

INSURANCE ADVISORY BOARD MINUTES

City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Wednesday, June 3, 2009– 8:00 a.m.

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

Staff and Guest

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, and all 7 are appointed, which means that 4 would constitute a quorum.

Roll Call

The meeting was called to order by Chair Joseph Cobo at approximately 8:10 a.m.

Communications to City Commission

Mr. Hine explained that the City Commission was interested in what the Advisory Boards had to say, and therefore, if there was anything that this Board wanted to communicate to the City Commission, this was where those items would be mentioned.

Approval of Minutes – May 6, 2009

Motion made by Mr. Grimsley and seconded by Mr. Prestera to approve the minutes of the May 6, 2009 Board Meeting. Motion passed unanimously.

Unfinished Business

Recommendation of Purchase Method (market or negotiate) and Specifications For Renewal of Workers' Compensation Policy

Mr. Hine proceeded to explain past procedure. He explained that since the present market was flat, the broker believed they would receive a flat renewal. The claim count was presently down which could initiate a lower rate. Currently, there was a \$2 Million retention on employer's liability. He then proceeded to review some past history.

Mr. Prestera stated that they still needed to look at a lower retention even though it might not be feasible since prices were going up, but the fact was they did not want to pay more this year. Mr. Hine confirmed that the broker was seeking a lower retention.

Discussion centered around timelines and expiration dates, and Mr. Hine advised that the next scheduled meeting would be on July 1, 2009.

Asked if the Board thought the City should negotiate with the current vendor or market the workers compensation insurance, Mr. Prestera stated that possibly the current vendor should speak with other carriers to gain interest. As discussed previously, they would not want to do this every year. If the information obtained shows that things are comparable with what they currently have, then the broker should not go through the formal process. Mr. Hine advised that was the opinion of the City's broker. He explained that he would have to take this before the City Commission requesting approval to negotiate.

Motion made by Mr. Prestera and seconded by Mr. Grimsley that they research different options for retentions for the Workers' Compensation renewal, and compare with other insurers as to whether there was a dynamic change in the marketplace. If other insurers were comparable to what they currently had, they should not go through the formal process. Board unanimously approved.

Final Review of P&C Broker RFP

Mr. Hine proceeded to read Item #6 which dealt with marketing. He asked the Board if the 90 days would be a good time frame. Mr. Prestera stated that the reality would be that sometimes quotes would not be available 90 days prior. Mr. Hine explained that Item #7 – Insurance Proposal, dealt with that issue. He stated that they just wanted to get an idea where the market was at and what the broker believed to be the best approach.

Mr. Hine proceeded to read Item #6 which dealt with the insurance proposal. Historically, the proposal was taken before Commission the meeting prior to expiration.

Mr. Hine stated that in regard to Items #13 and 14, they had good experience with the current broker. Contract review was not included previously, but was a major part of day-to-day operations.

Mr. Prestera asked if the insurance would be extended to the advisory boards. Mr. Hine replied that he did not know that information, but could check into it.

A question was asked about policy expiration dates. Mr. Hine explained that Workers' Compensation is October 1st; EPL and Public Official had been combined and is November 1st; Crime Policy is March 1st, Property Policy is April 1st, AD&D is May 3rd, and the Airport Liability Policy is May 25th.

Mr. Hine stated that four years ago the Board implemented the fee method, and the transparency of the fee was preferred by the City. Rutherford operated on a fee basis for municipal clients. Staff considered including that in the RFP, but were concerned that could cause a problem.

It was stated that they had agreed to do a flat firm-fixed fee for the year.

Mr. Botkin asked if the brokers received any overrides based on experience. Mr. Hine stated that he did not have that information, but Item #11 states that premiums were to be that of commission. Mr. Pretera stated that the broker was to disclose such information.

Mr. Hine further provided some information regarding the carriers.

Mr. Hine asked if the Board agreed to use the fee method.

Motion made by Mr. Grimsley and seconded by Mr. Pretera that the City stay with the fee-based method. Board unanimously approved.

New Business

Healthcare

Mr. Stone advised that they had begun discussions on healthcare, and referred to a chart provided to the Board. He explained that in 2008, they ended the calendar year with about \$8 Million which does not include a couple of million dollars' worth of medical claims to pay out. The actual fund had about \$10.3 Million. The City is converting to a fiscal year, and is looking at about \$500,000 in a positive gain. In going forward to 2010, they included about a 7.3% inflationary trend. He explained that the City claims are running under the market trend of 8% to 10% which could be attributed to AvMed. He added that their stop loss was \$165,000. He further explained that included in the 2010 projection was an increase for the stop loss carrier of 15%.

Mr. Stone stated that if they increased contributions by 7.3%, there could be an addition of \$500,000 in revenue. He proceeded to explain that employees paid from \$10 to \$35 for single coverage per pay period. Retirees are paying larger amounts. They also looked at co-pays.

Chair Joseph Cobo asked if a 10% increase could be considered which could help protect them in the future.

Mr. Hine stated this was a challenge in the past because in the midst of building up reserves, asking for a rate increase would not seem reasonable. Discussion ensued regarding a 10% increase. Mr. Stone reiterated that they were moving ahead with the prescription drug program which would also save money.

Chair Joseph Cobo reiterated that an increase would have to be done across the board or they would run into problems.

Mr. Stone stated that the last increase occurred four years ago.

Chair Joseph Cobo stated that all issues needed to be considered.

Mr. Walker stated that the HMO 1 and 2 Plans had a difference in the premium of a few dollars, but had higher deductibles. They were thinking of recommending an alternate plan, such as a health savings plan.

It was stated that when a plan was changed or new features added, an RFP might have to be issued.

Mr. Hine stated that more than likely healthier individuals would choose such a plan. Discussion ensued regarding pros and cons of this type of plan.

Mr. Stone referred to a chart of numbers and stated that he had listed City funding per bargaining unit or employee group. He also listed current revenues per employee, per month. He explained that they were at a 91% loss ratio.

It was asked if there existed an active wellness program. Mr. Stone explained that one had been started last September, but presently, they were not doing a lot because of there being less staff available. For management, they have about 270 individuals in the wellness plan. Mr. Hine stated that they were working on this aspect, and would push it more in the future.

Schedule Next Meeting

The next meeting of this Board would be held on July 1, 2009 at 8:00 a.m.

Mr. Hine reminded everyone about there was a special meeting scheduled for August 12, 2009.

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 9:03 a.m.

Respectfully submitted,

Margaret A. Muhl
Recording Secretary