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Cc:

TOWN OF SIMSBURY
INSURANCE COMMITTEE
Minutes of Regular Meeting
March 28, 2012

The meeting began at 7:35 a.m. Committee members Nick Mason, Ed Sparkowski, Paul Mikkelson and Maddie Gilkey were present. Burke LaClair, the Board of Education Business Manager and Tom Cooke, the Director of Administrative Services for the Town of Simsbury were also present. Bob Lindberg, of Lindberg and Ripple; Carol Fitzsimons and Fiona Dewberry of CIRMA (Connecticut Interlocal Risk Management Agency) were in attendance as well.

Burke LaClair opened the meeting. Enough committee members were present for a quorum. Mr. Mason made a motion to approve the September, 2011 minutes. Mr. Mikkelson seconded. The motion carried and the minutes were approved.

EMPLOYEE BENEFITS UPDATE

Bob Lindberg presented a 2-page Insurance Advisory Committee report. Highlights of the report included the following points:

The health plan that covers the Town of Simsbury and the Board of Education is showing a positive variance of almost 10% for FY2011-12 (only 8 months). The actual amount of claims, as of this date, is \$6.7 million. The projected amount, expected by June 2012, is \$7.5 million.

Recent renewal results / allocation rates for the medical and dental plans for the town of Simsbury were compared to actual market values from July 2008 to July 2012. Year over year premium % increases were consistently better than the trend. Over 5 years, Simsbury's rates have increased at about half the overall average trend rates of increase. Dental plans have been flat for the last 5 years

The Town of Simsbury's Medicare Platform Change is now complete. This will result in a couple of thousands of dollars in savings for the town.

The Town of Simsbury Wellness Vendor RFP is complete. There is no cost to employees, but it has been a tough sell because the incentives are not high enough.

The town collective bargaining process is ongoing. There are aggressive proposals on the table for healthcare costs; however, the town's revenues have been flat. Mr. Lindberg noted that healthcare costs will continue to increase. Premiums and plan design elements are being carefully evaluated and analyzed.

Mr. Lindberg updated the committee about the new CT Partnership Plan. Since our January meeting. The 2011 Prescription Plan is available. The 2012 Medical Partnership Plan is also available, and is made up of 30 to 50 plans that are priced with projected annual savings of about 3% to 5%. It is a self-funded pool-type program that targets mid-sized, fully insured programs. Currently, United Healthcare is the only participating provider in the pool, and it offers a POS option, but no PPO option. The plan for 2017 to 2022 is locked in. The committee agreed that it would be worthwhile for the town to do an evaluation, and to submit data and a proposal to see what benefits / savings might be available from the state.

PROPERTY CASUALTY INSURANCE UPDATE

On behalf of CIRMA, Carol Fitzsimons presented a one-page report which listed updates on:

Loss experiences as of February 29, 2012. Risk management. Marketplace and reinsurance issues and CIRMA.

Loss experiences for the Town of Simsbury and the Board of Education were further illustrated by a 4-page attachment with color bar charts.

Highlights:

Worker's Compensation undeveloped losses have increased dramatically. Two "slip and fall" claims by custodians increased current 2011-12 BOE losses by 474%. The town's 3 year loss ratio went up 3 points to 99%.

The Police Department losses for 2010-11 were very high. The most common reasons have been: (1) Being hit by cars, and (2) Overexertion, which includes back strain & pain from equipped holsters that weigh more than 50 pounds. The town is looking to purchase belts that provide better cushioning and back support.

Total losses for the BOE continue to be higher than the Town, mostly because the BOE has the greatest number of staff members, and staff members are encouraged to record every event.

LAP (Liability-Auto-Property) Losses: The 3 year loss ratio remains stable at 72%. Property losses spiked in 2009-10, and 2010-11. Auto losses, which include windshield replacement or dings, remain steady and on the high side from year-to-year. It was noted that the town owns over 100 vehicles.

When discussing risk management issues, Ms. Fitzsimons noted that the town culture is very safety-minded and has a dedicated risk manager in Sean Kimball. CIRMA continues to work with the town to assist, assess, analyze and present safety training workshops.

Ms. Fitzsimons also reported that CIRMA, Trident and Travelers continue to dominate the market, and that reinsurance for the town of Simsbury has gone up dramatically. This is a result of increases in the town's worker's compensation, property, and natural disaster claims. However, the town does have a rate guarantee from CIRMA.

Ms. Fitzsimons was happy to disclose that as a part of the member equity program / pool, the Town of Simsbury received about \$32,800.00 back from CIRMA this year. She also reported on the new environmental / pollution policy available to CIRMA members at no extra cost. The policy has a \$10,000 deductible, and offers \$1 million worth of coverage, per member, per claim. It will cover claims made from this date forward for members who do not already have an environmental policy. Since the Town of Simsbury already purchases an environmental policy, its claims can likely be retro-dated to 2001 under this new policy. The town will likely see some savings as a result of doubling up on environmental coverage.

Ms. Fitzsimons concluded by handing out copies of CIRMA's annual meeting to committee members.

OTHER INSURANCE MATTERS

Mr. Mason noted that the committee might want to reconsider the time and days for Insurance Committee meetings, since it has been difficult to have enough members present to make up a quorum. Other committee members recommended that a notice be sent a couple of weeks ahead of the meeting as a reminder. It was noted that this would be helpful since the meetings are spaced so far apart.

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

Respectfully submitted,

Lorrie McElligott, Commission Clerk