

## INSURANCE ADVISORY BOARD MINUTES

City of Fort Lauderdale

100 North Andrews Avenue

7<sup>th</sup> Floor Conference Room

Thursday, December 1, 2005 – 8:00 a.m.

<u>Board Members</u>	<u>Meeting Attendance</u>	<u>(1/05 to 12/05) Cumulative Attendance</u>	
Joseph Cobo, Chair	P	P-8	A-0
Mark Schwartz, Vice Chair	P	P-6	A-2
Ted Hess	P	P-8	A-0
Randall Swenson	A	P-5	A-3
Christopher Prestera	P	P-6	A-2
Roger Bond	A	P-3	A-4

### Staff and Guest

Daniel Jilek, Risk Manager

Marilyn Mullen, Employee Benefits Coordinator

Brenda Cooper, Recording Clerk

#### 1. Roll Call

The meeting was called to order 8:10 a.m.

#### 2. Approve Minutes of September 22, 2005

Motion made by Mr. Hess and seconded by Mr. Prestera, to approve the minutes of the September 22, 2005 meeting, with the correction that Mr. Schwartz had not been in attendance. In a voice vote, the motion passed unanimously.

#### 3. Approval of Insurance Broker of Record

Mr. Jilek advised that he had received five applicants for insurance brokerage services. The price range for the services was from \$60,000 to \$130,000. It was decided after the interview process that Rutherford was the best and lowest bidder at \$60,000. Mr. Schwartz questioned what criteria made Rutherford better and Pestera stated that price was a consideration although they had been impressed with Rutherford's qualifications. Mr. Schwartz wanted to make sure that their decision was not related solely on price, stating he did not want to risk better quality for price. Rutherford will be handling all aspects of the City's insurance. Mr. Jilek stated he has worked with Rutherford previously and, although they are located in Michigan, he anticipates the company will be frequently represented. Mr. Jilek advised that in the midst of the hurricane, the City had less than 10 days coverage available on worker's comp and Gallagher (the previous carrier) had not yet filed an application with the existing insurance carrier to continue coverage. He was able to secure a one month extension on the existing coverage at price of \$47,000 to avoid lapse of coverage.

Motion made by Mr. Hess, seconded by Mr. Schwartz, to approve Rutherford as the City's insurance broker. In a voice vote, the motion passed unanimously.

#### 4. Approval of WC Excess Renewal Policy

Mr. Jilek advised that in the last seven years for rating there have been three losses of more than \$1 million. The most recent loss, McGarrity, is anticipated to top out at \$2 million with more than \$1 million already having been spent. The second case involved an officer shot his finger off, creating multiple problems and high medical costs, with the third case resulting from an officer picking up a box of ammunition seriously injuring his back.

Mr. Jilek stated that no one would write the policy as is without the City having a larger retention.

There was further discussion regarding \$1.5 million and \$2 million retentions with Mr. Jilek recommending a \$2 million retention, with a premium of \$522,656 from CNA. Mr. Jilek advised that since 1997, out-of-pocket costs have been approximately \$6 million. Approximately \$3-4 million per year is paid out on worker's compensation claims. There are currently three options: \$1.5 million retention with an approximate \$700,000 premium, \$2 million retention with a \$522,000 premium, or take no insurance at all and rolling the money saved from premiums back into the insurance fund.

Mr. Schwartz questioned whether there would be enough money for reserves and Mr. Fortune advised that the City must be disciplined to build adequate reserves. Mr. Jilek could not promise that the reserves would be used for their intended purpose, but did point out that they have not yet used the money set aside for Hurricane Wilma.

Motion made by Mr. Schwartz, seconded by Mr. Hess, to recommend not obtaining coverage, but only if reserves can be assured, and alternatively, insurance be obtained with the \$2 million retention. In a voice vote, the motion passed unanimously.

#### 5. Discussion on Approaching State Insurance Excess Program

Mr. Jilek reported that the State Insurance Excess Program is a program for public entities and they put in an application to see alternatives as the City may be able to pick up extra coverage for general liability and excess worker's comp for an additional nominal fee. Mr. Fortune advised that buying coverage will not eliminate caps, but it does eliminate immunity defenses. Mr. Jilek said he wants to "test the market"; he knows only of West Palm Beach that has signed on so far. He advised he will investigate the potentials and report back the Board.

#### 6. Review of Casualty Claims Loss History

A review of the claim loss history in the last 30 days indicated that police and fire make up the majority of claims losses. There are 247 outstanding claims for \$1.2 million. Last year there

were 322 claims for \$13.7 million. There were 10 less claims and \$100,000 less exposure last month. Mr. Jilek indicated nothing serious has happened within the last 30 days.

7. Update from Marilyn Mullen on City Health Plan

Ms. Mullen disseminated a memo regarding contributions and advised that employee contributions are down and City contributions have increased. There have been only two claims this year. There has been no change in coverage for 2006. A 2% increase on re-insurance has been proposed, but that has to go before the City Commission for approval. It has been a good year in terms of health insurance. Ms. Mullen advised that the medical deficit has been paid, but not the dental as it is spread over a 4 year period.

8. Schedule January 2006 meeting

The next meeting will be on January 19<sup>th</sup> at 8:00 a.m.

With no further business to come before the Board, the meeting was adjourned at 8:50 a.m.