

Whatcom County Fire District #5

Point Roberts Fire Department

**2030 Benson Road, Suite A
Point Roberts, Washington, 98281
Special Meeting of the Board of Commissioners
August 24th, 2022**

MINUTES

In Attendance: Commissioner Virginia Lester
Commissioner Norm Katz
Chief Christopher Carleton
District Secretary Linda Hughes
Financial Manager Patty Markel

Absent: Commissioner Pat Harper

Guests: Tony Kelley, Kelley Insurance

A. CALL TO ORDER

The meeting was called to order at 4:00 p.m. by Commissioner Lester.

B. REVIEW OF DISTRICT INSURANCE POLICY

Chief Carleton provided an overview of the purpose of this meeting, and actions taken to date in search of appropriate insurance coverage for the District. He noted that the extended search for other insurance providers was prompted by an increase of approximately \$6,000 in insurance premiums for renewal of the current policy.

Chief noted that the Emergency Service Insurance Providers (ESIP) policy which the District has been covered by for a few years has been good, including good responses to claims.

Chief indicated that bids for insurance have been put out to other providers, but cautioned that any insurance quotes must be considered carefully to ensure equal coverage to that which the District is currently protected by.

Commissioner Lester pointed out that in today's meeting the Commissioners would be trying to determine whether to renew the current policy along with the increased premium, or to change to another insurance provider, or wait for insurance quotes that have not yet been received.

Chief replied yes, and turned the floor over to Tony Kelley, of Kelley Insurance.

Tony Kelley reminded the Commissioners that the current insurance policy expires on September 1st, 2022 and noted that he began researching provider options in July of this year. He reviewed true pool coverage, such as that provided by CIAW, which District 5 had for years until the switch to ESIP.

Mr. Kelley explained that CIAW and ESIP are two completely different kinds of insurance, although both would provide District 5 the overall coverage of \$11 million. He explained a number of differences between the two types of insurance, but most importantly noted that CIAW, a pooled insurance policy, has a \$15 million cap for all pool participants, and pooled claims would share that amount. He indicated that amount would not go very far in the event of a regional disaster such as an earthquake.

Mr. Kelley noted that ESIP provides independent, private insurance, and is not pooled with other potential claimants.

He reported that although a bid was requested from Volunteer Firefighter Insurance Services (VFIS), they had not yet provided a quote and believes the delay is due to a human resources shortage.

Mr. Kelley indicated that he would begin his search for alternative insurance providers much earlier next year, to give those providers ample time to respond with quotes.

Mr. Kelley went on to say that although ESIP is traditionally more expensive than some other providers, the coverage is far deeper and he strongly recommends renewing the current policy to obtain the coverage provided by them.

Mr. Kelley added that pool insurance coverage can result in extra assessments if large claims are paid out, and that could result in a surprise insurance premium assessment at any time.

He also indicated that provisional coverage will continue beyond the September 1st expiry date, if the Commissioners wanted to take more time to consider alternative insurance providers.

Mr. Kelley feels that ESIP is good coverage for the District, adding that Chief Carleton does a great job of mitigating risk management and insurance needs, especially with the comprehensive education he has and shares with the members of District 5.

Commissioner Lester thanked Mr. Kelley for his presentation and asked if Commissioner Katz had any questions.

Commissioner Katz asked if District 5 had a large claim 6 years ago, and Mr. Kelley responded that there had not been, but there had been a major claim that required an assessment across all insured.

Financial Manager Markel indicated that she had no questions for Mr. Kelley.

Chief Carleton said that he feels it is important to consider the risk of entering into a pooled insurance program, noting that in the event of a regional disaster, with a \$15 million cap on

coverage, that this District would not be able to replace our current infrastructure. He added that this was the reason why District 5 switched to ESIP, to get adequate coverage for the fire station and other assets. Current estimates to rebuild the Point Roberts fire station are over \$4 million.

Chief noted that the increase in premiums with ESIP this year are due partly to inflation, and also due to a couple of vehicle claims this past year.

Chief also noted that VFIS has had our information for more than 45 days, and there is no guarantee that they will be able to get back to us by the scheduled September regular meeting.


Commissioner Katz asked if it were possible to choose one insurance provider now and then switch to another at a later date when more information becomes available. Mr. Kelley indicated that was possible with some providers, however the pooled insurance organizations require 1 year notice, and that notice must be received by December 1st.

Chief Carleton said that he didn't feel comfortable going for the lowest cost insurance alone, and feels it is very important to find adequate coverage for the District's needs. He added that CIAW covers cities and other large entities, and reiterated that pooled funds would be shared across all participants in the pool after a regional disaster. He added that if the ESIP policy is renewed, he will pursue education opportunities provided by ESIP.

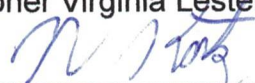
MOTION: Commissioner Lester moved to accept the insurance policy offer from ESIP. The motion was seconded by Commissioner Katz. **Motion passed 2 – 0**

J. ADJOURNMENT

As there was no further business, Commissioner Lester moved to adjourn the meeting. Commissioner Katz seconded the motion. **Motion passed 2 – 0.**



Commissioner Virginia Lester



Commissioner Norm Katz

Dated Sept. 14 / 22

Attest: 

Recording Secretary Linda Hughes