

**INSURANCE ADVISORY BOARD
100 NORTH ANDREWS AVENUE
8TH FLOOR CONFERENCE ROOM
FORT LAUDERDALE, FL 33301
VIRTUAL/HYBRID MEETING
WEDNESDAY, OCTOBER 6, 2021 – 8:00 a.m.**

MEMBERS	ATTENDANCE	CUMULATIVE	
		PRESENT	ABSENT
Mark Schwartz, Chair	P	6	0
Joe Piechura, Sr., Vice Chair	P	6	0
Steve Botkin	P	6	0
David Cooley	P	4	2
Ted Hess	P	5	1
Jonathan Perrillo	P	4	2

Staff

Guy Hine, Risk Manager
Matthew Cobb, Accessibility/ADA Coordinator
Briana Houska, Board Liaison
Ruth Tickle, Rhodes Insurance Group
Lloyd Rhodes, Rhodes Insurance Group
Paul Dodson, PRIA
Crysta Parkinson, Prototype, Inc.

Communications to City Commission

None.

1. Roll Call (including number of appointed members and quorum)

Chair Schwartz called the meeting to order at 8:02 a.m. All members attended via phone or Zoom. As of this date, October 6, 2021, there are six (6) appointed members to the Insurance Advisory Board, which means four (4) would constitute a quorum. Roll was called and it was determined there was a quorum at this time.

2. Approve Minutes

- **September 22, 2021**

Motion made by Mr. Botkin, seconded by Mr. Hess, to approve the minutes of the September 22, 2021 meeting. In a voice vote, the **motion passed** unanimously (5-0).

3. Communications to City Commission

None.

4. Unfinished Business

Mr. Hine stated the items discussed at the September meeting had passed the previous evening at the City Commission meeting.

5. New Business

- **Discussion on EPLI/Public Official Self-Insurance**

Mr. Hine explained the City's public officials and employment practices liability insurance (EPLI) claims history showed more was being paid in than was coming out of the policy, and staff was recommending self-insuring.

Chair Schwartz clarified the self-insurance would be for both public officials and EPLI. He noted the premium savings.

Mr. Hine stated the policies used to be separate but had been combined for some years. He noted the plan was to continue to put the funds for the self-insurance into a separate account, so it was truly self-funded and available for this specific purpose. Discussion ensued regarding the separate account.

Chair Schwartz asked about previous claims and Mr. Dodson explained a claim had never been made.

Motion by Mr. Piechura, seconded by Mr. Hess, to approve moving to self-insurance for EPLI and public official insurance, with the caveat that the funds be kept separate for that purpose as a true self-insurance. In a voice vote, the **motion passed** unanimously (5-0).

- **Motion to Approve Cyber Liability Insurance**

Mr. Hine explained that in addition to the discussion before the Board, a staff meeting was scheduled with the Assistant City Manager and Director of Information Technology (IT) to discuss action steps.

Mr. Dodson discussed a Cyber Market Overview provided in the backup materials and reviewed the changing exposure of cyber liability. He stated the public sector had been hit especially hard and noted while Chubb / ACE American Insurance Company had provided a renewal quote, they had drastically changed the terms and conditions.

Mr. Dodson explained operational exposure and stated the City has a robust program for education and protection safeguards, but was missing multi-factor authentication (MFA), making it difficult to find policies in the current market. He stated in approximately one (1) month, the City planned to be on Microsoft 365 and would have the ability to remedy the situation. Mr. Dodson noted that of his 50 clients, only one (1) had full MFA implemented across all computer system access, so the City was not unique in that regard.

Chair Schwartz clarified that the MFA was only needed when accessing off-network and had no cost associated with it.

Mr. Dodson stated his discussions with IT had indicated that implementing MFA was very difficult to implement, and explained the carriers wanted the MFA across all devices. He pointed out he was not an IT expert.

Mr. Perrillo stated Travelers was offering a third-party consultant to help its clients in setting up MFA.

Mr. Dodson explained that was for Travelers' existing clients. He stated Travelers was not interested in quoting because the City did not have an MFA in place. He noted the City should be there in a month.

Chair Schwartz asked if Chubb would consider relaxing the terms in a month, because essentially, they had doubled the premium, as they were getting half the limit for five (5) times the retention.

Mr. Dodson stated Chubb would not relax the terms, but there was not a penalty to interrupting the policy, and he would recommend going back out to the marketplace.

Discussion ensued regarding potential short rate and other drawbacks of cancellation, as well as the relation with Chubb.

Motion by Mr. Perillo, seconded by Mr. Botkin, to approve the proposal from Chubb, but seek alternatives after safeguards were put in place. In a voice vote, the **motion passed** unanimously (5-0).

- **Motion to Approve Long Term Disability (LTD) Insurance Proposal**

Mr. Rhodes provided a brief background on the City's long-term disability (LTD) insurance and stated the original request for proposals (RFP) was completed in 2018 and the policy put in place in 2019. He stated now that the City had three (3) years under its belt and no claims, other companies in the LTD market were a little more aggressive. Mr. Rhodes stated they had spoken with 13 companies asking for proposals with the objectives to minimize the costs of providing the coverage, and match or enhance current benefits. He noted the current benefits have an elimination period of 180 days, and benefit staff was also interested in getting quotes for a 90-day elimination period.

Mr. Rhodes explained after completing that process, the list was reduced to (three) finalists, including Standard, Hartford, and Symetra. He stated after they had dug into the contract language, including definitions, terms, and a number of other factors which are not totally evident in a premium comparison, the recommendation was to go with the policy being offered by Standard. Mr. Rhodes noted among the biggest reasons was that Standard has the City's Group Life, and they are offering an additional three (3) percent discount for combining the policies. He explained the policy was a fixed three (3) year term, followed by fixed two (2) year contingent on experience not exceeding 72 percent. He stated the group is one of declining enrollment, and Standard had attractive participation terms.

Ms. Tickle further reviewed the highlights of the benefits with Standard. She discussed improvements to the age restrictions, offset from Social Security, worksite modification benefit of up to \$25,000, exclusions, consolidate waiver of premiums, simplified administration, and annual implementation credit. She stated the recommendation was the Standard policy effective January 1

Chair Schwartz asked about the comparison to the current premium. Ms. Tickle stated Cigna had previously provided a two (2) year rate guarantee and that rate ends at the end of December.

Mr. Cooley asked if the three (3) percent discount was reflected in the numbers provided. Ms. Tickle stated it was in addition to the numbers.

Mr. Botkin asked if the recommendation was to go to a 90-day elimination. Mr. Rhodes stated that was the recommendation.

Motion by Mr. Botkin, seconded by Mr. Hess, to approve the Standard proposal for long term disability insurance with the 90-day elimination. In a voice vote, the **motion passed** unanimously (5-0).

6. Open Discussion – Old/New Business

None.

7. Schedule Next Meeting – November 3, 2021

Mr. Hine stated the next meeting would be November 3, 2021 on Zoom.

8. Adjourn

There being no further business before the Board, Chair Schwartz adjourned the meeting at 8:38 a.m.

Minutes Prepared By: Crysta Parkinson, Prototype, Inc.