

MEETING MINUTES

INSURANCE COMMITTEE

2ND FLOOR CONFERENCE ROOM

17 JUNE 2010

PRESENT: Committee members: Pat Begley, Joe Carlson, Tom Rup, Paul Sousa and Billy Taylor. Also, Jennifer Bertagna, Josh Olson and Debbie Testa of Lockton Companies, LLC, Mike Walsh and Cindy Bennett.

The meeting was called to order by Chairperson Pat Begley at 5:30 P.M.

Tom Rup moved to approve the minutes of the 29 May 2008 meeting as written. Joe Carlson seconded the motion which was approved 4-0 with Paul Sousa abstaining.

Cindy Bennett presented an update of risk management programs, a copy of which is attached.

Jennifer Bertagna presented a summary of the liability, auto and property insurance program bids received from CIRMA and Travelers for the period beginning 1 July 2010, a copy of which is attached. The Travelers price is \$598,126 and CIRMA's is \$604,238. As a comparison, it was noted that CIRMA's premium for the fiscal year ending 30 June 2010 is \$715,216.

Under either proposal coverage for Excess Workers Compensation coverage would be provided by Midwest Employers Casualty Company.

Chairperson Begley left the meeting at 6:00 P.M. And Paul Sousa assumed the chairmanship.

Joe Carlson moved to approve the Travelers as property/casualty carrier for 2010-2011. Tom Rup seconded the motion which was unanimously approved.

Tom Rup suggested that the umbrella be increased by \$5 million. The rest of the committee concurred with that suggestion.

Joe Carlson moved to adjourn. The motion was seconded by Billy Taylor and unanimously approved. Paul Sousa declared the meeting adjourned at 6:23 PM.

Respectfully submitted, Billy G. Taylor, P.E., Director of Public Works

RISK MANAGEMENT PROGRAM SUMMARY

June, 2010

HEALTH BENEFITS

The Town and Board of Education continue to self-insure an Anthem Blue Cross/Blue Shield PPO, an Anthem HMO (BlueCare), and a CtCare HMO. Also self insured is the prescription drug coverage administered by Medco.

The Town purchases excess insurance on a \$150,000 per person per year basis and also on an aggregate basis at 125% of expected claims. Our claim costs have been extremely high this past year for both CtCare and Anthem. We have had three claims (2 Anthem and 1 CtCare) actually hit the individual stop loss. The amount paid over the \$150,000 was reimbursed by the administrators.

Insurance Programmers out of Wallingford will continue to administer the self insured over 65 claim program including the Medicare Part D drug subsidy. The Town continues, through contracts, to work with Lockton, our health benefit consultant, and Medco, our pharmacy vendor, on ways to minimize the rising costs of health care.

The Town is actively involved with the Federal Medicare Part D program. Certain retiree plans are considered credible and the Town has applied for subsidy and will continue to do so for all eligible years. Insurance Programmers continue to administer this program as part of their contractual responsibilities. National Health Care reform implications are being followed as to how it will impact these subsidies.

A variety of cost reduction measures will be brought up to all unions including plan design and high deductible plan options.

The Town continues to offer an opt-out health benefit financial plan to all employees. This financial plan is a 3 tiered benefit and the payment for opting out varies according to if an employee has single, single plus one, or family coverage on the current plan.

The Town/Board of Education have also implemented Sec. 125 and 129 plans allowing for pre-tax premium shares and pre-tax medical and dependent care reimbursement accounts. All union contracts have negotiated premium shares.

Employee wellness initiatives continue and include a 50% reimbursement for exercising regularly at an East Hartford based fitness center and a 50% reimbursement for participating regularly in any weight watcher program. Both are capped at a not to exceed price of \$150 annually. We also offer a \$25 gift card any time an employee or retiree opts out of our self insured drug program for a generic maintenance drug and instead chooses to participate in a non insurance program provided by many retailers. For every 3- 30 day scripts or 1- 90 day script not submitted through our program, the employee/retiree can get a \$25 gas card. We continue to revamp and add employee wellness initiatives. There will be a few new plans announced soon. The Town has been participating since July 2008 and we hope to get approval from the BOE to start the program soon.

The Town continues to participate in the Ct. Public Sector Purchasing Coalition whereby we can enjoy the benefits of bulk purchasing.

National Health Care Reform is being monitored including the impact to the Town plans and associated costs.

WORKERS' COMPENSATION

The Town and Board of Education continue to self-insure Workers' Compensation including heart and hypertension benefits. As of July 1, 2009, The Workers Compensation Trust has been administering the program.

We also have contracted with the law firm of McGann, Bartlett, and Brown as defense attorneys. Both claim frequency and claim severity have gone down over the past year. (10% average for frequency and 7% average for severity-Town and BOE statistics combined).

For the 2009 calendar year, claims costs (excluding defense costs) totaled \$870,993 with 64% of that being the medical component. 2009 calendar year heart and hypertension costs totaled \$227,075 with 21% of that being the medical component.

We have received permission from the Mayor to continue the Workers Compensation claim incentive program for the 2010 calendar year. This program is offered to the Board of Education, Police, Fire, Public Works and Parks Departments (the largest departments). Multiple financial awards have been given and spent in a variety of creative ways. The award idea is presented by the department safety committee and needs final approval from the department head.

AUTO AND GENERAL LIABILITY

The Town and Board of Education continue to self-insure auto and general liability claims. The program is currently administered by CIRMA.

PROPERTY/LIABILITY INSURANCE

CIRMA is our current property and liability insurer. The program is currently out to bid with a 7/1/2010 effective date.

OTHER

Lockton P & C division has agreed to bid our insurance renewal effective July 1, 2010. The Town has a current health benefit consultant contract with Lockton and this broker service became an extension of that contract at no additional fee.

Risk Management continues to run eight safety committees, a wellness program and chairs the Employee Assistance Program. Proactive programs such as these help to keep down risk management expenses.

Town of East Hartford Program Comparison 2009 CIRMA Program vs. 2010 Renewal Programs

PROGRAM STRUCTURE	2010 vs 2009		2010 vs 2009		2010 Renewal		
	CIRMA PRICING		TRAVELERS PRICING				
Coverage	Deductible/SIR	2009 Expiring Premium	2010 Premium	% to expiring	2010 Premium	% to expiring	TRAVELERS vs. CIRMA
Property	\$ 50,000	\$ 223,777			\$ 193,276	-13.63%	
IM	\$ 1,000	\$ -			\$ 4,466	#DIV/0!	
B&M	\$ 25,000	\$ 32,119			\$ -	-100.00%	
Auto PD	\$ 1,000	\$ 33,175			\$ 21,665	-34.69%	
Law Enforce Liab.	\$ 250,000	\$ 72,662			\$ 79,851	9.89%	
Public Officials Liab.	\$ 100,000	\$ 65,107			\$ 63,538	-2.41%	
SBL	\$ 100,000	\$ 6,291			\$ 29,140	363.20%	
XS AL & GL	\$ 500,000	\$ 145,445			\$ 95,464	-34.36%	
SM Umbrella	\$ -	\$ 127,986			\$ 105,100	-25.41%	
Crime	\$ 25,000	\$ 5,534		\$ 5,626	\$ 5,626	1.66%	
EPL (included in PO)	\$ 100,000	\$ -		\$ 3,120	\$ -	#DIV/0!	
Professional	\$ -	\$ 3,120		\$ 3,120	\$ -	-100.00%	
Totals		\$ 715,216	\$ 604,238	-15.52%	\$ 598,126	-16.37%	-1.01%
Premium Difference				\$ (110,978)		\$ (117,090)	(6,112)
WC - MWECC		\$	\$ 68,669		\$ 68,669		
Total SM w/ WC		\$	\$ 672,907		\$ 666,795		

Travelers program is a SIR on GL and AL

SM x SM umbrella option \$ 22,394

\$ 22,394

\$ 25,000

6/17/2010 4PM

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Professional	\$ -	\$ 3,120		\$ 3,120	\$ -	-100.00%	
Totals		\$ 715,216	\$ 669,241	-6.43%	\$ 598,126	-16.37%	-10.63%
Premium Difference			\$ (45,975)		\$ (117,090)		(71,115)
WC - MWECC		\$ 68,669	\$ 68,669		\$ 68,669		
Total SM w/ WC		\$ 737,910	\$ 666,795				

Travelers program is a SIR on GL and AL

SM x SM umbrella option
6/15/2010

\$ 22,394 ✓

\$ 25,000 ✓

Town Of East Hartford.
Comparison of Premium and Exposure
Expiring Premium and Exposures vs. Renewal Premium and Exposures
07-01-2009 vs. 07-01-2010

Coverage	Type	2009/20010		Renewal Exposure at Expiring Rates		2010/2011 Renewal		Estimated Rate Change	
		Expiring Exposures	Expiring Premium	Expiring Rates	Expiring Premium	Renewal Exposures	Renewal Rates		Renewal Premium
Workers' Compensation	Based on Payroll	\$ 99,119,058	\$ 67,004	\$ 0.0676	\$67,004	\$ 101,581,123	\$ 0.0676	\$ 68,669	0.0%
Professional	Based on Revenue	\$76,000	\$3,000 + \$120 tax **		\$3,000 + \$120 tax **			\$3,000 + \$120 tax **	0.0%
TOTALS			\$69,030.48		\$69,297.20			\$ 70,124	0.0%
* Limit \$1,000,000 / \$1,000,000 with Sexual Act Exclusion									
** Limit \$1,000,000 / \$3,000,000 w/ Sexual Misconduct & Physical Abuse \$25,000 per incident with a \$50,000 Aggregate									