

INSURANCE ADVISORY BOARD MINUTES
City of Fort Lauderdale
100 North Andrews Avenue
8th Floor Conference Room
Wednesday, November 3, 2010– 8:00 a.m.

<u>Board Members</u>	Meeting Attendance	1/10 – 12/10 Cumulative Attendance	
		P	A
Joseph Cobo, Chair	P	10	0
Mark Schwartz, Vice Chair	P	7	3
Joe Piechura, Sr.	P	9	1
Jim Drake	P	8	2
Charles Grimsley	P	10	0
Steve Botkin	P	8	2
Jonathan Macy	P	1	0

Staff and Guest

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

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 Vice Chair Mark Schwartz at approximately 8:05 a.m.

Introduction of New Board Member

Jonathan Macy was introduced to the Board. Mr. Macy stated he is from New York and is an attorney. He has been in Florida for about six months and works for an accounting firm in Miami Beach. He added that in New York he also worked with an insurance defense firm and has a NY State Insurance License.

Communications to City Commission

Motion made by Mr. Grimsley and seconded by Mr. Piechura explaining the reason that the Board recommended Gallagher Bassett as the City's Workers' Compensation claims administrator was based upon a comprehensive analysis of all the factors included in the Request for Proposal, but most importantly the recommendation was due to Gallagher Bassett's effectiveness in controlling Workers' Compensation claim losses which have trended downward for several years. Furthermore, the Board is hereby communicating that from its perspective any savings derived from a lower administration fee charged by an inexperienced claims administrator would be insignificant compared to the millions of

dollars that could be lost in relation to the ineffective administration of losses as reflected in the Philadelphia Daily News article, *City Workers Comp Costs Way Up*, which shall be provided to the Mayor and City Commission along with this communication, passed by unanimous vote.

Mr. Hine stated that this was discussed last month. He added that the article would be provided to the Mayor and the City Commission.

Mr. Cobo entered the meeting at this time.

Seconded by Mr. Piechura. Board unanimously approved.

Approval of Minutes

Motion made by Mr. Grimsley and seconded by Mr. Botkin to approve the minutes of the October 6, 2010 meeting. Board unanimously approved.

Unfinished Business

Purchase Method of Crime Policy

Mr. Hine stated the market is good at this time. Traveler's has been the City's carrier for the last five years, and the last three years was based on a bid that had been issued. There have been no claims. Staff is recommending that this be marketed.

Mr. Piechura stated the policy should be marketed and try to get a three-year fixed rate.

Motion made by Mr. Piechura and seconded by Mr. Grimsley that the Crime Policy be marketed at a three-year fixed rate basis, and that the negotiation method be followed. Board unanimously approved.

Property Insurance Appraisal Services

Mr. Hine stated this had been discussed previously, and an RFP was done.

Mr. Walker stated that six vendors submitted proposals, and background information has been provided to the Board. Specialty Property Appraisers was ranked the highest by the Committee. They also had the lowest premium at \$26,025. He stated they want to go out with the property insurance since it expires March 31, 2011. All appraisals need to be done for that process. This will go before the City Commission on November 16, 2010 for the award.

Mr. Schwartz asked what the deciding factor had been since the rankings for companies ranked one and two had been so close.

Mr. Walker stated that two vendors made some exceptions and wanted to change some of the standard contract language. Mr. Hine stated the City did not want that.

Motion made by Mr. Piechura and seconded by Mr. Schwartz to accept Specialty Property Appraisers. Board unanimously approved.

New Business**Risk Management Program Results FY 2010**

Mr. Hine stated that during the next three months they would review the results for the year-end. Today, they would review the overall program, along with the Workers' Compensation. Next month, Mr. Cobb would address the liability and property results. In January, Mr. Stone would review the health results.

Mr. Hine referred to information provided to the Board showing the overall Risk Management Division expenditures. In 2004-2005, some reserves had been reduced. There has been a slight trend upwards due to increased health costs.

Mr. Schwartz asked if the number of individuals in the plans have increased. Mr. Hine stated he did not believe there has been a large increase in the number of individuals in the plans.

Mr. Stone explained that fire had been added to the equation two years ago. Also, optional products are being shown such as term insurance. Some of these costs are also being borne by the employees.

Mr. Hine referred to the amounts paid for fire and police, along with the contributions made for the last couple of years. A breakdown was provided of costs and benefits. He explained that liability claims were down. He proceeded to review the chart provided. He reviewed the property and casualty/claims expenditures. He stated that 75% of the cost for insurance being spent by the City is for the property policy.

Workers' Compensation Results FY 2010

Mr. Hine stated the total incurred increased due to claims. He feels the trend will be downward. He proceeded to review information provided, including litigation claims. He added that typically workers' compensation litigation claims were not won so the City needs to use good judgment when deciding to litigate a workers' compensation claim.

The number of subrogation recoveries totaled 13 in 2009, and improved to a total of 21 in 2010.

Mr. Grimsley asked why the total was so high in 2005. Mr. Hine explained it was due to a claim that totaled \$70,000. Excess recoveries were down in 2010, but the SIR has increased so going forward, the City will likely not collect as much money.

The focus for 2010 was reviewed by Mr. Hine. He explained that he met with the various departments, and questions were answered. He feels they need to be more pro-active with the departments regarding claims. Staff is presently working on the RiskMaster software program. Liability claims have been settled quite well and are moving in the right direction. Some Workers' Compensation claims have been filed recently.

Old/New Business

None.

Scheduled Board Meetings

The next scheduled Board meeting is December 1, 2010 at 8:00 a.m.

Motion made by Mr. Piechura and seconded by Mr. Grimsley. Board unanimously approved.

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
Recording Secretary