

INSURANCE ADVISORY BOARD MINUTES
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Wednesday, October 1, 2008 8:00 a.m.

Board Members	Meeting Attendance	1/08 – 12/08 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	P	8	1
Mark Schwartz, Vice Chair	P	7	2
Randy Swenson	P	6	3
Ted Hess	P	8	1
Christopher Prestera	P	6	3
Roger Bond	P	8	1
Joe Piechura, Sr.	A	6	3

Staff and Guest

Michael Kinneer, Finance Director
Denny Stone, Employee Benefits Coordinator
Mike Walker, Procurement & Contracts Manager
Guy Hine, Risk Manager
Tom Terrell
George Haynes, PBS&J

Roll Call

The meeting was called to order by Chair Joseph Cobo at approximately 8:00 a.m.

Approval of Minutes – September 3, 2008

Motion made by Mr. Swenson and seconded by Mr. Schwartz to approve the minutes of the September 3, 2008 Board Meeting. Motion passed unanimously.

Unfinished Business

Settlement of Hurricane Wilma Claims

Mr. Hine stated that they had gone over this last month, and the back-up information is now available. There are still some concerns on staff's part, and Tom Terrell, City of Fort Lauderdale, and George Haynes, PBS&J, who is the City's consultant, are present today to answer any questions.

They discussed the last time the difference between the claimed amount of \$3.6 Million, and the FM offered amount is \$1.9 Million proposed settlement. Mr. Hine stated that staff is looking for this Board's approval, and then they would present the proposed settlement to the City Commission. They made it clear to FM Global that they did not have a settlement yet, and that this was strictly a proposal. He explained that the deductibles would come off the amount, which totals about \$1.1 Million. The net measure amount is \$1.57 Million.

Mr. Hine stated that there is a small difference of \$37,000, and staff feels the City should get everything owed to them. He further explained that on page 44 of the supplement, it states: "The actual cash value of such property is (b) not repaired, replaced or rebuilt on the same site or another site within two years of the stated loss..." it can be verified that the beach properties were not repaired or rebuilt. Tom Terrell confirmed. Even if the properties had been repaired, the City would not get the replacement. Mr. Terrell explained that Southside was going under a historical renovation.

Mr. Hine referred the Board to the 301 Building, and stated that most of the items are the same, but mold and mildew is not covered. Roofing was a big part of this, and FM Global had offered \$714,000, but the City had expected \$1.5 Million. Ultimately in negotiations, the County had not collected 100% of their request, but the City had received 100% of their request. He reiterated that the City had made some compromises FM Global had offered \$61,000 for the roofing, but the City received their full request of \$131,000. The only small amount they are concerned with is the PBS&J fee.

Mr. Hine further stated that in regard to the Floyd Hull Stadium, the red items were considered applicable for mark-ups. Staff felt they were close, but staff felt they should get mark-ups for the items on the left side of the page. There appears to be about a \$6,000 difference. He explained there was a huge difference between the request and the offering in regard to the roof assembly on the northeast bleacher of the grandstands. Mr. Swenson asked why the amount was so low.

Mr. Haynes stated there had been some initial estimates by FEMA in regard to the grandstands that were very low, but once they got into the basis of the design the consultants supplied new estimates on what the actual cost of replacement would be under the current Building Code.

Mr. Hine stated that everything else was pretty much the same. There was another roofing difference on the Colleen Moore Building. He stated that staff was comfortable with the settlement overall. Mr. Hess suggested that staff look into mold coverage for the future policy.

Motion made by Mr. Swenson and seconded by Mr. Schwartz to agree to the settlement amount proposed. Board unanimously approved.

Purchase of Insurance – Ordinance Change

Mr. Hine stated that there were no questions at the first reading of the ordinance, and he is not concerned. It appears that the ordinance would be adopted and that everyone understands it, along with the importance of it. The Board helped him to get this done.

New Business

City-Wide Open Enrollment and Wellness Initiative

Mr. Stone stated that they met with the City Manager's office regarding proposed changes. They used the firefighters as the test market, and now they are rolling this out Citywide. There were roughly 400 firefighters, and about 1500 additional employees that they are now going out in open enrollment.

Mr. Stone explained that the first issue was the brochure, which is now being personalized. The vendors would be paying for the printing of the brochure, and they are pro-rating the cost. The second issue is the electronic system. They would do an open enrollment on the Internet, and they would also have Aflac and Colonial agents available to meet on a one-on-one basis. Sixteen sites have been chosen in the City for visits. There was only one major change and Mike Walker has gone out to bid on the street for the firefighters' dental, and that is due back in about 10 days. Responses are coming in and the plan would be the same. MetLife bought Safeguard and that has increased the number of participating dentists from 1400 to 2800 in the PPO number which was a positive, but about 20-30 dentists presently in Safeguard will not be in the new network. Any paperwork taken in from the enrollment would be placed on the secure site FYI which are electronic personnel files. Eventually, all files would be done electronically. The third area is that benefits have never been on the web site of FortLauderdale.gov and employees would be allowed to enroll via the Internet, and information regarding their benefits would also be available.

Mr. Stone stated that the other area was wellness. They already have Wellness for management, and about 60% of management participates. This is the same program that would be available Citywide, except the incentive would not be as high for the work force. During the open enrollment, HCA Hospitals of Plantation would perform biometric tests on site, and AvMed would make available health risk tests. A \$25 incentive would be offered and would be funded out of the Reserves Account. Approximately 10% would show as high risk and would be placed on special programs. Various Health Clubs would make available memberships on a monthly basis with no contracts. He further explained that they are going to do an analysis of individuals who participated in the management program for three years to see if there were less claims.

Renewal Quotes For Public Officials and EPL Insurance

Mr. Hine stated that this Board had mentioned in the past that they, being the experts, should tell the City whether they need to market their insurance or not. He explained that before the City purchases their insurance, staff would come to this Board for their recommendations. He does not see any problem with the negotiation procedure presently being followed. He proceeded to review the chart that was provided to the Board.

Mr. Hine advised that if the City went for the same coverages as last year, the amount for public officials was \$12,000 less than last year, and employment practice was \$17,000 less than last year. If they stay with the current policies the amount would be

\$210,000. He further stated that the retention levels would remain the same for each line, but there would be a \$4 Million aggregate meaning this would be for the EPL if they spend nothing on the public officials or vice versa. This would provide an additional \$3 Million for public officials, and \$1 Million for EPL, which would be saving \$35,000 from last year's quote. The proposal is for a combo policy at \$204,000.

Mr. Hine stated that in regard to AIG it was his understanding that the P&C lines are solid, and they have about \$26 Billion in Reserves to pay claims.

Mr. Cobo asked about the history regarding employment practices claims. Mr. Hine explained that they had seven claims, and the highest claim was approximately \$60,000.

Mr. Hine stated he was concerned about the age discrimination cases from 2000, which total significant amounts. Mr. Cobo stated that the retentions would not affect these claims. Mr. Hine confirmed.

Mr. Hine further stated that Mr. Schwartz had mentioned an aggregate retention level last month. He continued stating that carriers and underwriters were reluctant to write it because once the insured met it, any future claims would not be their problem any more. It was looked at as a moral hazard.

Mr. Presterer asked if it was too late to ask for an aggregate account at the same price. Mr. Hine stated it was probably not too late. It was stated further that they could ask for three times the retention level. Mr. Hine asked if it was possible to get, was that this Board's recommendation. The Board confirmed.

Mr. Cobo asked if they are looking at the lower retention number. Mr. Schwartz explained that staff wanted to keep it at the same retention level and save the \$23,000. Mr. Hine explained that they would actually be saving around \$35,000.

Mr. Bond stated that if they drop the EPL retention by half, they could still save about \$12,000 over what they paid last year, and they would be in a better position to handle a large claim. Mr. Schwartz stated that he agreed because they could always raise the retentions in the future.

Motion made by Mr. Bond and seconded by Mr. Schwartz to accept the proposal for the combined premium of \$227,000 with the \$100,000 and \$150,000 retentions. Board unanimously approved.

Next Meeting

The next Board meeting would be scheduled for November 5, 2008 at 8:00 a.m.

There being no other business to come before the Board, the meeting was adjourned at approximately 8:40 a.m.

Respectfully submitted,

Margaret A. Muhl