

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

December 20, 2005

Committee

Report No.

05-173

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on December 5, 2005, makes reference to County Communication No. 05-342, from the Director of Finance, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.64.030, MAUI COUNTY CODE, RELATING TO MAUI COUNTY INSURANCE PROGRAM, RETENTION LIMITS".

The purpose of the proposed bill is to increase the maximum property and liability insurance deductible that the Director of Finance may purchase, from \$500,000 to \$1,000,000.

At its meeting, your Committee met with the Budget Director, the Director of Finance, the Deputy Director of Finance, and the First Deputy Corporation Counsel.

There was no public testimony.

The Budget Director stated that significant reductions in insurance premiums may be realized by allowing the Director of Finance the flexibility to evaluate the cost savings from a higher deductible amount against the increased risk to the County to fund a higher share of losses.

The Director of Finance stated that the hurricanes in the Gulf Coast have significantly increased the cost of insurance coverage. He also stated that the \$1,000,000 maximum deductible limit was determined by comparing Maui County's deductible limits to the limits for other counties in the State of Hawaii.

The Deputy Director of Finance stated that in the past ten years, the County has incurred two liability claims that exceeded the \$500,000 deductible limit. He also stated the Emergency Fund is available to help support the higher deductible amounts.

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Your Committee requested that the Director of Finance provide an historical analysis of the County's insurance policies, and consider whether an annual report could be transmitted to Council.

Your Committee voted to recommend passage of the proposed bill on first reading and filing of the communication.

Your Budget and Finance Committee RECOMMENDS the following:

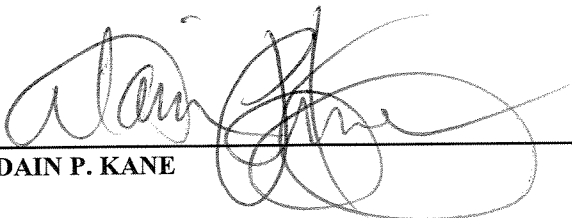
1. That Bill No. _____ (2005), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.64.030, MAUI COUNTY CODE, RELATING TO MAUI COUNTY INSURANCE PROGRAM, RETENTION LIMITS", be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication No. 05-342 be FILED.

Adoption of this report is respectfully requested.

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DAIN P. KANE Chair

DANNY A. MATEO Member

G. RIKI HOKAMA Vice-Chair

MICHAEL J. MOLINA Member

MICHELLE ANDERSON Member

JOSEPH PONTANILLA Member

ROBERT CARROLL Member

CHARMAINE TAVARES Member

JO ANNE JOHNSON Member

ORDINANCE NO. _____

BILL NO. _____ (2005)

A BILL FOR AN ORDINANCE AMENDING SECTION 3.64.030,
MAUI COUNTY CODE, RELATING TO MAUI COUNTY
INSURANCE PROGRAM, RETENTION LIMITS

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

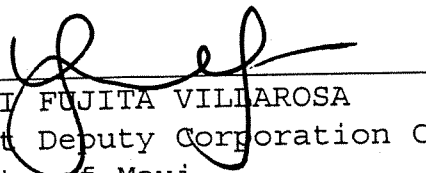
SECTION 1. Section 3.64.030, Maui County Code, is
amended to read as follows:

"3.64.030 Retention limits. In purchasing property and liability insurance, the director of finance may purchase policies with deductibles up to [five hundred thousand] one million dollars per loss occurrence. Policies with deductibles below [five hundred thousand] one million dollars per loss occurrence may be purchased where the premium savings do not warrant the acceptance of [five hundred thousand] one million dollars deductible, or where other factors, such as the need for a particular loss prevention or claim handling service, require that the deductible be less than [five hundred thousand] one million dollars."

SECTION 2. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 3. This ordinance shall take effect upon approval.

APPROVED AS TO FORM
AND LEGALITY:



TRACI FUJITA VILLAROSA
First Deputy Corporation Counsel
County of Maui
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