

INSURANCE ADVISORY BOARD MINUTES

City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Wednesday, April 4, 2007 – 8:00 a.m.

Board Members	Meeting Attendance	1/07 – 12/07 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	A	3	1
Mark Schwartz, Vice Chair	P	4	0
Randy Swensen	A	2	2
Ted Hess	P	4	0
Christopher Prestera	P	3	1
Roger Bond	P	4	0
Joe Piechura, Sr.	P	3	1

Staff and Guest

Betty Burrell, Director of Finance
Marilyn Mullen, Employee Benefits Coordinator
John Walsh, Risk Manager

Roll Call

The meeting was called to order by Vice Chair Mark Schwartz at 8:04 a.m.

Approval of Minutes – March 7, 2007

Motion made by Joe Piechura and seconded by Roger Bond to approve the minutes of the March 7, 2007 Board Meeting. Motion passed unanimously.

Advisory Board Education Training – Tuesday, May 29th, 5:45 PM

Ms. Mullen advised that there would be an advisory board education training session held on Tuesday, May 29, 2007 at 5:45 p.m. She stated that further information would be provided.

Old Business

FM Global-Property Renewal Update

John Walsh, Risk Manager, stated the property program was renewed, and they had tried to negotiate two items. One was the \$15 Million wind deductible, and the other matter was the 10% increase in the premium. A compromise was reached regarding the wind deductible which would not be reduced but if the City agrees to commence some engineering recommendations made on some of the City's building, such as packing down the roofs and checking the integrity of the roofs, then they would agree to reduce the deductible some time during the year. The costs involved were minimal, but this was

a budget issue. The company would not agree to reduce the premium because they believed it was in line with property premiums in the State of Florida.

Mr. Walsh explained there was a problem in getting the renewal done because the City Attorney stated that according to the City's Code an RFP had to be issued. When Rutherford was hired there was a broker for services contract, but evidently it had not been done properly.

Betty Burrell, Finance Director, entered the meeting at approximately 8:09 a.m.

Ms. Burrell explained that they were presently working on a change to the ordinance because the contract had been issued, but it contradicted the ordinance.

Property Appraisal Update

John Walsh, Risk Manager, stated they located the property appraisals and FM Global was given the information. There were 25 buildings on the schedule worth approximately \$325 Million, and there were no supplements at this time. FM Global has updated the specs, but in his opinion these appraisals should be done every 6-7 years.

Risk Master Software Update

John Walsh stated that there were two pieces involved. One was the Risk Master which was the claim adjudication piece, and the other was the Sort Master which was the key that extracted the information. Many customer complaints were made regarding the Sort Master, and therefore, upgrades were presently being done. All alternatives were researched, and one system found was Gallagher's Risk Facts which was a product that administered the worker's compensation piece. There were other systems which were comparable, and the Risk Master was a somewhat archaic system. The price received was prohibitive to convert, but there were some alternatives to the cost because part of the cost was integrating old data. A crystal report was the new software being used.

Mr. Walsh explained that if monies could be budgeted in the next fiscal year, they would look to converting the entire system. The total cost would be about \$30,000. If they spent \$60,000 it would be possible to obtain a new system or at least the first phase. Now, they were just going to put things on hold. Research was being done to see how the new system was functioning in other places, and then a better more informed decision could be made.

Mr. Walsh further explained that the primary purpose of the Risk Master was a system for their liability program. Claims were logged in, data was kept, and the adjuster was able to manage the files. It was hard to obtain data from the system.

Worker's Compensation Summary Reports

Ms. Burrell stated that the reports were not available today because they had not been reviewed by all the necessary individuals. Therefore, they would be presented at the Board's May meeting.

A board member remarked that everything was too bureaucratic and he believed reports should be submitted whether reviewed or not.

Ms. Burrell proceeded to explain that these meetings were a public record and documents submitted also became public. She asked for the Board's indulgence because it was only appropriate that she confer with her managers before publicly discussing the report with the Board.

The Board Member stated that possibly he did not understand the purpose of this Board. Ms. Burrell explained that this Board was to advise staff, but they had administrators they had to report to. She remarked that she personally appreciated the input given by this Board, but they were an advisory board.

Mr. Walsh explained that the City had changed claims administrator which was a significant event, and from the analysis recommendations would be made as to what needed to be done to move forward. One of the key components of such an analysis was loss trending which could be reviewed so they could put some things in place to manage the process. He remarked that trending over the last three years had been very good and part of that was due to good claims administration. They were heading in the right direction which would be laid out in the report.

Mr. Piechura asked if it was imperative that the reporting system for claims, past, current and for the future, was paramount. Mr. Walsh confirmed. Mr. Piechura further stated that they should spend whatever was necessary so they would be able to function properly in the future.

Ms. Burrell stated that it was important to understand what was taking place in Tallahassee and the potential financial impact of decisions being made by the legislature.

New Business

Ms. Burrell stated that John Walsh was going to take a leave of absence, but the City wanted to retain him in their employ because he had brought tremendous value to this organization.

John Walsh explained that there were family health issues taking place at this time.

The Board wished Mr. Walsh the best of luck.

Schedule May, 2007 Meeting

The next meeting was scheduled for Wednesday, May 2, 2007.

Motion was made to adjourn the meeting. Board unanimously approved.

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