



COUNTY OF ERIE
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I have been reviewing the business use auto Insurance reimbursement practices that are being followed by various departments. Some of the numbers that I am seeing suggest that there is something very wrong with some of the pay out's being made. When looking at the range of high and low reimbursements one is struck with the huge gap that separates the two. In fact some county employees are telling us that their coverage is nearly 13 times more expensive than others. This seems highly questionable to me given that they are both purchasing what appears to be the same coverage or something very similar. Even if one considers factors such as miles driven, transporting passengers, make, model and age of the insured vehicle and driving record these disparities make no sense. Given that there is no discernable plausible explanation one can only assume that the intent of some of those that are claiming the highest allowable reimbursement is to take advantage of liberal Union contracts. The text of these contracts allows these individuals to charge the County a prescribed maximum allowable reimbursement. This stipulated maximum rate is claimed by some employees with out regard to the fact that, in many cases, the reimbursement costs submitted are dramatically higher than market rates as evidenced by what their co-workers are paying. These staff members are either very poor shoppers or, in essence, subsidizing their own personal insurance costs with public money. If that is the case this activity is being done with the participation of their insurance agents. In order to discourage this I am implementing the adoption of a new form that more specifically states the nature of this arrangement and limits the legal defenses of unscrupulous insurance agents. This new form will be required to be completed only by those that are being reimbursed at a rate greater than 50% of their pier group average. The numbers used to determine this ranking will be from the previous year. Those that will be required to complete the new form will be contacted at the end of this year by the Finance Department. The new form (please see attached) will be submitted annually and be in addition to the current required documentation. This change takes effect in January of 2009. Due to new pre-audit requirements all County employees that use their cars for business purposes will be required to annually submit a copy of their valid driver's license along with their insurance reimbursement forms. Failure to comply with these guidelines will delay the processing of these reimbursements. This change will take effect immediately. In the event you have questions on this change please contact me at extension 6337.