



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

**Wednesday, September 19, 2018
IRMA Office – 9:30 a.m.**

PRESENT: Julia Cedillo, Chair
Greg Van Dahm
Patrick Brennan
Peter Vadopalas
Doris Harmon-Warren
John DuRocher
Kevin Wachtel

ALSO PRESENT: Margo Ely
Donna Sluis
Keena Marks-Cutler
Susan Garvey
Jennifer Swahlstedt

ABSENT: Bryon Vana
Barbara Maziarek

I. CALL TO ORDER

Cedillo called the meeting to order at 9:32 a.m., roll was taken and a quorum declared.

II. APPROVAL OF MINUTES

It was noted to remove the “?” from Item IV in the minutes. A motion was made by Harmon-Warren and seconded by Brennan to approve the minutes of May 3, 2018. A voice vote was called and the motion carried.

III. CLAIMS & LITIGATION REPORTS

Cedillo went through each of the reports with the committee. The New Litigated Claims report April – August had much discussion on the number of false arrest claims.

IV. 2019 COVERAGE RENEWAL

LeTourneau presented the 2019 Coverage Renewal to the committee. After much discussion, a motion was made by DuRocher and seconded by Wachtel to approve the 2019 Excess & Reinsurance Coverage Program renewal. The motion carried.

V. 2019 CLAIMS AUDIT RECOMMENDATION

Cedillo reported that we went through an RFP process for the claims audit, which is required by our Bylaws to be completed. The contract that we signed with Northshore included a first-year audit cost of around \$30,000 then subsequent follow-up audit at a reduced cost. What’s being recommended by staff that we go ahead and move forward with the follow-up audit with Northshore at the reduced price of \$14,175. After some

discussion, a motion was made Brennan and seconded by DuRocher to approve the selection of NiiS to complete the 2019 Claims Audit at a cost of \$14,175. The motion carried.

VI. 2019 PRELIMINARY BUDGET

Cedillo reported that the committee is responsible for the following items 3rd Party Claims Administration; Claims Audit; Insurance Brokerage Consultant Services and the Property Appraisal Services, which are outlined in the memo on page 23 of the packet. The last time we talked about our budget there's always a little discussion about the insurance brokerage consultant services and JLT Re's bonus. Staff has communicated to us consistently that they are very happy with the services that the brokerage firm provides and the guidance in obtaining the lines of coverage. This bonus structure is built in the contract that we have with them and staff is recommending we include the 5% bonus in the budget. The property appraisal services increased from \$15,000 to \$20,000 to allow for any new members coming into IRMA. A motion was made by Wachtel and seconded by Harmon-Warren to approve the Committee's preliminary budget for 2019. The motion carried.

VII. COVERAGE CHANGES

Cedillo reported that the action being requested is to consider and approve recommended changes to the IRMA General Liability, Public Officials Liability and Business Auto Liability coverages as presented. Garvey commented that we are taking the Business Auto Liability changes proposed off the agenda and will bring them back to the next meeting. Garvey reported to the committee the changes to the coverages for the General Liability – Law Enforcement Activities, Coverage A and B and for the Public Officials Liability-Employment Practices. The changes to the coverage documents are on pages 28-37 of the packet. After much discussion, a motion was made by Harmon-Warren and seconded by Vadopalas to approve the recommended changes to the IRMA General Liability and Public Officials Liability coverages as presented plus adding the comma under General Liability, Coverage B. The motion carried.

VIII. EXPANDED AUTO COVERAGE FOR NEW VEHICLES

Cedillo reported that this item was discussed previously. The recommendation regarding expanded auto coverage for new vehicles included enhancing the auto liability coverage to provide for full replacement value coverage for member vehicles under 1 year old. This group requested additional information from staff to determine what the overall budgetary or financial impact would be on the membership and there is information included by staff to that regard. The comments in the staff memo are even assuming an additional \$10,000 per vehicle because they took a suggested retail price for the replacement of 6 particular vehicles that had a loss over 3 years of data. Any impact to the pool would be minimal at best. The other item requested by staff was to look into whether or not we wanted to expand beyond the one year to two (2) years. Staff looked into the commercial reinsurance to see if anybody was offering and who was and it's less common than the replacement under 1 year. After much questions and discussion, a motion was made by Van Dahm and seconded by Wachtel to approve staff's

recommendation with the use of the model year for evaluation for the 1-year period. Brennan was opposed. The motion carried.

IX. CLAIMS MANUAL CHANGES

Cedillo reported this goes back to our earlier discussion regarding Northshore and some of the recommendation they made in particular with regard to the reserve approach. These recommended changes are on pages 47 and 48 of the packet. Garvey provided the committee with an overview of the changes to the policy on the Claims Reserving and Excess Reporting to the committee. Also included in the packet were the changes to the Claims Manual. The major change to the manual was the separation of the workers' compensation procedures from the general liability procedures. Metzger gave a summary of the changes on the workers' compensation procedures. A motion was made by Wachtel and seconded by Harmon-Warren to approve changes to IRMA's Claims Manual in response to recommendations from the Claims Auditor in the most recent Claims Audit. The motion carried.

X. LITIGATION SUCESESSES

Cedillo asked if anyone had questions or comments on any of the successes. There was some discussion on the Willowbrook Big Win in Gun Club Zoning Case and other cases.

XI. EXECUTIVE SESSION

A motion was made by Harmon-Warren and seconded by Vadopalas to move into Executive Session to discuss matters of: pending litigation and review of closed session minutes pursuant to 5 ILCS 120/2(c)(21) and (11) respectively.

A roll call vote was called and the motion carried.

Back in regular session, a motion was made by Harmon-Warren and seconded by Wachtel to concur with IRMA's recommendation to settle a workers' compensation involving the death of a public works employee for \$556,593.02. The motion carried.

A motion was made by Brennan and seconded by DuRocher to approve the Executive Session Minutes of May 3, 2018. The motion carried.

IX. ADDITIONS TO AGENDA

None

X. CONFIRMATION OF NEXT MEETING

Cedillo reported that the next scheduled meeting of the CCLC would be Thursday, November 8, 2018 at 9:30 a.m. at the IRMA Office.

XI. ADJOURNMENT

At 11:50 a.m., a motion was made by Harmon-Warren and seconded by Vadopalas to adjourn the meeting. A voice vote was called and the motion carried.

Submitted by:

Accepted by:

Susan Garvey
Director of Legal Services

Julia Cedillo
Chair, Coverage, Claims & Litigation Committee