

**INSURANCE ADVISORY BOARD
100 NORTH ANDREWS AVENUE
8TH FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FL 33301
WEDNESDAY, September 5, 2012 – 8:00 a.m.**

MEMBERS	ATTENDANCE	CUMULATIVE	
		PRESENT	ABSENT
Joseph Cobo, Chair	P	7	1
Mark Schwartz, Vice Chair	P	5	3
Joe Piechura, Sr.	A	6	2
Jim Drake	P	7	1
Charles Grimsley	P	7	1
Steve Botkin	P	6	2
Ted Hess	P	3	0

Staff

Guy Hine, Risk Manager
Matthew Cobb, Risk Management Coordinator
Dennis Stone, Employee Benefits Coordinator
Lloyd Rhodes, Benefits Consultant

Communications to City Commission

The City of Fort Lauderdale Insurance Advisory Board understands and fully supports City Manager, Lee R. Feldman, and the Budget Advisory Board's recommendation to appropriate \$10,000,000 heretofore set aside to cover the City's \$5,000,000 per occurrence property insurance deductible to instead incorporate the aforesaid \$10,000,000 into the Risk Insurance 2013 Budget. With the foregoing assurance having been stated, the Insurance Advisory Board is hereby communicating to the City Commission that this appropriation has been discussed at Insurance Advisory Board and Budget Advisory Board meetings along with the contingency plan that in the event of a major hurricane that requires the City to provide funds to cover the aforementioned deductibles, said funds will be made available for repairs to City property from the City's general revenue, and emergency appropriation or by borrowing from the City's insurance reserves. Thus, the Insurance Advisory Board concurs with the appropriation and budget recommendation.

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

Chair Cobo called the meeting to order at 8:11 a.m.

As of this date, September 5, 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 August 1, 2012

Motion by Mr. Grimsley, seconded by Mr. Botkin, to approve the minutes of the August 1, 2012, meeting. In a voice vote, the motion passed unanimously.

3. Communications to City Commission

Mr. Grimsley brought forward a communication regarding the use of \$10 million in undesignated fund balance from the Insurance Fund which he felt the Board should send to the Commission. He submitted his suggested language as follows:

The City of Fort Lauderdale Insurance Advisory Board understands and fully supports City Manager, Lee R. Feldman, and the Budget Advisory Board's recommendation to appropriate \$10,000,000 heretofore set aside to cover the City's \$5,000,000 per occurrence property insurance deductible to instead incorporate the aforesaid \$10,000,000 into the Risk Insurance 2013 Budget. With the foregoing assurance having been stated, the Insurance Advisory Board is hereby communicating to the City Commission that this appropriation has been discussed at Insurance Advisory Board and Budget Advisory Board meetings along with the contingency plan that in the event of a major hurricane that requires the City to provide funds to cover the aforementioned deductibles, said funds will be made available for repairs to City property from the City's general revenue, and emergency appropriation or by borrowing from the City's insurance reserves. Thus, the Insurance Advisory Board concurs with the appropriation and budget recommendation.

The Board discussed the communication and the use of the undesignated fund balance that the Board had previously discussed as being earmarked for the property insurance policies' named storm deductibles.

The Board was unanimously in consent of forwarding this communication onto the Commission. However, several Board members had issues with the proposed usage of the \$10,000,000 undesignated funds without designating an alternative funding source for the property insurance deductible.

4. Unfinished Business

None.

5. New Business

- **Motion to approve public officials and employment practices liability insurance premium quote**

Mr. Hine discussed the policy renewal with the Board and the renewal premium quote from the incumbent carrier, National Union. The total cost of the policy for last year was \$156,860 and the renewal for this year is \$166,860.

It was mentioned during the discussion that the policy is renewing with an increased deductible of \$175,000 for religious institution zoning claims. The rest of the coverage is the same as last year. The industry as whole is seeing increases in pricing for this line of coverage, and the City's base premium has only increased \$10,000 or 6%. Based upon the City's claim history, the increased deductible for this line of coverage is disappointing.

Mr. Schwartz raised the idea of marketing the policy to some additional carriers to see if a more favorable deductible or premium could be obtained. He felt that National Union would likely match another quote to retain our business.

Mr. Hine advised that there is still time to market the policy and see if more favorable terms are available with another carrier, which might encourage National Union to negotiate. However, National Union is one of the largest carriers in this market and they provided the lowest premium quote the last time the policy was marketed. Also, staff would need to provide a memo to the Commission explaining the reason for this policy renewal not being brought two meetings prior to expiration.

Motion by Mr. Grimsley, seconded by Mr. Drake, to have the City's agent market the public official and employment practices liability insurance policy renewal. In a voice vote, the motion passed unanimously.

- **Motion to approve the results of the Health Clinic RFP**

Mr. Stone advised that the City released an RFP for a Health and Wellness Center to provide health services for the 1,520 active employees, 825 spouses or domestic partners, 340 retirees, and 1,800 children (only those over age 14) which are covered under the City's self-funded health plan.

The City received nine respondents that submitted proposals for the RFP. The Evaluation Committee reviewed the proposals and unanimously voted to select Marathon as the clinic administrator. The selection criteria used in this review were the costs, wellness, and disease management program. Marathon's proposal provided a fixed fee for two years totaling \$1,583,845 (\$37,100 for the clinic setup, \$684,084 for the first year, and \$862,661 for the second year). In addition, the City would be responsible for the facility build-out costs estimated at \$100,000.

There was much discussion between the Board, Mr. Stone, and Mr. Rhodes regarding the Health Clinic RFP. Mr. Stone advised that the City is currently seeing approximately 30,000 (10,000 primary and 20,000 specialist) visits to physicians per year. The purpose of the clinic is to shift a percentage of those visits, along with improving wellness and disease management, to contain costs.

Mr. Grimsley noted four items of importance: (1) Marathon scored well above the other respondents, (2) the clinic was discussed favorably at the Budget Advisory Board meeting, (3) Marathon's references were excellent, and (4) utilization of the clinic is vital

to its success – especially the carrot/stick philosophy of higher deductibles for non-clinic visits.

Mr. Drake questioned whether professional liability for clinic operations would be the responsibility of the provider, Marathon. Mr. Stone and Mr. Rhodes confirmed that this was the case.

Mr. Cobo raised several issues he felt were important to consider if the clinic was to succeed. He noted that build-out costs for the facility would more likely cost \$180,000. In addition, he has a lot of questions on choosing a location for the facility, the selection of staff, etc. Mr. Rhodes suggested that an Advisory Committee could assist staff with the implementation of the Health and Wellness Center and that Mr. Cobo should be a part of that committee.

Motion by Mr. Grimsley, seconded by Mr. Drake, to approve Marathon as the City's vendor for the Health and Wellness Center, provided that the Board and especially Mr. Cobo are involved in its implementation. In a voice vote, the motion passed unanimously.

- **Discussion on the City's Health Committee**

Mr. Stone briefly mentioned that the City had formed a Health Committee with members representing the different bargaining groups, plan coverages, etc. This committee was formed at the suggestion of the City Manager to help staff evaluate potential plan changes for next year. Mr. Rhodes mentioned that they are exploring several different plan changes and potentially a high-deductible option next year to help control costs. This item will be discussed in more depth at a future Board meeting.

6. Open Discussion – Old/New Business

- **Cyber Liability and Security**

Mr. Drake asked if there was any news on the cyber liability and security issue that had been previously discussed. Mr. Hine advised that IT had contracted with a consultant to prepare a report and it was his understanding that this was in progress.

7. Schedule Next Meeting – October 3, 2012

8. Adjourn

Motion by Mr. Schwartz, seconded by Mr. Botkin, to adjourn the meeting. Hearing no objection, the meeting was adjourned at 9:05 a.m.