

MEETING MINUTES  
INSURANCE COMMITTEE  
TOWN OF EAST HARTFORD, CT

**Town Hall, Welling Conference Room**

**June 18, 2013**

**PRESENT:** Committee members: Chairperson Paul Sousa, Anita Morrison, Joe Carlson (left at 5:15 P.M.), Ellen McCreery, and Tim Bockus.

**Also Present:** Risk Manager Cindy Bennett, Finance and Benefits Director Michael Walsh, Steve Bixler- CIRMA, Fiona Porto- CIRMA, and Christopher Wardrop-USI

The meeting was called to order by Chairperson Paul Sousa at 5:01 P.M.

Chair Sousa entertained nominations for election of Committee Officers.

Anita Morrison nominated Paul Sousa for Chairman. Joe Carlson seconded the nomination. By a 4-0 vote of the Committee, Paul Sousa was elected Chairman.

Paul Sousa nominated Ellen McCreery for Vice-Chairman. Anita Morrison seconded the nomination. By a 4-0 vote of the Committee, Ellen McCreery was elected Vice-Chairman.

Joe Carlson nominated Tim Bockus for Secretary. Anita Morrison seconded the nomination. By a 4-0 vote of the Committee, Tim Bockus was elected Secretary.

**MOTION** by Joe Carlson  
seconded by Ellen McCreery  
to approve the minutes of the June 7, 2012, meeting as written.

Motion carried by 4/0.

Chair Sousa recognized Cindy Bennett who reviewed the Town's Risk Management Program Summary Update (see handout attached).

Chair Sousa asked for an explanation of the HDHP. Director Walsh provided a brief explanation of the program.

Cindy Bennett then introduced Steve Bixler and Fiona Porto from CIRMA who presented CIRMA's renewal for the Town (see attached handout). CIRMA's renewal includes an overall 2% premium increase for a total premium of \$632,960.

The Committee reviewed and discussed options for the following items:

- Extra Expense coverage limits
- UST coverage to replace the state trust program which has been phased out.
- Flood Insurance on two Ecology Dr. properties
- Workers Compensation Excess Insurance quotes

Cindy Bennett introduced Chris Wardrop of USI who presented an overview of industry trends and issues (see attached).

Steve Bixler of CIRMA presented data on the Town's LAP expenses vs. premiums over the last 5 years. Mr. Bixler then discussed a LAP Policy Rate Lock proposal for July 1, 2014 and July 1, 2015 consideration (see attached).

MOTION by Ellen McCreery  
seconded by Anita Morrison  
to recommend the \$632,960 base premium plan with the Extra Expense by-up to at least the \$500,000 limit for an additional \$389 provided it can be done within the current budgetary constraints, the Excess Workers' Compensation Self-Insured Retention of \$1,000,000 for a deposit premium of \$100,826 and to forego purchasing lower deductible coverage for ecology drive properties in a flood zone.

Motion carried by 3/0

Chairperson Sousa commended Cindy Bennett and Mike Walsh, Director of Finance for the excellent work they do on behalf of the Town.

New Business- none

MOTION by Anita Morrison  
seconded by Ellen McCreery  
to adjourn the meeting.

Motion carried by 3/0

Paul Sousa declared the meeting adjourned at 7:05 PM.

Respectfully submitted,

Tim Bockus, Director of Public Works

## RISK MANAGEMENT PROGRAM SUMMARY

June, 2013

### HEALTH BENEFITS

The Town and Board of Education continue to self-insure an Anthem Blue Cross/Blue Shield PPO. Also self insured is the prescription drug coverage administered by Medco or in the case of high deductible health plans, anthem administers the medical claims as well as the prescription drug program.

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 Anthem claim costs have been trending high. It costs the Town approximately \$10,000 annually to provide single medical coverage to an employee, \$18,000 annually to provide single plus 1 medical coverage to an employee, and \$28,000 annually to provide medical coverage for a family to an employee.

Due to National Health Care Reforms, our benefit structure will now include zero co-pays for preventative services and the removal of any caps that might have been in place. Also, dependents can now be covered up to age 26. These changes will increase the costs to our self insured programs. High Deductible Health Plans along with a wellness incentive have been and will be negotiated with all Town and BOE unions. The Town non-union group already has this plan and members of CSEA, Teacher's, and BOE non-unions will begin it on July 1, 2013.

Insurance Programmers out of Wallingford will continue to administer the self insured over 65 claim program including the Medicare Part D drug subsidy. The benefit of covering retirees over 65 on a Medicare supplement has been negotiated out of the CSEA contract and plans are in the works to pursue this change with other unions as well.

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 ranging from 11% to 40%.

Employee wellness initiatives continue and include a \$1 per work out reimbursement for exercising at any fitness center and a 50% reimbursement for participating regularly in any weight watcher program. Both incentives are capped at a not to exceed \$150 annually. There is also a walking for wellness program that rewards employees for walking regularly. Once 75 hours is reached, a \$50 gift card is given to the employee. As we negotiate in high deductible health plans, wellness incentives will also include an opportunity for the town to contribute funds into the employee's HSA account.

The Town continues to participate in the Ct. Public Sector Purchasing Coalition whereby we can enjoy the benefits of bulk purchasing. The many phases of National Health Care Reform are 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 have just extended the contract for two more years. We continue to use the law firm of McGann, Bartlett, and Brown as defense attorneys.

The frequency of our claims continues to decrease but the severity of the fewer claims continues to increase. For the 2011 calendar year, claims costs (excluding defense costs) totaled \$835,784 with 60% of that being the medical component. For the 2012 calendar year, claim costs (excluding defense) totaled \$1,258,112 with 68% of that being for the medical component. The medical component of worker's compensation continues to increase higher and higher each year. The major increase in 2012 claim expenditures was due to one catastrophic claim. That claim did hit our \$600,000 self insured retention.

We have received permission from the Mayor to continue the Workers Compensation claim incentive program for the 2013 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 with a \$500,000 self insured retention. The program is currently administered by CIRMA. We have settled one large catastrophic claim and paid our retention of \$500,000. We have a few potential large loss claims currently in litigation.

#### PROPERTY/LIABILITY INSURANCE

CIRMA is our current property and liability insurer. This is the last year of a multi year rate lock. There is a 2% increase plus any premium costs associated with changes in exposures (number of vehicles, new property etc). We have an option to bid the program for 2014 or enter into another multi-year rate lock with CIRMA.

#### OTHER

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.

**Safety National Casualty Corporation**

1832 Schuetz Road

St. Louis, MO 63146

PHONE # (314) 995-5300

FAX # (314) 995-3843

TO:	CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY	ATTN:	Ms. Jacqueline Lazowski
PHONE:		FAX:	
FROM:	Stan Simek	DATE:	06/12/2013

**EXCESS WORKERS' COMPENSATION INSURANCE QUOTATION**

Name of Risk: THE TOWN OF EAST HARTFORD

Account: 6008470 Previous Policy Number: SP 4046301

Specific Excess Only

Contract Terms	Option 454372112	Option 454372014
Liability Period	07/01/2013 - 07/01/2014	07/01/2013 - 07/01/2014
Payroll Reporting Period	07/01/2013 - 07/01/2014	07/01/2013 - 07/01/2014
Payroll	\$ 106,243,955	\$ 106,243,955
Manual Premium	\$ 2,539,681	\$ 2,539,681
Experience Modification Factor	1.000	1.000
Standard Premium	\$ 2,539,681	\$ 2,539,681
Self-Insured Retention	\$ 1,000,000	\$ 750,000
Annual Aggregate Deductible		\$ 250,000
Specific Limit	Statutory	Statutory
Employers Liability Limit	Per Occ \$ 2,000,000	Per Occ \$ 2,000,000
Premium Rate	Rate \$100 Payroll \$ 0.0949	Rate \$100 Payroll \$ 0.104
Deposit Premium	\$ 100,826	\$ 110,494
Minimum Premium	\$ 95,785	\$ 104,969
Commission	Net 0.00 %	Net 0.00 %
Pay Plan	ANNUAL PAYMENT	ANNUAL PAYMENT

\*Quote expires 1 day after Payroll Reporting Period effective date for each Quote Option.

Chose 1 Million  
SIR option

95,360  
expiry



Connecticut  
Interlocal  
Risk  
Management  
Agency

# Liability-Auto-Property Pool Proposal

## Town of East Hartford and East Hartford Board of Education

Proposal Coverage Period: 07/01/2013 - 07/01/2014

Total Contribution for All Lines Offered: \$632,960 *expiring premium 617,029*

Proposal Valid Until: June 30, 2013

### Liability Coverages Offered:

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#### SECTION A. GENERAL LIABILITY

<b>Limits of Coverage:</b>	\$1,000,000	Each Occurrence
	\$3,000,000	Combined Aggregate with Coverage Sections B. and C.
<b>Sublimits:</b>		
Fire Damage Liability	\$300,000	
Limited Care Custody & Control	\$500,000	
<b>Deductible:</b>	\$500,000	

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#### SECTION B. PERSONAL INJURY & ADVERTISING INJURY

<b>Limits of Coverage:</b>	\$1,000,000	Each Offense
	See Sec. A.	Combined Aggregate with Coverage Sections A. and C.
<b>Deductible:</b>	\$500,000	

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#### SECTION C. MEDICAL PAYMENTS

<b>Limits of Coverage:</b>		
General Liability	*\$10,000	Each Person
	See Sec. A.	Combined Aggregate with Coverage Sections A. and B

**Deductible:** \$500,000  
\*10,000 limit chosen by the Member is within their deductible

<b>Limits of Coverage:</b>		
Auto Liability	** \$5,000	Each Person

**Deductible:** \$500,000  
\*\* \$5,000 limit chosen by the Member is within their deductible

Connecticut Interlocal Risk Management Agency  
**Liability-Auto-Property Pool**

**Proposal for  
Town of East Hartford and East Hartford Board of Education**

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**SECTION D. AUTOMOBILE LIABILITY**

**Limits of Coverage:** \$1,000,000 Each Occurrence  
**Deductible:** \$500,000

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**SECTION E. UNINSURED/UNDERINSURED MOTORIST COVERAGE**

**Limits of Coverage:** \*\*\$40,000 Each Occurrence  
**Deductible:** \$500,000  
**Coverage Type:** Standard  
\*\*\$40,000 limit chosen by the Member  
is within their deductible

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**SECTION F. EMPLOYEE BENEFITS LIABILITY (CLAIMS MADE)**

**Limits of Coverage:** \$1,000,000 Each Claim  
\$1,000,000 Aggregate  
**Deductible:** \$1,000  
**Retroactive Date:** 07/01/1986

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**SECTION G. LAW ENFORCEMENT LIABILITY**

**Limits of Coverage:** \$1,000,000 Each Wrongful Act  
\$1,000,000 Aggregate  
**Deductible:** \$250,000 Each Wrongful Act

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**SECTION H. PUBLIC OFFICIALS LIABILITY (CLAIMS MADE)**

**Limits of Coverage:** \$1,000,000 Each Wrongful Act  
\$1,000,000 Aggregate  
**Deductible:** \$100,000 Each Wrongful Act  
**Retroactive Date:** 07/01/1986

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**SECTION I. SCHOOL LEADERS LIABILITY (CLAIMS MADE)**

**Limits of Coverage:** \$1,000,000 Each Wrongful Act  
\$1,000,000 Aggregate  
**Deductible:** \$100,000 Each Wrongful Act  
**Retroactive Date:** 07/01/1986

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Town of East Hartford and East Hartford Board of Education**

**SECTION J. FOLLOWING FORM EXCESS LIABILITY**

<b>Coverage:</b>	<b>Limits of Coverage:</b>	
General Liability, including Personal Injury and Advertising Injury	\$10,000,000	Each Occurrence or Offense and Annual Aggregate (where applicable)
Automobile Liability	\$10,000,000	Each Occurrence
Employee Benefits Liability (claims made)	\$10,000,000	Each Claim and Annual Aggregate
Law Enforcement Liability	\$10,000,000	Each Wrongful Act and Annual Aggregate
Public Officials Liability (claims made)	\$10,000,000	Each Wrongful Act and Annual Aggregate
School Leaders Liability (claims made)	\$10,000,000	Each Wrongful Act and Annual Aggregate

**Schedule of Underlying Coverage and limits:**

General Liability (Coverage Section A.)	\$1,000,000	Each Occurrence; Combined Aggregate with Coverage Sections B & C
Personal Injury and Advertising Injury (Coverage Section B.)	\$1,000,000	Each Offense; Combined Aggregate with Coverage Sections A & C
Auto Liability (Coverage Section D.)	\$1,000,000	Each Occurrence
Employee Benefits Liability (Coverage Section F.)	\$1,000,000	Each Claim and Annual Aggregate
Law Enforcement Liability (Coverage Section G.)	\$1,000,000	Each Wrongful Act and Annual Aggregate
Public Officials Liability (Coverage Section H.)	\$1,000,000	Each Wrongful Act and Annual Aggregate
School Leaders Liability (Coverage Section I)	\$1,000,000	Each Wrongful Act and Annual Aggregate

***Property Coverages Offered:***

**SECTION A. AUTOMOBILE PHYSICAL DAMAGE**

<b>Limits of Coverage:</b>	Actual Cash Value unless otherwise indicated by endorsement.
<b>Catastrophe Coverage:</b>	Included
<b>Deductible:</b>	
Comprehensive*	\$1,000
Collision*	\$1,000
Catastrophic Loss	\$5,000

*\*Comprehensive and Collision coverage is not provided for ACV vehicles 2002 and older*



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**SECTION B. PROPERTY COVERAGE**

<b>Limits of Coverage:</b>	Blanket Real and Personal Property	\$368,185,159
<b>Deductible:</b>	Accounts Receivable, Valuable Papers, Transit, Fine Arts, Mobile & Contractors' Equipment	\$1,000
	All Other Real and Personal Property	\$50,000
	Flood and Earthquake*	\$50,000
<b>Sublimits:</b>	Flood, Per Occurrence and Annual Aggregate	\$10,000,000
	Earthquake, per Occurrence and Annual Aggregate	\$10,000,000
	Business Interruption	\$100,000
	Extra Expense	\$100,000
	Rental Income	\$100,000
	Transit	\$50,000
	Leasehold Interest	\$25,000
	Money & Securities - Inside	\$10,000
	Money & Securities - Outside	\$5,000
	Debris Removal	Included
	Demolition	\$1,000,000
	Increased Cost of Construction	\$3,000,000
	Accounts Receivable	\$100,000
	Valuable papers	\$100,000
	Fine Arts	\$100,000
	Mobile and Contractors' Equipment	\$3,754,895
<b>Additional Coverages:</b>	Builders Risk (Per Project Annual Aggregate)	\$2,000,000/\$20,000,000
	Newly Acquired Properties	\$1,000,000

\* For properties that are designated by the U.S. Army Corps of Engineers to be in Flood Zone A or V, the flood deductible is \$500,000 as respects each commercial building; \$500,000 as respects personal property in each commercial building; \$250,000 as respects each residential building; \$100,000 as respects personal property in each residential building; and \$200,000 per occurrence as respects all other buildings.

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**SECTION C. EQUIPMENT BREAKDOWN**

<b>Limits of Coverage:</b>	Per accident on a Comprehensive Basis	\$100,000,000
<b>Deductible:</b>		\$25,000
<b>Sublimits:</b>		
	Expediting Expenses	Included
	Extra Expense	Included
	Perishable Goods	Included
	Business Interruption	Included
	Service Interruption	Included
	Rental Value	\$250,000
	Data Restoration	\$250,000
	Hazardous Substances	\$1,000,000
	Green	\$25,000
	Fungus, Wet Rot, Dry Rot and Bacteria	\$25,000

**Additional Comments:**

1. This proposal is valid until June 30, 2013.
2. It is anticipated that all coverages listed will be purchased; these coverages are not offered on an individual basis.
3. This proposal is subject to approval of rates and forms filing with the State of Connecticut Insurance Department.
4. Please read all parts of the enclosed proposal for details regarding coverage offered.

## Extra Expense

### c. Extra Expense

This coverage certificate covers Extra Expense incurred resulting from loss or damage to property covered hereunder caused by any of the perils covered herein during the term of this coverage certificate.

Extra Expense means the excess cost necessarily incurred to continue the "insured's" operations as nearly as reasonable practicable during the "period of recovery" of the damaged property over and above the cost that would normally have been incurred to conduct the business during the same period had no loss or damage occurred.

Town and Board of Education's current limit = \$100,000

Quotes to increase the limit:

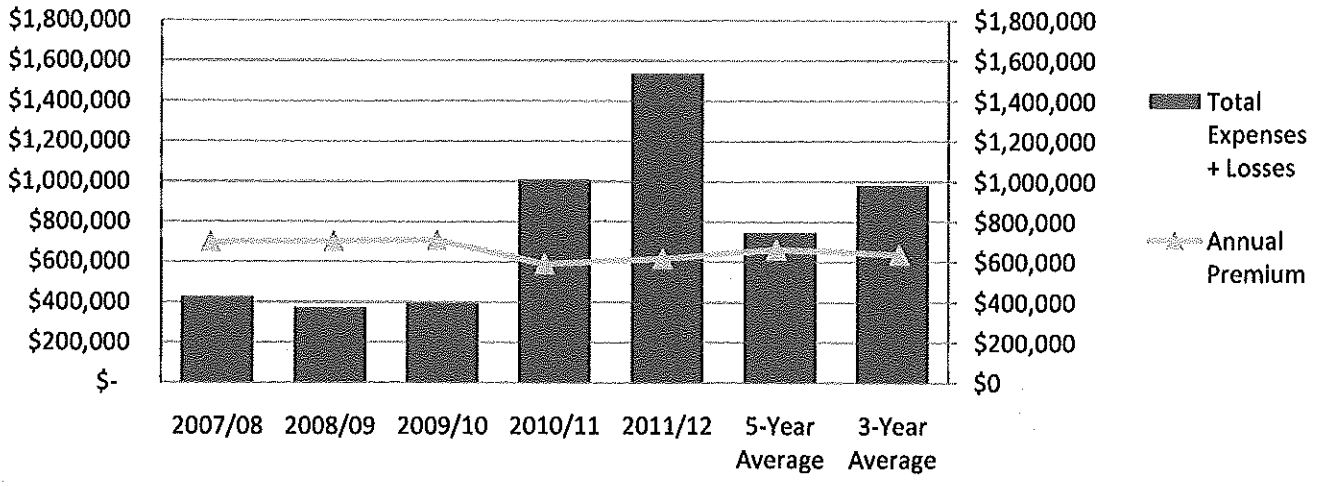
- \$250,000 is an additional \$149
- \* • \$500,000 is an additional \$398
- \$1,000,000 is an additional \$897

*\* choose 500,000 additional limit  
(if funds available go with*

Please note other limits can be quoted.

*the  
\$1,000,000)*

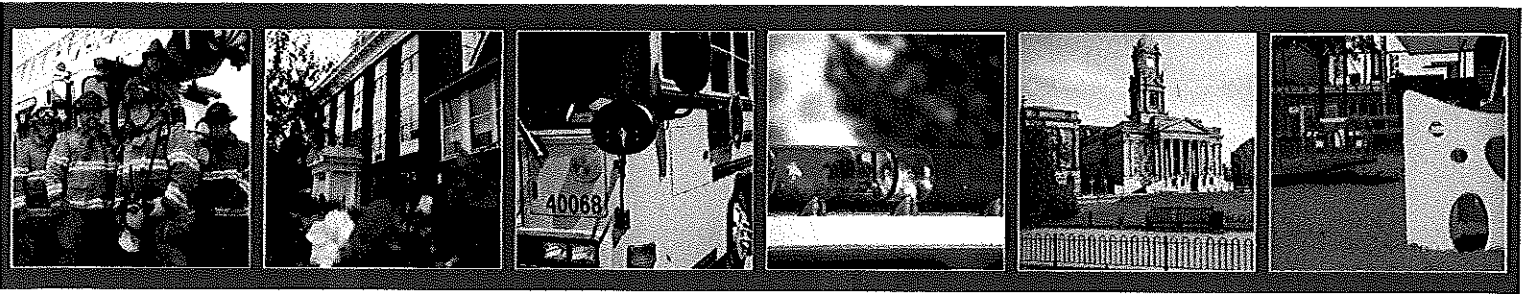
**LAP Expense vs. Premium**  
**Town of East Hartford and East Hartford Board of Education**  
 Losses Valued as of 5/31/2013



CIRMA offered a  
 2yr. rate cap

7/14 max 6% ↑  
 7/15 max 6% ↑

let them know by 3/1/14



## Town of East Hartford Insurance Committee

June 18, 2013 Meeting – USI Presentation

### *Trends in the Insurance Marketplace in 2013*

- National/Regional
- Connecticut Municipal
  - Available carriers & qualifications
  - Pooling vs commercial carriers
- Rates in Connecticut
- Impact of carrier reinsurance renewals

### *An Underwriter's Focus in 2013*

- Claim trends
- Location near catastrophe – prone areas
- Management buy in
- Internal risk management practices including:
  - Preventative strategies including loss prevention and training
  - Accident review programs
  - Claims management
  - Contract review

### *Optional Coverages*

- Extra Expense
- Flood
- Cyber Liability/Network Security/Data Breach
- Underground storage tank pollution liability coverage

### *Future Items for Discussion*

- CIRMA pending LAP Policy Rate Lock Proposal
- Underground Storage Tank regulations

### *Question and Answer*