

**City of Bristol, Connecticut  
Insurance Committee Meeting  
April 9, 2010**

A meeting of the Insurance Committee of the Board of Finance was held on April 9, 2010 in the 1<sup>st</sup> Floor Meeting Room of City Hall. The following were in attendance: Committee Members: John Smith, Greg Fradette and Robert Casar City: Glenn Klocko, Diane Ferguson, Roger Rousseau AON: Steve Riberio and Carlton Lindgren.

The meeting was called to order at 8:00 a.m.

**1. Meet with PMA Management Corp. to discuss the City's Self Insured Workers' Compensation Plan and take any action as necessary.**

The PMA presentation was canceled. PMA will attend the next meeting.

The Committee agreed to discuss item 3.

**3. Discuss and take any action necessary on AON's Consulting's Engagement Letter-Pre-Implementation Audit of Cigna and Medco.**

The Committee members were given copies of letters from AON describing the Pre Implementation Audit of Cigna and Medco for approval to proceed with the audit. These letters have brought up several questions from the City. Steve Riberio explained the purpose of the audit was to make sure the benefits were properly input in Cigna and Medco's computer systems. Sample claims will be run through the system to look for any errors. The audit is for everyone's best interest. Steve stated Cigna and Medco will be paying for the audit, not the City. The pre-implementation audits are a new service offered within the past six months, the local representatives of the company may not be aware of them because they were set up at the national level. This service was not offered in the past because personnel was not available to perform the audit. Diane questioned if this fee would be reflected in our administrative fee. Steve assured the Committee Cigna and Medco would be paying for the cost, since the City's administrative fee is fixed for three years, going up at 3% maximum. Glenn asked if the audits could be delayed. Steve said they could be delayed, but it would lose its effectiveness. The audit is to prevent claims from having to be reprocessed based on the wrong set up of the plan. Of course, human error is still possible. Glenn stated he would like to contact Cigna and Medco directly to see what their thoughts were on the audit. Carlton explained there was a question on the RFP which mentioned the audit.

John questioned if the City was to go to arbitration would AON attend. Steve explained they would be there to support the City with the vendor; AON will be able to support the RFP and analysis of the plans. John questioned who will review the benefits being equal or better. Steve said it would be a combo of AON and the vendor. Carlton stated an actuary can say whether the benefits are equal or better.

*Steve & Carlton from Aon Consulting left the meeting.*

**4. Discuss and take any action necessary on the indemnification language contained in Webster Bank's master agreement for cash management services.**

Roger Rousseau explained the City went out for lock box services and has chosen Webster Bank as the vendor. However, the contract provided is a cash management service agreement. Greg asked how Webster would indemnify the City; this service is not new to Webster and could they explain the risk.

*Robert Casar entered the meeting.*

Roger stated he is going to City Council on Tuesday for approval of the contract. Roger feels the best thing to do is for the Board of Finance to run silent on the indemnification language.

Greg Fradette made a motion seconded by Robert Casar "To waive indemnification with regard to lock box operations and to recommend to the Board of Finance for approval."

Glenn stated he has called Cigna to speak with them in regards to the Pre-Implementation audit. Kelly, at the local level was not aware of the audit. Diane suggested Glenn speak with Al from Cigna and Arlene from MedCo. Glenn will contact them.

**2. Discuss and take any action as necessary on an Owner Controlled Insurance Program.**

Greg explained he talked to Willis Group. Greg sees two issues with an OCIP program, who will manage the program because it will tie up Staff at the City to oversee the program and it is difficult to keep track of the savings. The City will never know the savings. Willis will attend the next meeting, along with the school construction managers.

**5. Adjournment.**

The meeting was adjourned at 9:08 a.m.

Respectfully Submitted,

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John Smith, Chairman