



**EXECUTIVE BOARD  
Meeting Minutes**

**Tuesday, October 13, 2015  
IRMA Office  
9:30 a.m.**

**PRESENT:** Drew Irvin, Chair  
Eileen Donahue  
David Clark  
Steve Stricker  
Julia Cedillo  
Kathleen Gargano  
Bridget Wachtel  
Ingrid Velkme  
Peggy Halik

**ALSO PRESENT:** Margo Ely  
Mary Henzler  
Jackie Streid  
Dan LeTourneau  
Susan Garvey  
Rita Boserup (Via Telephone)

**ABSENT:** None

**I. CALL TO ORDER**

Chair Irvin called the meeting to order, roll was taken and a quorum declared.

**II. APPROVAL OF MINUTES**

**A. Meeting Minutes of May 27, 2015**

A motion was made by Clark and seconded by Velkme to approve the Executive Board Meeting Minutes of May 27, 2015. A voice vote was called and the motion carried.

**B. Reports for information only, found in the Member Section of the IRMA website –**

<http://www.irmarisk.org/Publications/IRMA-Reports.aspx>

- IRMA Financial Statements
- IRMA Investment Portfolios
- IRMA Payables
- 2<sup>nd</sup> Quarter Investment Performance Report
- Membership Recruitment Report
- Claims Operational Report
- Risk Management Services Report
- Quarterly Member Participation Report

Irvin asked if anyone had any questions on any of the reports. There were no questions.

**III. CHAIR'S REPORT - IRVIN**

- **Announcement of Formation of Nominating Committee for 2016 Officers – Chair Velkme**

Velkme announced that the Nomination Form and Committee Interest Survey would be sent to Delegates and Alternates soon, and she would once again chair the

Nominating Committee for preparing a slate of candidates for 2016 IRMA officers. Irvin stated that he would be willing to sit on the Nominating Committee and Velkme stated that she would recruit at least one more person.

➤ **IRMA Re-charter**

Irvin announced that this will be the 3<sup>rd</sup> re-charter of IRMA. After a brief discussion, Irvin suggested that the resolution be embellished to include some of the benefits of pooling. A motion was made by Wachtel and seconded by Cedillo to approve the Re-charter. A voice vote was called and the motion carried.

**IV. COMMITTEE REPORTS**

**A. MEMBERSHIP RELATIONS COMMITTEE – WACHTEL**

**1. Proposed Workers' Compensation Focus Overview**

Wachtel explained that the Workers' Compensation Focus Program came about as a result of the Contribution Structure Task Force's review of actuarial data that confirmed that workers' compensation injuries are the most predictable of all lines of coverage and account for 70% of IRMA loss experience. It was recommended that IRMA do as much as possible to control those costs.

Wachtel noted that the Workers' Compensation Focus Program is a replacement program for the Watchlist Program and is similar to the Watchlist Program in that it tailors an action plan for a specific member whose workers' compensation losses have developed into an adverse pattern or trend creating a financial burden on the member. What is noticeably different is the main focus of the program is the member's actual workers' compensation loss experience as compared to their target rather than a comparison of their claims to IRMA contribution as utilized by the Watchlist Program.

Wachtel stated that the program was attached to the memo in the meeting packet. The Membership Relations Committee reviewed the program on September 9<sup>th</sup>, and is recommending the approval of the Workers' Compensation Focus Program.

LeTourneau explained that criteria was added to the program for assignment to the program and could be found on page 14 of the packet.

Irvin pointed out that on page 15 under requirements, the first paragraph talks about review and approval by the Membership Relations Committee and final approval by the Board of Directors. Irvin asked whether this was the same for the Watchlist Program. LeTourneau noted that the Executive Board also reviewed and approved that program. LeTourneau stated that he would clarify that in the final program language.

Irvin also questioned Section V on page 17 of the packet and suggested that it be included under Section III of the program. Ely stated that it could be blended into Section III.

A motion was made by Wachtel and seconded by Donahue to approve the Workers' Compensation Focus Program with the recommended changes. A voice vote was called and the motion carried.

## **2. Legislative Update**

Garvey reported that currently there is not a lot going on, but our focus will remain workers' compensation reform. Garvey stated there may be some other legislative initiatives that we may be talking about with regards to the work of the Ad Hoc Committee on Mutual Aid Organizations. Garvey noted that that the next meeting of that committee is October 15<sup>th</sup>.

## **3. 2015 Summer Safety Intern Program – Final Overview**

Wachtel stated that this was a wrap-up report providing the status on summer safety intern's work over this past summer. The intern worked for Hazel Crest, Cary, Westmont, LaGrange Park and NIPSTA. LeTourneau reports that overall it was another successful year.

## **B. TRAINING & EDUCATION COMMITTEE – DONAHUE**

### **1. Proposed Training Topics for 2016**

Donahue reported that the proposed training topics on page 31 of the meeting packet were discussed at the Training & Education Meeting.

### **2. Discontinue the Best Risk Management/Safety Initiative Award & Implement the Claims Innovation Award**

Donahue reported that the Training & Education Committee concurred with staff's recommendation to discontinue the Best Risk Management/Safety Initiative Award and implement the Claims Innovation Award at the 2015 Summit. Donahue added that there haven't been very many innovative submissions over the past few years for the Best Risk Management/Safety Initiative Award.

### **3. Accommodating Needs of the Workers' Compensation Focus Program**

Donahue stated that the Training & Education Committee concurred with staff's recommendation to accommodate the Risk Management Department with 10 additional training hours for 2016 to assist with the implementation of the Workers' Compensation Focus Program. Streid added that the accommodations would be reflected in the budget.

### **4. Certified Flagger Instructor Grant Program**

Donahue reported that the Training & Education Committee concurred with staff's recommendation to offer a certified flagger instructor grant program to the ten largest members in 2016. Irvin also asked whether once a member was trained they would be able to provide training for other members. Streid indicated that if there was room in the training, this would be possible. Each training session accommodates 14 people. Irvin stated that he felt there should be an open slot at each training session to accommodate other members. Ely suggested that

perhaps once a year the member that has the certified trainer goes to another member to train. The Board determined that the grant should be available to all members and not just the ten largest members as proposed by staff. Gargano asked that the ten largest members be listed in the memorandum that goes to the Board of Directors.

LeTourneau explained that IDOT used to do this training, but is no longer providing it. Therefore, IRMA is now providing the training to an increased number of members and it is difficult to accommodate.

Wachtel asked what other sources are out there for this training. Streid indicated that she has spoken to one online training source that has been approved by the State of Illinois; however, the cost is \$95.00 per person. As this is a mandatory training that takes place every 3 years, this is quite expensive.

Gargano asked whether there was a way to organize regional trainings, so the small IRMA communities could benefit from this as well. Streid stated that this comes back to providing compensation for the individual who is providing the training. How would that be handled by the member the certified trainer is coming from? Who compensates the trainer – IRMA or the member? Gargano stated that she felt that the opportunity to be trained should also be given to the smaller member.

Ely stated that not all the issues need to be decided today and indicated that staff will include these considerations in drafting the grant requirements/eligibility. The Board directed that this grant program be funded at about double the level staff proposed.

#### **5. Trailer Gate Lift Assist Device Grant Program**

Donahue reported that the Training & Education Committee is recommending that grant funding totaling \$2,000 be provided for the Tailgate Lift Assist Program in the 2016 budget. Streid stated that the lift costs about \$200.00 and IRMA would reimburse the cost up to 50%. After discussion, the Board approved this grant program.

### **C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO**

#### **1. 2016 Coverage Renewal**

Cedillo stated that the Coverage, Claims & Litigation Committee discussed this item at their September 17<sup>th</sup> meeting. The bottom line is that while our exposure has gone up, the overall premium is down that is very good news.

LeTourneau gave an overview of the changes. In liability, we are making a change from Genesis, who we have had as a reinsurer on and off for fifteen plus years. They are going to pay a large liability settlement amount in one of IRMA's claims; however, earlier in the year, the retained a Washington law firm to provide an opinion on the occurrence date for the false arrests and imprisonment claims. They sent us a letter stating that they would pay the current claim; however, in the future they will be using the date of arrest versus the date of exoneration. Most

importantly, they appear to want to take control of our highest exposure claims, contrary to our reinsurance agreement. They also offered an initial renewal quote with a 5% increase and then came down to a flat rate. Staff did a full marketing effort and received several quotes, and staff's recommendation is to move from Genesis to Great American. Great American has also given us a rate guarantee for a 2<sup>nd</sup> year. LeTourneau added that we will realize a \$60,000 premium reduction by making this change,

In Workers' Compensation, Safety National has given us a 2% rate reduction. In Property, Hartford came in with a 7% rate reduction.

Overall, we have gone down 3% in our total premium from \$2,447,341 in 2015 to \$2,374,370 for 2016, even with increases in all exposure bases.

In the Optional Coverage Program, LeTourneau stated that there is a significant increase in the Volunteer Accident/Disability coverage due to a member loss ratio of 168%. A full marketing effort was conducted and the incumbent ACE has agreed to a 3 year rate lock at \$721 per member.

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Cedillo reported that another discussion at the Coverage, Claims & Litigation Committee was whether or not we want to continue to research or offer additional data breach coverage. IRMA staff noted that this was something that they have looked into previously. Ultimately, at the end of the committee discussion, it was determined that staff would do more research to see if there is a program out there that we could make a voluntary option for the members, but also at the same time gauge interest by the members in this type of coverage as part of IRMA's reinsurance program.. Staff will also research if there is training out there or best practices that could be compiled together and shared with each of the members.

LeTourneau reported that since the Coverage, Claims & Litigation Committee meeting, he has requested three optional coverage program quotes – Beazley, Great American and Hartford/Munich Re. LeTourneau stated that this would be presented at the upcoming Board meeting for a 1/1/16 start.

Cedillo suggested that when presented to the Board, we discuss the benefits of having this type of coverage versus what we currently have, so they will know where the gaps might be.

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Cedillo reported that at the September 19 Coverage, Claims & Litigation Committee, the committee approved the 2016 Excess/Reinsurance Coverage Program as presented.

A motion was made by Clark and seconded by Wachtel to approve the 2016 Excess/Reinsurance Coverage Program. A voice vote was called and the motion carried.

## **2. Workers' Compensation Counsel**

Cedillo reported that staff has requested that the Coverage, Claims & Litigation Committee and the Executive Board concur with staff's recommendation to allow

Greg Rode to be assigned certain workers' compensation cases. Rode was a member of our Member Defense Panel until he left the law firm. Rode takes a very proactive, aggressive and disciplined approach to handling workers' compensation cases and IRMA staff would like to have the ability to assign certain cases to him even though he is currently not with one of our panel firms. Cedillo stated that the Coverage, Claims & Litigation Committee concurred with staff's recommendation.

Stricker asked if his rate would change. Cedillo stated that his rate would be at panel pricing. Wachtel stated that she didn't oppose adding him to the panel, but stated that she has concerns that we are talking about an individual and this seems to circumvent the approved panel list. Wachtel stated that she didn't understand why his new firm wouldn't be put on the approved list. Wachtel stated that a couple of years ago we spent weeks interviewing firms and specific individuals and following individuals from firm to firm. This doesn't seem any different.

Garvey stated that she thinks the difference is that Greg was a part of the firm on the panel list when we interviewed them. We don't really know anything else about this firm and Greg Rode will be the only one handling our cases.

Ely stated that she understands the blurring that Wachtel is identifying. We get requests all the time from firms wanting to know how to get on our approved panel list. Ely commented that since she started with IRMA, she has heard from various members as well as staff that Greg Rode handles workers' compensation cases in a different way. The reason why we are pushing this right now is because of the Workers' Compensation Focus Program. We are looking at workers' compensation cases with a very close eye. We are meeting with our firms because we are not seeing the closing rate we want to see on our workers' compensation cases. This is not adding a firm that would involve a RFP process. It's being able to have a select individual come in on certain cases where the pool would clearly benefit from it.

Wachtel commented that she understands the intent. We should be aggressive in getting the best attorneys to defend us. However, if we are going to have a process to put attorneys on that list, then let's not undermine the process.

Ely stated that she agreed and she didn't think we need to do another process. The attorneys that we have are good. It's just that Rode is someone who both members and staff want to refer cases to. Ely stated that she didn't think a process should stop us from doing what is right for the pool.

Stricker asked if this would set a precedent for other attorneys that we like leaving their panel firm. Ely stated that from a legal perspective she didn't feel it set a precedent, but from a practical perspective, it probably does.

Several concerns were voiced regarding Rode being a sole proprietor and what would happen if he couldn't make it to court. Stricker asked whether any guidelines had been set out for Rode. Garvey noted that we have our Litigation Guidelines, but could certainly send a letter of understanding to Rode outlining how it is going to work.

Cedillo commented that we should be considering a way to provide additional flexibility in representation for certain types of cases.

Ely stated that maybe what we should do is say okay to Greg Rode but analyze as part of the Workers' Compensation Focus Program whether our existing workers' compensation firms can carry us forward or whether we should do another RFP for workers' compensation firms.

Garvey noted that we do have a policy/procedure to use when we are using a municipal attorney on a case. Garvey stated that this is different, so we couldn't use the same policy.

Gargano added that it would be helpful to see Rode's resume and a listing of some of the cases he handled for IRMA previously that had positive outcomes.

Irvin stated that attorneys move from firm to firm, so this could happen again.

Wachtel asked if this needed to be decided today given the performance of the other workers' compensation attorneys.

Ely commented that it was her interpretation of the existing policies that she had the authority to do this and was just advising the Executive Board of this. Ely stated that a case had been given to Rode yesterday, but said she could certainly undo that and we can bring this back in a couple months.

Clark asked whether it would make sense to have a process that is a bit more nimble that would allow you to act when an attorney on one of the panel counsel firms leaves the firm and goes to another firm to allow you to interview the firm for possible inclusion on the panel versus having to do a full RFP process. Include also the ability to drop a firm from the list without triggering the full RFP. Ely agreed that we should look at that. This is an issue for the Coverage, Claims & Litigation Committee (CCLC). Ely suggested that something be brought back to the CCLC over the next couple of meetings.

Stricker noted that there seems to be a lot of work needed in this area and suggested that Ely make this one of her goals moving forward.

The committee questioned Ely about what she was going to do with the cases that have been assigned to Rode and will she be allowed to assign more cases to him.

It was determined that there was a CCLC meeting on November 5, 2015, and staff would work on putting together an amended policy that could be voted on at that meeting. Some of the other more complex issues could be discussed at later meetings.

Irvin asked for consensus of the committee as to whether it was okay for Greg Rode to be working on the cases assigned to him and the CCLC would be working on amending the policy. A motion was made by Halik and seconded by Velkme for a consensus that Greg Rode will be able to work on cases now, staff will work with the CCLC to draft a policy revision to be able to address the issues that were discussed by the Executive Board and moving forward identify performance measures for workers' compensation firms in compliance with the Workers' Compensation Focus Program.. A voice vote was called and the motion carried.

**D. ADMINISTRATION & FINANCE COMMITTEE – CLARK**

**1. Financial Consultant Contract**

A motion was made by Clark and seconded by Cedillo to accept the renewal proposal with Financial Consultant, Marquette Associates as presented. A voice vote was called and the motion carried.

**2. Actuarial Consultant Contract**

A motion was made by Clark and seconded by Gargano to accept Milliman's proposal for a five-year contract extension as presented. A voice vote was called and the motion carried.

**3. Financial Auditor Contract**

A motion was made by Clark and seconded by Gargano to accept the renewal proposal with IRMA's auditor, McGladrey LLP and the change of engagement partner to Fred Fischer as presented.

Stricker noted that he has a policy in Burr Ridge to change auditors every 5-7 years, and expressed concern that IRMA has had this auditor since 2003. Clark pointed out that this would only be a 2 year extension and then staff would go through a formal RFP process.

A voice vote was called and the motion carried with one nay vote.

**4. 2016 Loss Fund Rate**

Clark reported that the Rate Sub-Committee met on August 18. The committee and the actuary talked and came back full circle with the recommendation to adopt the "selected rate" for 2016.

**5. 2016 Personnel Report**

Clark stated that the Administration & Finance Committee reviewed the 2016 personnel report at their September 24, 2016 meeting.

A motion was made by Clark and seconded by Cedillo to approve the 2016 personnel report that includes no changes to the staffing levels, a 2% salary range movement, a 3% merit increase and a .005% bonus program to recognize IRMA employees. Clark noted that the total increase in personnel with approval of the personnel report is 3.9%.

Ely reported that she had a bit of good news in that staff met with our health insurance broker last Thursday and our health insurance is down 6.9%. We had plugged in a 7% increase in the preliminary budget, so this will come down in the final budget.

Halik asked what the Compensation Study would be bringing back and how will that impact the ranges. Ely distributed copies of the Compensation Study Agreement.

Ely stated that she didn't know what the study was going to show. Ely commented that we are asking that you move the salary ranges by CPI, which is 2%. So anyone who is at the top of their range would only be able to get a 2% increase. The Compensation Study is going to look at whether our jobs are sized in comparison with each other appropriately and whether the jobs are competitive with the market with respect to the salaries. Ely noted that it has been over eight years since the last compensation study was completed. Ely also noted that the job descriptions haven't been looked at for at least ten years, so we are also updating the job descriptions and looking at the organization structure to some extent, but primarily checking to see if our pay is where it should be. Stricker asked if the results of the study could have some impact on the numbers we are discussing in the personnel report. Ely stated that potentially it could. Ely noted that this is a preliminary budget number, so we will be able to bring it back with the final budget. Ely noted that she should have the study in about two weeks. It will be brought to the next Administration & Finance Committee meeting and the next Executive Board meeting, and to the full Board with the final budget.

A voice vote was called and the motion carried.

#### **6. 2016 Preliminary Budget**

Clark reported that the 2016 Preliminary Budget was reviewed and approved by the Administration & Finance Committee at their last meeting. Most notably, the total expense budget goes down by 2.5% when you include the loss fund savings. Personnel expenses will be adjusted by the health insurance savings. One of the most notable items in the preliminary budget is the 92.66% increase in the Member Education/Incentives line item due to the new equipment grant program.

A motion was made by Clark and seconded by Cedillo to approve the 2016 Preliminary Budget. A voice vote was called and the motion carried.

#### **V. EXECUTIVE DIRECTOR/STAFF REPORT**

Ely stated that she did not have a report.

#### **VI. EXECUTIVE SESSION**

A motion was made by Gargano and seconded by Clark to move into Executive Session to discuss/review closed session minutes pursuant to 5 ILCS 120/2(c) (21). A roll call vote was called and the motion carried.

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A motion was made by Velkme and seconded by Gargano to approve the Executive Session minutes from July 18, 2015. A voice vote was called and the motion carried.

#### **VII. ADDITIONS TO AGENDA**

There were no additions to the agenda.

**VIII. CONFIRMATION OF NEXT MEETING**

Irvin reported that the next meeting of the Executive Board is scheduled for Tuesday, December 1, 2015 at 9:30 a.m. at the IRMA office.

**IX. ADJOURNMENT**

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

Submitted by:

Approved by:

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Margo Ely  
Executive Director

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Drew Irvin  
IRMA Chair