

Insurance Committee  
January 23, 2009

A meeting of the Insurance Committee was held on Friday January 23, 2009 at 8:00 am in the Purchasing Office's conference room. The following people were in attendance: City: Roald Erling, Ron Messier, Glenn Klocko, Robin Manuele, Diane Ferguson, Roger Spear, PMA Management Group: Fred Moreno and Dom Perno, Tracy Driscoll: Fred Denote.

The meeting was called to order at 8:03am.

**Agenda item # 1 - Workers' Compensation /PMA Management Corp-** Fred went over the Claim Comparison report as of 1/22/09. This fiscal year to date there are 176 claims with a total incurred of \$371,663. There are no individual claims valued over \$100,000. Dom commented that some of the older fiscal years that have open claims should be closing soon and that the reserves listed for those years were pretty accurate numbers.

Since the last meeting in October, there have been a number of training sessions and a claims review. Fred said all of the training is up to date and snowplow training was rescheduled due to a snowstorm. He also said that the BOE received 40 posters for slip and fall prevention.

Dom presented a document entitled "Program Cost Exhibit" (see attached). He compiled the costs from the City's self-insured program over the last 5 fiscal years and compared the cost to what a fully insured program would have cost the City.

Robin asked Dom to prepare a budget estimate for workers' compensation for 09-10 so she can include it in the upcoming budget deliberations.

Dom and Fred left meeting at 8:45 am.

**Roald made a motion seconded by Ron to go out of order to agenda item #3 - City's Insurance Policies -** Fred Denote from Tracy Driscoll entered the meeting at 9:00 am to discuss the City's lines of property and liability insurance and the upcoming budget year. Fred said the City has not been out to bid in five years for these lines of insurance. In 2004, HD Segur and Roland Dumont secured the three year contract, and had the option to extend for two years, which they did. Even though both of the current agents are offering reductions in price with the exception of the excess workers' compensation coverage, Fred felt we couldn't do any worse going out to bid. He said, in the past there have only been a few agencies able to handle the City's large account, but there may be a few more players in the market now and his final recommendation was to go out to bid for a two year contract. The Committee members agreed and Roald made a motion to "bid the property and liability insurances for a two year contract commencing July 1, 2009 and refer to the Board of Finance for approval" seconded by Ron.

Fred left the meeting at 9:00 am.

Robin then explained that the City currently offers an HMO - HealthNet and Anthem BC/BS for health insurance. There are nine City employees and 5 water

department employees who currently have HealthNet insurance. Robin further explained that she and Diane were reviewing the cost for HealthNet and recognized that the costs are \$1,700 to \$4,600 more per year depending on class, i.e. single, two people, or family. Robin also explained that the City is no longer obligated by union contract to offer an HMO, as they were in the past. After no further discussion, Roald made a motion seconded by Ron to "discontinue offering HealthNet health insurance as of July 1, 2009 and refer to the Board of Finance for approval."

Diane informed the Committee that Aetna, the City's life insurance and disability insurer was no longer offering the \$5,000 permanent life insurance policy that Department heads currently have as a benefit. There was discussion about how to handle this benefit going forward and exploring alternative options. Diane said the union that is impacted by this change (BPSA) has already been notified. Robin indicated that she is waiting to hear from Aetna about the cost for different options. Ron said we would look at this topic again at the next meeting.

**Agenda item # 2 - Wellness Program** - Robin said John Smith felt a committee needed to be set up to take charge of the wellness program and get it up and running. He felt it should be a function of the Human Resource department. Robin also mentioned there was a meeting with Anthem BC/BS in October where she and others received some sample kickoff letters as well as a strategic planning guide. Anthem would like to have another meeting to let the City know what else is available to them. Ron said we will defer taking any action on the Wellness Program until the next meeting.

The meeting adjourned at 9:25 am.

Respectfully submitted,

  
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Ron Messier, Committee member

**City of Bristol  
Program Cost Exhibit**

Policy Year (1)	Developed Incurred Losses					Outstanding Liability
	Paid	Reserved	Incurred	Developed (2)		
7/1/03-04	\$1,374,079	\$132,574	\$1,506,653	\$1,906,302	\$532,223	
7/1/04-05	\$1,000,828	\$14,431	\$1,015,259	\$1,314,379	\$313,551	
7/1/05-06	\$1,293,184	\$196,111	\$1,489,295	\$2,097,320	\$804,136	
7/1/06-07	\$997,165	\$457,336	\$1,454,501	\$2,313,669	\$1,316,504	
7/1/07-08	\$694,331	\$604,528	\$1,298,859	\$3,125,523	\$2,431,192	

Cost Component	Policy Year				
	Year 1 (2003-04)	Year 2 (2004-05)	Year 3 (2005-06)	Year 4 (2006-07)	Year 5 (2007-08)
Self Insured Paid Losses	\$573,906	\$923,200	\$958,629	\$1,372,922	\$1,530,930
CT Assessment(4)		\$18,685	\$78,520	\$104,585	\$137,590
Excess Premium	\$129,401	\$153,731	\$148,811	\$194,991	\$195,000
Administration	\$161,300	\$161,876	\$167,462	\$173,324	\$183,724

<b>Total Actual SI Cost</b>	<b>\$864,607</b>	<b>\$1,257,492</b>	<b>\$1,353,422</b>	<b>\$1,845,822</b>	<b>\$2,047,244</b>
<b>Estimated GC Premium(5)</b>	<b>\$1,853,000</b>	<b>\$2,200,000</b>	<b>\$2,600,000</b>	<b>\$2,600,000</b>	<b>\$2,900,000</b>
One Year Cash Flow	\$988,393	\$942,508	\$1,246,578	\$754,178	\$852,756
Cumulative Cash Flow	\$988,393	\$1,930,901	\$3,177,479	\$3,931,657	\$4,784,413

Footnotes:

- (1) All loss amounts valued as of 6/30/08
- (2) Losses developed using State of CT 2007 NCCI loss development factors
- (3) Claims paid for all years are actual payouts
- (4) CT Assessments are actual amounts
- (5) Estimated GC Premium based on CT Rates and Market Environment