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TOWN OF SIMSBURY
INSURANCE COMMITTEE
Minutes of Regular Meeting
January 25, 2012

The meeting began at 7:40 a.m. Attending were committee members Nick Mason and Chris Peterson. Burke LaClair, Board of Education Business Manager and Sean Kimball, Town of Simsbury Human Resources / Risk Manager, Bob Lindberg, of Lindberg and Ripple, Carol Fitzsimons, Fiona Dewberry and Stephen Bixler of CIRMA (Connecticut Interlocal Risk Management Agency) were also in attendance.

Burke LaClair opened the meeting. Not enough committee members were present to approve the September 28, 2011 minutes. Mr. LaClair introduced the proposed Insurance Committee meeting dates for 2012. The meetings will begin at 7:30 a.m., generally on the 4th Wednesday of the month. The specific dates are January 25, March 28, June 27, September 26, and November 28, 2012.

EMPLOYEE BENEFITS UPDATE

Bob Lindberg presented a 4-page report to the Committee, and stated that the FY2011-2012 health insurance program—which includes medical and prescription claims, but no dental—is doing very well. General medical trend is running 9-10% and Simsbury is running at 5-6% or better. He expects the Town of Simsbury to have a surplus budget in the next 12 months. He also noted that there was a positive variance in the claim level. Even with significant claims, the overall financial position of the account remains strong. Enrollment in the health care plan has been consistent over the past 12 months. Mr. Lindberg also reported that: The town's Medicare-eligible retiree plan was moved from CIGNA to Anthem last fall. This is a fully-insured medical platform with no implicit subsidy.

The Early Retirement Reinsurance Program (ERRP) process continues. Claims are accepted and approved intermittently. The town and BOE still expect to receive reimbursement in the future, and Bob suggests this money could be put into the OPEB trust.

The wellness vendor RFP is also in process. The goal is to establish an independent wellness platform for all town employees. There will be a

spectrum of opportunities and incentives for member participation. Responses from this study are due today.

Mr. Lindberg updated the group on state and federal health care reform-related activities. The state's partnership medical insurance program has been available since January 1, 2012, but the details have not been released. It is self-funded, and does not include stop loss insurance. He is seeing a trend towards consolidation of insurance services. Currently there are only 5 major commercial insurance carriers in Connecticut. Mr. Lindberg does not see any near term changes in the market at the federal level, but noted that any changes under the national reform may eventually increase costs for delivery-of-care. For 2012, employers need to track all employees' medical health care costs and report them on year-end W-2's in January 2013. The next projected cycle for a federal Pay-for-Play Plan is in 2014.

Regarding the 2012-13 budget year, Mr. Lindberg stated that the stop loss insurance will be bid out again.

PROPERTY CASUALTY INSURANCE UPDATE

On behalf of CIRMA, Carol Fitzsimons presented a sheet updating changes since the last meeting in September. She elaborated on specific points with an 18-page business plan which included graphs and charts. This business plan analyzed worker compensation (WC) losses, as well as liability, automobile and property (LAP) losses for the Town of Simsbury from FY2006/2007 to December 31, 2011. Losses were compared year to year, by specific categories, and in relationship to other Connecticut municipalities with demographics similar to Simsbury. The following points were highlighted:

There was a large increase in worker's compensation claims from the Police Department in FY2010/2011. This was primarily due to officers overexerting themselves or being struck (not by a person).

Since 2006, total losses for worker's compensation have been split 58% by the town and 42% by the Board of Education. The town losses include the Police Department losses mentioned above. 30% of the BOE losses were incurred by teachers and administrators, with the majority of claims being "slips & falls."

The 3-year loss ratio for liability, auto, and property claims (LAP) remains stable at 72%.

Town and BOE officials and employees continue to work with CIRMA to reduce risk by taking part in Safety Committee meetings, safety training, and intensive workshops. Workshop topics include defensive driving, how to avoid sprains and strains, and managing snow removal. CIRMA will be holding its annual meeting this Friday, and Simsbury town officials will attend and participate in workshops.

Also noted: There are only three major insurance carriers in the current marketplace that work with municipalities. The reinsurance market has changed as a result of bad weather. The Town of Simsbury is still on a 3-year LAP rate lock.

The meeting was adjourned at 9:03 a.m.

Lorrie McElligott, Commission Clerk