

## INSURANCE ADVISORY BOARD MINUTES

City of Fort Lauderdale  
100 North Andrews Avenue  
8<sup>th</sup> Floor Conference Room  
Wednesday, May 6, 2009– 8:00 a.m.

<u>Board Members</u>	<u>Meeting Attendance</u>	<u>1/09 – 12/09 Cumulative Attendance</u>	
		<u>P</u>	<u>A</u>
Joseph Cobo, Chair	P	3	2
Mark Schwartz, Vice Chair	P	5	0
Christopher Prestera	A	4	1
Joe Piechura, Sr.	P	4	1
Jim Drake	P	4	1
Charles Grimsley	P	3	2

### Staff and Guest

Michael Kinneer, Finance Director  
Denny Stone, Employee Benefits Coordinator  
Guy Hine, Risk Manager  
Michael Walker, Procurement & Contracts Manager  
Matthew Cobb, Risk Management Coordinator

As of this date, there are 7 members of this Board, but only 6 have been appointed, which means that 4 would constitute a quorum.

### Roll Call

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

### Communications to City Commission

Mr. Hine explained that this category was being added to the Board's agenda at the instruction of the City Commission, and that the Board should comment on items in this area that they want the Commission to be aware of.

Chair Joseph Cobo stated that he was glad to hear that the new Commission was so concerned and wanted to be more aware of things.

### Approval of Minutes – April 1, 2009

**Motion** made by Mr. Grimsley and seconded by Mr. Piechura to approve the minutes of the April 1, 2009 Board Meeting. Motion passed unanimously.

**Unfinished Business****Workers' Compensation Policy Approval**

Mr. Hine asked if a meeting could be scheduled for August 19, 2009 regarding this matter since insurance renewals normally went before the Commission a very short time before the renewal was to occur. Therefore, the matter could be scheduled on the Commission's agenda for the first meeting in September. The next policy to expire would be the EPL and Public Official Policy which will be due November 1, and therefore, he would like to schedule a meeting for September 23, 2009. The meeting scheduled for October would not be an issue. Due to scheduling difficulties, it was decided to change the August meeting to the 12<sup>th</sup>, and the September meeting to the 9<sup>th</sup>. Mr. Hine stated that they would also have to discuss the Property Policy, and schedule that matter before the Commission also. The regular meeting for October would be scheduled for October 7, 2009.

**New Business****P&C Broker Service RFP**

Technical specifications were sent out regarding broker services because the contract would expire on December 19, 2009. Mr. Hine asked the Board for their input. The proposal evaluation criteria were contained on page five, and had been written very generally. Normally, the Selection Committee is comprised of five individuals, but they would like to reduce that number to three. The process that would be followed was explained. They anticipate they would probably receive five bids, and believe it would be a more competitive process this time. Approximately, one to two meetings would be held for the Selection Committee.

Michael Walker suggested previously to have a two-year contract with three one-year renewals. The fee would be firm-fixed as was done in the past. There would be the option for the CPI or 5% whichever was less for rate increases for the three one-year terms.

Mr. Hine stated that due to the state of the economy, protests were now more common. He further stated that cost was a concern to the Commission, but he believes it was also important to obtain someone that was very familiar with the market and had the necessary experience.

Mr. Cobo stated the 100-point system could sometimes be very subjective, and the system was being changed in many places to a 1-2-3 ranking. It was suggested that the City should consider going to that type of system because it would provide a more equal playing field.

Mr. Grimsley stated that some of the contracts specifically state that insurance agents would not be eligible and only consultants could bid. Mr. Hine stated that previously they had a consultant, and brokers were paid separately. He added that it was brought to his attention that when insurance was purchased, as they were presently doing (paying a fee as opposed to allowing a commission) over time it eventually would not pay off because the insurance companies would increase the rates, and therefore, they would lose the advantage. He asked if the Board had any information on this.

Mr. Grimsley explained how some of the larger brokers handled that type of issue.

Chair Joseph Cobo asked if that could be added to the RFP, and possibly someone familiar with the matter could draft language and submit it to Mr. Hine.

#### Health Benefits Actuary's Report – Future Projections

Mr. Stone advised that the Actuary (Wakely) would be filing the health plan this week on behalf of the City. He referred to a chart that was provided to the Board in their back-up materials that contained information for 9 months because they were transitioning from a calendar year to a fiscal year. The trends in healthcare are running at about 9%, and the City is at 6.6% to date. A 7.3% trend will be used since the City is not sure what will occur during the remainder of the fiscal year. The prescription drug trends nationally are at about 9%, and the City is at about 5% below last year due to new rebates and receiving better discounts. Prescription drugs average about \$3 Million per year. Expenses are rising and in 2010 and 2011, they will probably begin cutting into the surplus. The City will be looking at co-pays and premiums, along with modifications to the plans. Discussions were held with the prescription drug vendor, and it appears the City could save about six figures if they go back out onto the street for this.

Mr. Stone further stated that there has been no increase in rates for four years. He added that they would also do some other tweaking with Section 125 because they need better administration, and they are also looking at supplemental benefits. He further stated that they were also looking at premiums and co-pays, but the question was should they review charges for everyone in the plan, the individuals using the plan, or should both be charged. They also took an initial look at the per participant, per month. There are about 2,000 employees and approximately 4,500 participants in the plan. Depending on the bargaining unit or the group, they pay more for employees than dependents on a usage basis. On a claims basis, the employees cost twice as much as the dependents.

Mr. Stone explained that one of the advantages with AvMed was the discount rates in the area.

#### Old/New Business

Mr. Hine stated that the Better Meetings Academy was being scheduled again. One volunteer is needed to attend the meeting.

Chair Joseph Cobo stated that he feels this would be advantageous for new members. He believes that it would also be worthwhile for any member who had never attended.

Mr. Grimsley advised the Board that he had been informed that another meeting would be held in June.

#### Workers' Compensation

Mr. Hine stated that next month they would be discussing Workers' Compensation. He would provide information to the Board regarding the last policy and premiums. The

amount incurred was down from last year. He further stated that if they are doing well, they might not want to reduce the retention because it could raise their premium.

Bills Regarding Workers' Compensation Attorneys' Fees

Mr. Hine stated that a Bill had been approved by the House and the Senate regarding lawyers' fees. He added that there was also a Senate Bill that was in contradiction to the House Bill.

**Next Meeting**

The next Board meeting will be scheduled for June 3, 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 8:45 a.m.

Respectfully submitted,

Margaret A. Muhl  
Recording Secretary