

GLASTONBURY INSURANCE ADVISORY COMMITTEE
AMENDED SPECIAL MEETING MINUTES *(please see page 1)*
THURSDAY, JANUARY 11, 2024

The Glastonbury Insurance Advisory Committee along with Town Manager, Jonathan Luiz, and Director of Finance, Keri Rowley, held a special meeting at 5:30 p.m. in Meeting Room A of Town Hall at 2155 Main Street.

Also present were Insurance Agent of Record Scott Sundberg from H.D. Segur and Dr. Alan Bookman and Karen Bonfiglio from the Board of Education.

Roll Call

Members

Mr. Sridhar Kadaba, Chairman {excused}
Mr. Benjamin Kehl, Vice Chairman
Mr. Allen Friedrich,
Ms. Ginny Kim {arrived at 5:53 p.m.}
Mr. Stephen Ludwig
Mr. Philip Markuszka
Mr. Luther Weeks

The meeting was called to order at 5:32 p.m. by Ms. Rowley.

1. Public Comment Session *None*
2. Election of Officers

Nomination by: Mr. Weeks

Seconded by: Mr. Friedrich

For **Mr. Kadaba** to serve as Chairman. There were no other nominations.

Result: Motion passed unanimously {6-0-0}.

Nomination by: Mr. Ludwig

Seconded by: Mr. Markuszka

For Mr. Kehl to serve as Vice Chairman. There were no other nominations.

Result: Motion passed unanimously {6-0-0}.

3. Communication: Minutes of 6/28/2023 Meeting

Motion by: Mr. Weeks

Seconded by: Mr. Friedrich

Result: Motion passed {5-1-0}, with one abstention from Mr. Ludwig because he was not present at the meeting.

4. Discussion with H. D. Segur regarding Worker's Compensation policy options with possible recommendation to the Town Council and Board of Education to move the Worker's Compensation policy to a self-insured plan.

Mr. Sundberg explained that this is not a money-saving kind of operation, but about being able to participate in a workers' compensation program that will have success over time. They will review the losses for the first three years and see how things turn out. Mr. Markuszka asked when this plan would start. Mr. Sundberg replied, July 1. Mr. Weeks asked who would administer the program. Mr. Sundberg explained that they would first find a stop loss. For the State of CT, it is \$600,000 for all employees and \$750,000 for police. There is no aggregate. Safety National and Midwest are the two primary insurers for the stop loss for workers' compensation for municipalities. The other piece is picking a third-party administrator to handle the claim; this will likely be Dr. Bookman and Mr. Luiz for the BOE and the Town respectively.

Mr. Ludwig asked how many different TPAs are represented across the towns. Mr. Sundberg stated that there are four choices, with two choices on the Excess Workers' Compensation, though it will likely be Safety National. Mr. Weeks asked what kind of incentive the TPAs have to do a good job. Mr. Sundberg explained that the Town can wield control by firing them if they do not like their work. Mr. Markuszka asked if the Town has a managed care plan. Mr. Sundberg stated yes, there is a provision for that. Mr. Markuszka asked if there is a projection of how much will be saved in workers' compensation costs. Mr. Sundberg replied yes, there is a fee schedule for the State of Connecticut. They seek to ensure that a percentage of any savings is grabbed.

Mr. Ludwig asked about risk control services. Mr. Sundberg explained that they will ask the TPA what they will do from a risk control perspective. Those services can be deployed by the third-party administrator, in addition to what is already covered for workers' compensation. Mr. Luiz asked if the third party administer fees cover legal expenses. Mr. Sundberg explained that they manage the claim, and the legal fees become part of the claim. Mr. Luiz asked how to evaluate the long-term benefit of a program. Relatedly, how does one tell the community what to fund for the premium in the next year. Mr. Sundberg stated that they would provide the Town with the fully insured equivalent. A critical amount of time to look at is ten years, he noted.

Ms. Kim asked if there is the expertise to do the calculations that Mr. Sundberg just mentioned. Dr. Bookman stated no, but the BOE and the Council will lay out all the parameters of what they would need to do before jumping into this. Mr. Sundberg added that they will present what other towns are doing, as well. Ms. Kim pointed out that there must be some best practices out there, too. Ms. Rowley explained that one of the steps of the process would be to set up a policy listing a certain minimum requirement. Mr. Luiz remarked that the Self-Insurance Reserve Fund (SIRF) gives him great confidence, so there is a long track record of prudent financial management. Mr. Luiz previously worked for the Town of Windsor, where this has been done with great success; this is partly why he suggested this for Glastonbury now, as an opportunity to be in their best financial interest long-term.

Mr. Ludwig pointed out what he thinks are misleading displays in the exhibits, leading one to believe that there is more money in the pot than what is actually there. Mr. Sundberg stated that this is about being in control of losses and claims and consistent pricing over time. Ms. Kim suggested adding one more line which shows what is actually spoken for, of that accumulated balance. Mr. Sundberg agreed to provide that. Mr. Luiz asked, if there is no aggregate overall loss, how does that factor into a healthier bottom line. Mr. Sundberg explained that if they have

horrific loss years and are in a fully insured program, they would be paying substantially more in those areas. They would come up with a figure of a fully insured equivalent that they should be paying every year. They are trying to do this with a ten-year lookback on all claims. To err on the side of safety, Mr. Luiz suggested funding the first year, not based on just what a fully-insured premium would be, then supplementing that with the Unassigned Fund Balance. Down the road, they could pay back the Unassigned Fund Balance after a certain period of time.

Mr. Ludwig requested revisiting the exhibits with updates. Ms. Rowley stated that they will return with that information, to see if this is something that the Insurance Advisory Committee would like to support or not.

5. Adjournment

With no further business to review, the meeting adjourned at 6:31 p.m.

Respectfully submitted,

Lilly Torosyan

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Recording Secretary