

**INSURANCE ADVISORY BOARD
100 NORTH ANDREWS AVENUE
8TH FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FL 33301
WEDNESDAY, August 1, 2012 – 8:00 a.m.**

MEMBERS	ATTENDANCE	CUMULATIVE	
		PRESENT	ABSENT
Joseph Cobo, Chair	P	6	1
Mark Schwartz, Vice Chair	P	4	3
Joe Piechura, Sr.	A	6	1
Jim Drake	P	6	1
Charles Grimsley	P	6	1
Steve Botkin	P	5	2
Ted Hess	P	2	0

Staff

Guy Hine, Risk Manager
Matthew Cobb, Risk Management Coordinator
Richard Ewell, Procurement Specialist II

Communications to City Commission

None.

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

Chair Cobo called the meeting to order at 8:05 a.m.

As of this date, August 1, 2012, there are 7 appointed members to the Insurance Advisory Board, which means 4 would constitute a quorum. Roll was called and it was determined there was a quorum at this time.

2. Approve Minutes of May 2, 2012

Motion by Mr. Grimsley, seconded by Mr. Botkin, to approve the minutes of the May 2, 2012, meeting with corrections suggested by Mr. Hess. In a voice vote, the motion passed unanimously.

3. Communications to City Commission

None.

4. Unfinished Business

None.

5. New Business

- **Motion to approve excess workers' compensation premium quote**

Mr. Hine discussed the policy renewal with the Board and requested a motion to approve the renewal premium quote. The total cost of the policy for last year was \$328,212 and the renewal for this year is \$337,329.

It was mentioned during the discussion that the policy is renewing with the same coverage as last year, and when it was last marketed Star Insurance, the current vendor, was the clear winner on cost and coverage. The industry as whole is seeing increases in pricing for this line of coverage, and the City's base premium has only increased \$9,000 or 2.7% after you subtract the mandatory 1.3% Florida surcharges. Mr. Schwartz confirmed that prices are increasing in this sector of the insurance market.

Motion by Mr. Schwartz, seconded by Mr. Botkin, to approve the negotiation method with the current vendor for the public official and employment practices liability insurance policy renewal. In a voice vote, the motion passed unanimously.

6. Open Discussion – Old/New Business

- **Property insurance renewal**

Mr. Hine mentioned that the property insurance policy renewal will be February 1, 2013 this year, and staff along with our agent will be starting to work on that renewal over the next few months leading-up to the Commission's approval of the policy in January. Mr. Dawson, from PRIA (Public Risk Insurance Agency), would be working closely with staff and will be discussing our property insurance renewal options at an upcoming Board meeting.

- **FY 2013 budget and insurance fund reserves**

Mr. Hine also discussed with the Board that during the budget process for the upcoming fiscal year 2013, staff was advised that the Budget Office is planning on drawing-down approximately \$10 million in the Insurance Fund 543 reserves. This is to offset the planned reduction in insurance charges by the fund to the other City departments next year of approximately \$7 million plus \$3 million in new expenses being incurred by the fund. He wanted the Board to be aware of these changes to the fund's reserves due to the prior discussions regarding the two property policy program deductibles of \$5 million.

Mr. Hine advised that he had spoken with the City Manager who was aware of the situation and he has contingency plans to fund the property insurance deductibles from the General Fund, Water and Sewer Fund, or other revenue sources in the future should it become necessary. He understands the prior philosophy behind these

reserves but feels that there are more efficient ways to fund our potential liabilities without sitting on this money.

- **Areas of concern**

Mr. Grimsley brought-up that his two areas of concern were the renewal of the property insurance policy and the continued increase of health insurance costs. He discussed the need to scrutinize our property coverage requirements, as he felt that we paid too much money last year and bought more coverage than necessary according to the probable maximum loss study. He also spoke on the increasing of health costs for employees, and the fact that the off-setting of total cost by the reduction of costs in the P&C (property and casualty) area would not continue indefinitely.

Mr. Hine agreed and said that according to industry trend the health costs were increasing 6.8% per year on average. This fact is one of the reasons that staff and Mr. Stone were focusing on employee wellness and a new health clinic to help offset the increasing health cost trend.

Mr. Ewell advised that the City had received nine bids proposals on the health clinic, and Mr. Stone and Mr. Rhodes were working with the evaluation committee on ranking and selecting a vendor.

Mr. Cobo commented that he was willing to assist with looking over the proposals, and in his opinion a health clinic had advantages if done right. He proposed that a doctor staffing the clinic would help increase the utilization and that would help with cost containment.

7. Schedule Next Meeting – September 5, 2012

8. Adjourn

Motion by Mr. Grimsley, seconded by Mr. Botkin, to adjourn the meeting. Hearing no objection, the meeting was adjourned at 8:25 a.m.