

PUBLIC OFFICERS & EMPLOYEES LIABILITY INSURANCE

COMMISSION

COMMISSION MINUTES

December 14, 2021



NORTH CAROLINA DEPARTMENT OF INSURANCE

OFFICE OF THE STATE FIRE MARSHAL

Public Officers & Employees Liability Insurance Commission

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Commission Meeting Minutes
September 21, 2021
NC Department of Insurance
Raleigh, NC

In Person:

Tommy Sutton
Jackie Ireland
Sheriff Len Hagaman

Present Via Zoom Call:

Michael Kelly	Owen Thomas
Robert Broome	Melody Hairston
Will Polk	Michelle O'Connor
Chief James Avens	

Not Present:

Tom Anderson

Others Attending:

Latarsha Silver	Bryan Heckle
Elizabeth Hale	Lisa Weatherly
Laura Rowe	

Please note that this is a summary of the minutes. An exact recording of minutes is housed at the NC Department of Insurance Risk Management division and can be provided at your request.

Call to Order and Roll Call

Meeting was Called to Order at 10:07 by Tommy Sutton.

Roll was called by Latarsha Silver. See above for attendance. Bryan advised we have quorum.

Minutes

Tommy asked if we needed to over anything with minutes from last time. He asked for someone to approve minutes from June 22, minutes.

Motion of minutes approval was made by Sheriff Hagaman. 2nd by Jackie Ireland. There was no discussion. Each member present was asked individually. All voted in favor of the June 22, 2021 minutes.

Minutes approved.

Department of Insurance

Bryan began giving any news or update from the Department of Insurance. From the Department's perspective, everything is running pretty well. Stated he'd let Liz talk about what's been going on with the secondary Excess. Bryan introduced new Risk Manager for the Department, Latarsha Silver.

Latarsha Silver gave introduction to the committee and thanked them for welcoming her. There is no new news on the excess side, and he advised of some big renewals on the property side coming in the fall which will be taking a lot of our time coming up.

(Tommy asked about reinsurance cost going up.) Bryan said less than 10% for us. Rate wise, we're just under 10. No concerns about how things are. Last year there was a fairly significant increase

because we rolled DPI into the program and another 22 billion in insured assets. And in loss wise, we didn't have any major losses. All storms stayed down in the gulf coast. We added additional CAT coverage which was included in the rate increase. All in all, it's been going very well.

NCAIA

Liz gave updates from last meeting regarding Excess. Quote of excess aggregate only over the Defense of State Employees Act and over that Brit primary excess liability policy from Kinsale effected June 22. Last time we didn't know if it Kinsale would write the policy annual or prorated to expire the same date as the primary excess. Kinsale agreed to prorate premium w/ expiration of Feb 1, so the 2 policies will run concurrently. It's time now to start renewing both policies. She and Latarsha will start meeting on this soon to see what the first steps of that process looks like. We will begin to compile claims data, which is a going process to improve and collect position count at each State agency.

(Tommy asked if she thinks that there would be a problem to renew.) Liz expects them to renew again. She explained that the tough issue with Brit last year has been resolved with the new decision makers at the top. They again have told us they are in this for the long term. She doesn't expect either Brit or Kinsale to get off of it in 2022.

Tommy asked if went through the formal bid process last year. Bryan states we did not.

Liz continues with stating that we go out to market every year on this account. We did go out to thoroughly market it when Brit said they may not renew it. She feels like we have a thorough understanding of who interested carriers if we want to market them again. In 2018/2020 carriers were seriously interested, but Brit and Kinsale were the only 2 that came up with actual numbers. Tommy voiced his concern with the hopes that Brit and Kinsale does not give a 30 notice again and also concern with Brit's business at hand being "messy". Liz assured he and all the committee, that every time it comes up for renewal it's an ongoing conversation and doesn't end at renewal time. She stated that she speaks to top executives and not just underwriters.

Discussions:

Tommy: The intent to renew with those 2 and keep your eyes and ears open for others.

Bryan: I would say yeah.

Liz: We live in a volatile world where things can change, and I will keep you up to date.

Tommy: As soon as you hear something negative, let everybody know. It was a hectic time last year. It was not the best in the world.

Liz: We had a very good response to what was going on. Brit made a mistake and gave us a too short of a non-renewal notice which did not hurt the State because we pressed them to follow the rules which they have to do.

Bryan: It played in our favor.

Liz: You don't have the day-to-day conversation, so you're not always aware of what's going on in real time. As soon as we had the non-renewal notice from Brit, that day we were out to market.

Tommy: Do we still have that 90-day notice in the policy?

Liz: Yes, that did not change. I expected that they might want to change that in the renewal, but they didn't change anything. All the policy information is the same w/ exception of the Covid exclusions.

Tommy: Does anybody on the Commission have any questions on items on the discussions in reference to this?

Jackie: I can only assume that the change in effective dates didn't cause too much disruption?

Bryan: No, not really. We just rolled over with the position counts that we had. Ideally the position count taken in October is the best because it falls right after the budget cycle and that's when a lot of the changes happen. February is not that bad. We can still use those numbers and feel pretty confident about it.

Tommy: And actually in October, they probably (inaudible) more on their reinsurance information where their saying on how they've written or how much coverage they can write.

Bryan: Yeah, that may actually play in our favor going forward because if we're in the beginning of the year, the reinsurance carriers may be more willing to write coverage than October.

Liz: I agree with that. Don't forget that because we extended from October to February, the State maintain the lower rate that was on the 19-20 policy year for that entire length of time. And whenever it was renewed, whether it was October or January or February, it was going to renew with a higher rate.

Bryan: We got 3 more months of the lower rate.

Liz: It may have seemed "messy" from your perspective, but everything rolled along very smoothly. The terms and conditions in the policy were enforced and it went along better than expected.

Attorney General's Office

Melody Hairston provided the following updates on claims: Since the June 8 meeting, there were 3 new excess notifications and a total of 16 since January. There have been 2 of dismissed since June 8 meeting. Now have Kinsale policy as soon as they have dates/occurrences they will be transitioning over to notifying them since June. Don't think there are any so far. Right now all the notifications are just under the Brit policy but they'll be working the Kinsale policy as time goes on.

Discussions:

Michelle: Of the 16, you said 2 were just dismissed since the last meeting, how many have been dismissed total for the year?

Melody: I don't have that number. I would have to go back to the report from the last meeting to give you that number.

Michelle: Just curious as to how many were active right now versus how many you've already been successfully dismissed. Perhaps at the next meeting I'd be interested in hearing that.

Melody: In terms of active, that's going to be a higher number since the total numbers of claims we have go on for years sometimes. I can get the number of dismissed since January and provide that at the next meeting, if that will work.

Michelle: That'll be great, thank you.

Melody: Ok

NC Association of County Commissioners

Michael Kelly provided this update. Made it through renewal season with the membership remaining 71/100 counties. Reinsurance costing more than last year. Concerned about social inflation as far the liability claims.

NC League of Municipalities

No update, as Tom Anderson was not present at the meeting.