

# CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

## Minutes of Authority Special Board Meeting September 27, 2012

The State of Connecticut Higher Education Supplemental Loan Authority (CHESLA) met telephonically at 10:00 a.m. on Thursday, September 27, 2012.

The meeting was called to order at 10:05 a.m. by Barbara Rubin, Chair of the Board of Directors of the Authority. Those present and absent were as follows:

Present: Barbara Rubin, Chair  
Jeffrey A. Asher  
Richard Bishop (Rep. for Robert Kennedy, President of CT Board of Regents for Higher Education)  
Martin L. Budd  
Steven Kitowicz (Rep. for Secretary Benjamin B. Barnes)  
Peter W. Lisi  
Paul Mutone

Absent: Julie B. Savino, Vice Chair  
Sarah K. Sanders (Rep. for Honorable Denise L. Nappier)

Also Present: Carlee Levin, Accountant, CHEFA  
Debra M. Pinney, Manager of Administrative Services, CHEFA  
JoAnne N. Mackewicz, Controller, CHEFA  
Paula L. Herman, General Counsel, CHEFA  
Samuel E. Rush, Deputy Director, CHESLA  
Jeanette Weldon, Executive Director, CHESLA

Guests: Judith Blank, Day Pitney (General and Bond Counsel)  
Roy Ivins, Insurance Consultant, RMI Associates, LLC<sup>1</sup>

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<sup>1</sup> Mr. Ivins joined the meeting at 10:06 a.m.

## **INSURANCE PREMIUM AUTHORIZATION**

Ms. Weldon reported that \$9,500 was previously budgeted for FY 2013 for D & O insurance. This was based on the existing premium and an estimate made with input from CHESLA's insurance consultant. The current insurer (Zurich) had previously notified the Authority that it would not be offering coverage to the Authority after September 30, 2012. Quotes for new insurance came in higher than budgeted and the premium for the recommended insurer will result in CHESLA being \$15,000 over budget for the fiscal year. Mr. Ivins stated that working through two brokers, he obtained feedback on a new CHESLA policy from 13 insurers. There were three quotes worthy of consideration, based on their terms. Those quotes range from \$26,507 to \$30,000 for the 12 month period of 10/1/12 through 9/30/13.

A discussion ensued as to why the insurance premium quotes were much higher than in past years. Mr. Ivins stated that he was confident that the proposals received were competitive for this market, given the extensive bid solicitation process. Mr. Ivins explained that Zurich classified CHESLA as a nonprofit until recently reviewing the relationship. Upon review, Zurich reclassified CHESLA as being in financial services, an industry segment Zurich did not wish to insure. The new proposers also put CHESLA in the financial services category and that changed the premium levels.

A discussion ensued on adequate policy coverage. Ms. Weldon indicated that Houston Casualty had agreed to increase its Side A coverage from \$2 million to \$2.5 million. Mr. Ivins pointed out that Houston Casualty's quote provided broader coverage than Charter and Chubb.

Ms. Rubin inquired about the ratings of each of the providers. Mr. Ivan stated that they were all rated "A" by A.M. Best. Further discussion ensued on the policy coverage.

Mr. Budd moved to approve the D & O insurance premium for \$30,000 quoted by Houston Casualty with the additional \$500,000 Side A coverage. Mr. Mutone seconded his motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

### **AYES**

Barbara Rubin  
Jeffrey A. Asher  
Richard Bishop  
Martin Budd  
Steven Kitowicz  
Peter W. Lisi  
Paul Mutone

### **NAYS**

None

### **ABSTENTIONS**

None

## **ADJOURNMENT**

There being no further business, at 10:15 a.m., Mr. Asher moved to adjourn the meeting and Mr. Lisi seconded his motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

**AYES**

Barbara Rubin  
Jeffrey A. Asher  
Richard Bishop  
Martin Budd  
Steven Kitowicz  
Peter W. Lisi  
Paul Mutone

**NAYS**

None

**ABSTENTIONS**

None

Respectfully submitted,

Jeanette W. Weldon  
Executive Director