

## **Insurance Committee Meeting February 23, 2006**

The meeting was called to order at 5:35 PM by Chairperson Polly Moon.

Committee members present were Polly Moon, Sey Adil, Edward Rosania, Chris Bazinet and Mike Fortunato (5:40 PM).

Also present were Chris Monroe from Savino, Sturrock & Sullivan; Greg Bedula from TD BankNorth Insurance Agency; Gary Miller, Interim Business Manager - BOE; Karen Clancy, Accounting Manager - BOE; Jeff Kotkin, Town Council Liaison and Lisa Hancock, Finance Director - Town of Wethersfield.

Members Absent: Chris Lyons and Paul Meade (Excused Absences)

Public comments: no one was present from the public to speak.

Polly Moon introduced new Committee Member - Edward Rosania.

Mike Fortunato arrived at 5:40 PM

### **Approval of Minutes:**

A motion was made by Chris Bazinet to approve [the minutes from the January 19, 2006 meeting](#) as revised and was seconded by Polly Moon. The motion was approved unanimously.

### **Report from Greg Bedula, TD BankNorth Insurance:**

CIRMA Renewal Rates:

Mr. Bedula presented CIRMA's renewal quotes which included three options for the Workers Compensation and LAP Policy:

1. Option 1: 15% increase to the Town and a 43% increase to the BOE assuming a 3% increase in estimated payroll for the Workers Compensation Premium. The Liability and Property (LAP) policy rate would remain frozen for 3 years, as has been the case for the past three years. Only changes in exposure would cause premium impact. The net impact to Town budget would be an increase of \$84,834.
2. Option 2: Option 1 for the Workers Compensation premium remains the same. However, a reduction in the LAP premium of 10% for one year was offered because of positive claims experience. The net overall impact to Town budget would be an increase of \$16,799 without consideration of any property value increases.
3. Option 3: Retrospective Rating Plan. Mr. Bedula did not recommend this proposal because of its challenge to future budgets due to the uncertainty of claims. The Town would pay a fixed cost for the plan. If no losses are incurred, no additional premium would be due. However, if losses are incurred, the result could be as much as a 175% increase with two additional adjustments. The Town Manager and Finance Director were opposed to this option.

Sey Adil moved that the Committee recommend to the Town Council and the Town Manager to accept Option 2. The motion was seconded by Mike Fortunato. The motion was approved unanimously.

Youth and Social Services Errors and Omissions Policy:

Mr. Bedula distributed a comparison of quotes for the Youth & Social Services Errors and Omissions Policy which renews in March 2006. This coverage is necessary because of the exposure of Youth Service Counseling and

occasional dispensing of medications. Neither of which are not covered by the LAP policy. The Town has had this additional policy since 1991. The quotes differed in several areas other than premium amounts. One of the competing carriers offered an "occurrence" policy. The Town's current policy has been issued on a claims-made basis since 1991. To switch to an occurrence policy, the Town would need to purchase "Tail" coverage from the present carrier in order to protect the Town from incidents that may have occurred in prior periods. The Town's current provider is Scottsdale Insurance Company, and they also provided a quote. The existing policy provides higher limits of coverage than any of those offered by competing companies.

Sey Adil moved that the Committee recommend to the Town Manager and the Town Council to renew the current policy with the Scottsdale Company. Edward Rosania seconded the motion. The motion was approved unanimously.

### **Report from Chris Monroe, SS&S:**

Mr. Monroe expressed that claims experience remains good as compared to the expected liability.

Claims activity is split with the Town incurring approximate 25% and the BOE 75%. The network access fee was capped at \$182,883, and that number was met in November, 2005.

Administrative fees are based on a percentage of paid claims. Because the claims experience has been good, the fee has been reasonable, confirming the advantage of paying on a percentage of claims basis.

### **Gary Miller - Interim Business Manager BOE:**

Mr. Miller distributed a claims model report to the Committee. He discussed the need to build a significant reserve for unanticipated claims experience in the Self Insurance Fund. Lisa Hancock agreed. Sey Adil asked Mr. Monroe about how other Towns are addressing this. Mr. Monroe stated that other Towns either have built significant reserves or are in the process of addressing that need. Mr. Miller's model provides experience required for projecting the amount that should be reserved. Going forward a joint effort between the Town and the BOE would assure the growth of a reserve using that data. It is Mr. Miller's and Ms. Hancock's suggestion that the Town and BOE begin to allocate funds into a reserve by formal agreement. The agreement would commit the Town and BOE to budget for estimated claims and building a reserve.

Chris Bazinet left the meeting at 7:18 PM.

Mr. Monroe estimated that a reserve of \$1.5 million dollars should be built over the next five to six years, based on available data. The Committee would like to have more information in order to consider the development of a policy. Mr. Miller and Ms. Hancock will develop a proposal to present at a future meeting.

### **Anthem Renewal Rates:**

Mr. Monroe presented the estimated claims for FY 2006-07 prepared by Anthem and also provided his own comparative analysis which corresponds closely with Anthem. The anticipated increase is about 7.6%. He also reviewed the Administrative Fees and stated that we have benefited by having our Administrative fee charged as a percentage of claims over the past years. This percentage has dropped this year.

Mr. Monroe noted that he is in the process of marketing the entire account to other companies. He will pay particular attention to the network pricing proposals. He has received the disruption report from Anthem which will be provided to the other proposing carriers. Marketing the account may result in the opportunity to reduce administrative fees.

Jeff Kotkin left the meeting at 7:50 PM

The renewal percentage on stop loss was quoted at 12.1%. The overall Administrative fees have a net increase of about 2.9%.

**RC Knox Letter:**

Polly Moon presented a letter from RC Knox releasing the Town from their agreement with them and transferring the account to SS&S - Chris Monroe.

**Appointment of Committee Chair and Vice Chair:**

Mike Fortunato moved that Polly Moon continue as Chairperson of the Committee. Seconded by Sey Adil. Motion carried unanimously. Sey Adil moved that Mike Fortunato continue as Vice Chairman. Seconded by Edward Rosania. Motion carried unanimously.

**New Business**

There was no new business to discuss.

**Adjournment**

Sey Adil moved for adjournment at 8:40 PM. Seconded by Edward Rosania. Motion carried unanimously.

Respectfully submitted,

Lisa A. Hancock  
Director of Finance