



**COVERAGE, CLAIMS & LITIGATION COMMITTEE**  
**Meeting Minutes**

**Thursday, November 5, 2015**  
**IRMA Office – 9:30 a.m.**

**PRESENT:** Julia Cedillo, Chair  
Art Malinowski  
Sharon Peterson  
Kevin Wachtel  
Eric Ertmoed  
Carol LeBeau  
Katy Rush

**ALSO PRESENT:** Susan Garvey  
Mary Henzler  
Margo Ely  
Dan LeTourneau

**ABSENT:** Dennis Bubenik  
Michael Braiman  
Kate Andris

**I. CALL TO ORDER**

Chair Cedillo called the meeting to order at 9:33 a.m. Roll was called and a quorum declared.

**II. APPROVAL OF MINUTES – September 17, 2015**

A motion was made by Wachtel and seconded by Ertmoed to approve the September 17, 2015 Coverage, Claims & Litigation Committee meeting minutes. A voice vote was called and the motion carried.

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Cedillo noted that Agenda Item V would be discussed out of order.

**V. EXCESS-REINSURANCE PROGRAM UPDATE**

Cedillo explained that since the last Coverage, Claims & Litigation Committee meeting, there has been a change in one of the Liability layers from Genesis to Great American. LeTourneau explained that this has already been brought to the Board of Directors for approval. When Genesis initially gave us their quote they were asking for a 5% rate increase, which was really not competitive. We decided to go out and do a full marketing effort. While this was happening, we received a letter from a Washington law firm that Genesis Corporate had hired regarding a new position on the false arrest and imprisonment claims. The problem with the letter is that it is showing a wiliness in wanting to get involved in future claims administration, which is not at all part of a reinsurance agreement. That along with not being competitive in pricing anymore led us to do a full marketing effort and we came up with a couple good quotes. Great America came in with the best quote and it is \$60,000 lower than Genesis. They have also provided a 2-year rate guarantee.

Cedillo noted that a handout had been emailed out a few days ago regarding Optional Cyber Risk Coverage. Cedillo noted that at the last CCLC meeting, there was a discussion about Cyber Risk Coverage; whether it was included in our current coverage; whether we wanted to consider additional coverage. There was a recommendation made that we would look into this type of coverage, price out our options and see

whether this was something that we would want to offer. We then took this to the Executive Board and they wanted to make sure that when we took it out to the full membership that there was an understanding that our policies currently provide coverage with regard to incidents of cyber security, but they are limited. They wanted to make sure if we are going to offer optional coverage that we make it very clear as to what the optional coverage will cover. There was some discussion about this coverage at the full Board meeting and the handout emailed to the committee, gave additional information about the pricing and what the coverage includes.

LeTourneau noted that we are getting a quote from Travelers, as well as the pricing from Beazley in the handout.

LeTourneau stated that the intention is to offer optional cyber risk coverage for all members during the upcoming year. During 2016, we will be analyzing this further and bringing back a recommendation to the Coverage, Claims & Litigation Committee during the coverage renewal process for 2017.

A motion was made by Rush and seconded by Malinowski to approve staff's recommendation to offer the optional Beazley – Lloyds of London or Travelers Cyber Risk program to all members at reduced pooled pricing. A voice vote was called and the motion carried.

### **III. CLAIMS & LITIGATION REPORTS**

- A. Claims Operational Report
- B. Litigation Reports
  - 1. New Liability Claims Report
  - 2. Closed Liability Claims Report
  - 3. Litigation Management Report

Cedillo asked if anyone had any questions or comments on any of the Claims & Litigation Reports. Garvey commented on the Claims Operational Report and stated that if you look at the comparison from 2013 to 2014 to now, the claims are actually going down. However, dollar wise, auto liability did go up since the last report.

Rush asked whether IRMA has a best practice for bike paths on bridges, as there are quite a few members who have these. Garvey noted that she would have LeTourneau and Jensen look into this.

### **IV. 2016 CLAIMS AUDIT UPDATE**

Cedillo noted that this was a follow-up item regarding the Claims Audit RFP. The bylaws require that we have an independent claims auditor provide a report on claims processing as well as reserving practices no less than once every three years. The last time an audit was performed was in 2013. At a previous CCLC meeting, the committee put together a sub-committee to assist staff in interviewing potential firms. Interviews were held on October 21, 2015 with ICRMS, Marsh Risk Consulting and NiiS (Northshore). Staff and the sub-committee are recommending selecting NiiS to complete the 2016 claims audit.

After a brief discussion, a motion was made by Rush and seconded by Peterson to approve the recommendation of selecting NiiS to complete the 2016 claims audit at a price of \$29,747. A voice vote was called and the motion carried.

**VI. ASSIGNMENT OF ATTORNEYS**

Cedillo explained that at the last CCLC meeting, staff brought forth their intention to hire an attorney that they had experience with in the past, Greg Rode. Rode was previously with a firm on IRMA's approved panel. Staff indicated that Rode was very diligent in his handling of workers' compensation cases and wanted to utilize his services. The committee concurred with staff's recommendation. At the Executive Board, there was some conversation about selecting an attorney who wasn't on the approved panel, was kind of a work around the process that was in place. Staff had agreed to go back and look at the policies and bylaws to determine what changes needed to take place in order for special counsel to be utilized. Cedillo noted that the proposed changes to Section 6.06 of the Claims Manual are in the packet.

A motion was made by Rush and seconded by Ertmoed to approve the revised policy as presented. A voice vote was called and the motion carried.

**VII. 2016 CCLC MEETING DATES**

Cedillo stated that the 2016 CCLC meeting dates were listed on page 38 of the meeting packet and reminded everyone who would remain on the committee in 2016 to mark their calendars with the meeting dates.

**VIII. ADDITIONS TO AGENDA**

There were no additions to the agenda.

**IX. CONFIRMATION OF NEXT MEETING**

Cedillo reported that the next Coverage, Claims & Litigation Committee meeting was scheduled for Thursday, February 4, 2016 at 9:30 a.m. at the IRMA office.

**X. ADJOURNMENT**

A motion was made by Wachtel and seconded by Ertmoed to adjourn the meeting. A voice vote was called and the motion carried.

Submitted by:

Accepted by:

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Susan Garvey  
Director of Legal Services

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Julia Cedillo  
Chair, Coverage, Claims & Litigation  
Committee