

# INSURANCE CONTROL COMMISSION

## TOWN OF SOUTH WINDSOR

Minutes

Page 1

April 20, 2017

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### Madden Room – South Windsor Town Hall

#### 1. Call Meeting to Order

The meeting was called to order at 8:31 a.m.

#### 2. Roll Call

Members Present: Morris Borea, Town Attorney, McGivney & Kluger  
Joseph Durette, Board of Education  
Matthew B. Galligan, Town Manager  
Carolyn Mirek, Town Council

Members Absent: Edward Havens, Town Council

Also Present: Steve Bixler, CIRMA Representative  
Chris Chemerka, Business Manager, Board of Education  
Bob Lindberg, Arthur J. Gallagher & Co.  
Patricia Perry, Director of Finance  
Vanessa Perry, Director of Human Resources  
Myles Rey, CIRMA Trainee

#### 3. Approval of Minutes (January 5, 2017)

Mayor Carolyn Mirek made a motion to approve the January 5, 2017 minutes. Town Attorney Morris Borea seconded the motion; and they were approved, unanimously.

#### 4. Discussion Items

##### A. General Discussion – Liability, Automobile, and Property (LAP) and Workers' Compensation Claims

Mr. Steve Bixler introduced himself as the Vice-President of Underwriting at CIRMA. He is filling in for Fiona Porto as she had a baby in February.

Mr. Bixler reviewed the CIRMA Overview, South Windsor Workers Compensation Claims, Liability, Automobile, and Property (LAP) as shown in attached **Exhibit A**.

ITEM:

4. A. (Continued)

In 2016/2017, CIRMA added nine new members, eight new LAP policies, and seven new Workers Compensation policies. They also retained 100% of their members. 2017/2018 looks like another good year as well. When CIRMA manages claims appropriately, the surplus goes back to the member towns. Mr. Bixler discussed other programs that benefit from the surplus.

Mr. Bixler said that South Windsor's losses have been consistent. The losses are broken down between the Board of Education, Fire Department, General Government, Parks and Recreation, Police Department, and Public Works. He emphasized that though it seems the Board of Education has more losses than the Town, it does not mean they are driving the claims.

Mr. Joseph Durette asked about the ratio of teachers to custodians in the Education category. Mr. Bixler said it depends on the custodian's nature of work.

Mr. Bixler discussed the Peer Comparison on page 12. The top graph shows that the Town of South Windsor is well below the average claim rate of the CIRMA pool. The bottom graph shows that relative to the Town's peers, the Town is about 10% better than average. Even during the Town's worst years, it is only slightly above the average.

Mr. Bixler discussed the graphs on page 13. There was an incident on a bus in 2015/2016 that is affecting the numbers as well as three property losses.

Town Manager Matthew Galligan mentioned that Ms. Vanessa Perry coordinates the training for employees that help drive down CIRMA claims.

**B. General Discussion – Health Insurance Claims**

Mr. Robert Lindberg reviewed the Town and Board of Education Anthem Claim Activity – Medical, Rx, and Dental; Anthem Claim History; and Self Insurance Plan Summary from July 2016 through February 2017, as shown in attached **Exhibit B**.

**ITEM:**

**4. B. (Continued)**

Mr. Lindberg said that in 2016/2017, the Town was part of the stop loss captive CT Prime. The Town pays out for claims and is reimbursed for claims that go above the individual stop loss limit. He said the process is working well.

Ms. Chemerka asked if any money had been received by the Town yet. Mr. Lindberg said \$250,000 was approved for reimbursement to the Town, but it may not have gone through yet. He would check on the status.

Mr. Lindberg said that claims are running 98% as expected YTD. High deductible health plan (HDHP) enrollment is impacting projections as they draw down the overall claim picture. There are also fewer people in the program. These help the Town keep claims down.

Mayor Carolyn Mirek asked how there are less people on the program. Mr. Lindberg said there are a few reasons. It could be in the employment rules, retirees could be shifting off the plan, younger new hires may be staying on their parents' insurance, etc. There has been a steady decrease over the past few months. Ms. Chemerka said the Board of Education shifted 38 employees last year. Ms. Vanessa Perry said many positions have not been filled, and a large number of employees are waiving Town insurance.

Mr. Lindberg reviewed the large claims. The stop loss is \$175,000 for individual claimants per year starting July 1. In March, there will be another excess amount of about \$200,000 for reimbursement to the Town. It appears the Town is running just below break-even for the year.

Mr. Lindberg said the three large claims were not common but not unusual. They were not issues that would repeat each year, and they are to be expected in this group of employees, but it was unusual how they occurred in one year. Ms. Chemerka asked about the average claimants to reach stop loss. Mr. Lindberg said the expected amount for this group is about 3 or 4. South Windsor has already hit 7 and a few more may hit the limit.



ITEM:

4. B. (Continued)

Town Attorney Borea asked when the reimbursements are typically due. Mr. Lindberg said that now that the claim process has been cleared, reimbursements should be paid within 30 days of the close of the month. The majority of the reimbursements should be paid before June 30. Ms. Chemerka said that she and Ms. Patricia Perry both track monthly claims, and they have been assured that their claims and reimbursements will match up every 30 days.

Town Manager Galligan said that CT Prime was created between 13 municipalities in order to save on premiums and build an insurance fund. In the future, the fund should cover the claim spikes.

Town Attorney Borea asked about reinsurance. Mr. Lindberg explained that the reinsurance is between a third party company once claims go beyond \$500,000. CT Prime will still process them, but they will be reimbursed from the reinsurance company. The Town's contact is all through CT Prime.

Ms. Patricia Perry asked about the aggregate stop loss. Mr. Lindberg discussed the Stop Loss Review – April 20, 2017 as shown in **Exhibit C** with the Commission.

Mr. Lindberg said there will be no change in the CT Prime individual stop loss billing rate for July 2017. The annual premium might be different depending on the amount of employees covered. However, there is a change in the Anthem aggregate stop loss.

Mr. Lindberg wanted to discuss with the Commission whether it would be appropriate to continue with the Anthem aggregate stop loss. The individual stop loss protects the Town against losses on any individual when the claims reach \$175,000. The aggregate stop loss is an umbrella that ensures the insurance company will pay total claims beyond a certain level. There is a change in the rate structure from current year to the next year of 23.4%.

Mr. Lindberg explained that according to the Anthem stop loss, the expected claims for South Windsor next year would be approximately \$15 million. The attachment, where the insurance company would start to pay claims, is set at 125% of the expected amount. Any money that goes beyond \$175,000 on a claimant does not count towards this attachment.



ITEM:

4. B. (Continued)

Town Attorney Borea asked if the aggregate is capped at \$175,000 per claimant. Mr. Lindberg said that is correct, and there is a window of \$3.6 million before there is any financial reimbursement. The likelihood of South Windsor going over by 25% is very low.

Mr. Lindberg said that Anthem would not adjust the premium, and it seems an appropriate time for the Commission to decide whether the Town needs aggregate stop loss coverage. There would have to be a pandemic to trigger the financial reimbursement from this coverage.

Town Attorney Borea asked how many employees are covered. There are over 700 employees covered, but including dependents, the estimate could go up to 1,800.

Mr. Lindberg emphasized that he is only making the suggestion of stopping aggregate stop loss coverage because the annual premium is becoming very expensive.

Town Manager Galligan said that it might be better to budget for the claims than pay for the premium. Mr. Lindberg said many clients have stopped paying for aggregate stop loss and funded their reserves with the premium payments instead.

Ms. Chemerka asked if Mr. Lindberg would suggest increasing health reserves. Mr. Lindberg said that it is not necessary if it is fully funded for the targets, but as a transition item for the first year it is recommended.

Mr. Lindberg said that he would expect to see a premium payment of about \$20,000 to \$30,000 for South Windsor. He is not advocating that South Windsor has to drop the coverage.

Mr. Lindberg wanted to highlight that South Windsor's exposures are claim volatility and claim fluctuation. He discussed how a catastrophic event could affect the Town with or without aggregate stop loss coverage.

Town Manager Galligan said he would prefer to drop the aggregate coverage. Town and Board of Education staff work hard to keep claims down and paying a high premium would be a waste of money.

**MINUTES**  
**Insurance Control Commission**  
**Page 6**  
**April 20, 2017**

**ITEM:**

**4. B. (Continued)**

Town Attorney Borea asked how \$10 million would equate to mills in South Windsor. Town Manager Galligan estimated about 10 mills.

Town Attorney Borea said there has to be a reason why the premium is so high. Mr. Lindberg said that stop loss moves on its own cycle because it is pool coverage, and their pool in general has been facing difficulties.

Mr. Lindberg suggested that the Commission can request that Anthem bring down their premium to \$25,000 to \$30,000 before they completely cancel coverage. The Commission agreed by general consensus to see if Anthem would lower its rate first. Mr. Lindberg will follow up with Anthem.

Mr. Lindberg explained to the Commission that both the Town and Board are running 3% under expected claims in aggregate stop loss. Through the past five years, the expected numbers have been flat or decreasing over time due to good plan design, movement to the HDHP, and the ongoing efforts to engage employees in wellness activities and education.

Mr. Lindberg concluded by saying there will be minimal impacts in the near future from the Affordable Care Act on the Town of South Windsor as the Town is already in compliance with many requirements. The Commission discussed the Cadillac Tax.

**5. Schedule the next Meeting**

The next proposed meeting date is July 6, 2017.

**6. Adjournment**

At 9:17 a.m. Mr. Joseph Durette made a motion to adjourn the meeting. Town Attorney Borea seconded the motion; and it was approved, unanimously.

Respectfully submitted,

  
\_\_\_\_\_  
Ashley Booth  
Recording Secretary



CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY

**CIRMA**

# South Windsor Insurance Control Commission

April 20, 2017



Table of Contents

**CIRMA** The Organization Behind the Promise .....2

**CIRMA** Mission Statement .....3

**CIRMA** Organizational Team .....4

**CIRMA** Marketing Summary .....5

**CIRMA** Risk Management Activities .....6

**South Windsor** WC Loss Analysis .....7-11

**South Windsor** Peer Comparison and Experience Modifier .....12

**South Windsor** LAP Loss Analysis.....13

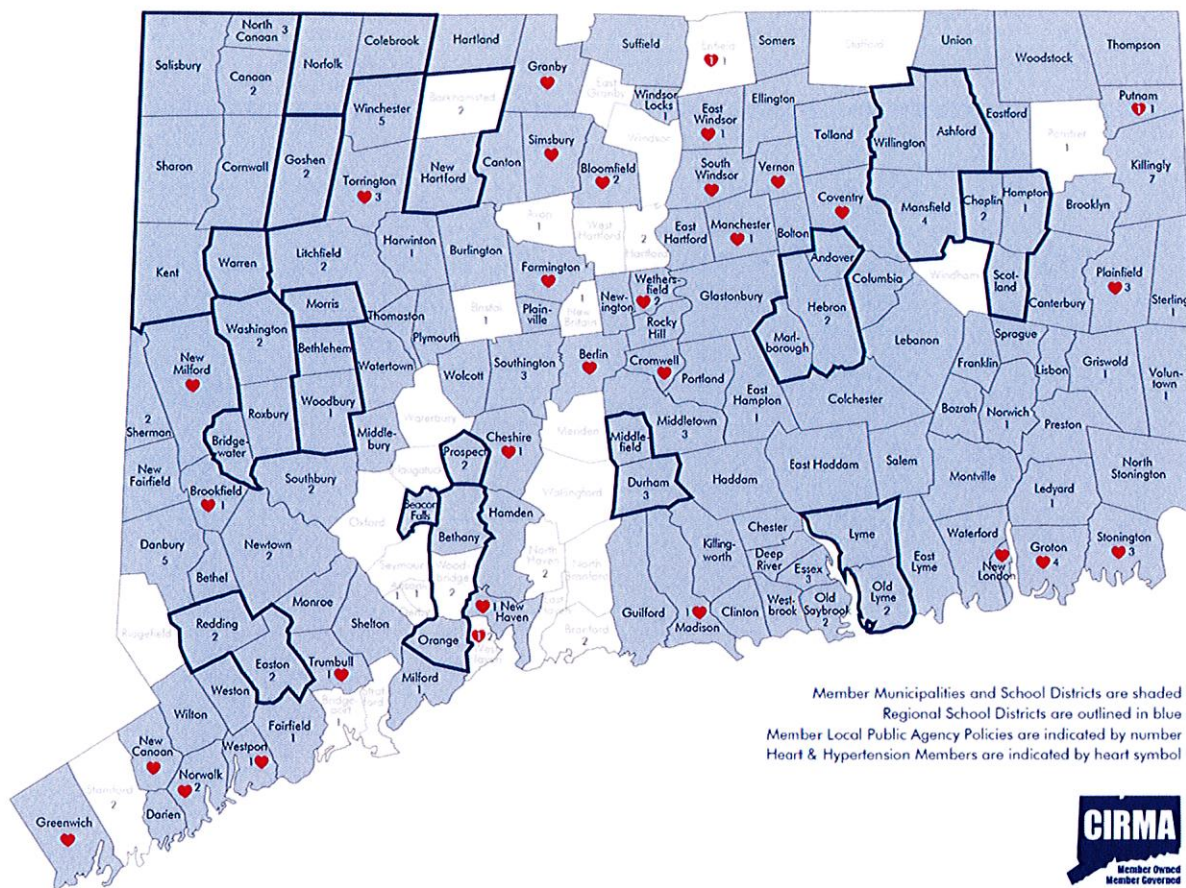
# CIRMA The Organization Behind the Promise

CIRMA is Connecticut's premier provider of municipal risk financing and risk management services. Almost 80% of Connecticut's municipalities turn to CIRMA for risk services, making CIRMA the largest and most experienced municipal insurer in the state.

As a member-owned, member-governed organization, CIRMA's sole purpose is to serve our members. Our members' needs drive CIRMA's strategic direction and the development and delivery of our services. Our products, coverage, and business processes are tailored specifically to the municipal market.

CIRMA's goal is not to create short-term profit for Wall Street. Our mission is to empower our members to lower losses, ultimately reducing their rates and enabling them to deliver superior public services.

## CIRMA 2016-17 Members



## **CIRMA Mission Statement**

The purpose of the Connecticut Interlocal Risk Management Agency (CIRMA) is to meet the risk management and risk financing needs of Connecticut municipalities and local public agencies.

CIRMA achieves this purpose by:

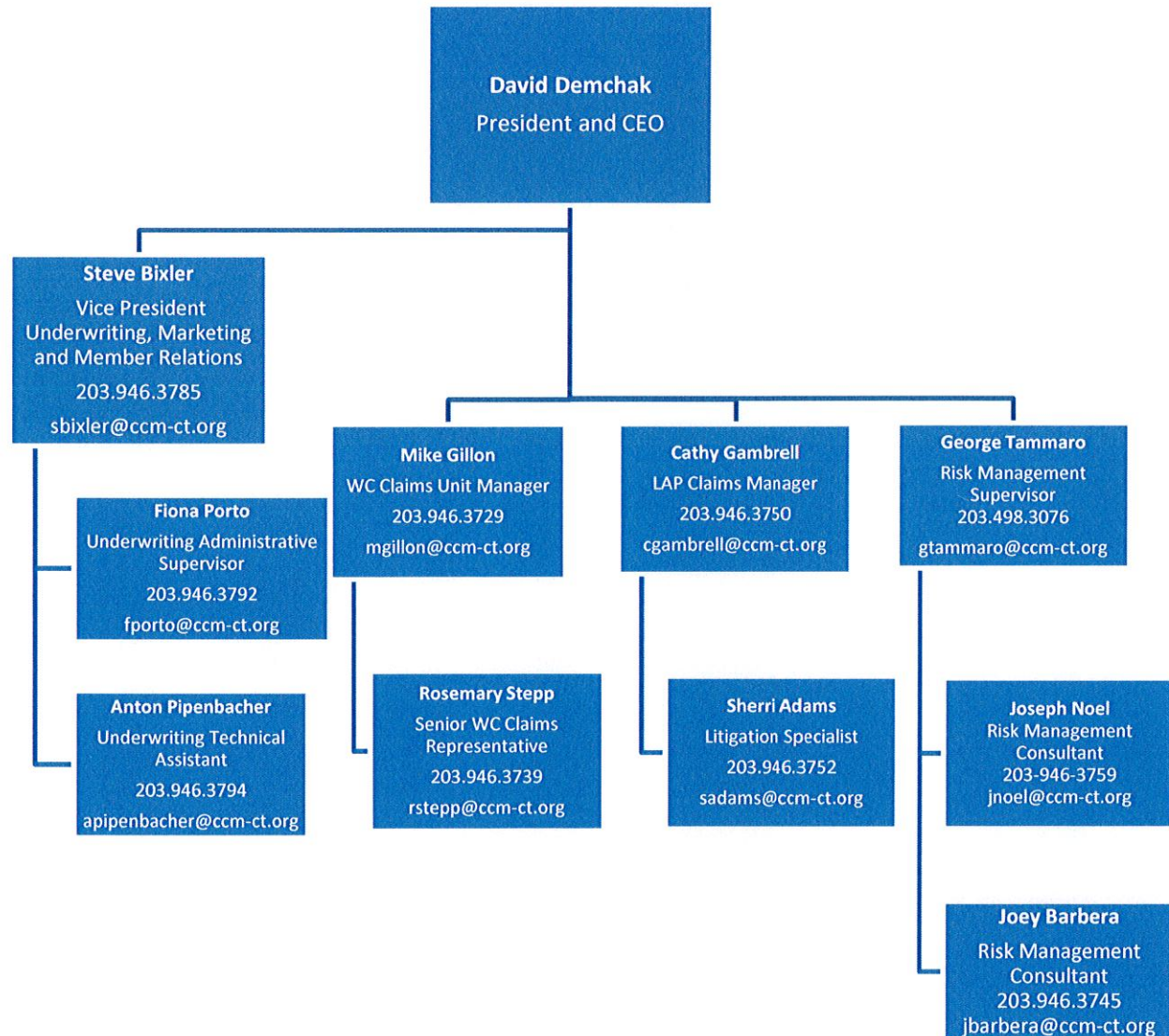
- Anticipating and responding to the risk management and financing needs of its members in a changing environment.
- Providing quality services tailored to municipal operations and requirements.
- Ensuring the availability of insurance coverage at reasonable prices, and thereby creating stability in the marketplace.
- Preventing accidents and managing injuries through effective loss control and claims management programs, resulting in savings over the long term.
- Empowering municipalities to manage risk.

Essential to fulfilling CIRMA's mission is the cooperative effort of its team of professional staff and service providers. This team is totally committed to serving the interests of CIRMA's membership while striving to always provide quality service with excitement and a sense of urgency.

CIRMA was established in 1980 as a service program of the Connecticut Conference of Municipalities, which provides overall program management and oversight. Governance is provided by CIRMA's Board of Directors, elected from the membership, and by several committees. CIRMA operates two risk-sharing pools, the Workers' Compensation Pool and the Liability-Automobile-Property Pool, and provides risk management services to self-insured municipalities and public agencies.



# CIRMA Organizational Team



## **CIRMA Marketing Season Summary**

- 100% Member Retention
- 8 new LAP policies
- 7 new WC policies
- New Members:
  - Beacon Falls WC & LAP
  - Canaan FD WC & LAP
  - Chatham HD LAP
  - Housing Authority of the City of Danbury WC
  - Lisbon BOE WC & LAP
  - North Canaan and BOE WC & LAP
  - North Canaan Volunteer Ambulance Corp WC
  - Norwich LAP
  - RSD #11 WC & LAP
  - Southington LAP
- \$2,371,379 in new member premium
  - \$479,185 in WC Premium
  - \$1,892,194 in LAP Premium
- Total Premium: \$96,634,431

### **Members' Equity Distribution:**

- 2011-12: \$47,452
  - 2012-13: \$54,438
  - 2013-14: \$46,373
  - 2015-16: \$35,835
  - 2016-17: \$46,766
- Total-to-Date: \$230,866

## **CIRMA Risk Management Activities**

### **Training:**

From September 1 to March 1, 2017

#### **South Windsor BOE**

- Preventing Sexual Harassment 31 attendees

#### **Town of South Windsor**

- Preventing Sexual Harassment 61 attendees
- Freedom of Information Act 1 attendee
- Legal Pitfalls Municipal Leaders Should Avoid 1 attendee

#### **E-Learning**

- Sexual Harassment Awareness for Managers 8 attendees

From January 1, 2016 to September 1, 2016

- Prev Strains/Sprains 2/11/16 30 participants
- Risks – Social Media 2/18/16 1 participant
- Prev Sexual Harassment 2/24/16 1 participant
- Prev Sexual Harassment 3/10/16 1 participant
- Accident Review 3/14/16 2 participants
- Safety in Art Classrooms 3/3/16 1 participant
- Workplace Violence 4/5/16 1 participant
- Avoiding EPL 5/19/16 2 participants
- Confined Space 5/23/16 3 participants
- Lockout-Tagout 5/23/16 3 participants
- Social Media Use 6/22/16 1 participant
- Bloodborne Pathogens 6/23/16 59 participants
- FOIA 7/19/16 1 participant

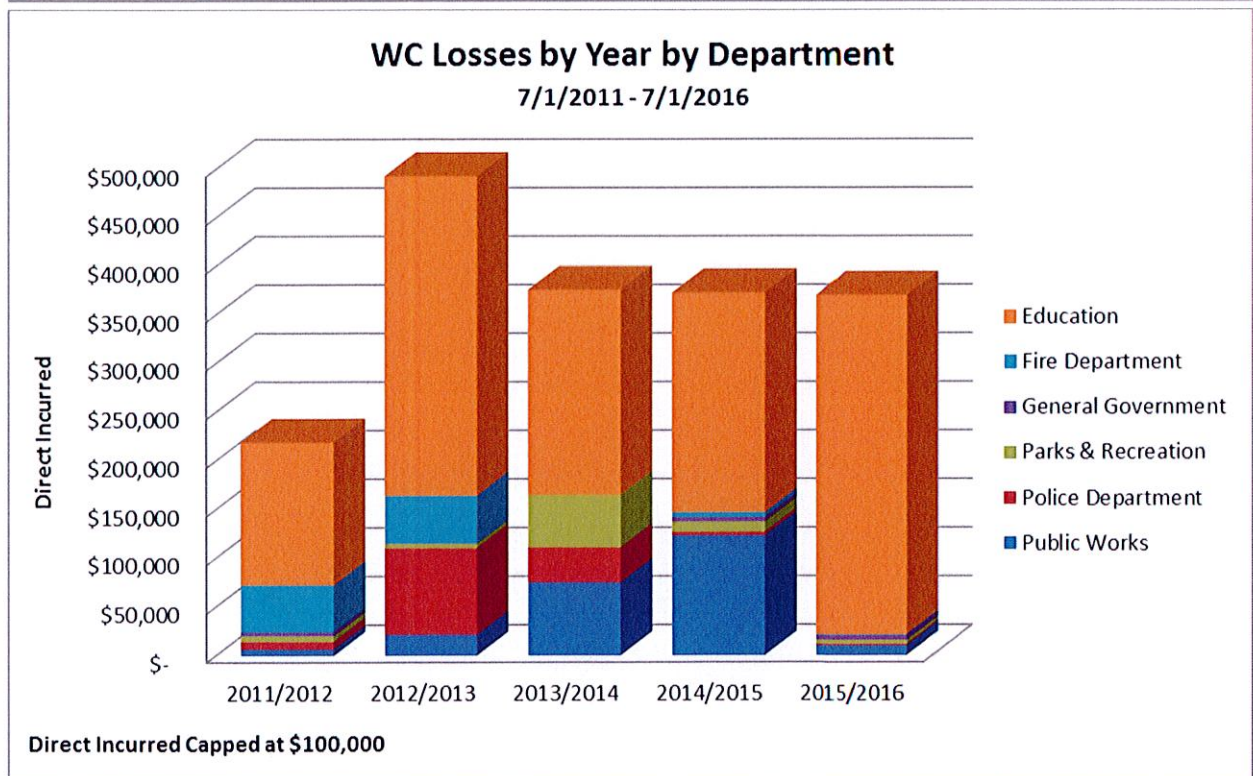
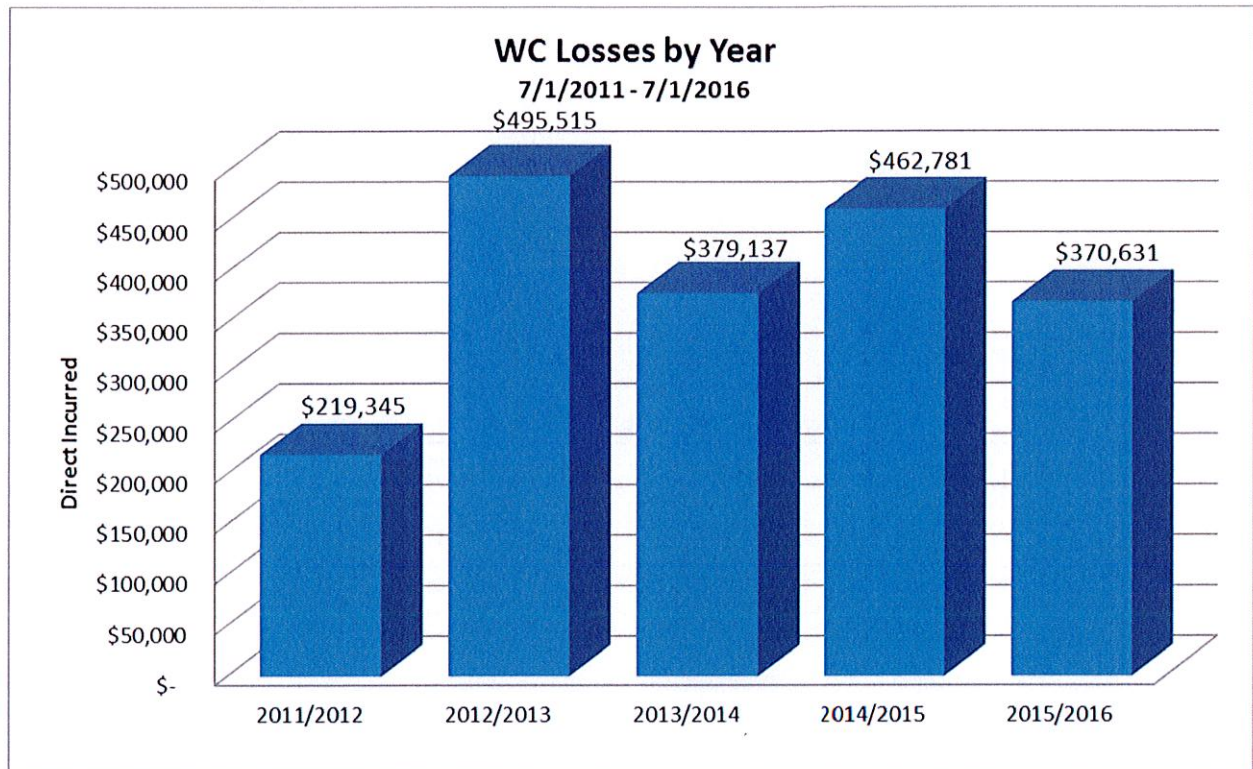
### **Consultations and Services:**

- Consultation regarding the use of Collin's Hill for sledding
- Consultation regarding facilities at Goodwin College
- Public Works Garage Consultation



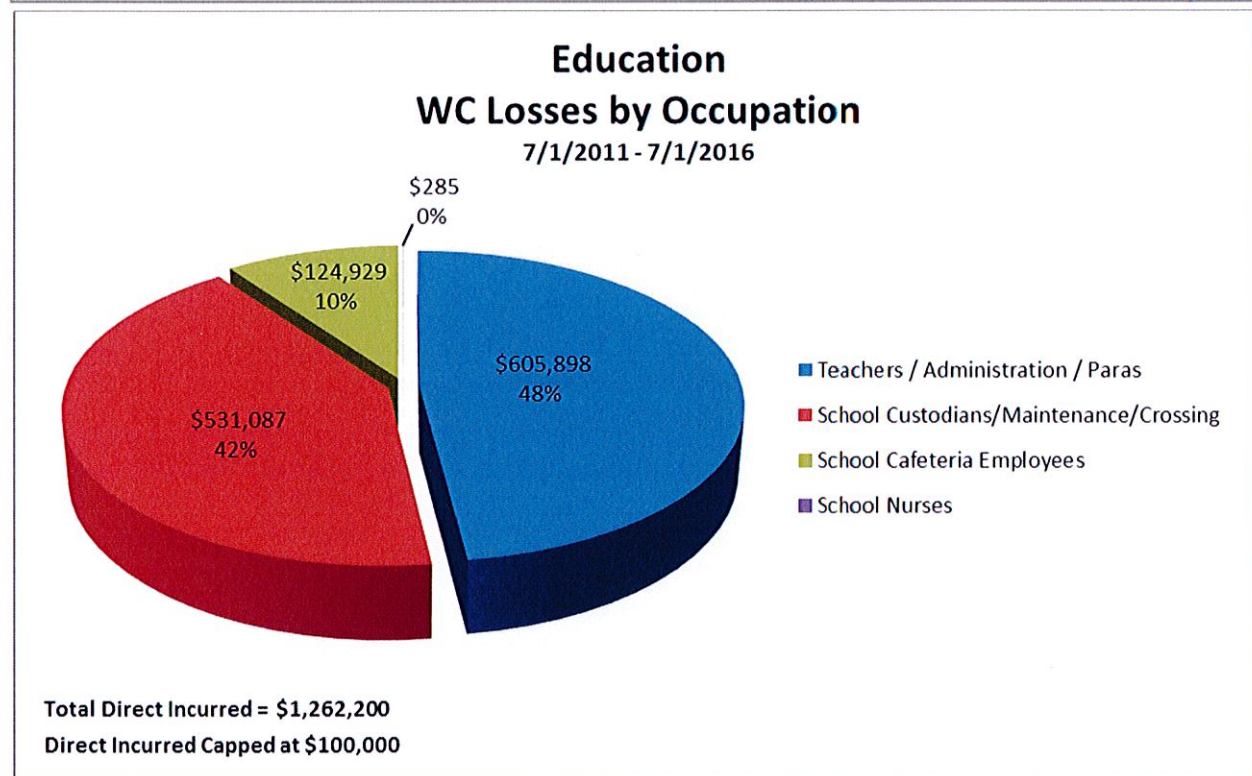
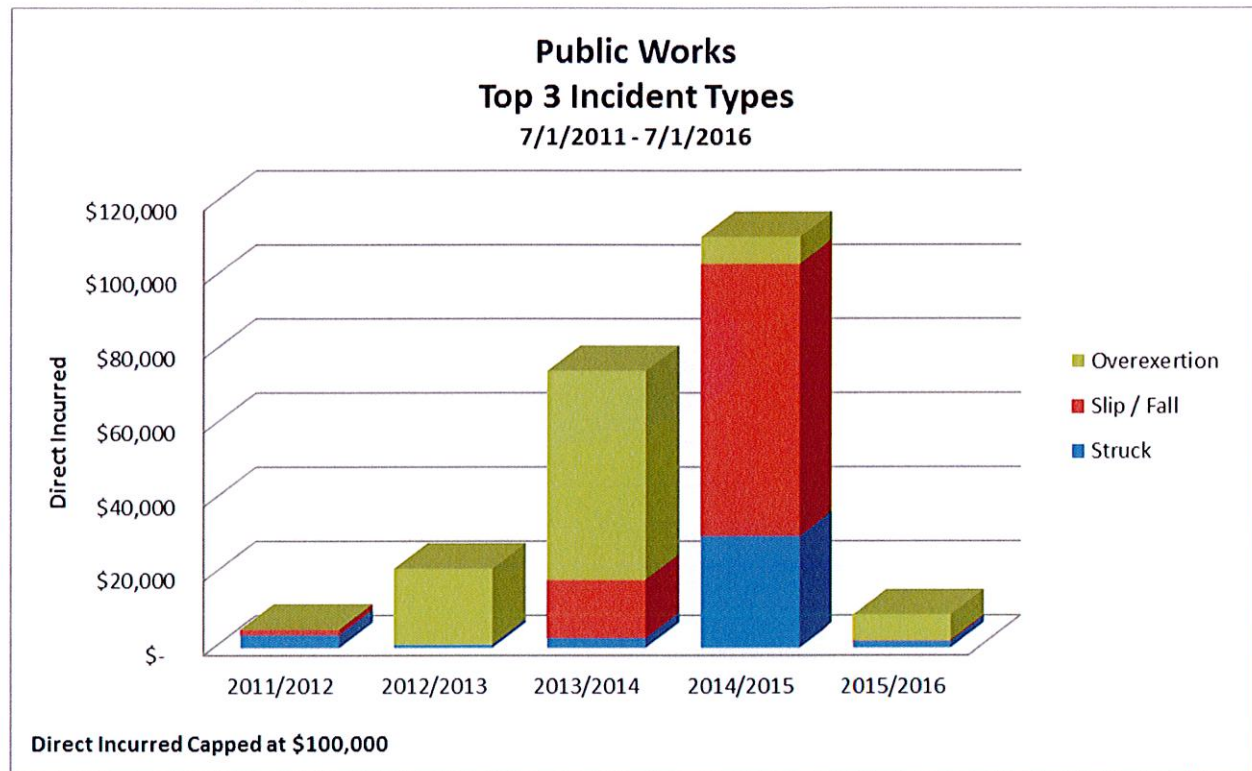
## Workers' Compensation Loss Analysis

Losses valued as of 3/30/17



## Workers' Compensation Loss Analysis

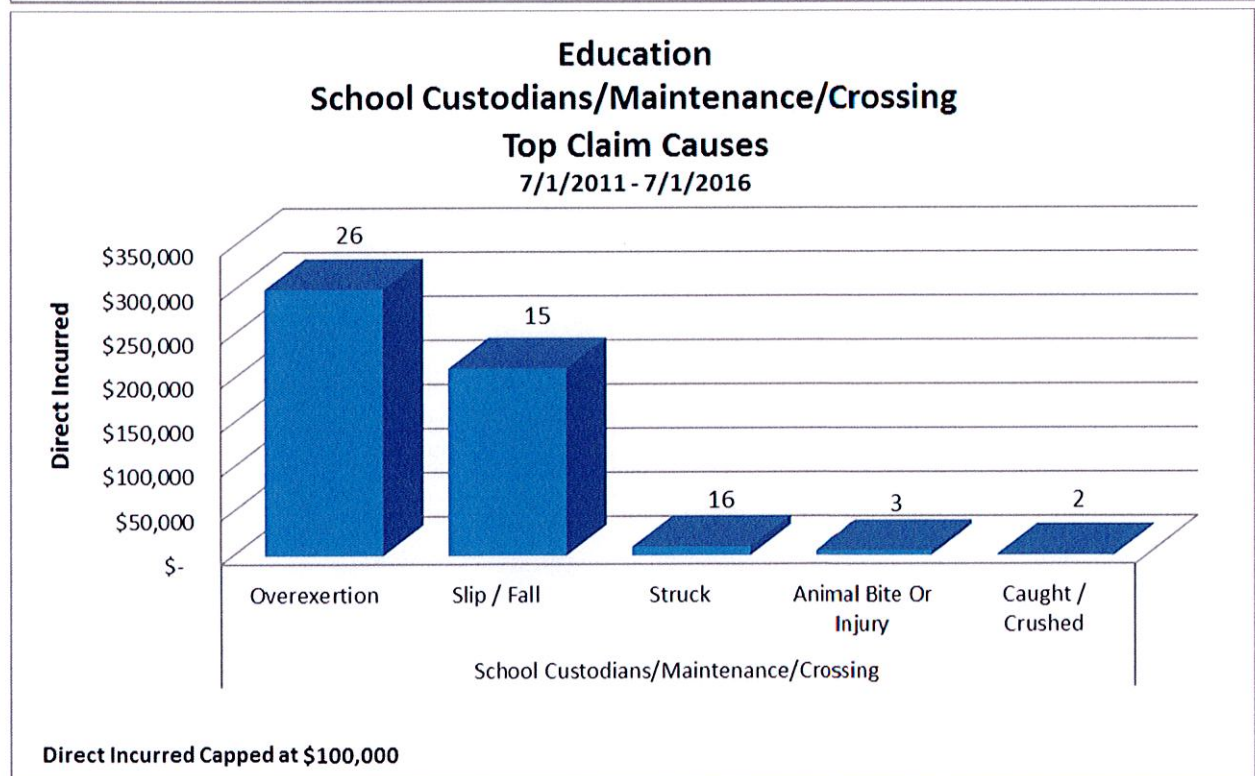
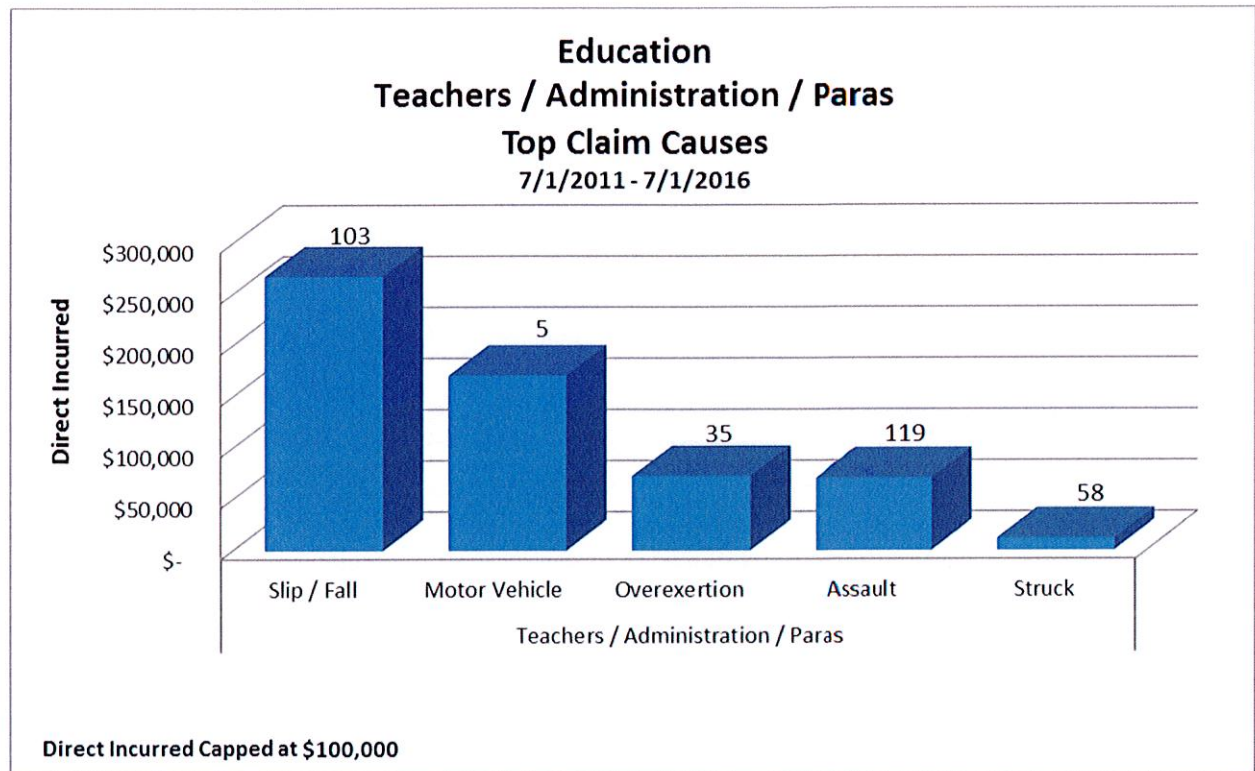
Losses valued as of 3/30/17





## Workers' Compensation Loss Analysis

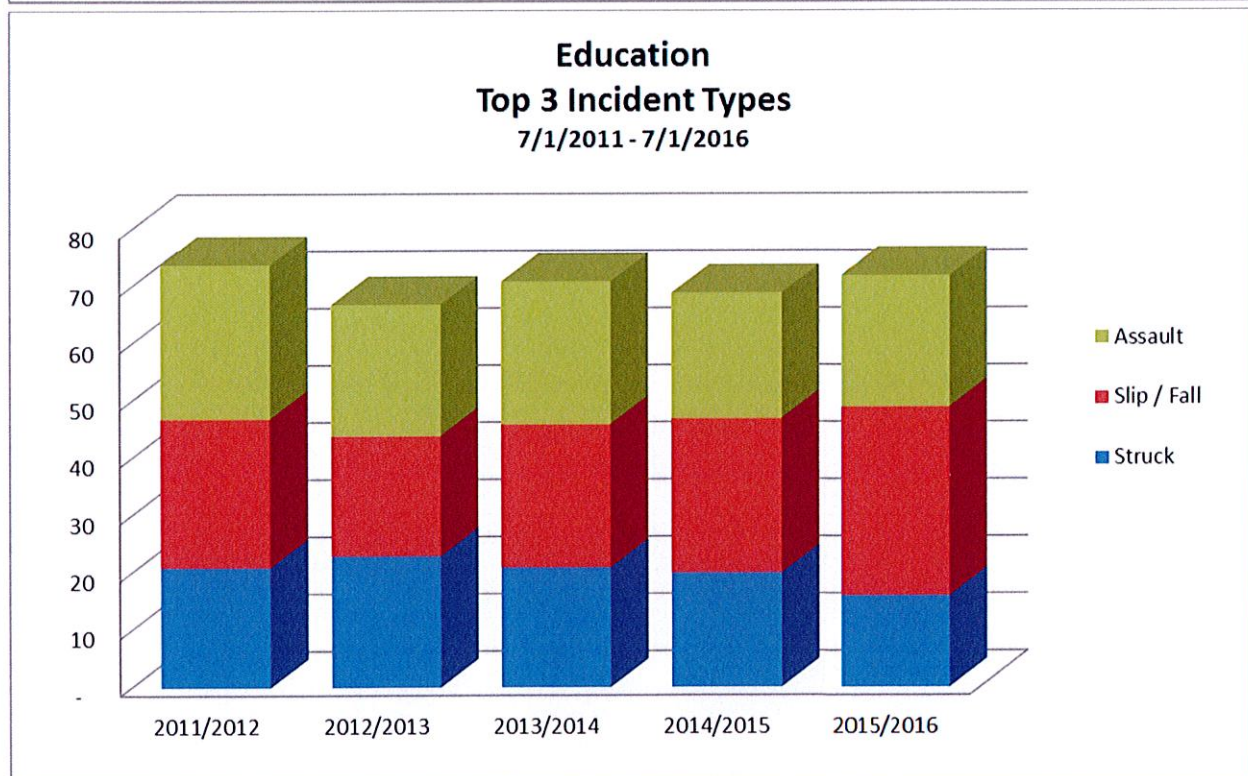
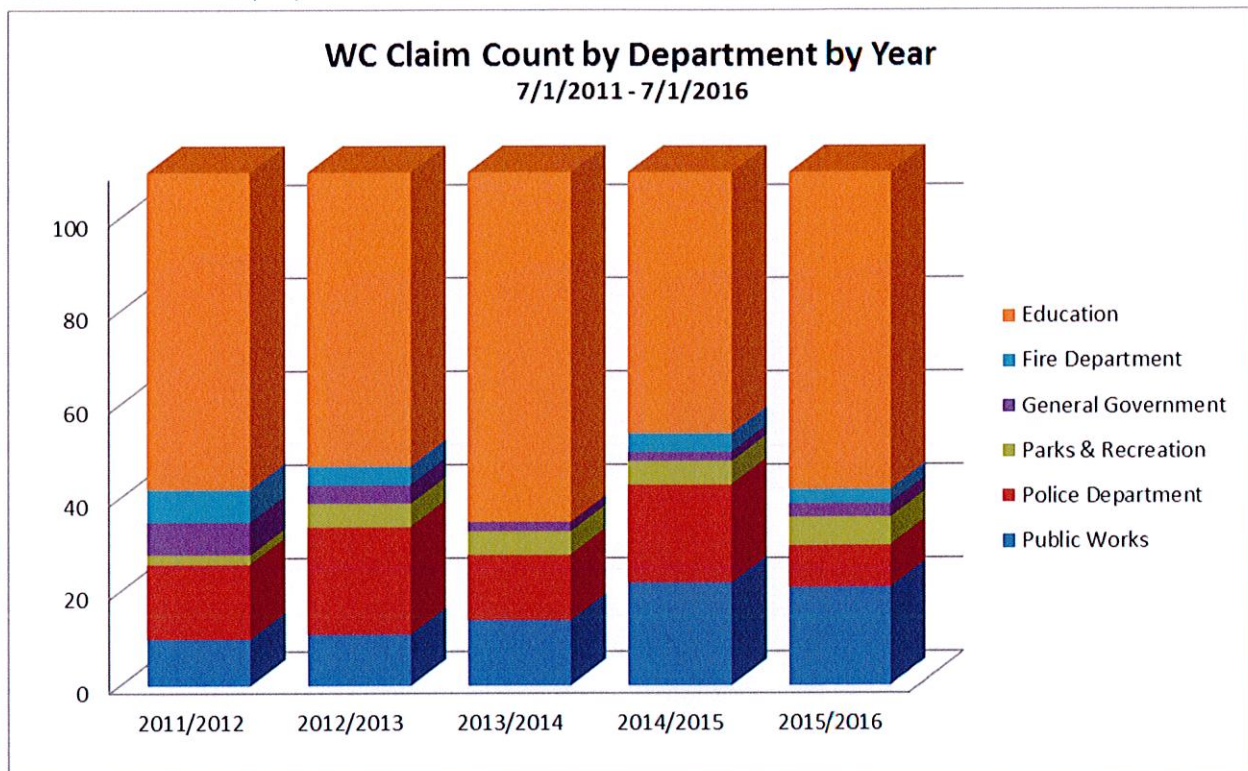
Losses valued as of 3/30/17





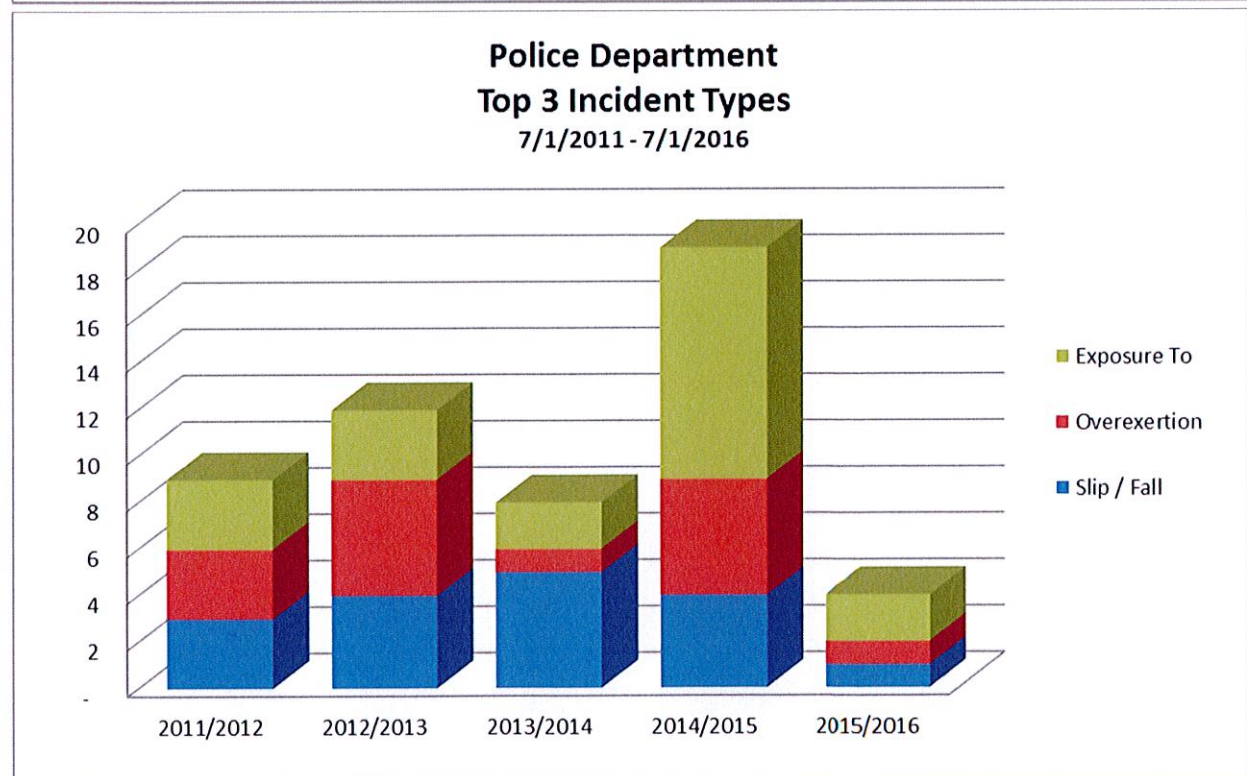
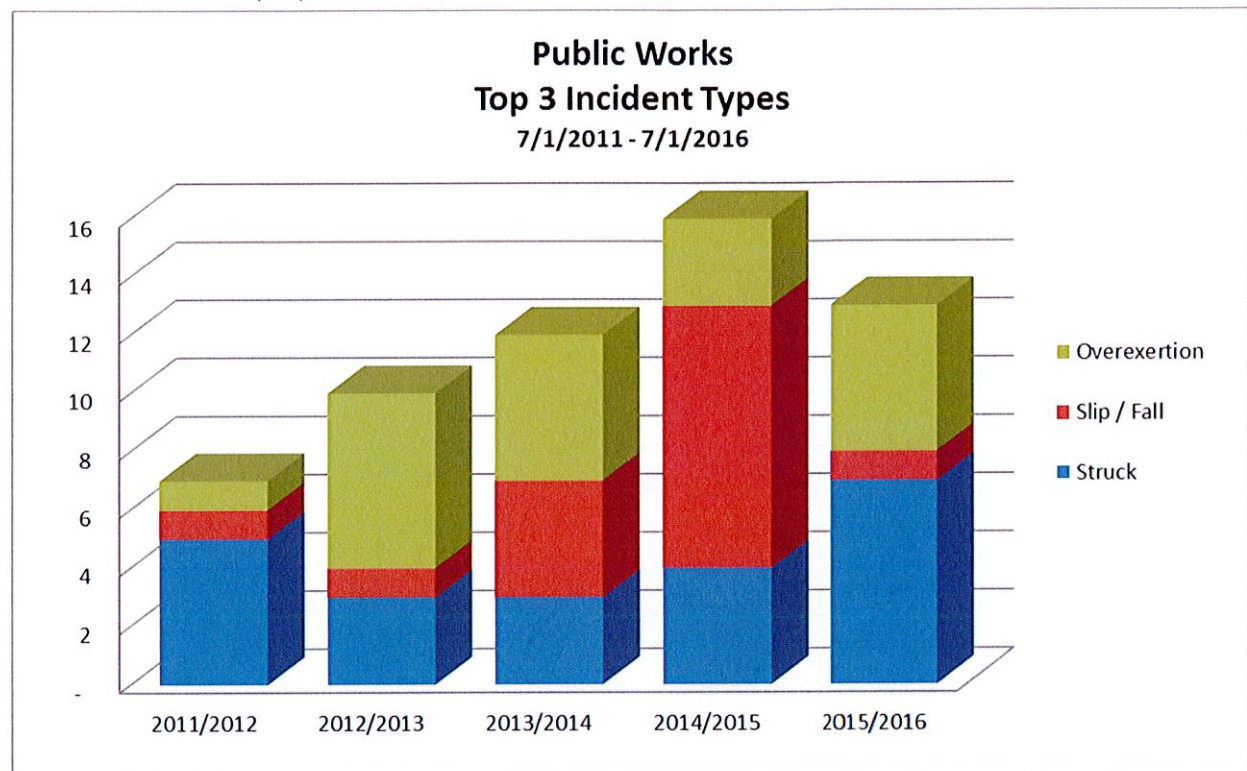
## Workers' Compensation Loss Analysis

Losses valued as of 3/30/17



## Workers' Compensation Loss Analysis

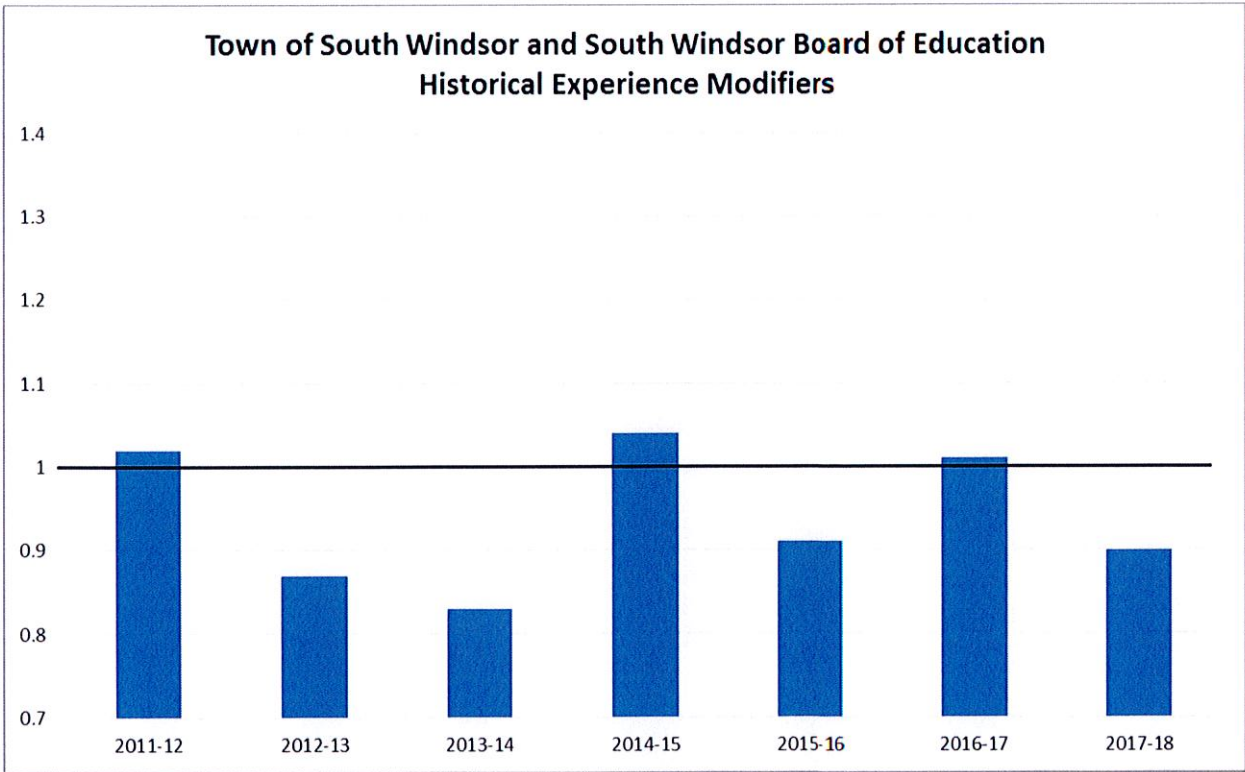
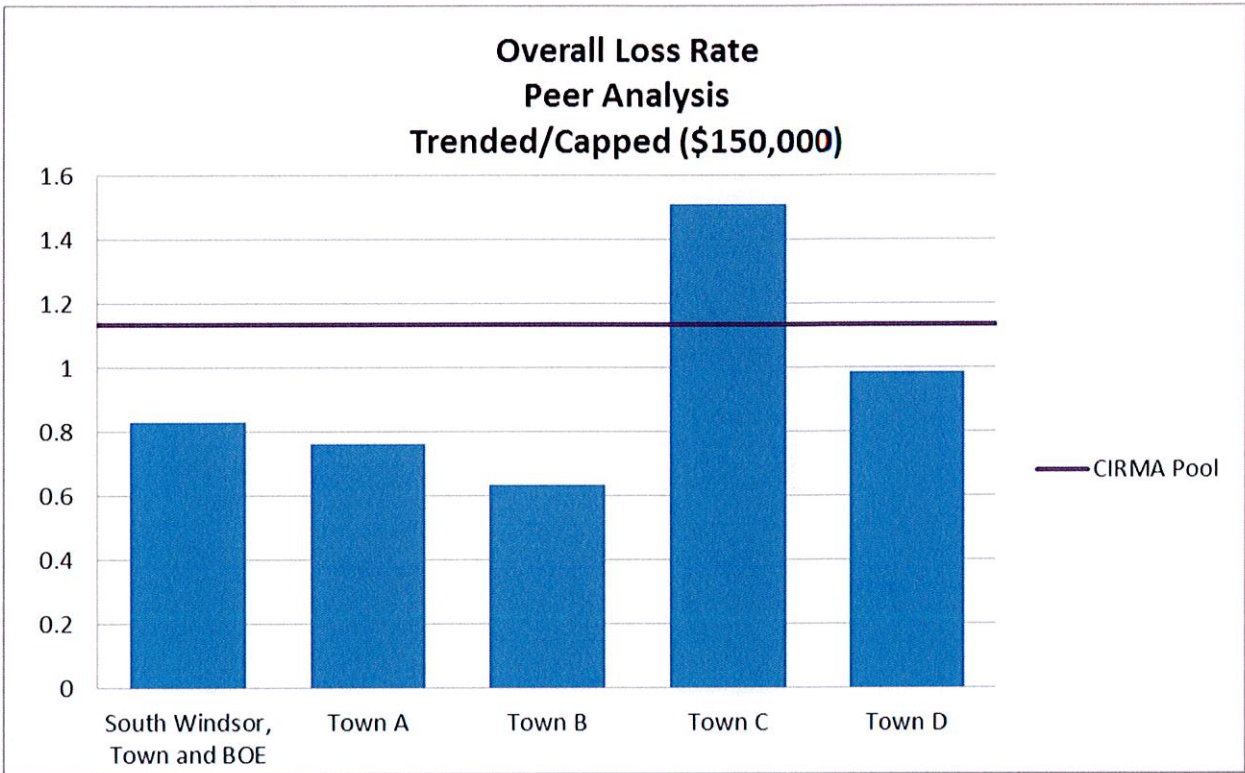
Losses valued as of 3/30/17





Peer Comparison

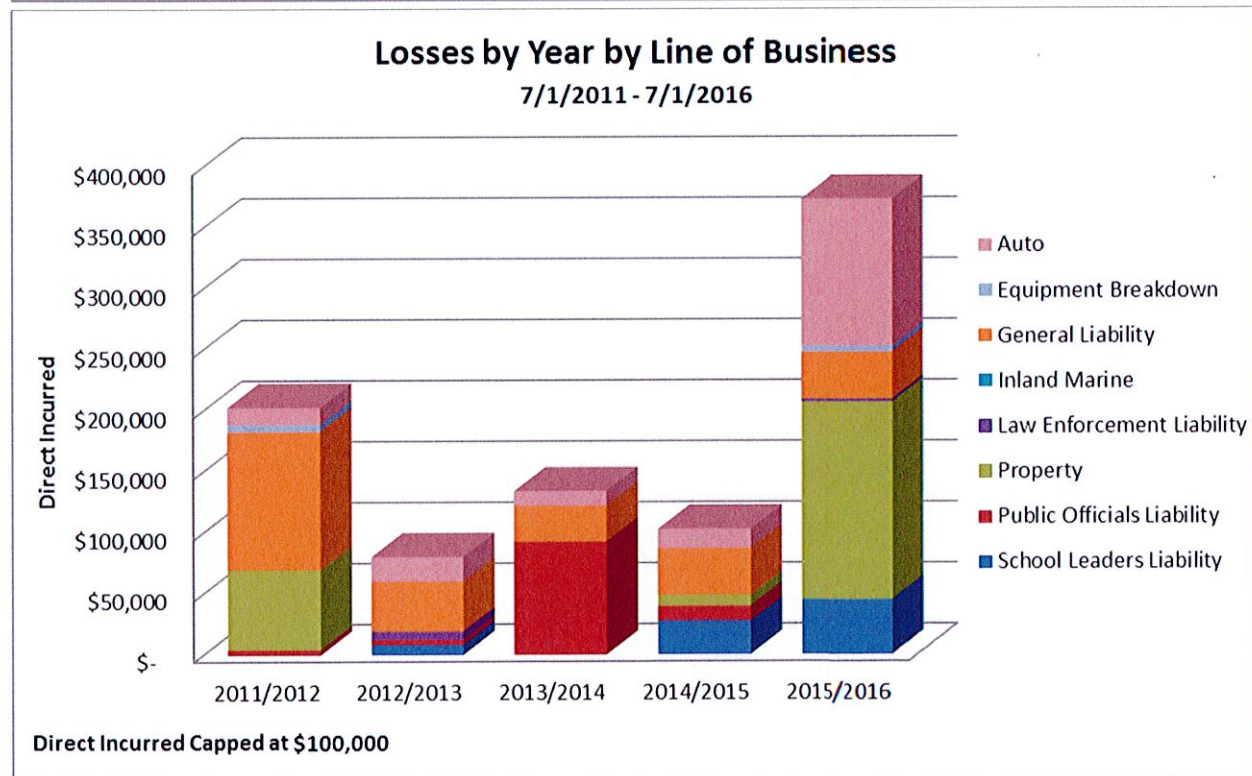
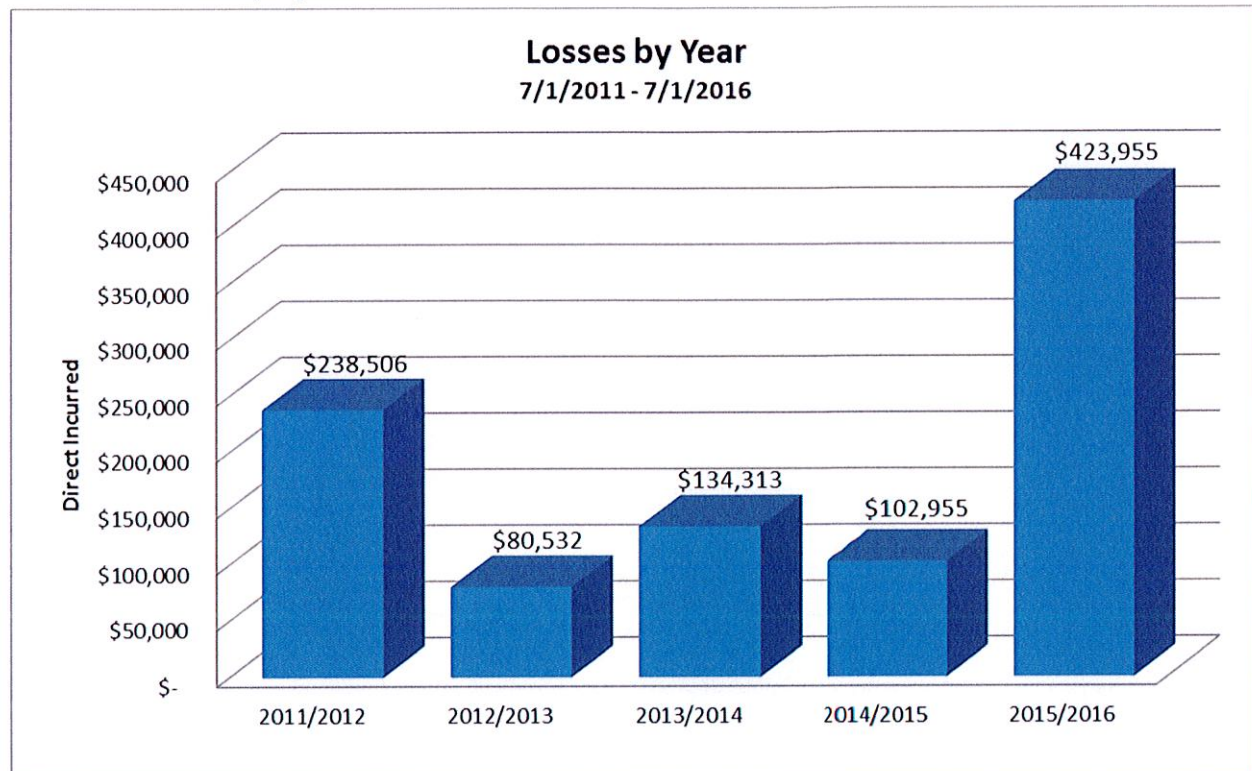
Losses valued as of 3/30/17





## Liability-Auto- Property Loss Analysis

Losses valued as of 3/30/17





# TOWN OF SOUTH WINDSOR

## Insurance Control Commission

Discussion Outline: April 20, 2017

### I. Overview

- Actual Claims are at 98% of Adjusted Expected Claims YTD
  - (Anthem Reports are Tracking Pre-Migration Values)
- Large Claim Indications – December through February
- Enrollment Mix Continues to Shift
  - HDHP Migration
  - Total Covered Lives

### II. Experience Update

- Plan Year Results
  - YTD Results Slightly Higher than Expected
  - Large Claim Events having an effect
- Large Claim Review
  - \$435,000 Paid from Anthem ISL Pool in 2015-2016
  - Thirteen claimants above 50% “trigger” thru 8 months of FY17
  - Five claimants above ISL limit thru 8 months; claims in process with CT Prime
  - \$573,000 in Excess Claims YTD

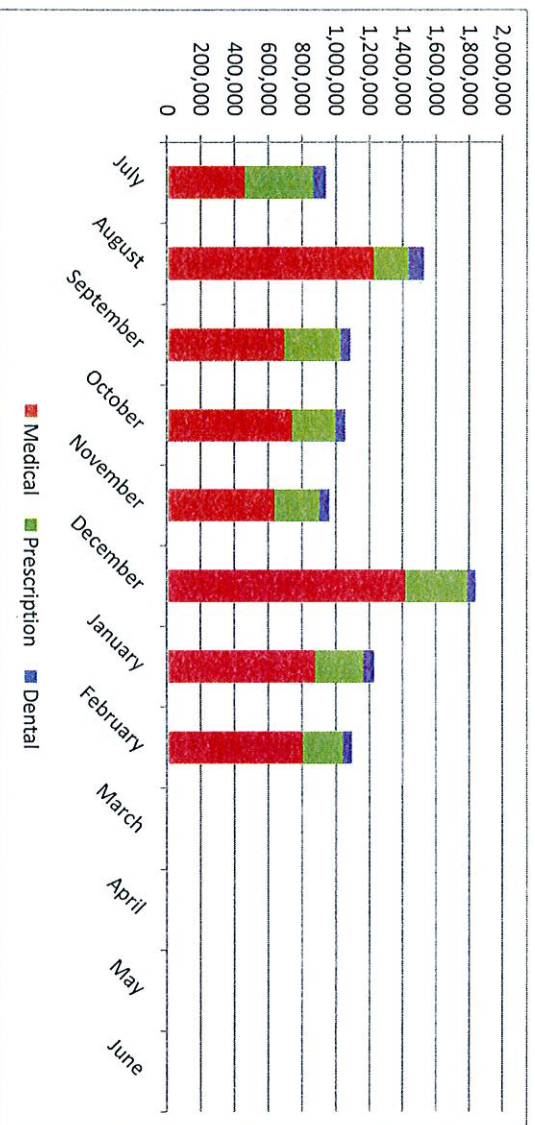




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## South Windsor Town and BOE Anthem Claim History

Month	Year	Medical	Prescription	Dental	Gross Claims - Total	ISL Claim - Offset	Net Paid Claims - Total	Expected Paid Claims	Actual Claims as % of Target	Total Contracts	Members
July	2016	457,946	405,375	77,168	940,489	0	940,489	1,180,000	79.7%	749	1,999
August	2016	1,222,775	209,902	92,183	1,524,860	0	1,524,860	1,180,000	129.2%	748	1,989
September	2016	692,812	334,010	58,933	1,085,755	0	1,085,755	1,180,000	92.0%	760	2,006
October	2016	736,026	260,216	58,499	1,054,741	0	1,054,741	1,180,000	89.4%	738	1,947
November	2016	634,060	265,961	59,559	959,580	0	959,580	1,180,000	81.3%	734	1,934
December	2016	1,412,409	370,374	52,651	1,835,434	0	1,835,434	1,180,000	155.5%	733	1,936
January	2017	875,030	285,335	67,920	1,228,285	0	1,228,285	1,180,000	104.1%	735	1,937
February	2017	800,492	238,497	56,240	1,095,229	571,799	523,430	1,180,000	44.4%	730	1,919
March	2017										
April	2017										
May	2017										
June	2017										
<b>Totals</b>		<b>\$6,831,550</b>	<b>\$2,369,671</b>	<b>\$523,152</b>	<b>\$9,724,373</b>	<b>\$571,799</b>	<b>\$9,152,574</b>	<b>\$9,440,000</b>	<b>97.0%</b>	<b>5,927</b>	<b>15,667</b>



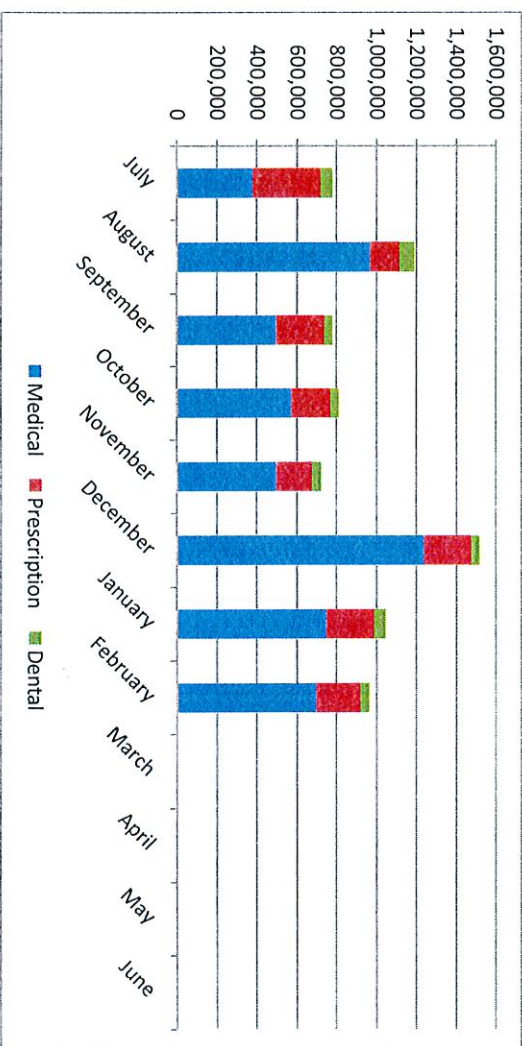




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## South Windsor Board of Education Anthem Claim History

Month	Year	Medical	Prescription	Dental	Gross Claims - Total	ISL Claim - Offset	Net Paid Claims - Total	Expected Paid Claims	Actual Claims as % of Target	Total Contracts	Members
July	2016	376,264	337,509	65,000	778,773	0	778,773	975,000	79.9%	592	1,584
August	2016	965,266	144,822	78,693	1,188,781	0	1,188,781	975,000	121.9%	591	1,581
September	2016	493,500	239,548	46,463	779,511	0	779,511	975,000	79.9%	602	1,595
October	2016	570,213	193,439	47,392	811,045	0	811,045	975,000	83.2%	579	1,535
November	2016	493,565	178,164	50,422	722,151	0	722,151	975,000	74.1%	576	1,525
December	2016	1,235,084	236,673	43,185	1,514,942	0	1,514,942	975,000	155.4%	577	1,529
January	2017	746,053	237,916	58,385	1,042,353	0	1,042,353	975,000	106.9%	578	1,528
February	2017	694,459	219,474	46,317	960,249	464,039	496,210	975,000	50.9%	575	1,520
March	2017										
April	2017										
May	2017										
June	2017										
<b>Totals</b>		<b>\$5,574,404</b>	<b>\$1,787,544</b>	<b>\$435,857</b>	<b>\$7,797,805</b>	<b>\$464,039</b>	<b>\$7,333,766</b>	<b>\$7,800,000</b>	<b>94.0%</b>	<b>4,670</b>	<b>12,397</b>



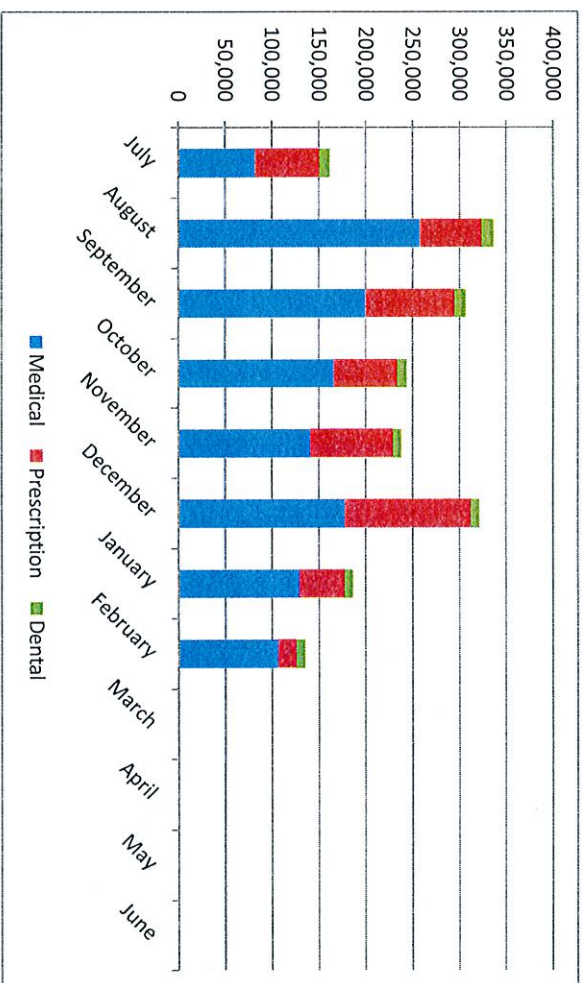




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## Town of South Windsor Anthem Claim History

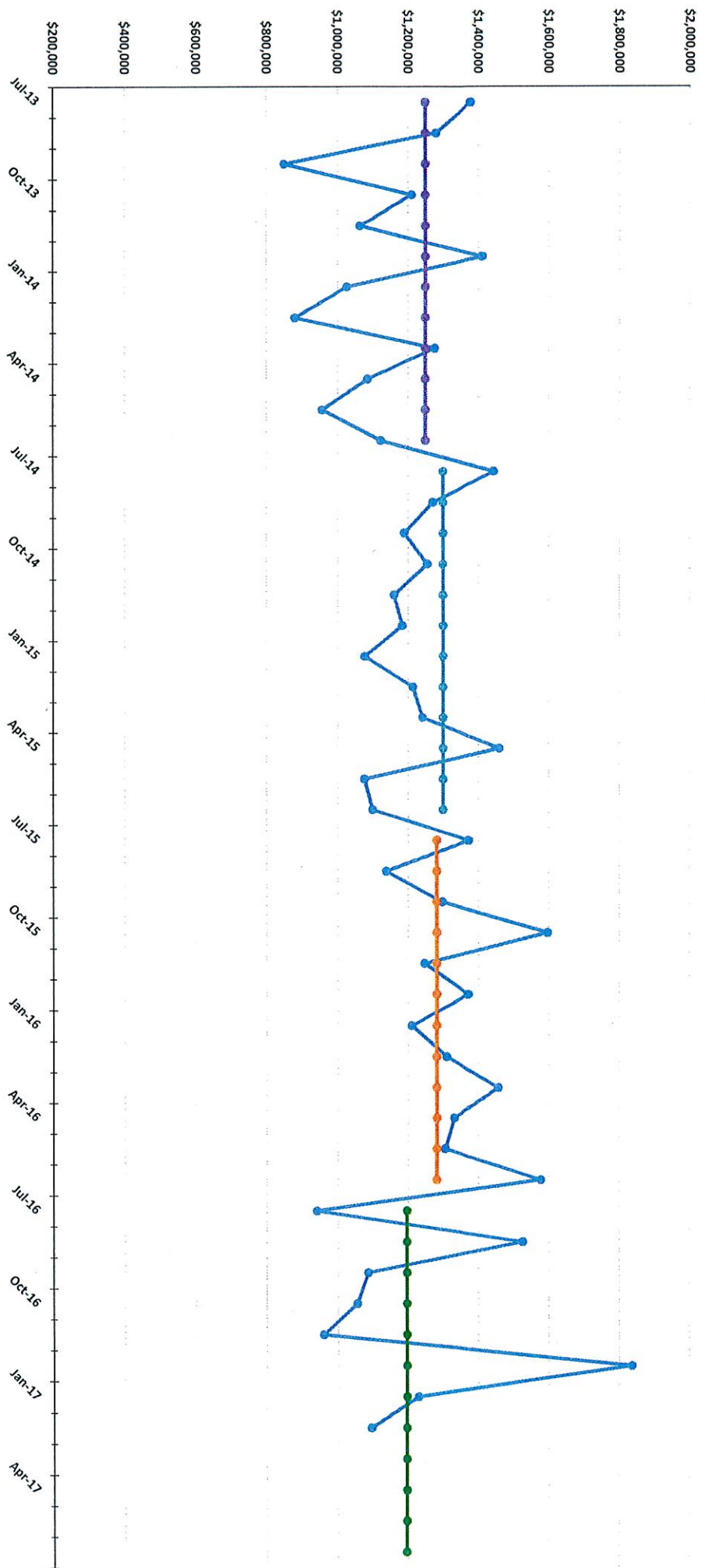
Month	Year	Medical	Prescription	Dental	Total	ISL Claim - Offset	Claims - Total	Expected Paid Claims	Actual Claims as % of Target	Total Contracts	Members
July	2016	81,683	67,867	12,167	161,717	0	161,717	205,000	78.9%	157	415
August	2016	257,509	65,080	13,490	336,079	0	336,079	205,000	163.9%	157	408
September	2016	199,312	94,462	12,470	306,243	0	306,243	205,000	149.4%	158	411
October	2016	165,812	66,777	11,107	243,696	0	243,696	205,000	118.9%	159	412
November	2016	140,495	87,797	9,137	237,429	0	237,429	205,000	115.8%	158	409
December	2016	177,325	133,701	9,466	320,492	0	320,492	205,000	156.3%	156	407
January	2017	128,977	47,420	9,535	185,932	0	185,932	205,000	90.7%	157	409
February	2017	106,033	19,023	9,923	134,979	107,760	27,219	205,000	13.3%	155	399
March	2017										
April	2017										
May	2017										
June	2017										
<b>Totals</b>		<b>\$1,257,145</b>	<b>\$582,127</b>	<b>\$87,296</b>	<b>\$1,926,568</b>	<b>\$107,760</b>	<b>\$1,818,808</b>	<b>\$1,640,000</b>	<b>110.9%</b>	<b>1,257</b>	<b>3,270</b>





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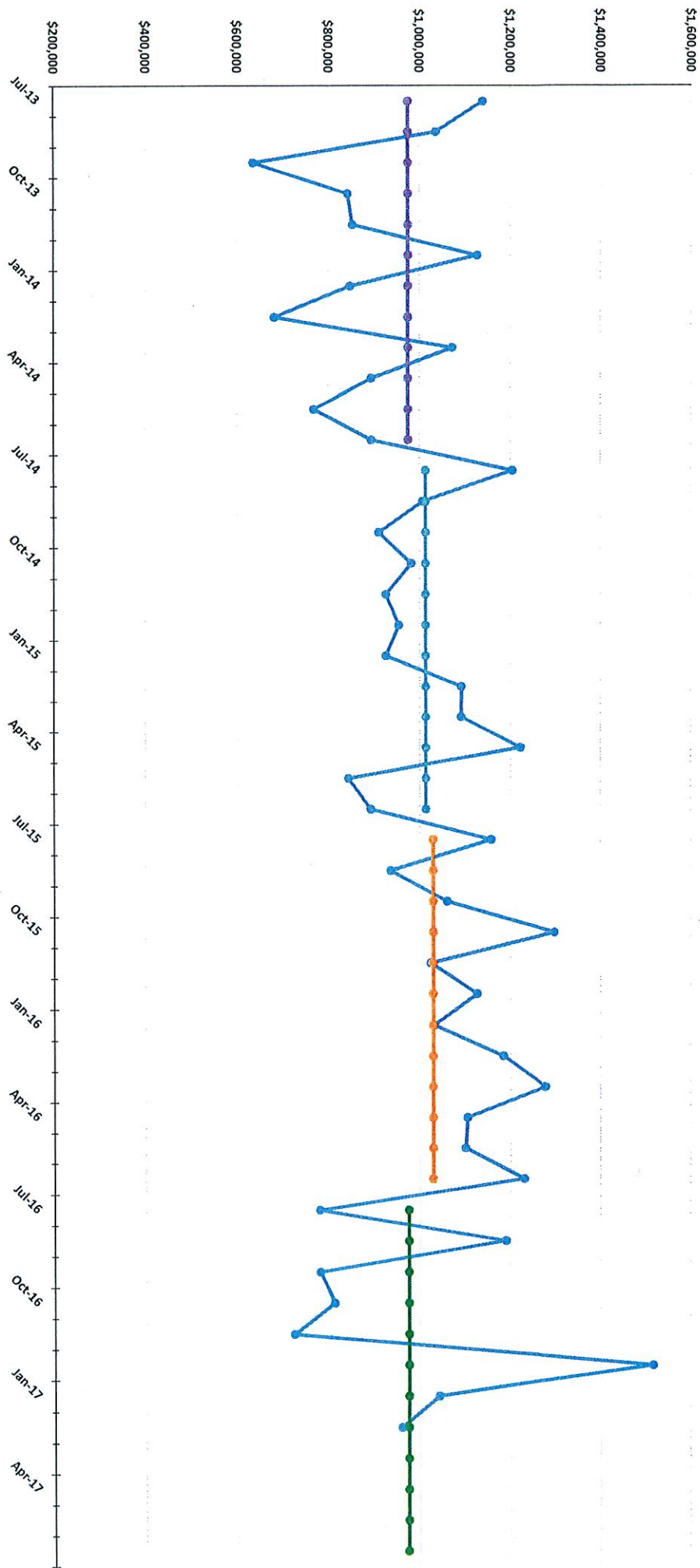
# South Windsor: Town & Board of Education Anthem Claim Activity - Medical, Rx, & Dental July 2013 - June 2017







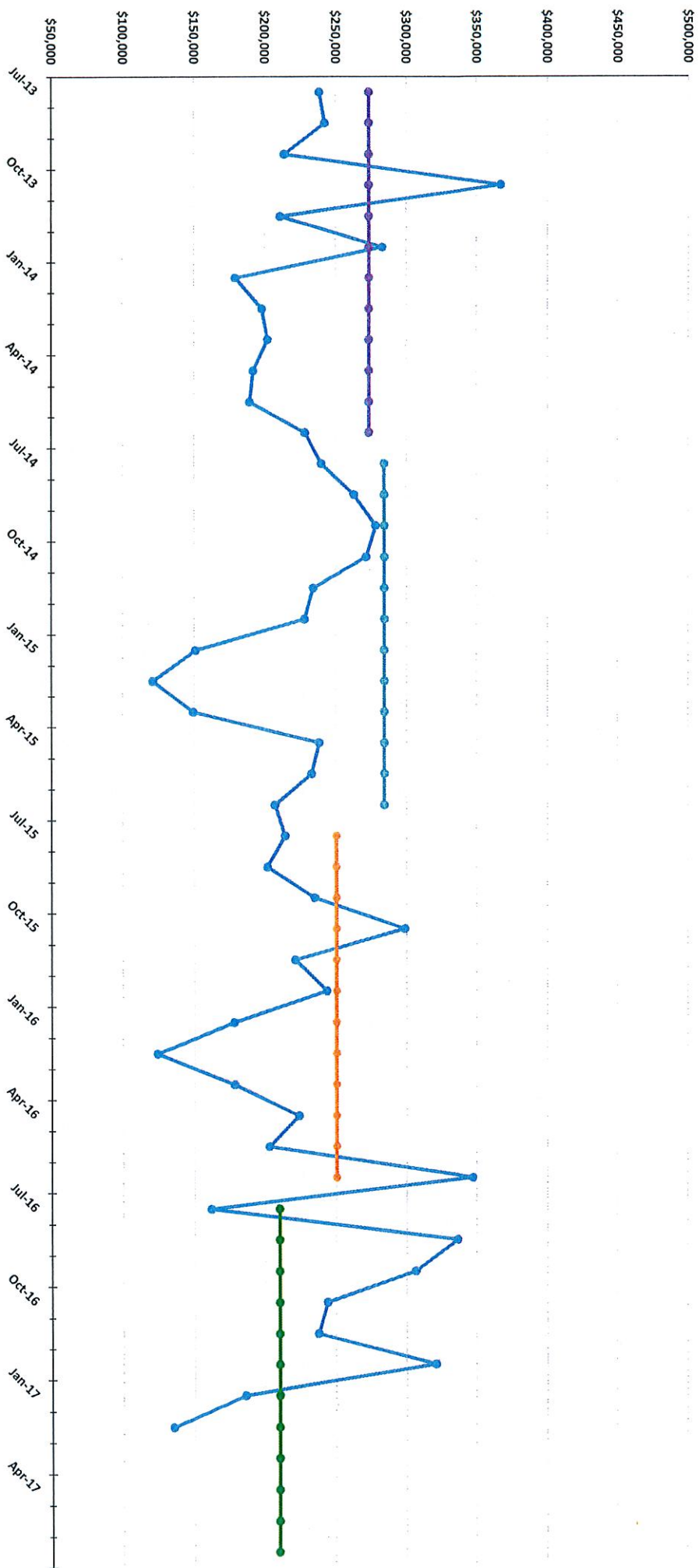
South Windsor Board of Education  
Anthem Claim Activity - Medical, Rx, & Dental  
July 2013 - June 2017





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## Town of South Windsor Anthem Claim Activity - Medical, Rx, & Dental July 2013 - June 2017







# SOUTH WINDSOR: Town and Board of Education

## Insurance Control Commission Stop Loss Review - April 20, 2017

### I. Premium (PEPM and Annual)

#### A. PEPM Billing Rate

- 2016 – 2017: \$6.02 PPO; \$9.28 HDHP
- 2017 – 2018: \$6.38 PPO; \$9.83 HDHP
- 2017 – 2018: \$8.72 Blended

#### B. Annual Premium

- 2016 – 2017: \$62,601
- 2017 – 2018: \$77,243 + 23.4%
- 2017 – 2018: \$77,224 + 23.4%

### II. Claim Exposure

#### A. Expected (Med/Rx) \$14,693,592

#### B. Attachment (125%) \$18,366,990

#### C. Corridor (25%) \$3,673,398

### III. Discussion Points

- A. Exposure – Claim Volatility
- B. Fluctuation – With and Without Large Claims
- C. Cost of Coverage – Opportunity Costs
- D. Cost of No Coverage – General Fund/ISF

### IV. Decision Point

- A. Renew
- B. Non-renew