

**INSURANCE ADVISORY BOARD  
100 NORTH ANDREWS AVENUE  
8<sup>TH</sup> FLOOR CONFERENCE ROOM  
FORT LAUDERDALE, FL 33301  
WEDNESDAY, JUNE 1, 2011 – 8:00 a.m.**

<b>MEMBERS</b>	<b>ATTENDANCE</b>	<b>CUMULATIVE</b>	
		<b>PRESENT</b>	<b>ABSENT</b>
Joseph Cobo, Chair	P	5	1
Mark Schwartz, Vice Chair	P	6	0
Joe Piechura, Sr.	A	4	2
Jim Drake	P	6	0
Charles Grimsley	P	5	1
Steve Botkin (arr. 8:07 a.m.)	P	4	2
Jonathan Macy	P	5	1

**Staff**

Guy Hine, Risk Manager  
Matthew Cobb, Risk Management Coordinator  
Dennis Stone, Employee Benefits Coordinator  
Jamie Opperee, Prototype, Inc., Recording Secretary

**1. Roll Call (including number of appointed members and quorum)**

As of this date there were 7 appointed members to the Board, which means that 4 would constitute a quorum.

Chair Cobo called the meeting to order at 8:04 a.m. Roll was called and it was determined a quorum was present.

**2. Approve Minutes of May 4, 2011**

**Motion** by Mr. Grimsley, seconded by Mr. Macy, to approve the minutes of the May 4, 2011, meeting. In a voice vote, the motion passed unanimously.

**3. Communication to City Commission**

None.

**4. Unfinished Business**

- **Motion to cancel July Advisory Board meeting**

Mr. Hine said he found out there needs to be a motion to cancel the July meeting.

**Motion** by Vice Chair Schwartz, seconded by Mr. Drake, to cancel the July Insurance Advisory Board meeting. In a voice vote, the motion passed unanimously.

## 5. New Business

- **Motion to approve negotiation method (negotiate with current insurance carrier) for October 1, 2011 workers' compensation insurance premium quote.**

Mr. Hine recalled that two years ago the premium was \$418,000 and last year after marketing it was \$327,000. The workers' compensation claims did not do as well as they had hoped, so it was good that it went down. He noted that the retention was reduced from \$2M to \$1.5M.

Mr. Hine directed the Board's attention to the Declarations Page in the handout. He noted that last year they marketed it and based on the Board's past recommendations on purchasing insurance, staff's intent is to negotiate with the current carrier.

Mr. Hine explained that they want to use the negotiation method and also decide whether they are going to market, as that makes a difference how they present the CAR (Commission Agenda Report). He said he is requesting that they negotiate with the current carrier.

Mr. Grimsley was curious if the ordinance attached to the handout was in effect, and Mr. Hine answered that it was. He pointed out the statement on p. 2 regarding negotiations being with all available markets or only with the current vendor depending on conditions prevailing in the insurance market. He asked Mr. Hine what his rationale was for only going with the current vendor. Mr. Hine replied that it was based on the Board's and the previous and current agent's recommendations that they do not market it every year. He further explained that insurance is a relationship/people business and it is not good to market every year, as the carriers might increase rates in fear of ultimately losing the client.

Vice Chair Schwartz expanded on that by saying that if it is over \$300,000, they still need to see what the market is going to offer. He wondered if Star (Insurance Company) was giving any indication of their status and what they foresee. Mr. Hine said the City is probably looking at a flat rate. If not, it would be a minor percentage (1-3%) increase.

Mr. Grimsley asked when the last time the City went to market on it, and Mr. Hine replied it was last year. Mr. Hine said that the next closest bid last year was substantially higher, and he did not know if any of the other quoted carriers would give the City \$1.5M across the board.

**Motion** by Mr. Grimsley, seconded by Vice Chair Schwartz, to approve the negotiation method with the current insurance carrier for the October 1, 2011, Workers' Compensation insurance premium. In a voice vote, the motion passed unanimously.

- **Motion to approve negotiation method (market the insurance) for November 1 2011 public officials and EPL insurance premium quote.**

Mr. Hine pointed out that this item was marketed three years ago, and directed the Board's attention to the Ordinance, p. 3, Letter H: "No annual insurance contract secured through negotiation shall be renewed more than twice without being marketed except as otherwise approved by the City Commission." He said that Alan (Florez, City's agent/broker) does not see a reason why the City cannot market this item. Mr. Hine said they have been with National Union (Chartis) for three years; the last two years they negotiated with them and received reductions.

Mr. Hine asked the Board if they feel they should negotiate with the current vendor, or market the item. It could be done either way according to the agent.

**Motion** by Vice Chair Schwartz, seconded by Mr. Botkin, to market the policy in conjunction with the current broker's recommendation. In a voice vote, the motion passed unanimously.

Chair Cobo asked Mr. Botkin to state his name for the record, as he had recently entered the meeting.

## **6. Open Discussion – Old/New Business**

Mr. Hine mentioned that the Workers' Comp TPA RFP has been out (in the market) for two weeks now. They have received a few questions, but not as many as last year. He attributed that to the wording being tightened up to become clearer. At least five or six companies were represented in the Question and Answer pre-bid meeting. He reported they are still on schedule for approval of the contract at the August 16 City Commission meeting. He reminded the Board that he will be meeting with them again on August 3 for their recommendation on which company to go with. He mentioned that Mr. Grimsley, Mr. Cobb and Kathleen (Thorpe) are on the Evaluation Committee.

Mr. Grimsley asked if the companies that have expressed interest are the same as the ones before. Mr. Hine said they were, with the exception of one or two new applicants.

Mr. Stone stated they are out to bid also on the self-funded health plan TPA. All six major players are there and there has been a lot of back and forth with questions. He said they added two Addendums since the Board last saw it. One of these is on vision: right now every participant gets \$250 as a reimbursement to use anywhere. They are looking at cost savings for the vision portion and found that if they go insured they may be able to provide the same benefit to the employees at a lower cost to the employee

and the City.

The second Addendum relates to being a self-funded ASO plan. It was suggested that while the City is out to bid that they also ask for an insured product bid. This will not affect the RFP per se except to get another funding mechanism. There are some public municipalities smaller than Fort Lauderdale that are fully insured, so perhaps the City can lock into a three-year fully-insured contract. Mr. Stone continued that they will have a recommendation from the Evaluation Committee to present to the Board in August.

Mr. Hine mentioned that the City is going through the budget process now, and they are planning to charge the different City departments slightly over \$1M less than what they were charged last year. He noted that last year's charges were approximately \$1M less than the year prior to that, so there is a downward trend. Financially, he felt the City was secure as far as the deductible for property insurance was concerned.

#### **7. Schedule Next Meeting – August 3, 2011**

Chair Cobo noted the next meeting is scheduled for August 3, 2011, at the same place and time.

#### **8. Adjourn**

Hearing no further business, the meeting was adjourned at 8:20 a.m.

[Minutes prepared by J. Rubin, Prototype, Inc.]