

INSURANCE ADVISORY BOARD MINUTES

City of Fort Lauderdale

100 North Andrews Avenue

8th Floor Conference Room

Wednesday, April 1, 2009– 8:00 a.m.

Board Members	Meeting Attendance	1/09 – 12/09 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	A	2	2
Mark Schwartz, Vice Chair	P	4	0
Christopher Prestera	P	4	0
Joe Piechura, Sr.	P	3	1
Jim Drake	P	3	1
Charles Grimsley	A	2	2

Staff and Guest

Michael Kinneer, Finance Director

Denny Stone, Employee Benefits Coordinator

Guy Hine, Risk Manager

Matthew Cobb, Risk Management Coordinator

Roll Call

The meeting was called to order by Vice Chair Mark Schwartz at approximately 8:00 a.m.

Approval of Minutes – March 4, 2009

Motion made by Mr. Piechura and seconded by Mr. Drake to approve the minutes of the March 4, 2009 Board Meeting. Motion passed unanimously.

Unfinished Business

List of Current P&C Policies

Mr. Hine stated that property and crime was from last year, and those have been renewed, along with the AD&D for the same amount as last year. Further discussion would take place at today's meeting regarding the Airport policy. He continued stating that a graph was distributed showing what had been done in the last year.

Mr. Hine explained that the remaining pages of his report were a history of each insurance policy.

Mr. Drake asked about flash money. Mr. Hine advised that was for the police.

Self-Insured Expenses

Mr. Hine stated that these were all the payments made in fiscal year 2008, and the information was to give the Board an idea of what had been paid. He proceeded to run through the items listed, along with some explanations. Four items had been highlighted and those were auto liability, general liability, labor relations, and police professional. Three of the four received substantial increases by the actuary except police professional which was a negative \$540,000. He stated that the City had a new actuary, and that was the reason for some of the increases which could be considered make-up amounts. He added that progress had been made during the past year.

Mr. Schwartz asked if some of the old events could be resolved. Mr. Hine explained that one of their goals was to reduce the claims and get rid of them. He added that they had a number of drop cases, and therefore, monies had been put in for those cases. Meantime, they found out that they had won a Motion for Summary Judgment. Mr. Schwartz asked if a list could be provided of everything related to the IBNR (Incurred But Not Reported). Mr. Hine stated that a copy of the actuary's report could probably be provided to the Board for their review.

Mr. Hine stated that the collision claims were self-explanatory. A breakdown was provided regarding the Workers' Compensation carrier. He added that the state assessment fees were decreasing. It was his understanding that the amount of monies recovered from SDF affected the assessments, and he stated that he was concerned about budgeting because the fee fluctuates.

Mr. Schwartz asked how the assessment fees were calculated. Mr. Hine explained that the State sent a bill and showed the calculations.

Joe Piechura gave an explanation regarding mod calculations. When there are declining premiums, even if claims remain the same, mods would increase. Right now, they need to go by the actual monies paid in Workers' Compensation. The number of claims, frequency, and dollars paid would be more important for the next three years until the rate structure and the mod calculations stabilize.

(Continued on page 3)

New BusinessRenewal of Airport Liability Insurance

Mr. Hine stated that the premium would be the same as last year, and the only difference would be the FIGA which he believes should have been paid last year. Essentially, he explained there was \$188 difference.

Motion made by Mr. Prestera and seconded by Mr. Piechura to approve the renewal of the Airport Liability Insurance. Board unanimously approved.

Old/New Business

Mr. Hine stated that recently there was an ordinance change regarding the quorum requirement. There had to be a majority now.

Mr. Schwartz stated that this matter was already discussed at the last meeting.

Mr. Hine further stated that the new Commissioners want to hear from the advisory boards, and value their input. Specifically, they want an item listed on the Board's agenda where comments could be provided to the Commission. This was the reason for the addition of Item #6 on today's agenda. He stated that he was going to meet with the Commissioners individually regarding how the City purchases insurance.

Self-Insured Expenses (continued from page 2)

Mr. Prestera asked if they could get a report of claims and premiums paid. Mr. Hine stated that such information would be provided to the Board.

Mr. Hine stated that they paid out about \$5 Million in Worker's Compensation claims. He proceeded to explain the chart that had been provided to the Board. It was his understanding that they paid out \$4.25 Million in actual paid in 2007, but they had a \$6.9 Million IBNR, which made about \$11.2 Million paid in fiscal year 2007. In 2008, they paid out \$5 Million because more cases were settled and the IBNR went down. He stated they should not have the mind set that they are not paying claims, and therefore, saving the City money because that would not be accurate. They need to get the claims off the books.

The difference is that they were just picking their battles.

Mr. Prestera stated that the IBNR are claims expected in the future, and asked if they were identifying claims quicker.

Mr. Hine explained that the Workers' Compensation was more of a loss development because claims were generally reported. Liability was more IBNR because those claims were not reported. He stated that they were working more with the Police Department in an attempt to obtain police reports. They have also met with the Recreation Division of Parks & Recreation, and showed them their liability exposure. The Fire Department was also part of the program.

Mr. Hine further stated that the Health Insurance Claims were the City's payment to police and fire. Fire has now moved into the City's plan. Health Administration and claims account for about \$12 Million.

Mr. Prestera asked who the broker was for the stop loss. Mr. Stone advised that it was placed through AvMed, but US Fire was the reinsurance carrier. There was a 2% premium increase for the upcoming year. He further stated that the City paid self-insured claims up to \$165,000 per case. Refunds come in during the following year for claims above \$165,000. Mr. Prestera stated that next year it would probably be worth it to shop around independent of AvMed.

Mr. Stone stated that could be done, but on the flip side they have to be familiar with AvMed because they would be on the hook as to how the plan would be administered. He added that AvMed did shop the plan to 5 or 6 carriers, and then the City did an analysis of that information.

Mr. Hine continued to review the chart submitted.

New Business

Annual CY Actuary's Healthcare Report

Mr. Stone referred the Board to a green and red chart that had been provided for their review, and stated that Risk Management works under Finance, and therefore, Finance gives their stamp of approval on the annual report before it is submitted to the State. They had been on a calendar year, and are going to move to a fiscal year. He explained that he took the revenues and expenditures for 2008, and compared them against 2007. The number to look at was gain and loss which showed that they ended the year ahead by three-quarters of a million dollars. Since 2002, they have been in the positive with about \$10 Million in current reserves. The investment on the \$10 Million is down as would be expected. Refunds for re-insurance were also down this past year by \$200,000. He explained that reinsurance refunds are always a year behind. The two factors contributing to their being behind \$300,000 from last year were investment income and re-insurance refunds.

Mr. Stone stated that 400 new Firefighter members were added to the plan, and therefore, there was higher income and higher claims. In essence, there was about \$150,000 in inflationary income. There is some talk in the industry with everything going on in Washington regarding Medicare that the hospitals would try and charge back higher rates and escalate costs. He added that the actuary's report projects they would be showing a deficit in the future, and therefore, the surplus within the next three years would be decreased. Mr. Hine stated that more information would be provided to the Board in the future regarding this matter.

Mr. Kinneer advised that their monies were invested mostly in US Treasuries or government backed paper, along with money market type funds.

Old/New Business

Mr. Hine reiterated that they had some challenges regarding timing with the Commission and having insurance purchases placed on the agendas. They appear to always be on the agendas right before the expiration or renewal date which causes some problems. He wants to get away from that, and therefore, the next policy coming up would be the Workers Compensation as of October 1st. Hopefully, this Board could meet August 22, 2009 so he could get that policy on the agenda for the Commission's first meeting in September. The Board agreed that they could meet on that date.

Mr. Piechura stated that Comp was going to increase. Mr. Prestera stated that the State rates have increased 6.4%. Discussion ensued regarding House Bill 903 and tentative Bill 2072. An amendment was filed to counter act the Bill, but was defeated in Committee. The House Bill passed and the Senate Bill was going before the Committee, and it looks as if that will also pass. Mr. Hine stated that he would provide the Board with whatever information he has regarding those Bills.

Mr. Piechura stated that he believed the rates would pendulum, and when they swing back it will be real hard. Money is being made in comp at this time.

Healthcare For Adult Children

Mr. Stone stated that 13 came in and there was a positive reaction. In regard to Wellness, they were looking at some other educational programs, and expanding health clubs and YMCAs.

Comments to the Commission

None.

Next Meeting

The next Board meeting will be scheduled for May 6, 2009 at 8:00 a.m.

Motion was made and seconded to adjourn the meeting. Board unanimously agreed.

There being no other business to come before the Board, the meeting was adjourned at approximately 8:54 a.m.

Respectfully submitted,

Margaret A. Muhl
Recording Secretary