

**INSURANCE ADVISORY BOARD MINUTES**  
**City of Fort Lauderdale**  
**100 North Andrews Avenue**  
**8<sup>th</sup> Floor Conference Room**  
**Thursday, June 15, 2006 – 8:00 a.m.**

<u>Board Members</u>	Meeting Attendance	(1/06 to 12/06) Cumulative Attendance	
Joseph Cobo, Chair	A	P-4	A-1
Mark Schwartz, Vice Chair	P	P-5	A-0
Randy Swensen	A	P-3	A-2
Ted Hess	A	P-3	A-2
Christopher Prestera	P	P-4	A-1
Roger Bond	P	P-4	A-1
Joe Piechura, Sr.	P	P-4	A-0

Staff and Guest

Daniel Jilek, Risk Manager  
Marilyn Mullen, Employee Benefits Coordinator  
Dave Fortune, Fortune Consulting

Roll Call

The meeting was called to order by Vice Chair Mark Schwartz at 8:01 a.m.

Old Business – Update on State Excess Insurance Pool Application

Daniel Jilek stated that they had received a response from States at about \$300,000 more than what they currently were spending. States is willing to provide a broad form excess policy. He continued stating that he was planning on bringing down their insurance broker who would make a presentation on States. It would be about a year before enough money could be budgeted to change to this program. He explained that the program was a product that was a self-insurance pool of municipalities that are scattered throughout the United States. The product is specifically written for a municipal client and would provide broad form type coverages in the City's employment, police practices, paramedics, general liability, and excess workers compensation, and would be an all encompassing umbrella versus the piecemeal that they now have. Various gaps would be filled in while providing excess GL coverage which they do not have at this time.

Mr. Jilek further stated that he acknowledged that there were statutory caps in accordance with the State law, but there were none in connection with the Federal law. The City Attorney stated that if excess insurance was bought, it would not waiver the statutory caps.

Marilyn Mullen asked why they should see a presentation at this time if they cannot do it for another year because the rates would probably change. Mr. Jilek explained that the rates should not change significantly.

Vice Chair Schwartz asked if outside Counsel was ever used for these situations because it could be warranted in this case. Mr. Jilek confirmed. He stated that he wanted to be very cautious in regard to the statutes and wanted something in writing as a guarantee. He reconfirmed that this would basically be an excess program. It was stated that excess meant to follow form under the primary, and therefore, an umbrella would fill-in the gaps not covered by the primary potentially with an SIR.

It was stated that this was really an SIR program, and there was no primary per se. It was asked what they self-insured. Information was supplied that they self-insured general liability and auto liability with a statutory cap.

Mr. Jilek advised that this program would kick-in at \$250,000.

Some individuals were concerned that if they voluntarily purchased insurance in excess of the statutory cap, they would waive such cap which did not appear to be a good idea.

Mr. Jilek stated that he would check into the matter and report back to the Board.

It was stated that the only real reason for purchasing this was due to Federal laws.

Mr. Jilek explained that basically it would provide more coverage in connection with employment practices, and additional coverages in some smaller areas. He added that he was also hoping to obtain a better price.

It was asked if the statutory limitations applied to employee practices. Mr. Jilek stated they did not because that fell under Federal law.

#### New Business – Update on Workers' Compensation Loss Run

Daniel Jilek stated that he had provided for review by the Board the two new loss runs which reflected the Board's wishes. The thinner one was for the last month and was sorted by department and date. He believed the biggest thing was a police officer who needed arthroscopic surgery on his knee. Other than that everything else appeared to fall within the normal parameters. There was one case of skin cancer.

Vice Chair Schwartz stated that the skin cancer case was interesting because that person's job required them to be outdoors in the sun. Mr. Jilek stated that in the past they have looked within the organization to place such individuals in other areas, and if that could not be done they used a settlement buy-out in such cases. Vice Chair Schwartz asked if it was hard to prove that the job was only a contributing part of the issue. Mr. Jilek stated that the individual worked in public service, but a previous case involved a lifeguard. He added there was a lot of gray area in such cases. He stated that he would check into the matter and report back to the Board.

It was asked how much the City might be responsible in such cases. Mr. Jilek stated that a previous case involved a lifeguard who had been in that position for their entire career, and a compromise was made with that individual.

Mr. Jilek asked if the Board needed the yearly each month or would they prefer it quarterly.

Vice Chair Schwartz stated that quarterly would be sufficient. It was asked if the subtotal by category could be provided for the year, along with the monthly report. Mr. Jilek stated that it was up to the Board however they wanted to receive the information. The Board advised Mr. Jilek to continue doing the report in its present format.

Vice Chair Schwartz asked if there was any way to trend the claims to see if patterns could be identified, and then take action against such patterns. Mr. Jilek stated that they could probably come up with something, and he would report back to the Board. He added that with today's worker's compensation commission they have to prove themselves and the claims.

#### Update on Health Insurance Program

Marilyn Mullen stated that this update was requested at the last meeting. She advised that she now had the April or May reports. She explained that these were the parameters that were being delivered in the past, and advised that it was complex since it came from two different TPAs. She explained further that they had been running a monthly income that averaged around \$300,000 over the last seven months. She further stated that there has been a concern within the City as to what was going to be done. She believed there was a consensus that in light of the fact that they were bidding for a new medical carrier, it might be best not to do anything at this time until the new carrier was on board. Then, they would be able to see what transition was taking place.

Ms. Mullen further stated that this involved both the City's contribution and the employees. She stated they had a 90/10 program with the City contributing 90%.

It was asked what the political ramifications would be if the monies were kept a little longer. Ms. Mullen stated that there were some proposals made to clean up "their backyard," and there was still a deficit on the dental program, and it would be beneficial to use some of those proceeds. She explained that there was also a recommendation for a wellness program that would encompass the entire City, and not just the confidential and management individuals. She reiterated that the dental deficit was still intact, but the medical deficit was completely gone. She further stated that these numbers represented the medical plan, and the dental plan was not included because that was a fully insured product. She stated that she was working on a medical RFP, in addition to a voluntary benefits RFP, which would be reviewed by the City Attorney before being put out. She stated the dental deficit was pro-rated out for the five years because it is a fully insured plan, and none of the proceeds or profit were kept on a fully insured product.

Ms. Mullen further stated that hopefully the medical and voluntary benefits RFPs would be out in July, and there were still two RFP's, the group life insurance and the dental to be awarded by the end of the year, and in place by January 1<sup>st</sup>. She stated that if anyone was interested in serving on the Selection Committee for the voluntary benefits review committee to contact her.

Chris Prestera asked if records were kept from the last evaluation. Ms. Mullen stated that she had retained the notes and copies could be made. She advised there would be a pre-proposal meeting in regard to this process, and therefore, the vendors would understand that there would be an award to more than one vendor for more than one year. She stated that specifics would be provided at the Board's next meeting.

Chris Prestera stated that in a previous selection process, they had picked out the material issues making it a pretty straightforward comparison.

Schedule July, 2006 Meeting

The next meeting would be held on July 20, 2006 at 8:00 a.m.

Motion was made to adjourn the meeting.

With no other business to come before the Board, the meeting was adjourned at approximately 8:31 a.m.