



**BOARD OF DIRECTORS  
Meeting Agenda**

**Wednesday, October 28, 2015  
Westbrook Corporate Center Conference Room  
9:30 a.m.**

**I. CALL TO ORDER**

Chair Irvin called the meeting to order at 9:35 a.m. Ely called the roll and a quorum was declared.

**II. CONSENT AGENDA**

Irvin asked if there were any questions on any of the items on the consent agenda. Hearing none, a motion was made Velkme and seconded by Clark to approve the Consent Agenda of October 28, 2015. A voice vote was called and the motion carried.

**III. CHAIR'S REPORT**

**A. Changes in IRMA Delegates/Alternates**

Irvin announced the following changes to IRMA Delegates/Alternates:

Delegates

John DuRocher, Indian Head Park

Jill Ramaker, NIPSTA

Alternates

Eric Stewart, Indian Head Park

Thomas Gaertner, NIPSTA

Darrell Langlois, Hinsdale

Matthew Buckley, Riverside

**B. Announcement of Formation of Nominating Committee for 2016 Officer**

Velkme reported that IRMA Delegates and Alternates were emailed a Nomination Form and Committee Interest Survey to complete and send back to the IRMA office. Velkme stated that she was still looking for one more person to join the Nominating Committee and if anyone was interested they should contact her.

**IV. EXECUTIVE DIRECTOR/STAFF REPORT**

Ely mentioned that the 2<sup>nd</sup> Annual Education Summit would be taking place on October 29<sup>th</sup> at Northern Illinois University in Naperville and was anticipating it to be a good day with many of our Delegates, Alternates and employees attending.

**V. ACTION ITEMS**

**A. Approval of Minutes of June 24, 2015**

A motion was made by Clark and seconded by Wachtel to approve the Board of Directors meeting minutes of June 24, 2015. A voice vote was called and the motion carried.

## **B. IRMA Re-Charter**

Ely stated that this is a statutory requirement that every twelve years we approve a re-charter to continue the organization. It would be appropriate to have a motion to approve the resolution.

A motion was made by Wachtel and seconded by Clark to approve the resolution to re-charter the organization for a period of twelve years until December 31, 2027. A voice vote was called and the motion carried.

## **C. 2016 Coverage Renewal**

LeTourneau directed everyone to page 47 of the meeting packet for a summary of the 2016 Proposed Excess/Reinsurance Program. LeTourneau commented that the numbers are very good considering the market, especially in the Workers' Compensation area. We are very pleased that the total excess and reinsurance premiums went down over \$72,971 for this renewal, even with exposure increases in all lines of coverage. One of the main reasons for this is because of a proposed change in one of our liability reinsurers. We are recommending replacing Genesis, who covered us for the 2M X 3M SIR layer, with Great American, who came in at a rate of \$529,000 including clash coverage, for a savings of \$60,000. They also agreed to our requirement of a two-year rate guarantee.

LeTourneau reported that in workers' compensation program, Safety National gave us a rate decrease of 2% with a rate guarantee for 2017. Rate decreases in workers' compensation are difficult to obtain. We achieved a 7% rate reduction in property coverage for 2016. There is a small premium increase in crime of less than 1%. The boiler & machinery program received a rate reduction of 5%. There was a slight increase of \$63.00 the public officials' bonds program.

LeTourneau reported that the Optional Volunteer Accident/Disability Program was going up to \$721 per year with a 3 year rate guarantee. This increase was due to a three member loss ratio of 168% related to several very large volunteer injury claims.

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

## **Cyber Risk Coverage**

LeTourneau noted that the Board all received a separate email on Cyber Risk Coverage. LeTourneau reviewed what coverage IRMA currently has and what additional coverage may be available through a proposed optional coverage program. JLT Re, IRMA's broker, approached Beazley – Lloyds of London, who provided us with a quote for optional Cyber Risk Coverage. LeTourneau referred to a handout that was distributed to the Board that showed pricing indications for all of our members that uses member revenue base to determine pricing.

LeTourneau introduced Justin Kirschenblatt, Senior Advisor from JLT Re. Kirschenblatt explained that he has been placing cyber risk coverage all over the country through JLT Re. He explained what cyber coverage IRMA currently has and what they would have if they entered into the proposed optional Cyber Risk Coverage. In general, liability,

property damage and bodily injury is mostly covered through the current IRMA coverage. Also, Endorsement #5 to IRMA's property coverage covers claims from computer viruses. Crime is also currently covered. The proposed optional cyber coverage would provide three separate towers of coverage, which Kirschenblatt explained. The new program is more robust than the current IRMA program and Beazley is the leading market right now for public entities when it comes to cyber coverage. LeTourneau noted that the pricing in the handout are indications, but are expected to be fairly accurate. Interested members would need to fill out a short application.

LeTourneau added that this proposal will go to the Coverage, Claims & Litigation Committee, Executive Board, and then come back to the December Board of Directors meeting for final approval. The coverage will be effective 1/1/16, just like the UST program.

Ely stated that to wrap things up, IRMA feels that what we have for Cyber coverage is sufficient. LeTourneau and JLT have gotten quotes for optional cyber coverage that will be available to you on January 1, 2016. Ely noted that during 2016, IRMA staff will be conducting a more thorough review of whether our existing cyber coverage should be enhanced in any way within the market and bring this back as part of the 2017 Excess/Reinsurance Program.

#### **D. Proposed Workers' Compensation Focus Program-Policy**

Wachtel reported that the Contribution Structure Task Force's found that our workers' compensation losses are the most costly line of coverage, but also the most predictable type of losses. It was suggested that we develop a program that would focus on reducing those losses for the member and also for the pool.

Wachtel stated that members are probably familiar with IRMA's Watchlist Program that has been around for many years, and you will see in the proposed Workers' Compensation Focus Program some similarities as well as differences between the two programs. The Workers' Compensation Focus Program addresses workers' compensation only, unlike the Watchlist Program that focused on other losses along with workers' compensation. The main difference in the Workers' Compensation Focus Program is that it is looking at your losses compared to target as opposed to your losses compared to your contribution. The similarity between the two programs is that if you are invited to participate, you will be required to do some additional goal setting and some additional reporting. The program is not punitive in nature, but rather an opportunity for you as a member to more closely monitor your progress in reducing your workers' compensation losses and being able to utilize IRMA's resources to help you do so.

Wachtel noted that on page 56 going into page 57 of the meeting packet, there are several indicators that will be used for determination as to whether you as a member will be invited to participate in this program. Wachtel asked LeTourneau to walk through the indicators. LeTourneau explained the program indicators for participation in the new program which are outlined in the policy.

A motion was made by Wachtel and seconded by Velkme to eliminate the Watchlist Program and adopt the Workers' Compensation Focus Program. A voice vote was called and the motion carried.

#### **E. Financial Consultant Contract**

Clark stated that Marquette Associates has proposed a five-year Investment Consulting Services Contract Extension with a fee of \$51,000 for the first year with a 2% increase per year for the remaining four years of the contract. A motion was made Clark and seconded by Wachtel to approve the Marquette Associates contract extension as presented. A voice vote was called and the motion carried.

#### **F. Actuarial Consultant Contract**

Clark stated that both the Administration & Finance Committee and Executive Board have approved the five-year contract extension for Milliman and that summary and costs could be found on page 69 of the meeting packet. A motion was made by Clark and seconded by Halik to approve the contract extension of Milliman as presented. A voice vote was called and the motion carried.

#### **G. Financial Auditor Contract**

Clark reported that the Administration & Finance Committee and Executive Board approved the two-year contract extension with McGladrey and the change in engagement partner from Mark Tomaw to Fred Fischer. Clark noted that at the conclusion of this contract extension, an RFP process would be undertaken. A motion was made by Clark and seconded by Velkme to approve the two-year contract extension with McGladrey as presented. A voice vote was called and the motion carried.

#### **H. 2016 Personnel Report**

Clark reported that the 2016 staffing levels are the same as 2015 at 18.7, with no changes in job titles. Clark noted that at this time there is a Compensation Study that is taking place and should have results from that study to report back in December.

There is a request for a 2% movement in the salary ranges for 2016, a 3% merit increase for 2016, and .005% bonus program to recognize IRMA employees.

A motion was made by Clark and seconded by Velkme to approve the 2016 Personnel Report as presented. A voice vote was called and the motion carried.

#### **I. 2016 Preliminary Budget**

Clark explained that this item was for information at this time and would not require a vote. Both the Administration & Finance Committee and the Executive Board approved the Preliminary Budget at their respective meetings and there will be several items added to the Final Budget that will be brought to the full Board at their December meeting. These were outlined on page 83 of the meeting packet.

### **VI. ADDITIONS TO AGENDA**

There were no additions to the agenda.

**VII. CONFIRMATION OF NEXT MEETING**

Irvin stated that the next meeting of the Board of Directors is scheduled for Wednesday, December 16, 2015 at 9:30 a.m. at the Westbrook Corporate Center Conference Room.

**VIII. ADJOURNMENT**

A motion was made by Cedillo and seconded by Wachtel 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