

Organizational Synergy & Human Resources Committee
Nov. 16, 2011 Telephonic Meeting

Draft Minutes

Members Present: Chairman Jarjura
Ryan Bingham
Timothy Griswold

CRRA Management Present: Tom Kirk, President
James Bolduc, Chief Financial Officer
Eric Womack, Human Resources Manager
Moira Benacquista, Board Secretary/ Paralegal

Also Present: Kurtis Dennison of R.C. Knox & Company

Chairman Jarjura called the meeting to order at 11:32 a.m.

1. APPROVAL OF MINUTES OF THE OCT. 24, 2011 ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE MEETING

Chairman Jarjura requested a motion to approve the minutes of the Oct. 24, 2011, Organizational Synergy & Human Resources Committee meeting. Director Griswold made the motion, which was seconded by Director Bingham.

The motion to approve the minutes was approved by roll call. Director Bingham abstained.

2. REVIEW AND RECOMMEND APPROVAL OF EMPLOYEE BENEFIT PROGRAM (HEALTHCARE, DENTAL, VISION, LIFE & DISABILITY INSURANCE)

Chairman Jarjura requested a motion on the above referenced item. The motion to approve was made by Director Griswold and seconded by Director Bingham.

RESOLVED: That the Board of Directors authorizes the renewal of the employee health insurance benefit plans with ConnectiCare (Medical), Ameritas (vision), MetLife (dental) and Lincoln Financial (life and disability), for the period of January 1, 2012 through December 31, 2012 for an estimated net combined premium of \$754,190.

Mr. Dennison said R.C. Knox has marketed the benefit program on an as needed basis based on the carrier marketplace and what the incumbent carriers' show on an annual basis. He said the benefit plan was marketed for the last two years. Mr. Dennison said marketing for two consecutive years sends a signal to the marketplace that CRRA is checking or "shopping" for a

number, which can result in a good percentage of the marketplace not having an interest in CRRA's business for at least a year.

Mr. Dennison said he recommended not marketing CRRA's business this year based on the favorable renewal rate from the incumbent carrier, ConnectiCare. He said typically he recommends going out to market on these programs every two-three years. Mr. Dennison said if there is a situation where the renewal is not warranted or was above and beyond what is typically seen as a medical trend that may spur CRRA to go out to bid more often.

Mr. Dennison said initially there was a 9.1% rate increase with ConnectiCare overall. He explained the 9.1% reflects trends in the current marketplace which range anywhere from 5%-10%. Mr. Dennison said because CRRA committed to not going out to bid, he asked ConnectiCare to provide a better number. He said as a result of CRRA not going out to bid (and its experience rating) the underwriters came back with a decrement of roughly 2.5%, reducing the overall renewal to roughly a 6.3% rate action. Mr. Dennison said this reduces CRRA's rates for the coming year and also maintains the current benefit program without changes.

Mr. Dennison said in 2012 R.C. Knox will no longer be paid on a commission basis. He said in the past R.C. Knox's fee was based on commissions which were built into the premiums on all of the benefit programs. Mr. Dennison said R.C. Knox went through the RFP process with CRRA in January of 2011, and going forward compensation will be on a fee basis.

Mr. Dennison said ultimately R.C. Knox will be carving out the commission in those programs. He said once he takes out the commissions built into the premiums there is an overall rate increase of 1.4% to CRRA. Mr. Dennison said removing the commission from the premiums has a favorable impact, however; 70% of that is mitigated will be returned in a fee as opposed to commissions.

Chairman Jarjura asked if R.C. Knox's fee is within CRRA's budgeted number. Mr. Bolduc replied yes.

Director Griswold asked if the 1.4% will affect the 6.3% increase. Mr. Dennison said after the commission is carved out on the benefit program there is a 1.4% increase overall. Mr. Dennison said the premium savings reduction, from a 6.3% increase, down to a 1.4% increase, more than accounts for the actual fee. Director Griswold asked what the overall percentage increase is. Mr. Womack said the brokerage commission is currently at \$34,000-\$35,000 and the fee will be for \$27,000. Mr. Dennison said that fee is all encompassing. Mr. Bolduc said if the fee is ascribed to the plan it is a 5.2% increase to the program. Chairman Jarjura said these are excellent numbers.

Mr. Bolduc said these numbers are based on current covered lives. He said management works with a best estimate which is followed by firm numbers after the employees make elections during open enrollment.

Director Bingham asked why the short term disability premium has increased. Mr. Kirk said as CRRA is a small company two significant claims was substantial enough to impact

CRRA's experience numbers. Mr. Dennison said he had gone back for rate decrements on the short term disability, however due to the claim activity they were not comfortable adjusting that rate action any further. He said the rate increase is justified based on the claims experience and rate experience.

The motion previously made and seconded was approved unanimously by roll call.

3. ADJOURNMENT

Chairman Jarjura requested a motion to adjourn the meeting. The motion to adjourn made by Director Bingham and seconded by Director Griswold was approved unanimously.

The meeting was adjourned at 11:55 a.m.

Respectfully submitted,

Moira Benacquista
Board Secretary/Paralegal