

INSURANCE ADVISORY BOARD MINUTES
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Wednesday, November 7, 2007 – 8:00 a.m.

Board Members	Meeting Attendance	1/07 – 12/07 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	P	6	1
Mark Schwartz, Vice Chair	P	7	0
Randy Swensen	P	4	3
Ted Hess	P	7	0
Christopher Pretera	P	6	1
Roger Bond	A	6	1
Joe Piechura, Sr.	P	5	2

Staff and Guest

Guy Hine, Risk Manager
Betty Burrell, Director of Finance

Roll Call

The meeting was called to order by Chair Joseph Cobo at 8:05a.m.

Approval of Minutes – October 3, 2007

Motion made by Joe Piechura and seconded by Mark Schwartz to approve the minutes of the October 3, 2007 Board Meeting. Motion passed unanimously.

Unfinished Business

Payment to David Fortune

Betty Burrell, Director of Finance, stated they had previously discussed that this was approximately a total of \$300 per meeting.

FM Global Update

Guy Hine, Risk Manager, stated that he attempted to put together some information, and at the bottom of the page there are losses that do not exceed the deductible, and therefore, those could be eliminated from the discussion. He advised that he was not sure if this information was totally correct because Mr. Terrell stated that a general services contract was put out approximately three weeks ago which would be on the street for about one month. Once that was in place, there would be firm estimates as to what they have at the different locations.

Mr. Hine further stated that there was also the issue of the \$500,000 advanced payment which was not going forward at this time. However, he felt they were at the point of resolving this issue within the next few months.

Ms. Burrell further clarified that they prepared the Commission agenda item to move forward, but the Law Department raised some additional questions. Those questions were not resolved by the deadline, and therefore, the item could not be forwarded for the agenda. At this point, this effort was not value-added since they were so close to resolving the matter. Per this Board's request, Finance attempted to put this item through in order to receive the advanced payment.

Mr. Hess requested further clarification regarding the \$124,000. Mr. Hine explained that once they received firm estimates from the general services contract, they would be able to see if there was a dispute regarding the amount. Mr. Hess also asked why staff felt the matter would be resolved within the next few months. Mr. Hine stated that obtaining solid estimates was holding them up.

Ms. Burrell added that the reason they were getting close to a resolution was because they were working with Rutherford in pushing this issue towards closure. She explained that they were only one component of the entire process, and based on the dialogue that has taken place, they were close to resolving the matter.

It was asked how the deductible was determined because they thought they were on an aggregate deductible. It was also asked if it was per building or location. Ms. Burrell explained that she was not able to provide a definition regarding the distinct difference between the two.

Further clarification was requested regarding the term "re-stated claim." Ms. Burrell stated that was what they thought the amount was initially. Mr. Hine stated that a mark-up was also included, and there was a larger disparity between some of them. Also part of it was because PBSJ had a 40% mark-up, and FM Global was looking at a 23.75% mark-up.

Ms. Burrell explained that PBS&J was not only working with the City in connection with insurance settlements, but also would work with the City and FEMA so the City could receive reimbursement monies.

Mr. Hine remarked that Mr. Bond had raised the issue of proof of loss at the last meeting, and he had looked into that. He emphasized that FM Global was not holding things up. The City also had a problem with the general services contract. Mr. Hine further stated that he had mentioned previously about checking with other local entities that might have had damage. FM Global stated they did not have any issues with any other local entities, but that was not true because he had spoken with the Risk Manager at Broward County. He added that he was going to receive information from that office to assist him in helping to get the matter resolved.

Ms. Burrell further stated that they wanted to see this matter handled amicably so the City could be made whole, and FM Global would not be paying more than what the City was entitled to receive. There were some sticking points that the City would not give in on, such as the cost of roof repairs. A bid was put out twice and only one vendor responded, and therefore, the City would have no control over the price quoted by the

vendor. She explained that they had rules and regulations to abide by, and whether it comported with what FM wanted to see the City do was irrelevant.

Workers' Compensation Update

Mr. Hine stated that a history was provided in regard to retentions and premiums. In regard to worker's compensation rates, he provided some information gathered by the City's broker, and base rates for 2007 were put together for the different class codes, along with the City's rates. The red shows a calculation of a base rate of 1.29, and the experience mod at 1.43, which was not good.

Mr. Hine further stated that initially he was concerned because he was not sure they had all their claims reserved to ultimate probable cost, which was what they were looking for. He explained they were getting more aggressive on settlements, and he believed the amount would show a reduction. The annual payouts would go up, but they would be mortgaging for the future.

Mr. Schwartz asked if the paid claims of \$6.2 Million were only paid and not incurred. Mr. Hine confirmed and said that was paid for the year.

Mr. Hine stated he wanted to present some projects to the Board next month.

Ms. Burrell stated that the information Mr. Hine provided was very meaningful, than just showing what happened the prior month.

Mr. Cobo asked if the City was looking at some preventative risk management training. Mr. Hine confirmed and stated that one of his projects was the isolation and identification of exposures. He added that the Commission approved the software expense, and now they are awaiting approval of the contract. He stated that he wanted to address that situation, but wanted to do both worker's compensation and liability at the same time. He explained that the process would take time, but they were headed in that direction.

Ms. Burrell added that safety training was among the priorities Mr. Hine was given when coming on board. She stated they needed to review whether the organizational chart was set up properly, and it was discovered there were some problems in that area. Therefore, data integrity was also a key component of getting the reports done.

Mr. Hine stated that was the basis of what they were doing. He explained that they had to identify the location of the exposures so training could be provided. Ms. Burrell stated that the departments needed to understand the implications of what happens, and they need to know their budgets would be impacted by losses that had costs associated with them.

Mr. Hine gave an example of a recent conversation that he had in educating a department on how to avoid the assumption of unnecessary risks.

Mr. Schwartz asked what were the ramifications if proper procedure was not followed. Mr. Hine stated they were not sure at this point because there was an allocation system, but they were not sure how it was done. He explained they were going to meet with the former Controller to see how this was set up.

Ms. Burrell remarked that the accountability would first be budgetary. She stated there was somewhat of a program in place in connection with automobile accidents, but the system needed strengthening, and such program needed to be put in place for other losses, as well. She explained that this could not be fixed in a week, a month, or a year, but they would continue to work on a dual track and have such measures and programs put in place.

New Business

Policy Renewals – Employment Practices and Public Officials Liability

Mr. Hine stated that the public official liability was at \$67,323.80, which was with National Union running from 10/31/07 to 10/31/08. The employment practices liability was with Zurich.

Mr. Schwartz stated that he believed the prices would be going down and would be more competitive.

Mr. Hine further stated that from 10/1/05 to 10/1/06 which now runs to 11/1/06, there was \$207,000 plus \$15,000 for the extra month, but now went down to \$172,000. This year the amount remained the same, but he was told that if they go out each year and price it, the City would develop a bad reputation. He stated that last year they did receive competitive bids, and Zurich was still the lowest.

Mr. Schwartz stated that it was not marketed because a determination was made not to do so this year. He added that he believed that decision should be brought before this Board in connection with what was occurring in the marketplace. He asked if staff could remind this Board as to what would be coming up in the next few months.

Ms. Burrell provided the following schedule:

March -	Crime
April -	Property
May -	Aviation

Ms. Burrell added that if the Air & Sea Show remained in Fort Lauderdale, they would have to get insurance for the medical providers, and such requirement was not made in the past. Up until last year, this was part of the exercise by the Federal Government, and was part of FEMA, which covered the medical providers. This year, they announced that they would no longer be doing that. In order to have such providers on site, medical malpractice insurance would be needed. Therefore, the City felt they had to have on-site care or the City's rescue personnel would have to perform the job. She further clarified that this involved individual medical providers who volunteered to provide such services. She further stated that the cost for this last year was less than \$9,000, and they had used Lloyd's of London.

Mr. Hine stated that the employment practices for 11/1/07 to 11/1/08 had a \$300,000 retention with a \$3 Million limit with the Zurich American Insurance Company for \$172,200.

Motion made by Mr. Piechura and seconded by Mr. Schwartz to approve the employment practices policy for 11/1/07 to 11/1/08 for \$172,200. Board unanimously approved.

Mr. Hine further stated that the public officials liability policy for 10/31/07 to 10/31/08 with \$100,000 for retention and a limit of \$1 Million with National Union Fire for \$67,323.80.

Motion made by Mr. Hess and seconded by Mr. Bond to approve the public officials liability policy as stated. Board unanimously approved.

Sunshine Law

Mr. Schwartz explained that he had attended the Board training last week and he felt that this Board was doing a great job in comparison with some of the other City committees. He felt one of the few things they could improve on was the procedure for making motions.

Mr. Cobo stated that if a vote was not unanimous, then a roll call had to be taken.

Ms. Burrell stated that the minutes did not have to be voted on as long as the Board approved them.

Mr. Schwartz stated that they were told to vote on every item and no one should abstain because it was their duty to do so.

Mr. Schwartz further reviewed the issue of e-mails in connection with the Sunshine Law. Ms. Burrell added that the Assistant City Attorney explained that if e-mails were sent among the Board members even in regard to scheduling a meeting, the public had to be a party to those e-mails also.

Mr. Cobo stated that he had received some different information from the Attorney General's office, and therefore, would like to discuss the matter with the City's Law Department. He was informed that as long as the e-mail was informational and did not provide an opinion, it was permitted. He believed it would be better just not to communicate via e-mail, and then there would be no questions asked.

Election of Officers

Joseph Cobo was nominated as Chair of the Insurance Advisory Board. There being no objections, Mr. Cobo was chosen as Chair.

Mark Schwartz was nominated as Vice Chair of the Insurance Advisory Board. There being no objections, Mr. Schwartz was chosen as Vice Chair.

Schedule Next Meeting

The next meeting would be scheduled for December 5, 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 8:55 a.m.

Respectfully submitted,

Margaret A. Muhl