

Is Anyone Minding the Store?

When the members of the Town Board voted to spend \$712,000 of our tax dollars on a single purchase, did they know what they were buying?

At almost three quarters of a million dollars, Yorktown's annual insurance bill is possibly the town's largest annual recurring expense. And yet, the record shows that this expense was approved at the very last minute and with little or no Town Board review, discussion, or oversight.

As homeowners and car owners, we know that two variables determine our insurance premiums: the dollar value of what we're insuring and the deductible we select, a.k.a., the amount of money we're willing to pay out of our own pocket before filing a claim with the insurance company. Depending on how much we feel we can afford (or are willing to spend), and the level of risk we're prepared to take, we can increase or decrease our premiums by adjusting the two variables.

It's the same with the town, only on a larger, much larger, scale.

Which gets us back to the question: When our elected officials voted to purchase the town's 2014 insurance policies, did they know what they were buying? Was anyone minding the store?

What did board members know and when did they know it?

The town's major insurance policies expire on December 31. When the Town Board met on December 31 to discuss and vote on the 2014 policies — 12 hours before the current policies were due to expire— there was no indication that there had been any previous closed door executive session discussions about the policies.

At the December 31 meeting, the supervisor provided each councilman with a single sheet of paper that contained three columns: the first column listed 14 different policies, e.g., property, liability, police professional pollution, etc., and the last two columns showed the price quotes for each policy from two competing companies, CNA and Travelers. While neither company had the lowest quote on all the policies, when the premiums for all 14 policies were totaled, the CNA total was \$69,179 less than Travelers. And with minimal discussion, the board quickly voted to purchase the CNA policies.

Conspicuously missing from the single page document — and the discussion leading up to the vote — were the details of exactly what the price quotes included, e.g., the amounts that were being insured, the deductibles for all but one policy, and what was being covered or excluded.

Were the property insurance quotes based on the same number of properties and property values? Were the auto quotes based on the same number of vehicles and the same deductible? By looking only at the premiums without knowing the details of what the premiums were based on, board members were basically comparing apples and oranges.

When one councilman asked for more information before the vote was taken, his questions were casually dismissed. And when the councilman asked what property was included in the property policy, the supervisor assured him there was a property inventory list and a staff member was dispatched to get a copy of the inventory — which was not produced.

[When the property inventory list was eventually made available in January in response to a FOIL request, it revealed that the town was insuring two houses it had sold at auction in 2010 — but wasn't insuring the five houses it had taken title to in 2013. The list also included a questionable "research building" and did not include the Holland Sporting Club or Granite Knolls properties.]

All this leads taxpayers to wonder: As the town's full time chief executive officer, and the primary contact person with the town's insurance broker, did the supervisor have a more detailed comparison of the two sets of quotes before the December 31 meeting?

- If he did, did he share the information with the four councilmen in advance of the December 31 meeting so that they would have time to thoroughly review the insurance options before being asked to vote? If not, why not? (As noted above, there was no indication at the December 31 meeting that there had been any prior discussions about the 2014 insurance buy.)
- But if the supervisor didn't have a more detailed comparison, why not? Why wasn't there a spreadsheet analysis comparing the details of the competing quotes? Was a comparison done of how different deductibles would impact both the premium and out-of-pocket costs? Was the auto inventory list checked to make sure it reflected 2013 purchases and sales?

[The writer is still waiting for a response to her January 17 FOIL request for any existing spreadsheet analysis of the competing quotes.]

Is it asking too much of our elected officials to put the same time and effort into reviewing the town's insurance policies that they probably do for their own personal policies? What's happened to the concept of fiduciary responsibility?

When it comes to spending our tax dollars, is anyone minding the store?