



COVERAGE, CLAIMS & LITIGATION COMMITTEE
Meeting Minutes

Thursday, February 4, 2016
IRMA Office – 1:30 p.m.

PRESENT: Julia Cedillo, Chair
Katy Rush
Kevin Wachtel
Barbara Maziarek
Dennis Bubenik
Kate Andris
Bryon Vana

ALSO PRESENT: Susan Garvey
Mary Henzler
Keena Marks
Margo Ely
Margie Zarcone

I. CALL TO ORDER

Chair Cedillo called the meeting to order at 1:32 p.m. Roll was taken and a quorum declared.

II. APPROVAL OF MINUTES - November 5, 2015

A motion was made by Rush and seconded by Wachtel to approve the Coverage, Claims & Litigation Committee meeting minutes of November 5, 2015. A voice vote was called and the motion carried.

III. WELCOME TO THE 2016 COVERAGE, CLAIMS & LITIGATION COMMITTEE

Cedillo gave a brief overview of the welcome documents for the committee. Since there were several new faces at the meeting, Cedillo asked that everyone introduce themselves.

IV. CLAIMS & LITIGATION REPORTS

A. Claims Operational Report as of December 31, 2015

Cedillo asked whether anyone had any questions. Cedillo commented that overall it looks like auto liability is up, but total experience for all lines of coverage is down. Ely noted that auto liability is up due to one or two cases and does not indicate a trend.

Rush noted that we have a marginal increase in the number of claims in Workers' Compensation, but the total payments went up 16% and asked whether that was something that we should dig into. Ely noted that we will be starting our Predictive Modeling project with Milliman to help us understand a little more about our data and how to analyze it better. Ely stated that she didn't know the answer to Rush's question about where those costs were -- if they were in settlements or lost time. It is something that we want to learn more about. At this point, we do not have the in-house capability to run that kind of data yet.

B. Litigation Reports

1. New Liability Claims Report - November 2, 2015 - December 31, 2015
2. Closed Liability Claims Report - January 1, 2016, December 1, 2015 & November 1, 2015
3. Litigation Management Report - December 31, 2015
4. Litigation Management Summary - December 2015

Cedillo asked if anyone had any comments or questions on any of the Litigation Reports. Rush stated that on the New Liability Claims Report, she was shocked to see the "shift disorder" claim. Ely gave an overview of the case. Rush stated that she didn't want this "shift disorder" to become a new thing to file a claim on. Garvey, noted that unfortunately it will be since there has been a lot of advertising about medication for shift disorder.

V. COVERAGE, CLAIMS & LITIGATION COMMITTEE 2015 GOALS & OBJECTIVES REPORT

Cedillo explained that these were the goals and objectives for 2015 and this report gives a status on what was accomplished. Cedillo noted that the agenda indicated that this item called for a vote. Garvey clarified that this was for the committee's information and would not require a vote.

VI. 2016 COVERAGE, CLAIMS & LITIGATION COMMITTEE GOALS & OBJECTIVES

Cedillo noted that the committee has four goals and objectives being proposed for the 2016 year. Three of the goals are consistent with last year. The new goal/objective is #3 - to review and evaluate the need for changes to the Litigation Management Guidelines and Billing Practices and approve the recommended changes. Cedillo asked if anyone had any comments/questions.

Garvey reported that she and LeTourneau already are investigating some potential coverage changes for this year. One of them is cyber liability coverage. We have put the optional cyber liability coverage in place this year, but want to switch it over so it becomes part of our coverage and not optional. The other thing we will be doing is investigating coverage for drones. This is going to involve what our definition of aircraft is in our Property Coverage Document.

Rush asked about the DuComm issue? . Garvey noted that there is a conference call tomorrow on a case that DuComm is involved in. Rush commented that DuComm is denying that they have any coverage. IRMA does not provide the coverage because DuComm should be; however, they don't because they say that they cover the action, but they don't cover their employee's action. Rush stated that we have to figure out how to work through this because there are so many members of IRMA that are part of DuComm and/or have joint dispatch. Garvey noted that back in 2006 or 2007 DuComm looked at membership with IRMA. Garvey stated that she didn't know why they didn't come in. Ely noted that the Membership Relations Committee is going to be looking at the possibility of pursuing membership for a consolidated dispatch center being created by IRMA Members, Western Springs, LaGrange and LaGrange Park.

Vana asked Garvey to explain the coverage they will be looking at for drones. Garvey stated that right now in our First Party Property Coverage Document, we have coverage

excluded for aircrafts. Vana asked if she meant if a municipality owns drones? Garvey replied, yes -- if there would be property damage caused by the use of drones or the drone gets damaged, we are looking at putting all of that into the coverage.

Wachtel asked how many members took advantage of the optional cyber liability coverage. Garvey stated that about 30 members have taken the optional cyber liability coverage.

Cedillo noted that #3 is a new objective for the committee and asked for any information on it. Garvey explained that the Litigation Management Guidelines and Billing Practices have been in existence for a very long time and we have made no changes to them in years. Staff feels that we need to take a look at them. New things are going on in litigation and we are talking about bringing special counsel in, so we think this is a good time to really take a look at them and update them. Wachtel asked how Garvey would go about doing this. Garvey noted that she would bring the recommended changes back to this committee.

Cedillo asked staff if there was any update on objective 4 -- review and evaluate the Early Intervention Program for necessity of standards and recommend standards to put into place. Cedillo noted that this objective was also on the list for 2015. Garvey stated that she would be getting more into this during the early part of 2016.

A motion was made by Vana and seconded by Rush to approve the 2016 Committee Goals and Objectives. A voice vote was called and the motion carried.

VII. CLAIMS AUDIT UPDATE

Cedillo reported that this is something that IRMA has been working on through the year 2015. There was a sub-committee of the CCLC Committee that got together to interview the firms. The firm of Northshore International Insurance Services (NiiS) was chosen to perform the audit. The packet contains the timeline for the claims review. Cedillo asked whether anyone had any questions or comments.

Wachtel asked whether the committee would be able to see the draft report before it becomes the final report. Garvey stated that generally what happens is the auditor sends staff the draft report and it is reviewed by staff. Garvey noted that she doesn't know whether we have ever taken the report in its draft state to the committee for review. We usually come back to the committee with the final report. If the committee wants to see it in draft form, we can certainly accommodate that. Wachtel stated that in looking at the timeline, our next meeting is the first part of May and wasn't sure whether the draft report would be ready in time for the meeting. Garvey noted that the plan was to present the final report at the September CCLC meeting. Ely stated that if the draft report is ready by the May meeting, staff will bring it to that meeting for the committee to review.

VIII. AD HOC COMMITTEE ON MUTUAL AID ORGANIZATIONS UPDATE

Cedillo reported that staff has put together a memo that provides an update on the Ad Hoc Committee on Mutual Aid Organizations and included some Best Practices for Defense and Indemnification Language. There are some areas where they are trying to address some issues with mutual aid organization agreements that are out there. One

area is to fix the agreements to provide for the defense and indemnification of the entity itself, so that would be the mutual aid organization putting together some language that would be standard for the defense and indemnification between the members of the task force for third party claims.

Garvey explained that the language is set up in three different ways. The first is Mutual Defense and Indemnification for the agreements between the requesting and responding agency. Garvey stated that she made it very short and concise, hoping that we won't end up with a lot of battles about the meaning of the words. Garvey also stated that she separated them out into Requesting Agency and Responding Agency, which should makes it easier to read and interpret.

Garvey also noted that she put together language for Non-Indemnification of Personnel. This is in here to address the situation we are dealing with right now where a member employee received workers' compensation benefits from the member as a result of an injury during a MABAS call and filed suit against the negligent employee of the requesting. Under the terms of the mutual aid agreement, that fire protection district and employee tendered the claim back to our member for defense and indemnification. Garvey noted that if this language was in the agreement we are dealing with right now, if the other employee's negligence caused the injury, it could not be tendered back to our employee.

Garvey also stated that this document also includes the Insurance coverage that should be included in the Mutual Aid Agreement.

Garvey stated that this language was presented at the Police Chiefs Steering Committee this morning and will be going to the Fire Chiefs Steering Committee, and will be presented to the Executive Board and then to the Board of Directors meeting on March 17th.

IX. ADDITIONS TO AGENDA

Ely stated that staff was requesting a closed session to discuss the Confidential Closed Session Memorandum that was emailed to the committee.

A motion was made by Vana and seconded by Rush to move into Executive Session for the purpose of discussing pending litigation pursuant to 5 ILCS 11. Roll was called and the motion carried.

Back in regular session, a motion was made by Vana and seconded by Wachtel to authorize settlement authority up to \$750,000 in the case discussed in Executive Session. A voice vote was called and the motion carried.

X. CONFIRMATION OF NEXT MEETING

Cedillo reported that the next Coverage, Claims & Litigation Committee meeting was scheduled for Thursday, May 5, 2016 at 9:30 a.m. at the IRMA office.

XI. ADJOURNMENT

A motion was made by Wachtel and seconded by Rush 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