

MEETING MINUTES
INSURANCE COMMITTEE
TOWN OF EAST HARTFORD, CT

Town Hall, Welling Conference Room

June 7, 2012

PRESENT: Committee members: Chairperson Paul Sousa, Anita Morrison, Joe Carlson, Ellen McCreery, and Tim Bockus.

Also Present: Risk Manager Cindy Bennett, Paul Gills- CIRMA, Steven Bixler-CIRMA, Fiona Dewberry-CIRMA, Chris Wardrop-USI, and Alison Almquist- USI

The meeting was called to order by Chairperson Paul Sousa at 5:03 P.M.

MOTION by Joe Carlson
seconded by Ellen McCreery
to approve the minutes of the June 16, 2011, meeting as written.

Motion carried by 3/0 with Anita Morrison abstaining

Committee Chair Sousa welcomed new member Anita Morrison to the Committee.

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

Cindy Bennett introduced Chris Wardrop and Alison Almquist from USI, the Town's new insurance broker and consultant. Mr. Wardrop gave a brief overview of USI and their role serving the Town (see attached hand out). Mr. Wardrop indicated that their role is to assist the Town with optimizing coverage and reduce or minimize costs.

Cindy Bennett then introduced Steve Bixler from CIRMA who presented CIRMA's renewal for the Town. Mr. Bixler then introduced Paul Gills who presented an overview of the renewal (see attached handout). CIRMA's renewal includes a 3% premium increase comprised of their 2% projection and 1% due to increased exposure.

Mr. Gills noted that East Hartford's Member Equity Distribution payment from CIRMA will be \$27,191.

There was a brief discussion by the Committee regarding the positive and negative aspects of the three quoted options for the excess Worker's Compensation for 2012-13.

MOTION by Joe Carlson
seconded by Ellen McCreery
to recommend the quote option for excess Workers' Compensation for a
\$750,00 Retention with a Corridor deductible of \$250,000 and a premium
of \$95,360.

Motion carried by 4/0

Committee member Morrison questioned the policy on insurance requirements to use
Town owned facilities. Ms. Bennett explained that event organizers were required to
submit certificates of insurance.

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

Committee Member McCreery complimented the positive actions taken by the Town
with regard to the Health Benefit Incentive program.

New Business- none

MOTION by Joe Carlson
seconded by Anita Morrison
to adjourn the meeting.

Motion carried by 4/0

Paul Sousa declared the meeting adjourned at 6:30 PM.

Respectfully submitted,

Tim Bockus, Director of Public Works



RISK MANAGEMENT PROGRAM SUMMARY

June, 2012

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 are trending higher. 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 programs.

To better control rising costs, High Deductible Health Plans including a wellness incentive will be negotiated with all Town and BOE unions. The non-union group already has this plan.

Anthem has offered a smart shopper program for all employees on an Anthem medical plan. That program is web based with financial incentives for choosing certain facilities over others. The categories of health care that it would apply to are surgeries including colonoscopies.

Insurance Programmers out of Wallingford will continue to administer the self-insured over 65 claim program including the Medicare Part D drug subsidy. InTech is another vendor that is administering another federal subsidy program and that is for early retirees. Both of these plans return portions of money we have already spent on health care. This money goes right back into the medical reserve.

The Town recently renewed its contract with Lockton for another three years as the health benefit consultant. Also renewed was a two-year contract with Medco through the public sector coalition.

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 and soon will be offered a high deductible health care option.

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 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. 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 high deductible health plans, the wellness incentives will be changed to a combination of ceding extra money into the employee account and to offset weekly contributions.

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.

Claim frequency has declined slightly from 2010 but claim costs have increased 17%. We have a catastrophic claim this year involving a Police Dept. employee. Our excess insurer is on notice and has been involved with the claim administration already. We have a \$600,000 retention which we most likely will meet.

For the 2010 calendar year, claims costs (excluding defense costs) totaled \$713,298 with 60% of that being the medical component. For the 2011 calendar year, claim costs (excluding defense) totaled \$835,784, with 55% of that being for the medical component.

We have received permission from the Mayor to continue the Workers Compensation claim incentive program for the 2012 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 had 2 catastrophic claims in the 1st year and a half. One being an auto claim where a police officer ran over a pedestrian who was first struck by another vehicle and we have a high school student who drowned in the pool. We expect the HS drowning to exceed our stop loss and will watch the auto accident.

PROPERTY/LIABILITY INSURANCE

CIRMA is our current property and liability insurer. They will present a two-year rate lock with a not to exceed 2% rate increase per year. If we accept, we will not bid until the 7/1/14 renewal.

We have had a large property loss (Norris School roof) a large law enforcement excessive force claim and two possible liability claims that will hit our retention levels.

OTHER

Through the bid process the Town has entered into a three year contract with USI companies as our property/casualty consultant's. Chris Wardrop and Alison Almquist are here today and will discuss their role with us.

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 and
USI Insurance Services of Connecticut LLC**

**June 7, 2012 Meeting Agenda
Introduction to USI**

Who We Are

- Public Entity insurance/risk management specialists based in Connecticut
- Work with over 50 Connecticut public entities
- Local presence, but national knowledge base
- Risk Management service platform

Our Primary Role

- Your independent advocate
- Technical specialists
- Negotiate insurance renewal terms, conditions, and costs
- Eyes and ears to the marketplace
- Claim oversight and advocacy

Types of Typical Client Requests

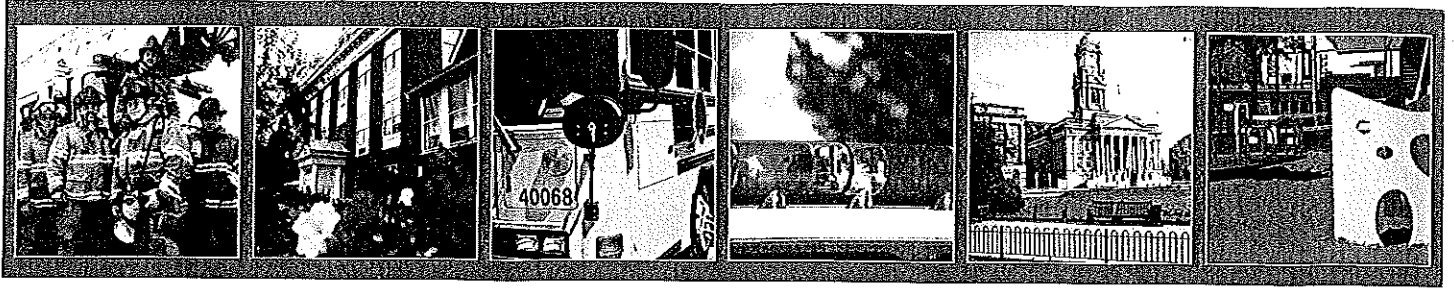
- Coverage questions
- Certificate of insurance inquiries and requests
- Review of insurance requirements for vendors and subcontractors working for East Hartford
- Assistance contacting claims adjusters
- Second opinion to complement carrier actions/decisions
- Budget projections and allocations
- Risk management consultation
- Contract review

Claims Services

- Optimize the handling of existing claims from cradle to grave
- Claim trending
- Subrogation opportunity identification/execution
- Open claim review/audits
- Emergency claim discussions/meetings
- Crisis management advice

Safety/Loss Prevention

- Establish priorities by fiscal year
- Identify no cost, quality resources available to you
- Regulatory compliance
- Safety committee involvement



July 1, 2012 Renewal Discussion

1. State of the insurance marketplace
2. CIRMA Presentation
3. Question & Answer Session

Town of East Hartford and East Hartford Board of Education
 WC excess quotes 2012-13

2010/11

Policy through Midwest Employers

RETENTION \$600,000

PREMIUM \$68,669

2011/12

Quotes Options through Midwest Employers

RETENTION \$600,000

PREMIUM \$90,558

RETENTION

PREMIUM \$650,000

\$83,201

RETENTION

PREMIUM \$700,000

RETENTION with a Corridor ded

PREMIUM \$150,000

\$73,772

Expiring through Safety National

RETENTION \$600,000

PREMIUM \$74,894



2012/13

Quote Options through Safety National

RETENTION \$1,000,000

PREMIUM \$76,392

RETENTION

PREMIUM \$750,000

\$103,653

RETENTION

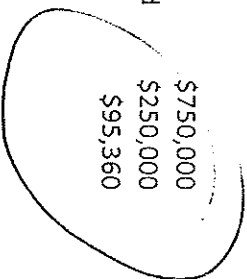
with a Corridor ded

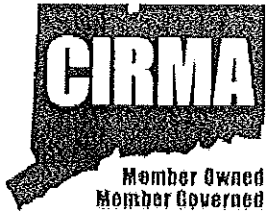
PREMIUM \$750,000

\$250,000

PREMIUM \$95,360

* recommended





Connecticut
Interlocal
Risk
Management
Agency

Liability-Auto-Property Pool Proposal

Town of East Hartford and East Hartford Board of Education

Proposal Coverage Period: 07/01/2012 - 07/01/2013
Total Contribution for All Lines Offered: \$617,029
Proposal Valid Until: June 30, 2012

Liability Coverages Offered:

SECTION A. GENERAL LIABILITY

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

SECTION B. PERSONAL INJURY & ADVERTISING INJURY

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

SECTION C. MEDICAL PAYMENTS

Limits of Coverage:		
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	
Limits of Coverage:		
Auto Liability	NO COVERAGE	Each Person
Deductible:	\$500,000	

Liability-Auto-Property Pool

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

SECTION D. AUTOMOBILE LIABILITY

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

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

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

SECTION G. LAW ENFORCEMENT LIABILITY

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

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

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

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

SECTION J. FOLLOWING FORM EXCESS LIABILITY

Coverage:	Limits of Coverage:	
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

Liability-Auto-Property Pool**Proposal for****Town of East Hartford and East Hartford Board of Education***Property Coverages Offered:***SECTION A. AUTOMOBILE PHYSICAL DAMAGE**

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

SECTION B. PROPERTY COVERAGE

Limits of Coverage:	Blanket Real and Personal Property	\$367,270,362
Deductible:	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
Sublimits:	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	\$3,256,381
Additional Coverages:	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.

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

SECTION C. EQUIPMENT BREAKDOWN

Limits of Coverage:	Per accident on a Comprehensive Basis	\$100,000,000
Deductible:		\$25,000
Sublimits:		
	Expediting Expenses	Included
	Extra Expense	Included
	Business Interruption	Included
	Extended Business Income	Ten Days
	Contingent Business Income	\$250,000
	Rental Value	\$250,000
	Consequential Damage	\$250,000
	Demolition and Increased Cost of Construction	\$500,000
	Hazardous Substances	\$1,000,000
	CFC Refrigerants	Included
	Perishable Goods	Included
	Computer Equipment	Included
	Data Restoration	\$250,000
Additional Coverages:	Newly Acquired Property	Included

Additional Comments:

1. This proposal is valid until June 30, 2012.
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.