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Melinda Terry

MEMORANDUM

To: Melinda Terry

From: Cindy Tiffany

Date: September 28, 2023

SUBJECT: Investigate options for lowering liability and health insurance rates through alternative insurance providers.

BACKGROUND:

Currently, the Agency's health and liability insurance is purchased through ACWA JPIA. I recently initiated an investigation to compare rates offered by alternative providers. Additional savings could also be achieved if the Agency can eliminate annual ACWA membership dues. I found out that alternative insurance companies will not provide NDWA a quote on their rates without a letter notifying our current provider of our intent to withdraw from our current program.

I contacted ACWA to determine the process for withdrawing from the pooled liability program and was told that ACWA JPIA has requirement of a 1-year advance notice of intent to withdraw. The renewal date for our liability insurance is October 1, 2023, so we must act now to notify ACWA of our intent to withdraw from the pooled program as of October 1, 2024. Once the withdrawal request is submitted, the Board of Directors will then have the next 9 months to decide whether to maintain insurance with ACWA or cancel and purchase liability insurance through another provider. If the Board decides to maintain liability insurance with ACWA JPIA, then NDWA must rescind the notice of withdrawal at least 90-days prior to the end of the policy year in 2024 – so deadline to rescind withdrawal request is July 1, 2024.

ACWA's policy on cancellation of health insurance is a minimum of 60 days, so submitting a withdrawal request can be delayed until next year. There is no advance notice required to cancel membership in ACWA.

RECOMMENDATION:

Authorize Assistant Manager to submit letter to ACWA before September 30, 2023, notifying the JPIA of NDWA's intent to withdraw from the pooled liability insurance program as of October 1, 2024.

NEXT STEPS:

Assistant Manager will contact alternative providers and compile a spreadsheet comparing their insurance rates with ACWA JPIA. The goal is to present some initial findings at the December 2023 Board meeting, with further reports in February and April, and a final decision by the Board at the June 2024 board meeting. If the Board decides to keep insurance with ACWA, then the Agency must send a letter to the JPIA by June 30, 2024 that rescinds our withdrawal request. If the Board decides to change providers, then the Agency needs to send a letter to ACWA requesting withdrawal from the health insurance program by August 1, 2024, followed by a letter cancelling membership in ACWA effective October 1, 2024.