

Minutes of Meeting
City of Ladue Insurance Committee
April 26, 2018 9:00 a.m.

A meeting of the Insurance Committee for the City of Ladue was held on April 26, 2018 at 9:00 a.m. at Ladue City Hall. The following members were present:

Mr. Steve Hall, Chairman
Mr. Walter Klein, Vice Chairman
Martin Kerckhoff
Mr. Bob Roth

City staff present were Mayor Nancy Spewak, Ms. Laura Rider (City Clerk and Asst. to the Mayor), Mr. Sam Zes (Finance Director), Shelly Benson (Finance Clerk), and Lori Wrobel (Administrative Assistant). Also present were Mr. David Layton from the Charles Crane Agency; Mr. Mike Hanson, Mr. Joe Duncan, and Mr. Robert Harrison from the Daniel and Henry Company. Committee member Mr. David Wells and Committee Advisor Dr. Jonathan Dehner were absent.

The meeting was called to order by Chairman Hall at 9:00 a.m. He asked for a motion to approve the agenda. Mr. Klein made the motion which was seconded by Mr. Kerckhoff and the motion passed unanimously. Chairman Hall asked for a motion to approve the minutes from the June 6th, 2017 meeting. Mr. Roth made the motion which was seconded by Mr. Kerckhoff and the motion passed unanimously.

There were no members of the public present.

Mr. Hanson presented the Executive Summary of the 2018 Benefit Plan Renewals for Medical, Dental, and Vision Insurance. He stated United Healthcare requested a 24% increase over current medical rates. This is due to the city's loss ratio of 98.3% over the prior 12-month period, which has since increased to 106% for the current year. This is primarily due to a high cost maintenance medication that began in August 2017 and will be a recurring expense for the foreseeable future. This is estimated to cost the plan an extra \$500,000 per year over previous claims. Mr. Hanson stated he received competitive proposals from both Cigna and Anthem, Cigna being the most attractive. The Cigna proposal combined both medical and dental plans at the current benefit and deductible level and offered a discounted rate of 9.3% as well as a two year rate guarantee on the Dental plan, if both plans were selected. Mr. Hanson stated Standard Dental requested a 17% increase over the current year. Anthem's plan was not quite as competitive. VSP agreed to the renew the vision plan with no rate increase and also with a two year rate guarantee. Mr. Hanson stated he did expect UHC to submit their final offer to him soon. Some minutes later, he received an email from UHC stating they were firm on the 24% rate increase and would be offering no relief. He further stated he has full confidence in Cigna, including their network, administration of services, and client support.

Mr. Hanson also offered to seek proposals on the Life and Disability Insurance and Voluntary Benefits. The committee and City representatives were receptive to this offer.

Chairman Hall asked for a motion to allow Daniel and Henry to become Broker of Record in order to negotiate on behalf of the City to market and receive proposals for the Life, Disability, and Voluntary insurance policies. Mr. Klein made the motion which was seconded by Mr. Roth and the motion passed unanimously.

The Committee discussed what options or saving opportunities existed in planning for next year's anticipated extreme rate increase. Mayor Spewak stated the City needed six to twelve months in order to implement any major benefit, contribution, or plan changes to the employees. Chairman Hall inquired into the possibility of an HRA (Health Reimbursement Arrangement) to which the committee was very receptive and agreed to hold a work session in the July to discuss all ideas and options to offset some of the upcoming health care costs both for the City and the employees.

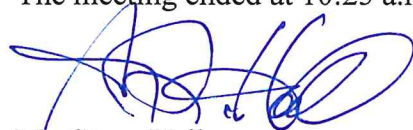
Chairman Hall asked for a motion to recommend approval and accept the proposal from Cigna for both the medical coverage at a 9.31% increase over current rates and the dental coverage at a .5% increase over current rates; to run July 1, 2018 through June 30, 2019. Mr. Klein made the motion which was seconded by Mr. Kerckhoff and the motion passed unanimously.

Mr. Layton reviewed the Property, Liability, and Workman's Compensation proposals. He stated the quotations from Travelers and Missouri Employer's Mutual (MEM) reflect a net increase of approximately \$7,600 (2%) in premium costs. He stated One Beacon/Chubb offered a competitive proposal this year and Selective Insurance Company offered a limited, non-competitive quote. However, One Beacon is unable to offer \$15 million in Umbrella Liability and will only go up to \$10 million. The committee discussed each coverage individually and agreed the City should attempt to retain the relationship with Travelers and Missouri Employers Mutual. Chairman Hall asked Mr. Layton to go back to Traveler's and attempt to negotiate better rates due to our low claim experience. Mr. Layton stated he felt they would be receptive to negotiation. Mr. Layton stated he is still waiting to get the quotes on Crime, Fiduciary, Cyber coverages and he expects them in the next week.

The next regular meeting date was set for Wednesday May 23, 2018 at 9:00 a.m. A work session to discuss options or saving opportunities, in anticipation of next year's anticipated extreme rate increase, was scheduled for Thursday July 19, 2018 at 9:00 a.m.

Mr. Klein made a motion to adjourn the meeting, which was seconded by Mr. Kerckhoff and the motion passed unanimously.

The meeting ended at 10:25 a.m.



Mr. Steve Hall
Chairman