred formulary brands and non-formulary prescription shall be \$0. It was further indicated that the agreement provides for full-time employees hired after January 1, 2014 to have 85% of their health care plan premiums paid for by the County. It was further indicated that employees with a hire date of January 1, 2014 or after shall be entitled to a maximum of thirty (30) days of unused vacation leave that may be liquidated upon separation. After further discussion, the Committee voted unanimously to move the proposal forward for legislative action with a favorable recommendation.
4. Confirming the Appointment of the Director of the Real Property Tax Service Agency: Chairperson Ward introduced Ms. Patricia C. McVee to the Committee. Mr. Ward explained that Ms. McVee is the County Executive's appointee to the position of Real Property Tax Service Agency Director. Ms. McVee explained that she has had 26 years experience in public service. Ms. McVee explained that her most recent experience was Sole Assessor for the

Town of Bethlehem and she has aided and presented in the NYS Real Property System operating system transitions. After further discussion, the Committee voted unanimously to move the proposal forward for legislative action with a favorable recommendation.

5. Confirming the Appointment of the Director of Employee Relations: Chairperson Ward introduced John E. Maney to the Committee. Mr. Ward explained that Mr. Maney is the County Executive's appointee to the position of Employee Relations Director. Mr. Maney explained that he has experience in employee disciplinary and grievance issues as well as other labor related matters. Mr. Maney stated that his history with the County started in 1980 with the Sewer District. Mr. Maney further stated he returned to the County after receiving his law degree from Albany Law School. After further discussion, the Committee voted unanimously to move the proposal forward for legislative action with a favorable recommendation.

Respectfully Submitted,  
THE PERSONNEL COMMITTEE

SEAN E. WARD, Chairperson  
THOMAS J. COTROFELD  
GILBERT F. ETHIER  
RAYMOND F. JOYCE  
DAVID B. MAYO

LUCILLE M. McKNIGHT  
DONALD W. RAHM  
RICHARD W. MENDICK  
TRAVIS D. STEVENS

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**RESOLUTION NO. 309**

**DIRECTING THE DEPARTMENT OF HUMAN RESOURCES TO PROVIDE AN UPDATED VACANCY REPORT TO THE LEGISLATURE ON A WEEKLY BASIS**

Introduced: 8/13/12

By Messrs. Commisso, Ward, Clenahan, Reilly, Mss. McKnight, Chapman, Kinsch, Messrs. Beston, Bullock, Clay, Domalewicz, Ethier, Joyce, Mayo, O'Brien, Rahm, Simpson, Ms. Maffia-Tobler and Mr. Nichols:

WHEREAS, By Resolution No. 283 for 1992, this Honorable Body created a Committee to Fill Vacancies to determine which vacant positions are essential and must be filled, and

WHEREAS, As part of meeting its responsibilities, the Committee to Fill Vacancies has developed a vacancy report which has been generated by the Department of Human Resources and distributed on a weekly basis, and

WHEREAS, The vacancy report is an important tool to help make budgetary determinations and this Honorable Body is entitled to receive said report on a weekly basis, now, therefore be it

RESOLVED, By the Albany County Legislature that the Department of Human Resources is directed to provide a copy of the vacancy report, in an electronic format where possible, on a weekly basis to the Chairman of the Legislature, the Chairman of the Audit and Finance Committee, the Majority Leader, the Minority Leader, the Majority Counsel and the Minority Counsel and any Legislator who requests a copy of the vacancy report, and, be it further

RESOLVED, That the Clerk of the County Legislature is directed to forward certified copies of this resolution to the appropriate County Officials.

*Referred to Personnel Committee. 8/13/12*

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**RESOLUTION NO. 63**

**CLARIFYING THE RESIDENCY REQUIREMENT POLICY FOR  
EMPLOYEES OF ALBANY COUNTY**

Introduced: 2/11/13

By Messrs. Morse, Commisso and Ward:

WHEREAS, By Resolution No. 245-C for 1995, this Honorable Body established a residency requirement for all employees hired by the County subsequent to October 16, 1995, and

WHEREAS, Since its adoption, some employees have been caught in situations where they believed they were complying with the requirement, but in fact, have fallen short of full compliance, and

WHEREAS, As the policy making body of the County, this Legislature is the only branch of government empowered to make exceptions to the rules it establishes and this Legislature wants to make sure the hard working employees of this County are given the benefit of the doubt, and

WHEREAS, It has always been the intention of the residency requirement policy to instill pride and a sense of ownership in Albany County by its employees, not to be used as a means to intimidate them, now, therefore be it

RESOLVED, That this Honorable Body re-emphasizes the importance of all employees to abide by the residency requirement, however, it is also recognized that some employees need additional time to fully comply with its requirements, and, be it further

RESOLVED, That effective the date this resolution is adopted by the Legislature, employees who are not in full compliance with the residency requirement are hereby provided one year to so comply, and, be it further

RESOLVED, That the Clerk of the County Legislature is directed to forward certified copies of this resolution to the appropriate County Officials.

*Referred to Personnel Committee. 2/11/13*

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# Albany County

## Department of **HUMAN RESOURCES**

**Daniel P. McCoy, Albany County Executive**  
**Evelyn A. Kinnah, Commissioner**  
**Jennifer Skelly Clement, Deputy Commissioner**

### MEMORANDUM

**TO:** Shawn M. Morse, Chairman, Albany County Legislature  
Frank J. Commisso, Majority Leader  
Lee R. Carman, Minority Leader

**FROM:** Evelyn A. Kinnah, Commissioner of Human Resources 

**CC:** Jamie Kallner, Esq., Counsel to the Majority  
Arnis Zilgme, Esq., Counsel to the Minority  
Jennifer Skelly Clement, Deputy Commissioner of Human Resources

**DATE:** 02/06/2014

**RE:** **RLA: Excess Workers' Compensation Insurance Contract Approval and Budget Resolution**

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Attached please find the RLA to approve the Excess Insurance Policy with Safety National Casualty Corporation (Safety National Group).

The policy is brokered by Arthur J. Gallagher Risk Management Services for an annual premium of \$243,634.

Additionally, we are seeking to increase the Excess Insurance appropriation, CS 1722, by \$25,741 to cover the premium increase for 2014 coverage period.

Please feel free to contact me with any additional questions you may have.



DANIEL P. McCOY  
COUNTY EXECUTIVE

THOMAS MARCELLE  
COUNTY ATTORNEY

EUGENIA KOUTELIS CONDON  
DEPUTY COUNTY ATTORNEY

JAMES GREEN  
ASSISTANT DEPUTY COUNTY ATTORNEY

SENIOR ASSISTANT COUNTY ATTORNEY  
ALBERT DINGLEY      JEFFREY KENNEDY  
GREGORY A. RUTNIK      D. STEVE RAHMAS  
JOHN E. MANEY      TRACY A. MURPHY

COUNTY OF ALBANY  
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ASSISTANT COUNTY ATTORNEY  
CATHERINE E. BROWN      CARLY MOUSSEAU  
JOSEPH ALUND      EDWARD STANO  
ADAM G. GIANGRECO      JILLIAN E. FAISON  
PATRICK J. COLLINS      WILLIAM ANDREWS  
LISABETH JORGENSEN

## MEMORANDUM

TO: Hon. Shawn Morse  
Chairman, County Legislature

FROM: Eugenia Koutelis Condon *EKL*  
Deputy County Attorney

DATE: January 13, 2014

RE: Request for Legislative Action  
Award of Insurance - Excess Worker's Compensation Insurance  
Broker: Arthur J. Gallagher Risk Management Services  
Carrier: Safety National Insurance Company  
Policy Period: 1/1/14 - 12/31/14  
Premium: \$243,634  
Retentions: \$750,000  
\$1,000,000 (Police/Corrections)  
Employers Liability Limit: \$2,000,000

I write on behalf of the Department of Human Resources which is simultaneously submitting a Request for Legislative Action relative to the award of the County's Excess Worker's Compensation Insurance Coverage for the period January 1, 2014 to December 31, 2014.

In 2012, the County issued a Request for Proposals for the Excess Worker's Compensation Insurance. By Resolution 87 of 2013, the Legislature awarded the contract for insurance coverage through Safety National Insurance Company. Safety National is a highly rated carrier and has written the County's Excess Worker's Compensation Insurance for several years. The RFP as awarded was for a period of one year, with options to renew for two additional one year periods.

This year upon renewal, the possibility of a significant premium increase raised concerns as to the appropriateness of a straight renewal with Safety National. The County has experienced an increase in this insurance coverage over the last several years due to tightening to the insurance market place coupled with our overall claims history. While we have not seen an increase in overall claims made, we have over time seen a significant increase in payments made, particularly on old, open Worker's Compensation files. Currently, thirteen Worker's Compensation Claims have exceeded the \$200,000 threshold with one claim exceeding \$1.1 Million and a second nearing \$1 Million in payments. In addition, the 2014 payroll was increased due to the settlement of most collective bargaining agreements and pay increases to non-union employees. Overall payroll is a significant factor in Worker' Compensation premiums. As a result of these factors, we anticipated an increase in this insurance on renewal with Safety National.

Given the expected increase, we requested that the broker for the County, Arthur J. Gallagher Risk Management Services, obtain alternative price quotes with comparably rated insurance carriers to determine if there were other coverages available. We further requested that they obtain and negotiate premiums on our behalf with the hope that we could reduce the expected premium increase. As indicated on the attached documentation, quotes were obtained from three carriers, Safety National, Midwest Employers Casualty (three options) and NY Marine and General Ins. Co. The Safety National quote increased the retention for law enforcement from \$900,000 to \$1,000,000, but remained the most economically appropriate quote at \$243,634. Midwest quoted \$298,834 - \$356,624 with various retention and limit options, and NY Marine quoted \$575,000.

Based upon the above, it is the Law Department's recommendation that the Legislature approve the award of the contract to Safety National at a premium cost of \$243,634 for the period January 1, 2014 to December 31, 2014. The carrier is highly rated and proposed the lowest premium cost. The Department of Human Resources will be responsible for administering this coverage.

If you have any questions, please advise me. Thank you for your attention to this matter.

EKC:e

Enclosures

Cc: Jamie Kallner, Majority Counsel  
Arnis Zilgme, Minority Counsel  
David Friedfel, Commissioner, Management and Budget  
Michael McLaughlin, County Executive's Office  
F. Patrick Jeffers, Esq.

2014 FEB 12 AM 10 13

FOR COUNSEL USE  
ONLY

Date Received: \_\_\_\_\_  
Received By: JP  
Method: Hand: ✓  
Courier: \_\_\_\_\_  
Mail: \_\_\_\_\_

**REQUEST FOR LEGISLATIVE ACTION**

**DATE:** 1/13/2014

**DEPARTMENT:** Human Resources

Contact Person: Clement, Jennifer, Deputy Commissioner

Telephone: 518-447-5690

Dept. Representative Attending

Committee Meeting: Kinnah, Evelyn, Commissioner

**PURPOSE OF REQUEST:** Excess Insurance Policy

- Adoption of Local Law \_\_\_\_\_
- Amendment of Prior Legislation \_\_\_\_\_
- Approval/Adoption of Plan/Procedure \_\_\_\_\_
- Bond Approval \_\_\_\_\_
- Budget Amendment (See below) X
- Contract Authorization (See below) X
- Environmental Impact \_\_\_\_\_
- Home Rule Request \_\_\_\_\_
- Property Conveyance \_\_\_\_\_
- Other: (State briefly if not listed above) Countywide Services.

**CONCERNING BUDGET AMENDMENTS**

**STATE THE FOLLOWING:**

Increase Account/Line No. Contractual

Source of Funds: Albany County

Title Change:

**CONCERNING CONTRACT AUTHORIZATION**

**STATE THE FOLLOWING:**

**TYPE OF CONTRACT**

- Change Order/Contract Amendment \_\_\_\_\_
- Purchase (Equipment/Supplies) \_\_\_\_\_
- Lease (Equipment/Supplies) \_\_\_\_\_
- Requirements Professional Services X
- Education/Training \_\_\_\_\_
- Grant: \_\_\_\_\_
- New \_\_\_\_\_
- Renewal \_\_\_\_\_
- Submission Deadline Date \_\_\_\_\_
- Settlement of a Claim \_\_\_\_\_
- Release of Liability \_\_\_\_\_
- Other : (State briefly) \_\_\_\_\_

**CONCERNING CONTRACT AUTHORIZATION (Cont'd)**  
**STATE THE FOLLOWING:**

**Contract Terms/Conditions:**

Party(Name/Address): Gallahger, 677 Broadway, 4th Floor Albany, NY 12207  
Amount/Raise Schedule/Fee: \$243,634.00  
Scope of Services: Excess Insurance Policy

**Contract Funding:**

Bond Res. No.:  
Date of Adoption:

**CONCERNING ALL REQUESTS:**

Mandated Program/Service: Yes  
If Mandated Cite: Authority Excess Insurance provided under Workers' Compensation Law for Self Insured Employers  
Anticipated in Current Adopted Budget: No  
County Budget Accounts:  
Revenue:  
Appropriation:

**Fiscal Impact - Funding:** (Dollars or Percentages)

Federal: - 0%  
State: - 0%  
County: - 100%  
Local: - 0%

Term/Length of Funding: 12 Months ( 1/1/2014 - 12/31/2014)

**Previous Requests for Identical or Similar Action**

Resolution/Law Number: 87  
Date of Adoption: 03112013

**Justification:**(State briefly why legislative action is requested)  
Excess Insurance Policy

**Back-up Material Submitted:** (i.e., application/approval notices from funding source, bid tabulation sheet, civil service approval notice, program announcement, contracts and/or any materials which explain or support the request for legislative action.)  
[http://acvsp2010/sites/CALM/Lists/RLA/Attachments/745/Cover Excess WC Insurance 2014.doc](http://acvsp2010/sites/CALM/Lists/RLA/Attachments/745/Cover%20Excess%20WC%20Insurance%202014.doc)  
[http://acvsp2010/sites/CALM/Lists/RLA/Attachments/745/Excess WC Insurance 2014 Cover.doc](http://acvsp2010/sites/CALM/Lists/RLA/Attachments/745/Excess%20WC%20Insurance%202014%20Cover.doc)  
[http://acvsp2010/sites/CALM/Lists/RLA/Attachments/745/RLA Excess.pdf](http://acvsp2010/sites/CALM/Lists/RLA/Attachments/745/RLA%20Excess.pdf)  
[http://acvsp2010/sites/CALM/Lists/RLA/Attachments/745/Risk Retention Fund Budget Amend.xlsx](http://acvsp2010/sites/CALM/Lists/RLA/Attachments/745/Risk%20Retention%20Fund%20Budget%20Amend.xlsx)

Submitted By: Clement, Jennifer  
Title:

APPROPRIATIONS

ACCOUNT NO.	RESOLUTION DESCRIPTION	INCREASE	DECREASE	UNIT COST	DEPARTMENT NAME
CS 1722 4	Misc. Contractual Expense	25,741.00			Risk Retention Fund
CS 9040 8	Workers Compensation		25,741.00		Risk Retention Fund

TOTAL APPROPRIATIONS 25,741.00 25,741.00

ESTIMATED REVENUES

ACCOUNT NO.	RESOLUTION DESCRIPTION	DECREASE	INCREASE	UNIT COST	DEPARTMENT NAME
	TOTAL ESTIMATED REVENUES	0.00	0.00		
	GRAND TOTALS	<u>25,741.00</u>	<u>25,741.00</u>		

# CONFIRMATION OF INSURANCE

Arthur J. Gallagher Risk Management Services, Inc.  
 2 Westchester Park Dr., White Plains, NY 10604-3408  
 Telephone: (914)696-3700  
 Facsimile: (914)696-1010

Date
December 24, 2013

County of Albany  
 112 State Street  
 Albany, NY 12207

Assured No.	Binder No.
COUNOFA-02	2014XSWC

As instructed, we have bound the insurance described below. We are holding a binder from the insurance company(ies) subject to the conditions and terms applying thereto. Policy(ies) or endorsements will be delivered to you as soon as possible after issuance. Please advise if any changes are to be made.

Very truly yours,  
 Arthur J. Gallagher & Co. of NY, Inc.

Effective Date	Expiration Date	Policy Number	Company
01/01/2014	01/01/2015	Renewal of SP4047901	Safety National Casualty Corp.
COVERAGE DESCRIPTION AND AMOUNTS			

## Workers Compensation

**Coverage:**

Workers' Compensation insurance pays specific benefits, required by state law, to employees injured during the course of their employment. Coverage A is Statutory, Coverage B – Employers' Liability, is for claims involving injured employees filed outside of the statutory Workers' Compensation portion of the law.

**Limits Coverage A:**

Statutory

**Limits Coverage B:**

\$2,000,000 Bodily Injury by Accident – each accident  
 \$2,000,000 Bodily Injury by Disease – each employee  
 \$2,000,000 Bodily Injury by Disease – policy limit

**Self-insured Retention:**

\$750,000 All Class Codes except:  
 \$1,000,000 Police

**Coverage Includes:**

- Workers' Compensation
- Employers' Liability

Estimated Annual Premium: \$243,634\*

\*Basis of Premium: .207 per \$100 payroll based upon estimated payroll of \$117,697,690



Arthur J. Gallagher Risk Management Services

Reducing Risk. Raising Expectations.™

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County of Albany, NY  
 2014 Workers Compensation Quote Options

Specific Limit	Statutory	Statutory	Statutory	Statutory	Statutory
Specific Retention	\$750,000	\$750,000	\$750,000	\$900,000	\$7,000,000
Retention	\$900,000	\$1,000,000	\$900,000	\$900,000	\$1,000,000
Police/Corrections	\$2,000,000	\$2,660,000	\$1,000,000	\$1,000,000	\$1,000,000
Employee's Liability Limit					
E.L. Retention	See Specific	See Specific	See Specific	See Specific	See Specific
Rating Basis					
Est. Annual Payroll	\$111,029,193	\$117,697,690	\$117,697,690	\$117,697,690	\$117,697,690
Rate per \$100 Payroll	1.854545	2.0	303	27.35	2.989
Premium:					
Est. Policy Premium	\$205,909	\$243,634	\$356,624	\$322,021	\$298,834
Deposit Premium	\$205,909	\$243,634	\$356,624	\$322,021	\$298,834





## Market Review

We approached the following carriers in an effort to provide the most comprehensive and cost effective insurance program.

CARRIER	LINE OF COVERAGE	CARRIER POSITION
Safety National Casualty Corporation (Safety National Group)	Excess Workers Compensation	Quoted - \$243,634
Midwest Employers Casualty Co.	Excess Workers Compensation	Quoted - \$356,624
NY Marine & General Ins. Co.	Excess Workers Compensation	Indication - \$575,000
ACE American Ins. Co.	Excess Workers Compensation	Pending
Arch Insurance Co.	Excess Workers Compensation	Pending

\* The premium indicated is an estimate provided by the market.



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**Executive Summary**

Arthur J. Gallagher Risk Management Services, Inc. appreciates the opportunity to present this proposal for your consideration.

Workers Compensation in New York has become a tremendous challenge. Escalating medical costs coupled with indemnity payments almost doubling in recent years has driven workers compensation claims costs up dramatically. This in turn is causing the Workers Compensation marketplace to tighten and rates to rise, even for our insureds with large self-insured retentions.

As a result, we did approach alternative markets in addition to Safety National, your incumbent market. The results of our marketing efforts are reflected on the following Marketing Summary page.

Safety National remains the most competitively priced option, however they have increased your police retention from \$900,000 to \$1,000,000 (due to claims activity with corrections and police). We did secure an option from Midwest Employers Casualty Co. at the expiring police retention of \$900,000 however that premium is over \$110,000 higher than Safety National's quote. Other markets approached were not competitive.

We thank you for your assistance in providing the necessary underwriting information for our underwriters in order to prepare a comprehensive submission. Thank you for allowing us to be your partner in this placement.

Justin Riccio  
Rich Famiglietti  
Greg Vandenburg

12/13/2013



### Insurance Carrier Ratings and Admitted Status

PROPOSED CARRIERS	A.M. BEST'S RATING	ADMITTED/ NON-ADMITTED
Safety National Casualty Corporation (Safety National Group)	A+ XII	Admitted
Midwest Employers Casualty Company	A+ XV	Admitted
New York Marine & General Insurance Co.	A IX	Admitted

If the above indicated coverage is placed with a Non-Admitted Carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

\*The above A.M. Best Rating was verified on the date the proposal document was created.

#### Guide to Best Ratings Rating Levels and Categories

LEVEL	CATEGORY	Financial Size Categories <i>(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)</i>	
A++, A+	Superior		
A, A-	Excellent		
B++, B+	Good	FSC I Up to 1,000	FSC IX 250,000 to 500,000
B, B-	Fair	FSC II 1,000 to 2,000	FSC X 500,000 to 750,000
C++, C+	Marginal	FSC III 2,000 to 5,000	FSC XI 750,000 to 1,000,000
C, C-	Weak	FSC IV 5,000 to 10,000	FSC XII 1,000,000 to 1,250,000
D	Poor	FSC V 10,000 to 25,000	FSC XIII 1,250,000 to 1,500,000
E	Under Regulatory Supervision	FSC VI 25,000 to 50,000	FSC XIV 1,500,000 to 2,000,000
F	In Liquidation	FSC VII 50,000 to 100,000	FSC XV 2,000,000 or more
S	Suspended	FSC VIII 100,000 to 250,000	

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

Best's Credit Ratings are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings and Best Credit Reports (which include Best Ratings), visit the A.M. Best website at <http://www.ambest.com>. See Guide to Best's Credit Ratings for explanation of use and charges. Copies of the Best's Insurance Reports for carriers listed above are also available upon request of your Gallagher representative.

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## GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

### Financial Strength Ratings

	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
S	Suspended	Assigned to rated companies when sudden and significant events affect their balance sheet strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.	

### Rating Modifiers

Modifier	Descriptor	Definition
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process. (Discontinued in 2010)
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

### Outlooks

Indicates potential direction of a Financial Strength Rating over an intermediate term, generally defined as 12 to 36 months.	
Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.

### Not Rated Designation

NR: Assigned to companies that are not rated by A.M. Best.

### Rating Disclosure

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's *Terms of Use* at [www.ambest.com](http://www.ambest.com).

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Arthur J. Gallagher Risk Management Services

Reducing Risk, Raising Expectations.

### Premium Summary

The estimated program cost for the recommended program options are outlined in the following table:

LINE OF COVERAGE	EXPIRING PROGRAM		PROPOSED PROGRAM	
	CARRIER	EXPIRING COST	CARRIER	ESTIMATED COST
Excess Workers Compensation	Premium Taxes Sicring & Asrmt Total Fees Estimated Cost TRIA Premium	Safety National Casualty Corporation (Safety National Group)	Safety National Casualty Corporation (Safety National Group)	\$243,634.00 - - - \$243,634.00 Included
<b>Total Estimated Program Cost</b>			<b>\$205,909.00</b>	<b>\$243,634.00</b>

Quote from Safety National Casualty Corporation is valid until 1/1/2014

Gallagher is responsible for the placement of the following lines of coverage:  
Excess Workers Compensation  
It is understood that any other type of exposure/coverage is either self-insured or placed by another brokerage firm other than Gallagher. If you need help in placing other lines of coverage or covering other types of exposures, please contact your Gallagher representative.



**Coverage Highlights**

**Coverage:** Excess Workers Compensation  
**Carrier:** Safety National Casualty Corporation  
**Policy Period:** 1/1/2014 to 1/1/2015

**States Covered:**

STATE

New York

**Coverage (Including Limits/Sublimits):**

DESCRIPTION	LIMIT OR SUBLIMIT	LIMIT	BASIS
Worker Compensation		Statutory	
Specific Limit		Statutory	
Employers Liability Limit		\$2,000,000/\$2,000,000	Per Occurrence & Aggregate

**Deductibles/SIR:**

TYPE	COVERAGE	AMOUNT
SIR	All Other	\$ 750,000
SIR	Police Officers	\$ 1,000,000



**Coverage Highlights (Cont'd)**

**Endorsements include, but are not limited to:**

DESCRIPTION
Incidental Longshoremen's And Harbor Workers' Compensation Act Coverage Endorsement - 0241 01 1291 (XWC)
Broad Form All States For Employee Travel - 0276 02 0408 (XWC)
Voluntary Compensation Endorsement-Premium Delineation - 0291 00 0708 (XWC)
Foreign Voluntary Workers' Compensation And Employers' Liability - 0293 00 0906 (XWC)
90-Days Notice Of Cancellation - 0322 00 1291 (XWC)
Volunteer Firefighters Or Ambulance Workers Exclusion New York Mandatory Endorsement(S), If Applicable - 0395 01 0105 (XWC)
Employers' Liability Per Occurrence & Aggregate Maximum Limits Of Liability - 0288 00 0908 (XWC)
Employers' Liability Maximum Limit And Aggregate Maximum Limit Of Indemnity - 0467 02 1105 (XWC)
Self-Insured Retention Per Occurrence - Police Officers & Drivers - 0557 00 1092 (XWC)
Policyholder Disclosure Notice Of Terrorism Insurance Coverage - 1061 10 1207 (XWC)

**Exclusions include, but are not limited to:**

DESCRIPTION
Bodily Injury to an employee while employed in violation of law
Bodily Injury Intentionally Caused by Insured
Federal Employers' Liability Act
Assumptions under Contract

**Other significant terms and conditions/restrictions:**

DESCRIPTION
Specific Excess Only
Manual Premium \$4,058,838
Standard Premium \$4,058,838
Premium Rate Rate \$100 Payroll \$ 0.207
The portion of the Employers annual premium attributable to coverage for losses caused by a certified act of terrorism is: 0.5%
- Liability Period 01/01/2014- 01/01/2015
- Payroll Reporting Period 01/01/2014- 01/01/2015



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**Coverage Highlights (Cont'd)**

<b>Premium</b>	<b>\$243,634.00</b>
<b>ESTIMATED PROGRAM COST:</b>	<b>\$243,634.00</b>
Minimum Premium	\$ 243,634.00
TRIP/TRIPRA PREMIUM (+ Additional Surcharges, Taxes and Fees as applicable)	<b>INCLUDED</b>

**Subject to Audit:**

**Auditable Exposures:**

STATE	CLASS CODE	DESCRIPTION	EXPOSURE	RATE PER \$100
NY	Various	Payroll	\$ 117,697,690	





## Changes/Developments

It is important that we be advised of any changes in your operations that may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

1. Changes in any operation such as expansion to other states or new products.
2. Mergers and/or acquisition of new companies.
3. Any newly assumed contractual liability, granting of indemnities, or hold harmless agreements.
4. Circumstances which may require increased liability insurance limits.
5. Any changes in fire or theft protection, such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to same.
6. Immediate advice of any changes to scheduled equipment such as contractors' equipment, electronic data processing, etc.
7. Property of yours that is in transit, unless we have previously arranged for the insurance.
8. Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed, or occupied.