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Cc:

TOWN OF SIMSBURY
INSURANCE COMMITTEE
Minutes of Regular Meeting - APPROVED
Board of Education Conference Room
June 27, 2012

The meeting began at 7:32 a.m. Committee members Nick Mason, Ed Sparkowski, Paul Mikkelson, Chris Peterson and Maddie Gilkey were present. Burke LaClair, the Board of Education Business Manager; Tom Cooke, the Director of Administrative Services for the Town of Simsbury, and Sean Kimball, Human Resources/Risk Manager for the Town of Simsbury were also present. Robert Lindberg, of Lindberg and Ripple; Carol Fitzsimons of CIRMA (Connecticut Interlocal Risk Management Agency) were in attendance as well. Mr. Mason made a motion to approve the March 2012 minutes. Mr. Mikkelson seconded. The motion carried and the minutes were approved.

Employee Benefits Update - Robert Lindberg, Lindberg & Ripple
Mr. Lindberg presented a 2-page Insurance Advisory Committee report which listed the financial results through April of this year. Highlights of the report included:

The 2011-2012 medical program / health plan that covers the town and the BOE looks good. Historically, it has had a positive balance of approximately 5% per year. From year to year, increases have been less than trend.

The town's dental program is managed by CIGNA. Historically, the dental claim rate for

Simsbury has been consistently running at about half of the market trend rate.

Mr. Lindberg also updated the committee on the Federal Reform situation, noting that its impact on the town's program has been modest. A ruling will be posted tomorrow. Mr. Lindberg admitted that he has no idea what changes will be proposed, but expects that the basic administration will stay the same, while preventive care, dependent eligibility language, lifetime limits, and pre-existing condition limits may change. As part of the federal plan, states are encouraged to create health exchanges. Connecticut already has the Sustinet Health Partnership.

General discussion included the following points:

The Town of Simsbury's fully-insured Medicare supplemental plan with Anthem for next year includes about 100+ retirees and their dependents. This substantial number will result in cost savings.

Collective bargaining continues to be ongoing. By the second week of July, Mr. Lindberg will have information from June, as well as updated subscriber counts.

Property Casualty Insurance Update - Carol Fitzsimons of CIRMA

On behalf of CIRMA, Ms. Fitzsimons presented a report which listed updates since the March meeting.

Loss experiences

Worker's Compensation (WC) undeveloped losses have decreased due to 3 larger losses which closed at less than reserve. Three 3 police officers were rear-ended while traveling together to a training class on March 30. The total number of losses over \$25,000 increased by 2. YTD total is now 15.

The 3 Year Loss Ratio decreased for the town by 8 points to 91%, and for the BOE by 12 points to 57%.

LAP (Liability-Auto-Property) Losses: The 3 Year Loss Ratio increased 5 points to 75% since March, mostly due to increases in reserves.

Renewal policies

See report for accurate figures on renewal coverage for WC, LAP, crime, Fidelity Responsibility Insurance, and Tax Collector Bond categories. There is no umbrella policy over these individual policies.

There was a brief discussion about environmental coverage. Simsbury has had its own environmental policy since 2002. CIRMA recently purchased an environmental policy to benefit its pool. It would be free for all members of the pool, and it would cover \$1 million per pollution condition for first and third parties, as well as \$2 million aggregate per municipal member. There would be no "look-back" feature to 2002, but the policy would have a retroactive date of July 1, 2012.

Risk management issues

Ms. Fitzsimons complimented the Town of Simsbury on its pro-active safety culture. CIRMA continues to offer information and training on safety and health topics. Their workshops and fairs are always well attended by Simsbury town and BOE employees.

Marketplace

Policies typically end on July 1 of each year. This year was the first time CIRMA received requests for proposals from municipalities who have not renewed in previous years, but are considering coming back. Ms. Fitzsimons

noted that currently, CIRMA has 75% of the worker's compensation market, and 60% of the LAP market in Connecticut. These percentages could change, however, after July 1. The two other big players in the CT risk management market are Argonaut and Travelers.

CIRMA update

Ms. Fitzsimons reminded the committee that the Town of Simsbury will be getting over \$31,000 back in member equity in mid-July.

Connecticut Partnership Plan Update

The Connecticut State Partnership Medical Plan is a single plan with a single rate package that mirrors the state employee benefit pool. United Healthcare is the vendor. The town would need to make a 2 year minimum commitment, and would be locked into a rate basis plus or minus 3% of whatever the state rate is.

A request for pricing for the Town of Simsbury from the state came back in April. It featured a blended rate which was higher than the HMO rate. Due to skewed head count information, the working rates didn't cover the running rates. Within the last 90 days, with the correct head count information, the new proposals offered no savings to the town and BOE. The committee agreed to treat the state plan as another vendor alternative, but not bargain around the plan. They felt that it might have a negative impact on membership and would mean giving up some financial control. They will table the topic for now, and for due diligence, request an updated proposal in July. The earliest possible consolidation date would be in January 2013.

Other Insurance Matters

Mr. LaClair reported that the BOE will be utilizing a no-cost international travel insurance policy to cover the sixth grade students from Squadron Line School who will be traveling to New Zealand in July to take part in the world finals of a Kid's Lit Quiz competition.

The meeting was adjourned at 8:48 a.m.

Respectfully submitted,
Lorrie McElligott
Commission Clerk