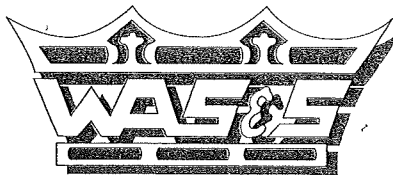


6. ANNUAL INSURANCE RENEWAL: William A. Smith & Son



William A. Smith & Son, INC
INSURANCE

June 27, 2012

Supervisor Wayne Booth & Town Board Members
Town of Newburgh
1496 Rt 300.
Newburgh, N.Y. 12550

RE: Insurance Renewal

Dear Wayne and Members of the Town Board:

I am pleased to present the attached proposal outlining the renewal coverage and premium offered by U.S. Specialty/HCC as well as a quote from NYMIR. Based on the pricing & an important coverage exclusion imposed by NYMIR, U.S. Specialty still remains the most viable option for the Town.

Due to the loss experience over the past 3 years, U.S. Specialty has increased their premium by about 7%. They have also added a \$15,000 General Liability Deductible where there was none for the past 3 years. Prior to placing your coverage with U.S. Specialty the Town did have a \$25,000 Deductible. NYMIR has advised they could not improve the pricing on their quotation due to the loss experience. All in all U.S. Specialty is still offering reasonable pricing and in general has held the line on price increases over the prior 3 years.

On behalf of William A. Smith & Son, Inc., we would like to thank you for your business over the past 10 years. We look forward to working with the Town over the coming year in servicing your insurance needs and in providing Loss Control resources to augment your ongoing risk management efforts. .

Very truly yours,

Cathy Smith McCarty, CIC, CPCU
Executive Vice President

www.wasmithandson.com

380 Broadway
Newburgh, New York 12550
845 561 1706

30 Scott's Corners Drive
Montgomery, New York 12549
845 744 2052

Ralph V. Ellis Insurance Agency
85 Civic Center Plaza, Suite 102
Poughkeepsie, New York 12601
845 485 6200

William A. Smith & Son, Inc.

Account Management Team

At William A. Smith & Son, Inc., we believe the best way to effectively give your business the benefits of deep industry knowledge and first class service service is through a team effort. Our account management team concept has been designed to give you the type of consistent, knowledgeable service that can only happen by working with highly trained William A. Smith & Son, Inc. professionals.

Your account management team is:

<u>NAME</u>	<u>TITLE</u>	<u>TELEPHONE</u>
Cathy Smith McCarty	Account Executive/EVP	845-561-1706
Margo Turner	Commercial Client Manager	845-561-1706
John H. Smith, Sr.	President	845-561-1706

Account Service Breakdown

As your Account Executive, it will be my job to coordinate all the services available to the town. Dealing directly with the carrier, I can help you select the proper coverages and limits you need, service your account as changes occur and answer any questions you have about your insurance program.

Margo Turner, your service representative provides individual attention to your account, answering questions, providing certificates, loss summary reports, registration requests, responding to any special problems, and reassessing your coverages and needs with me.

We strive to have all requests sent out the same date that we receive them.

COVERAGE ANALYSIS:

U.S. Specialty

NYMIR

Property:

Blanket Bldg & Conts	\$24,798,979	\$24,798,979
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Deductible	\$ 5,000	\$ 5,000
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Valuation: Coverage is provided on a Blanket Basis with Replacement Cost & an Agreed Value Endt which waives Coinsurance.

Equipment Breakdown	Incl	Incl
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Flood & Earthquake	\$ 1,000,000	\$ 1,000,000
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Flood & Earthquake Ded	\$ 25,000	\$ 25,000
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No flood coverage is provided for buildings located in flood zones other than zone C and unshaded X zones.

Business Income	\$ 100,000	Actual Loss Sustained
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Extra Expense	\$ 500,000	\$ 250,000
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Accounts Receivable	\$ 250,000	\$ 250,000
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Fine Arts	\$ 100,000/\$5K per Item	\$ 25,000
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Ordinance or Law

Increased Cost of Construction	10% of Scheduled Loc. Value	\$ 500,000
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Demolition & Loss to Undamaged Portion of the Bldg.	\$ 250,000	\$ 500,000
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Property n Transit	\$ 25,000	\$ 10,000
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Valuable Papers	\$ 250,000	\$ 250,000
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Computer Equipment	\$ 485,459	See Inland Marine Coverage
Utility Services-Direct Dam	\$ 50,000	Actual Loss Sustained
Grounds Maintenance Equip	\$ 100,000	No Extra Coverage
Sewer Back Up	\$ 500,000 Per Location	Included
Personal Effects	\$ 50,000/ \$25K per person	\$ 10,000

Inland Marine:

Contractors Equip	\$ 1,020,503	\$ 1,018,054
Auto Physical Damage	See Auto Policy	\$ 2,828,544
Misc Prop & Equip	\$ 391,225	\$ 4,317
EDP-Hardware	See Property Covs	\$ 485,459
Police Equipment	Incl in Misc	\$ 150,000
Watercraft(Boston Whaler	Incl Contractors Equip	\$ 3,300
Leased or Rented Equip	\$ 110,000	\$ 10,000

\$500 Deductible Applies to Inland Marine Coverages

Crime:

Money & Securities-In	\$ 10,000
Money & Securities-Out	\$ 10,000
Deductible	\$ 250

This coverage is provided under your NGM Crime Bond. It is not included in the coverage quoted by U.S. Specialty or NYMIR.

Automobile:

Auto Liability	\$ 1,000,000	\$ 1,000,000
Symbol	1	1
Deductible	\$ 25,000	\$ 25,000
Personal Injury Prot	\$ 150,000	\$ 150,000
Uninsured Motorist	\$ 1,000,000	\$ 1,000,000
Med Pay	\$ 10,000	\$ 10,000
Hired Car Phy Damage	\$ 35,000	?
Hired & Non-Owned Liab	\$ 1,000,000	\$ 1,000,000
Mutual Aid	\$ 1,000,000	\$ 1,000,000
Comprehensive & Collsion Deds: \$1000 on most vehicles		\$1000 on most vehicles

General Liability:

Deductible	\$ 15,000	0
Each Occurrence Limit	\$ 1,000,000	\$ 1,000,000
General Aggregate	\$ 3,000,000	\$ 3,000,000
Products Aggregate	\$ 3,000,000	\$ 1,000,000
Fire Legal	\$ 1,000,000/\$15K Ded	\$ 50,000/0 Ded
Medical Exp	\$ 10,000	\$ 10,000
Sexual Abuse	Incl	Incl
Employee Benefits Liab	\$ 1,000,000/\$3,000,000 Agg	\$ 1,000,000/\$1,000,000 Agg
Deductible	0	\$ 1,000
Dam Failure	Included	Not Included

OCP Coverage:

Each Occurrence Limit	No Coverage Currently	\$ 1,000,000
Annual Aggregate	N/A	\$ 2,000,000

U.S. Specialty did not provide this coverage last year because a Perm 17 was not provided. The DOT was supposed to be in contact with the Town to discuss the need for a permit. NYMIR did provide a quote on this.

Municipal Law Enforcement (Occurrence Form):

Each Occurrence Limit	\$ 1,000,000	\$ 1,000,000
Annual Aggregate	\$ 2,000,000	\$ 2,000,000
Deductible	\$ 25,000	\$ 25,000
Non Monetary Damage	\$10K Per Suit/\$50K Policy Limit	No Coverage

Public Officials (Claims Made Form):

Each Claim	\$ 1,000,000	\$ 1,000,000
Annual Aggregate	\$ 2,000,000	\$ 2,000,000
Deductible	\$ 25,000	\$ 25,000

Deductible applies to Loss only, not to defense costs. Defense costs are covered in addition to the policy limits.

Employment Practices Liability(Claims Made Form):

Each Claim	\$ 1,000,000	Incl In Public Officials Limit
Annual Aggregate	\$ 2,000,000	Incl In Public Officials Limit
Deductible	\$ 25,000	\$ 25,000
Non-Monetary Damage	\$10K Per Suit/\$50K Per Pol Limit	Not Incl
Back Wages	\$ 10,000	Not Incl

Deductible applies to Loss only, not to defense costs. Defense costs are covered in addition to the policy limits.

Excess Liability:

Per Occurrence Limit	\$10,000,000	\$10,000,000
Annual Aggregate	\$10,000,000	\$20,000,000
Self Insured Retention	\$ 10,000	0
Dam Failure	Incl	Not Covered

Coverage is excess over General Liability, Auto Liability, Public Officials Liability, Employment Practises Liability and Municipal Law Enforcement Liability.

<u>PREMIUM SUMMARY:</u>

COVERAGE

Package Policy	\$320,921.00	\$171,273.30
Property	Incl In Package	Incl In Package
General Liab	Incl In Package	Incl In Package
Inland Marine	Incl In Package	Incl In Package
Automobile	Incl In Package	\$103,283.40
OCP	Not Covered	\$ 275.00
Public Officials	Incl In Package	\$ 47,582.70
Employment Prac	Incl In Package	Incl w/ Public Off
Law Enforcement	Incl In Package	\$100,516.90
Excess Liability	Incl In Package	\$ 51,326.00

Terrorism	\$ 1,832.00	Incl No Charge
Motor Veh Fee	\$ 790.00	\$ 660.00
NY Fire Fee	\$ 131.15	\$ 96.84
Total Premium:	\$323,674.15	\$475,014.14*

***If a \$12,500 General Liability Deductible was used by NYMIR their total quote would come down to \$446,452.64. If a \$20,000 General Liability Deductible was used by NYMIR their total quote would come down to \$441,272.74.**

Notes applicable to the U S Specialty Quote:

- A copy of the current contract with the Pyrotechnics contractor and a copy of their Certificate of Insurance is needed in order to secure the liability coverage related to the fireworks display at Community Day.

-The General Liability coverage excludes liability related to the use of mechanical devices or the participation in sports or athletic contests during Carnivals, Circuses & Fairs.

-The General Liability coverage also contains an exclusion for liability related to the use of trampolines or bungee jumping.

-Reminder that the coverage for Contractors Leased Equipment is currently \$110,000. If the Town is leasing more than this amount at any one time a higher limit should be considered.

Recommendations: If your insurance budget allows I would highly recommend you consider purchasing a policy which would provide excess limits of liability over your current excess liability coverage. The cost to obtain a policy with either an additional \$5 Million or \$10 Million over your current \$10 Million Excess Liability would range between \$20,000-\$30,000.

NYMIR had done a property evaluation of your buildings in 2009. In comparing the current property schedule to the NYMIR evaluation there may be some property adjustments needed. I will provide Wayne with a list showing the NYMIR values compared to the current insurance values. Upon further review, some adjustments may be necessary which could result in a premium change. The property rates are fairly low so any increase should be relatively insignificant, but you may want to plan for a slight increase in premium due to property value adjustments.

Neither U S Specialty or NYMIR are providing Liability coverage for underground storage tanks. I will plan to work with Jim Osborne to obtain information in order to pursue a quote on this coverage for the Town.