



COVERAGE, CLAIMS & LITIGATION COMMITTEE

Meeting Minutes

*Thursday, November 3, 2011
Via Conference Call – 9:30 a.m.*

PRESENT: Kathleen Gargano, Chair
Jim Marino
Curt Barrett
Colleen Nigg
Bridget Wachtel

ALSO PRESENT: Susan Garvey
Mary Henzler
Larry Bush

ABSENT: Keith Sbiral
Peter Scalera

I. CALL TO ORDER

Chair Gargano called the meeting to order at 9:30 a.m. Roll was taken and a quorum declared.

II. APPROVAL OF MINUTES – September 13, 2011

A motion was made by Nigg and seconded by Wachtel to approve the Coverage, Claims & Litigation Committee meeting minutes of September 13, 2011. A voice vote was taken and the motion carried.

III. CLAIMS & LITIGATION REPORTS

Bush noted that there hasn't been much change since the monthly reports reviewed at the September meeting.

IV. 2012 COVERAGE, CLAIMS & LITIGATION COMMITTEE MEETING DATES

Gargano asked whether anyone had any conflicts with any of the 2012 meeting dates. Everyone was fine with the dates.

V. REVISED EARTH MOVEMENT EXCLUSION

Gargano explained that there was discussion at the Executive Board meeting to tighten the language of the exclusion up a little bit, so the document in the packet includes the changes recommended by the Executive Board.

Wachtel commented that she found the language of "wear and tear" to be a little vague and wasn't sure whether the language was needed. Garvey explained that it is already in the Property Coverage Document as a general exclusion and basically what we've done is put it in the amendment to make it clear that the general wear and tear of the foundation would not be coverage. Garvey noted that it is standard phrase in property coverage documents. Bush noted that this is exactly what the Executive Board was

concerned with – that the pool doesn't start absorbing costs for general wear and tear and maintenance.

A motion was made by Marino and seconded by Wachtel to approve the revised Amendment 3 modifications and send it to the full Board for consideration. A voice vote was taken and the motion carried.

VI. SHARING OF PROFESSIONAL SERVICES

Garvey stated that we did have a member who wanted to have an engineer from a non-member do work for them, but part of the indemnification agreement included IRMA providing professional liability coverage. IRMA does not have that coverage unless it is an employee of an IRMA member. The member asked staff to bring it to the membership to discuss. Garvey reported that staff is planning to hold an organizational planning workshop with the membership in the spring of 2012 to discuss some of these issues. Garvey stated that staff is looking for consensus from the committee that this would be a valuable issue to discuss at that workshop, or is this something that the committee wants to handle itself.

Bush stated that one of the main issues that will be discussed at the workshop is that now that more members are outsourcing and combining with other public entities to do things, how can IRMA change its policies to accommodate this?

Barrett stated that he thought it would be a good idea to give this some thought as we are going to see more and more of this. Gargano agreed, but asked that before this is discussed at the workshop we survey the membership to see if they are outsourcing or combining services with other members or are planning on doing so in the future.

Wachtel stated that if we are going to consider this, we should do our homework ahead of time to define that these are the options as far as being able to provide the coverage versus just an open discussion. Bush assured her that staff would definitely do this.

Bush asked if the committee could move to Additions to the Agenda before going into Executive Session. Gargano agreed.

VII. ADDITIONS TO THE AGENDA

Bush reported that something has come up due to the G8 Summit being in Chicago in the spring. There is a possibility that some suburban police districts may be called into assist if there is civil commotion. In most insurance documents there is an exclusion for riots, civil commotion or mob action. IRMA has an endorsement to our policy where we added back coverage for riots, civil commotion or mob action, but with a \$2 million limit per occurrence. This arose at the Police Chiefs Steering Committee and there is some concern that the limit is too low. We have inquired with our broker if we can extend this coverage to the excess level. We might be able to get coverage at the excess level without an increase of cost, if there was also a \$10 million aggregate. The concerns of the excess insurers are, if for example, there was a riot and four different people were shot, that would be considered four different occurrences. Bush stated that our perspective is we can potentially get an extra \$7 million of coverage with no extra cost from our excess carrier, however, the concern is that if there was an incident and there was a \$10 million loss on one we have an aggregate, then for the rest of that year any other member would have no coverage at all, because the aggregate already would

have been reached. We want to explore if there is away to obtain this coverage from the excess carrier and then add that once the aggregate has been expended, IRMA will still cover up to \$2 million. This would be coming through as an expansion of coverage, not a reduction.

Bush noted that staff has not heard back from the excess carrier, but wanted to discuss this and inform the committee that we plan to proceed this way, since this activity in the City of Chicago is in the spring. Bush stated that we can discuss this again at the February committee meeting and at that time should have more information.

VIII. EXECUTIVE SESSION

A motion was made by Barrett and seconded by Wachtel to move into Executive Session. A voice vote was called and the motion carried.

A motion was made by Wachtel and seconded by Barrett to move out of Executive Session and back into the regular meeting. A voice vote was called and the motion carried.

XI. CONFIRMATION OF NEXT MEETING

Gargano reported that the next meeting of the Coverage, Claims & Litigation Committee is scheduled for Tuesday, February 14, 2012 at 9:30 a.m.

XI. ADJOURNMENT

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

Submitted by:

Susan Garvey
Director of Legal Services

Approved by:

Kathleen Gargano, Chair
Coverage, Claims & Litigation Committee