



COVERAGE, CLAIMS & LITIGATION COMMITTEE
Meeting Agenda

Thursday, May 3, 2018
IRMA Office – 9:30 a.m.

- I. CALL TO ORDER**
- II. APPROVAL OF MINUTES**
 - ✓ February 8, 2018 (pg. 1)
- III. MILLIMAN PRESENTATION – PREDICTIVE MODELING**
- IV. CLAIMS & LITIGATION REPORTS**
 - A. Litigation Reports
 - 1. New Litigation Report – January – March 2018 (pg. 5)
 - 2. Closed Liability Claims Report – January – March 2018 (pg. 6)
 - 3. Litigation Costs by Line of Coverage (pg. 8)
 - 4. Firm Trending by Amounts Billed (pg. 9)
 - 5. Subrogation Reports GL & WC (pg. 13)
 - 6. Defense Counsel Performance Survey Report (pg. 15)
- V. COVERAGE CHANGES**
 - 1. ✓ Expanded Auto Coverage for New Vehicles (pg. 17)
 - 2. ✓ IRMA Property Coverage-Coverage Section B1.h. Outdoor Property (pg. 21)
- VI. PANEL COUNSEL HOURLY RATE INCREASE (pg. 24)**
- VII. MT. PROSPECT CLAIMS HANDLING (pg. 26)**
- VIII. EXECUTIVE SESSION**
 - Pending litigation pursuant to 5 ILCS 120/2 (c)(11)
 - Review of closed session minutes pursuant to 5 ILCS 120/2(c)(21)
 - Executive Director’s Performance Review – Discussion pursuant to 5 ILCS 120/2 (c)(1)
- IX. ADDITIONS TO AGENDA**
- XI. CONFIRMATION OF NEXT MEETING**
 - Wednesday, September 19, 2018
 - 9:30 a.m. - IRMA Office
- XII. ADJOURNMENT**

To ensure a quorum, please contact Donna Sluis at donnas@irmarisk.org or (708) 236-6349, if you are not able to attend the meeting.

Copy to: Jessica Francis, IRMA Chair

✓ Requires Vote



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

**Thursday, February 8, 2018
IRMA Office – 1:30 p.m.**

PRESENT: Julia Cedillo, Chair
Greg Van Dahm
Barbara Maziarek
Kate Croteau
Doris Hamon-Warren
Bryon Vana
John DuRocher

ALSO PRESENT: Margo Ely
Donna Sluis
Susan Garvey
Mike Metzger

ABSENT: Patrick Brennan
Kevin Wachtel
Peter Vadopalas

I. CALL TO ORDER

Chair Cedillo called the meeting to order at 1:35 p.m., roll was taken and a quorum declared. Cedillo welcomed Peter Vadopalas and John DuRocher to the committee.

II. APPROVAL OF MINUTES

Cedillo asked if anyone had any questions and/or comments on the minutes of September 7, 2017. Hearing none, a motion was made by Vana and seconded by Hamon-Warren to approve the minutes of September 7, 2017. A voice vote was called and the motion carried.

III. WELCOME TO THE 2018 COVERAGE, CLAIMS & LITIGATION COMMITTEE

Cedillo mentioned the first meeting of the year we review various documents and gave a brief overview of each of the items. On page 9 is the Coverage, Claims & Litigation Committee Statement of Responsibility and requires a vote. The action being requested by staff is to approve 2 modifications to our statement of responsibility, which are items 1 and 9. Item 1 is regarding our responsibility for reviewing and approving contractual services in excess of \$15,000. The reason for that is because if these types of services are needed they would be assigned to the claim that is being reviewed. Cedillo asked if anyone had any questions or comments regarding this recommendation. One of our members that could not be here today expressed some concerns because this expenditure cost was assigned to a claim, this person did not see the need to eliminate this from one of our areas of responsibility. Ely commented the claims department uses investigators, nurses, and sometimes in liability cases we retain experts. It's different from the other 3 items. We wanted to have a discussion of what you feel like you need to oversee and have a little more clarity. Harmon-Warren commented she did not understand this and asked if the committee has ever looked at a \$15,000 claim. Ely commented that she is not aware of the committee ever reviewing any support services for

claims regardless of the price. Cedillo asked what is the policy for IRMA when they are going to consider a support service contract for claims? Are all contracts reviewed by committee and the board? Ely commented the Budget Policy says over \$25,000. This is not consistent with what our Budget policy says for when we have to approval for contract. After much discussion, it was agreed that this really doesn't belong at the Committee level. There was 1 descent.

Cedillo mentioned Item 9 involves responsibilities providing to the committee to review selected cases involving reservation of rights letters to gain an understanding of the coverage. Cedillo asked if staff could explain a little bit about why looking at reservation of rights letters would be brought back to this committee. Garvey commented this was put in the policy 5 or 6 years ago because the committee was getting questions about reservations of rights letter and declinations of coverage and the committee had asked to review them once in a while to have a better understanding of the coverage. Garvey indicated that the Committee would see any coverage issues through appeals or staff recommendations of changes so there wasn't a need to continue to bring these letters to the Committee. After much discussion, a motion was made by Harmon-Warren and seconded by Maziarek to approve the modifications to the Committee's Statement of Responsibility. The motion carried.

IV. CLAIMS & LITIGATION REPORTS

Cedillo mentioned starting on page 16 are the Claims & Litigation reports. Cedillo asked if anyone had any questions or comments on the New Litigated Claims report. Harmon-Warren commented so much of the new claims are trip and fall cases. Garvey mentioned there is a sidewalk inspection policy that we encourage our members to put in place, so it notes the ones that need to be repaired. It doesn't mean that if it doesn't need to be repaired that somebody is not going to trip and file a suit, but we have some tort immunity.

Cedillo mentioned on page 17 are the Closed Litigated Claims by Firm and if anyone had any questions or comments. Hearing none, Cedillo went to the Litigation Management Report on page 20 and asked if there were any questions or comments on that report. Harmon-Warren commented about the 2 cases with the amount paid of \$20,919.90 and wanted to know what the \$20,919.90 meant. Ely commented that those are the attorney fees.

Cedillo commented on page 22 is the Litigation Management Summary and asked if anyone had any questions or comments. Ely commented most of these are workers' compensation claims. DuRocher asked how the effectiveness of the attorneys is measured. Garvey commented staff will be creating a new report that will give more specific information. At this point there is no concern on the performance of our attorneys.

Cedillo commented next is the Subrogation Report. Ely gave an overview of the report to the committee and commented that it will be revised so when we do our annual report, it will give an accurate subrogation collection. Harmon-Warren commented that this could be done as a pivot table. his can be done by year and percentage and it will make a lot more visually presentable.

Cedillo commented next is the Predictive Modeling Report that was distributed. Ely gave an overview of the report to the committee. This report will be distributed quarterly and annually. Cedillo commented that she thought this was a good report and looking forward to future reports. After some discussion, it was recommended to have Milliman do a presentation at the next meeting.

Cedillo mentioned next is the Attorney Performance Report that was distributed. Garvey mentioned these are the comments from Keena making the phone calls to the members and employees involved. Cedillo asked if any phone calls are made to those situations that are early intervention or is it only when it truly becomes a complaint. Garvey mentioned the early intervention is mine. I have not been calling anybody during the early intervention process. I do talk to the member throughout the process, but I'm not specifically asking them feedback on the attorney's. Cedillo mentioned it might be worth getting the feedback from the early intervention as well.

V. COVERAGE, CLAIMS & LITIGATION COMMITTEE 2017 GOALS & OBJECTIVES REPORT

Cedillo commented on page 23 of the packet are the 2017 Committee Goals and Objectives report and gave an overview of the accomplishments to the committee.

VI. 2018 COVERAGE, CLAIMS & LITIGATION COMMITTEE GOALS & OBJECTIVES REPORT

Cedillo commented on page 25 of the packet are the 2018 Committee Goals and Objectives. The one goal that was particularly notable was #4. Ely gave an overview of this item to the committee. Cedillo asked if anyone had any questions or comments on the goals and objectives. Garvey mentioned that there will probably be some substantial recommended changes to coverage in a couple of areas this year and gave more of an explanation on the changes. A motion was made by Vana and seconded by Harmon-Warren to approve the 2018 Committee Goals and Objectives. The motion carried.

VII. NEW MEDICAL MANAGEMENT PILOT PROGRAM

Metzger gave an overview of the new medical management pilot program with eight of our IRMA members to the committee. Cedillo asked if there will be a report to see how well this program is working? Metzger commented we will ask Dr. Khanna to generate some savings report after one year in the program and bring it back to the committee in February 2019. Cedillo then asked if there is a way we should be looking at the patient experience? Metzger commented that he let the members know to make sure that this is an open process and to let us know if there is a problem. Cedillo commented that a couple of other points are we not just looking at this specific provider, but the model in general and capacity during the pilot period. A flyer was included in the packet. Ely also gave an overview of the safety first program to the committee.

VIII. LITIGATION SUCCESSES

Cedillo mentioned this is informational only.

IX. EXECUTIVE SESSION

A motion was made by DuRocher and seconded by Harmon-Warren to move into Executive Session to discuss matters of: review of closed session minutes and the Early Intervention Report 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 Van Dahm and seconded by Harmon-Warren to approve the Executive Session Minutes of September 7, 2017. A voice vote was called and the motion carried.

XIII. CONFIRMATION OF NEXT MEETING

Cedillo reported that the next scheduled meeting of the CCLC would be Thursday, May 3, 2018 at 9:30 a.m. at the IRMA Office.

XIV. ADJOURNMENT

At 3:58 p.m., a motion was made by DuRocher and seconded by Harmon-Warren 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

New Litigated Claims
January - March 2018

Received	Member	Type	Description	Attorney
1/5/2018	Lake in the Hills	GLLEA	False arrest and malicious prosecution	Sotos
1/5/2018	Villa Park	GLLEA	Malicious prosecution and indemnification	Best
1/11/2018	Brookfield	GLBI	Trip and fall on sidewalk	O'Reilly
1/18/2018	Barrington	GLBI	Trip and fall	Yambert
1/19/2018	Wilmette	GLLEA	Section 1983-violation of 14th amendment right to due process	Hartigan
1/31/2018	Homewood	GLLEA	Alleged Excessive force; false arrest	Querrey
2/15/2018	Villa Park	GLBI	Slip and fall on ice	Yambert
2/19/2018	Richton Park	GLPOL	Pltf evicted from home;alleged civil rights violation	Best
2/27/2017	Park Forest	ALBI	MVA; intersection; driver allegedly injury; member turning left	Yambert
3/1/2018	Glencoe	GLPOL	EEOC - Alleged age retaliation	O'Reilly
3/1/2018	Lake Forest	ALBI	MVA; statute appears to be blown	Querrey
3/8/2018	River Forest	GZ	Improper Collection of Real Estate taxes	Smith (Spec Counsel)
3/13/2018	Homewood	GLLEA	Seeking reimb for impound, towing, storage, and bond	O'Reilly
3/22/2018	Glencoe	GLPD	Vlg allegedly failed to maintain the storm sewer; water damage to h	O'Reilly
3/29/2018	Morton Grove	GLLEA	Alleged unlawful search/seizure & due process violation	Sotos

GLBI = 3rd party bodily injury
 GLLEA = law enforcement activities
 GLPOL= public officials liability

**Closed Litigated Claims by Firm
January to March 2018**

Best Vanderlaan & Harrington

Adjuster	Claim Number	Event Date	Date Closed	Member	Claim Type	Description	Verdict/Outcome	Indemnity	Defense
Zarcone	169354-01	2/12/2016	1/29/2018	Hazel Crest	GLPOL	Alleged adverse employment action due to sex, race	Settled Prior to Trial;	75,000	41,449
Zarcone	170831-01	8/12/2016	2/14/2018	Oak Brook	GLPOL	Alleged discrimination based upon age & retaliation	Vol. Dismissal (Prior to Trial)	0	5,348
Zarcone	171969-01	8/12/2016	2/14/2018	Oak Brook	GLPOL	Alleged age discrimination & retaliation	Vol. Dismissal (Prior to Trial)	0	2,217
Zarcone	173036-01	12/1/2017	2/20/18	Western Springs	GLPOL	Lawsuit/Failure to pay for water storage tank.	Tendered	0	0

Chilton Yambert & Porter

Adjuster	Claim Number	Event Date	Date Closed	Member	Claim Type	Description	Verdict/Outcome	Indemnity	Defense
Zarcone	165262 02	6/6/2014	1/3/2018	City of Crystal Lake	GLBI	Injuries to left side of body.	Dismissed - No Cause of Action	0	2,825

Hartigan & O'Connor

Adjuster	Claim Number	Event Date	Date Closed	Member	Claim Type	Description	Verdict/Outcome	Indemnity	Defense
Nowak	162876-01	5/24/2012	2/28/2018	Village of Wilmette	ALBI	Respondent in Discovery/Lawsuit	Settled Prior to Trial	0	31,154

O'Reilly Law Offices									
Adjuster	Claim Number	Event Date	Date Closed	Member	Claim Type	Description	Verdict/Outcome	Indemnity	Defense
Nowak	165952-01	9/9/2014	1/8/2018	Village of Tinley Park	GLBI	Tripped and Fell on sidewalk	Tendered	0	10,619
Nowak	170295-01	5/20/2016	1/8/2018	Village of LaGrange Park	GLBI	Trip & Fall	Vol. Dismissal (Prior to Trial)	0	6,701
Nowak	171955-01	11/24/2015	1/2/2018	Village of Homewood	GLPD	Vehicle allegedly confiscated by member resulting	DWP- Dismissed for Want of Prosecution	0	2,965

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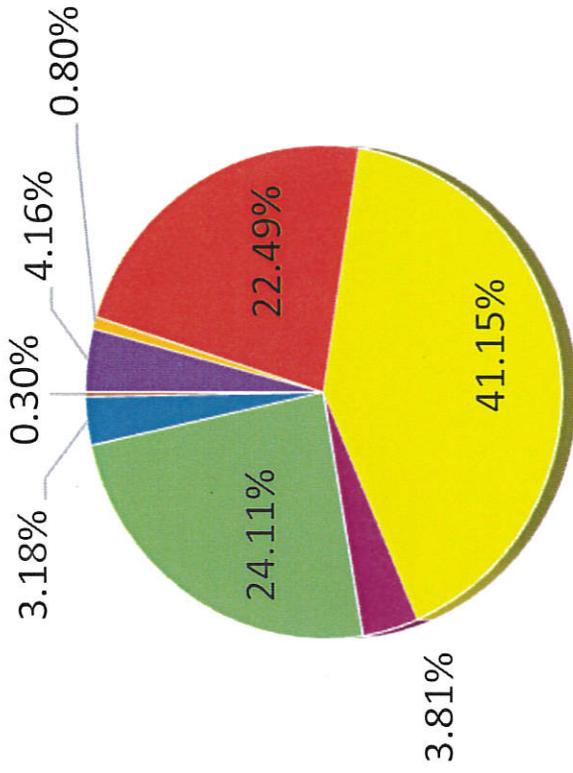
Querrey & Harrow Ltd

Adjuster	Claim Number	Event Date	Date Closed	Member	Claim Type	Description	Verdict/Outcome	Indemnity	Defense
Zarcone	169313-01	2/4/2016	2/28/2018	Village of Tinley Park	GZ	Alleged Discriminatory Zoning Practices	Settled Prior to Trial	1,670,000	90,230
Zarcone	162947-01	6/26/2012	3/6/2018	City of Crystal Lake	GLPOL	Lawsuit/Dispute Regarding Billboard Installation	Settled Prior to Trial	350,000	71,612

The Sotos Law Firm

Adjuster	Claim Number	Event Date	Date Closed	Member	Claim Type	Description	Verdict/Outcome	Indemnity	Defense
Zarcone	172583-01	6/15/2017	3/26/2018	Village of Northbrook	GLPOL	Alleged sexual harassment & hostile workenvironment	Vol. Dismissal (Prior to Trial)	0	8,802

2017 Litigation Costs by Line of Business

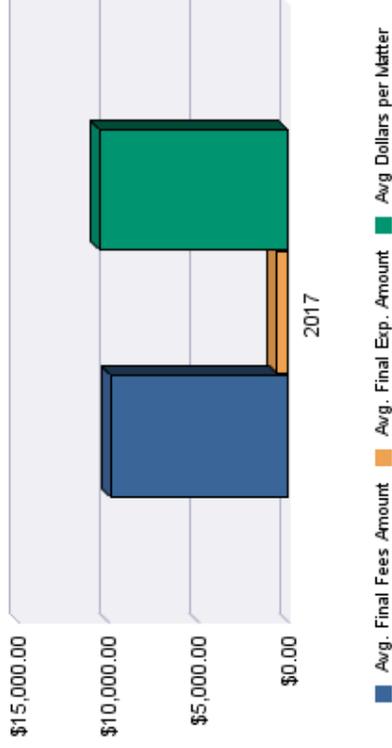


- ALBI:Auto Liability Bodily Injury
- GLBI:Bodily Injury
- GLPD:GL-Property Damage
- GZ:Zoning
- ALPD:Auto Liability Property Damage
- GLLEA:Law Enforcement Activities
- GLPOL:Public Officials Liability
- PD:Property Damage

Intergovernmental Risk Management Agency

Best Vanderlaan & Harrington

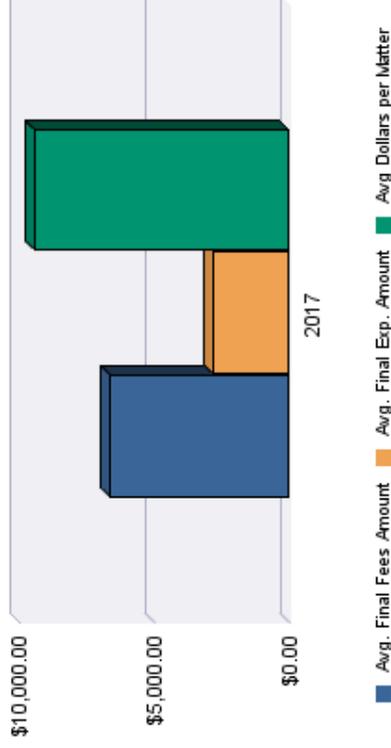
	Year
	2017
# of Lawsuits	31
Final Fees Amount	\$306,344.00
Final Exp. Amount	\$19,181.48
Final Amount	\$325,525.48
Avg Fees per Matter	9,882.06
Avg Exp per Matter	618.76
Avg Dollars per Matter	\$10,500.82



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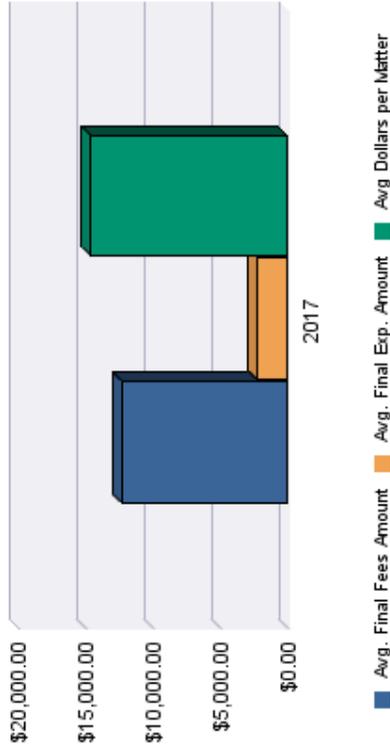
Chilton, Yambert, & Porter

	Year
	2017
# of Lawsuits	49
Final Fees Amount	\$323,526.50
Final Exp. Amount	\$138,366.13
Final Amount	\$461,892.63
Avg Fees per Matter	6,602.58
Avg Exp per Matter	2,823.8
Avg Dollars per Matter	\$9,426.38



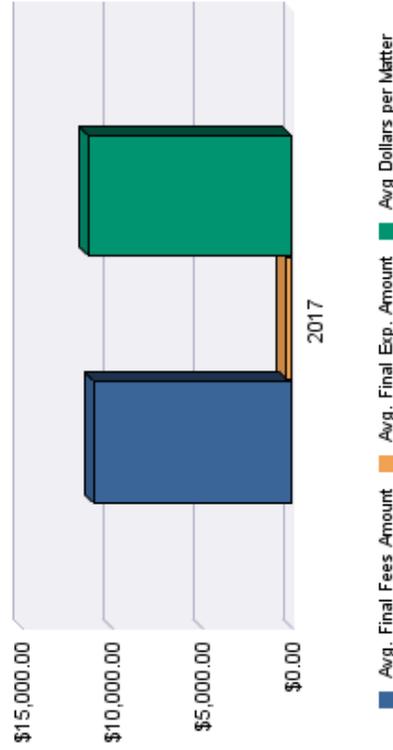
Hartigan & O'Connor

	Year
	2017
# of Lawsuits	34
Final Fees Amount	\$418,478.50
Final Exp. Amount	\$77,129.44
Final Amount	\$495,607.94
Avg Fees per Matter	12,308.19
Avg Exp per Matter	2,268.51
Avg Dollars per Matter	\$14,576.70



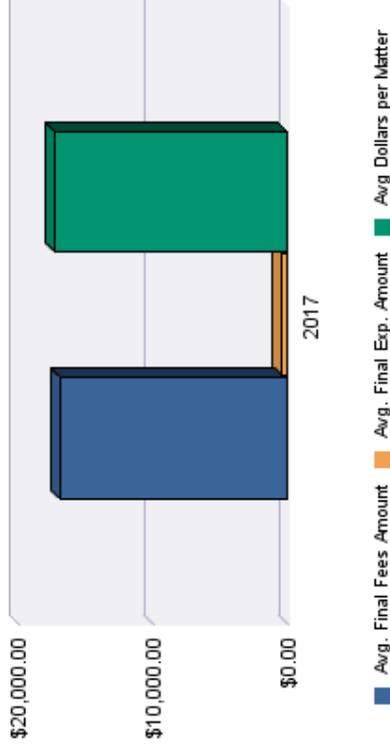
O'Reilly Law Offices

	Year
	2017
# of Lawsuits	27
Final Fees Amount	\$297,751.50
Final Exp. Amount	\$7,748.77
Final Amount	\$305,500.27
Avg Fees per Matter	11,027.83
Avg Exp per Matter	286.99
Avg Dollars per Matter	\$11,314.82



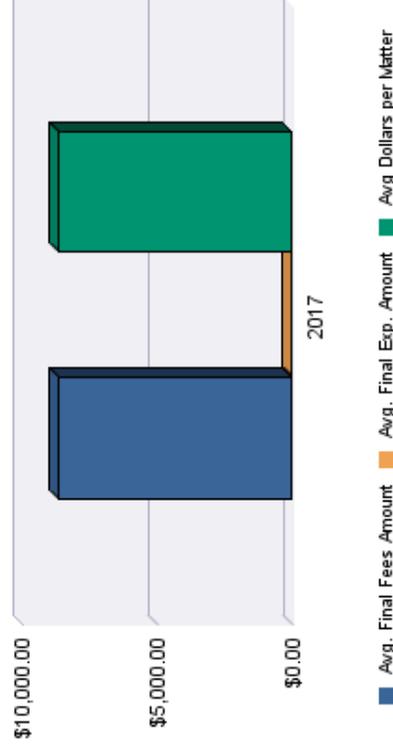
Querrey & Harrow Ltd.

	Year
	2017
# of Lawsuits	28
Final Fees Amount	\$473,087.00
Final Exp. Amount	\$11,001.68
Final Amount	\$484,088.68
Avg Fees per Matter	16,895.96
Avg Exp per Matter	392.92
Avg Dollars per Matter	\$17,288.88



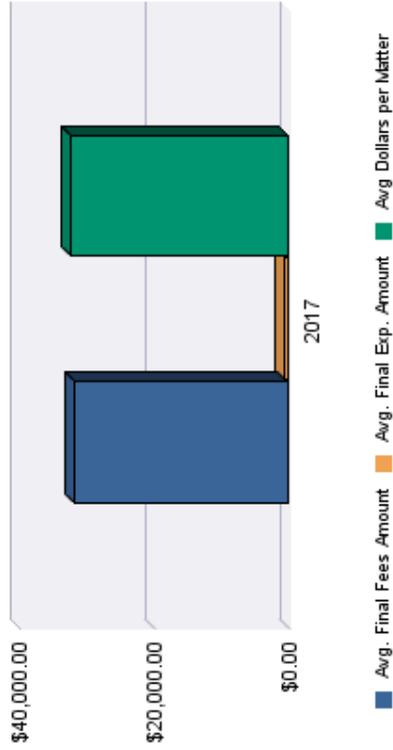
Rosenthal Murphey Coblentz & Donahue

	Year
	2017
# of Lawsuits	1
Final Fees Amount	\$8,621.00
Final Exp. Amount	\$4.00
Final Amount	\$8,625.00
Avg Fees per Matter	8,621
Avg Exp per Matter	4
Avg Dollars per Matter	\$8,625.00

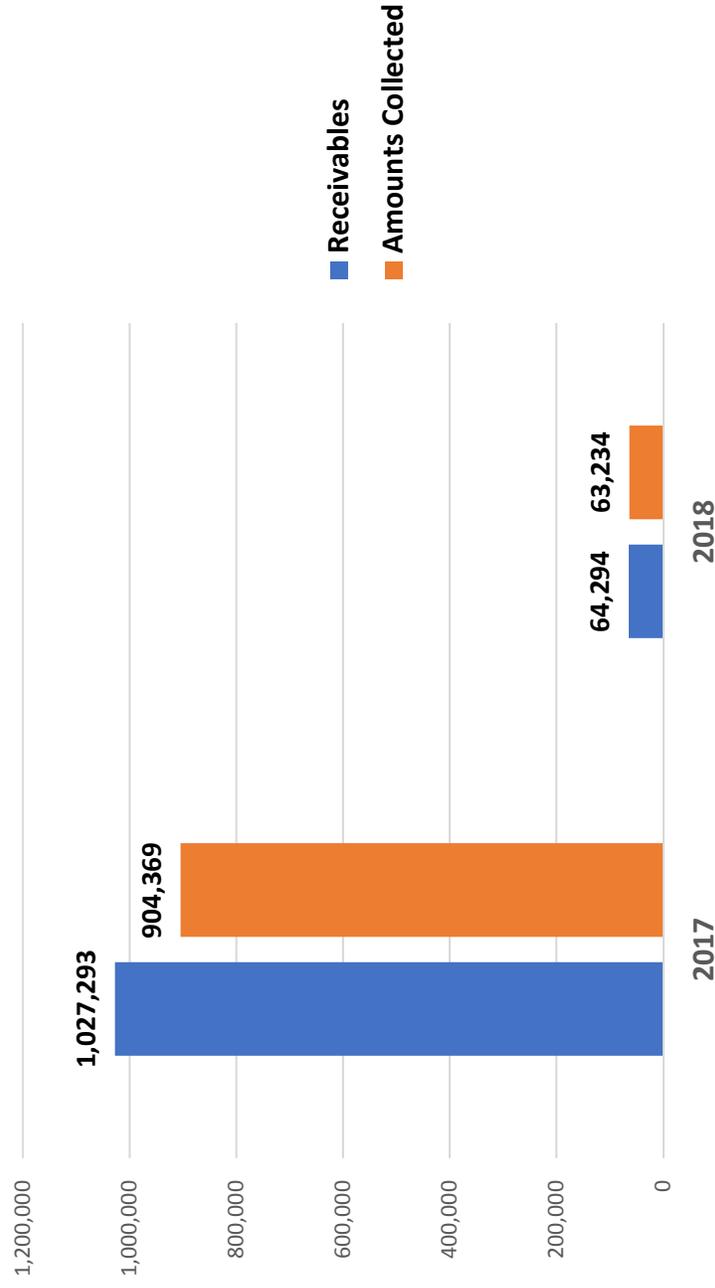


The Sotos Law Firm, P.C.

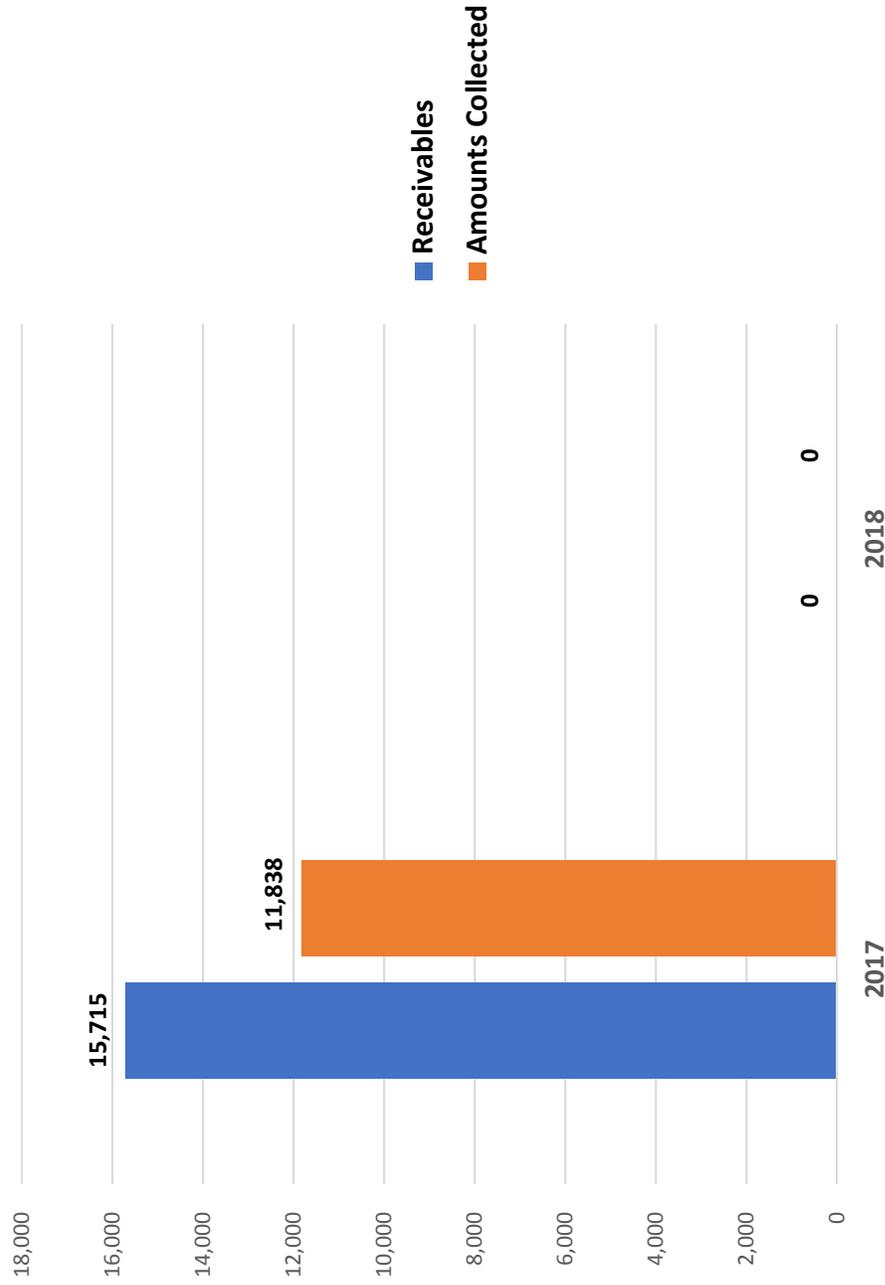
	Year
	2017
# of Lawsuits	14
Final Fees Amount	\$444,837.50
Final Exp. Amount	\$7,714.78
Final Amount	\$452,552.28
Avg Fees per Matter	31,774.11
Avg Exp per Matter	551.06
Avg Dollars per Matter	\$32,325.16



Receivables vs. Amounts Collected-GL only
receipts from 01/01/2017 through 4/23/2018
by event year



**Receivables vs. Amounts Collected-WC only
receipts from 1/01/2017 through 4/23/2018
for the 2017 and 2018 Event Years**





MEMORANDUM

TO: Coverage, Claims, & Litigation Committee

FROM: Susan Garvey, Legal Director
Keena Marks-Cutler, Supervisor of Liability Claims Operations

DATE: May 3, 2018

RE: Defense Counsel Performance Survey Report

Purpose: The purpose of this memorandum is to report to the CCLC regarding staff's efforts to monitor attorney performance through contact with members.

Background/Discussion: To ensure that members are properly represented by counsel and to identify potential problems with representation during the litigation process, we contact members to inquire about attorney interactions and performance. Since the last CCLC meeting, we contacted 23 members for feedback on litigated files and 11 members responded. The 11 members provided the following information related to attorney performance:

- O'Reilly Law Office:
 - Feedback: John was very responsive and did a good job of coordinating with the Village attorney who was handling the FOIA. John built rapport with all involved parties.
 - Molly participated in the Board meeting and provided a good understanding of the litigation process. The Board felt at ease after their interaction with Molly.
- Best, Vanderlaan & Harrington:
 - Feedback: Alison is responsive, prompt and informative. She sets the member's expectations early in the litigation process.
 - Scott McKenna provides same day responses and regularly updates members regarding the status of cases.
- Querrey & Harrow:
 - Feedback: Counsel established a relationship of trust and confidence and was direct in discussing possible outcomes.
- Chilton, Yambert & Porter:
 - Feedback: Jon explained the member's role in the litigation and the litigation process. He did everything that he said he was going to do. This firm was the right firm for the case and the member would retain them again for representation.
 - Rebecca was highly responsive and provided the member with her personal cell phone to contact her as needed. She also provided reassurance to the member as needed during the litigation.

- Sotos Law Firm:
 - Feedback: John Timbo offered different settlement options and was very knowledgeable. John was very prepared and promptly responded to requests.

Recommendation: For the Committee's information.

KM/SG/ds

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MEMORANDUM

TO: Coverage Claims and Litigation Committee

FROM: Susan Garvey, Director of Legal Services
Keena Marks Cutler, General Liability Claims Supervisor

DATE: April 25, 2018

RE: Expanded Auto Coverage for New Vehicles

Action Requested: Approve a recommended revision to the First Party Property Coverage - Vehicle Damage language that will expand coverage to provide for full replacement value coverage for member covered vehicles under 2 years old.

Background: As a member-owned intergovernmental risk pool, IRMA coverage is decided by its members. When an issue or concern is raised about a provision of coverage, the organization can make appropriate changes to address that issue or concern. In a couple of recent vehicle damage claims, the determined value of the vehicle pursuant to the terms of the First Party Property Coverage, caused complaints from members. As an example, a member's truck that was less than a year old was totaled and the valuation for payment of the claim was \$20,000 less than what was paid for the vehicle. On top of that, the member deductible was \$25,000 which made the loss to the member even worse. As a result, staff is making a recommendation to change the vehicle damage portion of the First Party Property Coverage to address this matter.

Discussion: Member vehicle claims are paid through First Party Property coverage. The valuation of member vehicles for a loss is provided for in Paragraph 4.b. of Endorsement 12 to the First Party Property Coverage. That section provides:

“the value of the Covered Vehicles will be determined at actual cash value, meaning the cost to repair or replace the lost or damaged property, at the time and place of loss, with other property of comparable size, material and quality, less allowance for physical deterioration, depreciation, obsolescence and depletion.”

The Actual Cash Value valuation assesses the value of the vehicle at the time of the loss and takes into consideration a loss in the value of the vehicle due to depreciation, commonly known as wear and tear. Initial vehicle depreciation is rapid. On average, a vehicle may depreciate up to as much as 19% in its first year. Consequently, if a member vehicle is totaled in the early years of ownership, the payment provided for in the First Party Property Coverage will not cover the cost of replacing the vehicle with the same make and model and same model year. On top of that, the member deductible further reduces a member's ability to replace a totaled vehicle.

To address this issue, staff is recommending that the valuation of covered vehicles that are less than 2 years old that have been declared a total loss be valued at full replacement value. Full replacement value means a member would be compensated for the cost of a new car of the same make and model and current model year. New vehicle or full vehicle replacement coverage is no longer unusual; most commercial insurance carriers provide some variation of this type of coverage. The proposed revision to Amendment 12 to effectuate this change in coverage is attached for consideration.

Memorandum to Coverage Claims and Litigation Committee

Date: April 25, 2018

Re: Expanded Auto Coverage for New Vehicles

Page 2

Recommendation: Concur with staff's recommendation to expand the Vehicle Damage coverage to full replacement value effective July 1, 2018.

SG/KMC/ds

Attachment

G:\Committees\Coverage, Claims & Litigation Committee\2018\5-3-18\Expanded Auto Coverage For New Vehicles Memo.Doc

ENDORSEMENT 12
VEHICLE DAMAGE

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added:

Vehicle Damage

1. IRMA will pay for direct physical loss or damage to Covered Vehicles at the Member's premises caused by or resulting from a Covered Cause of Loss. When "over the road exposures" are indicated as included in the Property Coverage Declarations, this coverage also applies to Covered Vehicles while anywhere within the Coverage Agreement Territory including while being operated over the road.

The exclusion of vehicles licensed for use on public roads under Section C., of the Property Coverage Form, PROPERTY AND COSTS NOT COVERED, does not apply to loss or damage to Covered Vehicles to which this coverage applies.

2. All of the exclusions that apply to the Property Coverage Form apply to loss or damage under this coverage, except as follows:
- a. When "over the road exposures" are indicated as included in the Property Coverage Declarations, exclusions D.1.a. EARTH MOVEMENT and D. 1. b. FLOOD does not apply to loss or damage to Covered Vehicles while at any location other than the Member's premises.
- b. The following exclusions are added:
- (1) IRMA will not pay for loss or damage under this coverage that is caused by or results from any of the following, unless such loss or damage is itself caused by or results from other loss or damage not otherwise excluded under this coverage:
- (a) Wear and tear;
 - (b) Freezing;
 - (c) Mechanical or electrical breakdown;
 - (d) Blowouts, punctures or other road damage to tires.
- (2) IRMA will not pay under this coverage for loss or damage to any of the following:
- (a) Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with any audio, visual or sound reproducing equipment;
 - (b) Equipment designed or used for the detection or location of radar;
 - (c) Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual or data signals, and any accessories used with such equipment. But this exclusion does not apply to:
 - (i) Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the Covered Vehicle or is removable from a housing unit which is permanently installed in the Covered Vehicle, and such equipment is designed to be solely operated by use of the power from the Covered Vehicle's electrical system; or
 - (ii) Any other electronic equipment that is:
 - Necessary for the normal operation of the Covered Vehicle or the monitoring of the Covered Vehicle's operating system; or
 - An integral part of the same unit housing any sound reproducing equipment described in (i) above and permanently installed in the opening of the dash or console of the covered vehicle normally used by the manufacturer for installation of a radio, With respect only to the insurance provided under this endorsement;

Property
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- (d) Any Covered Vehicle while being used in or practicing for any professional or organized racing or demolition contest or stunting activity, or while being prepared for such contest or activity.
 - (3) IRMA will not pay under this coverage for loss of use, loss of income or any other consequential loss.
3. The most IRMA will pay for loss or damage in any one occurrence under this coverage is the applicable Limit of Insurance shown in the Property Coverage Declarations for Vehicle Damage. This is additional insurance.
4. With respect only to the insurance provided under this coverage:
- a. The following is added to the Notice of Loss and Duties in the Event of Loss or Damage condition in the General Conditions;

The Member must also permit IRMA to inspect the Covered Vehicles and records proving the loss before the repair or disposition of the Covered Vehicles.
 - b. The valuation provisions of this Coverage Agreement are replaced by the following:

Except as provided in c. and d. below, in the event of covered loss or damage to Covered Vehicles, ~~except emergency vehicles valued at \$75,000 or greater,~~ the value of the Covered Vehicles will be determined at actual cash value, meaning the cost to repair or replace the lost or damaged property, at the time and place of loss, with other property of comparable size, material and quality, less allowance for physical deterioration, depreciation, obsolescence and depletion.
 - c. For Covered Emergency Vehicles valued at \$75,000 or greater, agreed value coverage applies. Agreed value means original purchase price new plus any major refurbishments.
 - e.d. Effective January 1, 2018, for Covered Vehicles less than 2 years old, full replacement value coverage applies. Full replacement value means payment to replace a vehicle that is declared to be a total loss with a new vehicle of the same make and model in the current model year.
5. As used in this coverage:
- a. Covered Vehicles means motor vehicles that are:
 - (1) Licensed for use on public roads; and
 - (2) (a) Owned by the Member; or
 - (b) Owned by others and in the Member's care, custody or control, but only to the extent of the Member's legal liability for such vehicles; and
 - (3) (a) Included in the most recent Statement of Values or other documentation on file with IRMA; or
 - (b) Newly Acquired Vehicles.
 - b. Newly Acquired Vehicles means motor vehicles that are acquired by the Member after the inception date of this insurance are covered under this policy.

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MEMORANDUM

TO: Coverage, Claims, & Litigation Committee

FROM: Susan Garvey, Legal Director
Keena Marks-Cutler, Supervisor of Liability Claims Operations

DATE: May 3, 2018

RE: IRMA Property Coverage-Coverage Section B1.h. Outdoor Property

Action Requested: Approve the recommended revision to the First Party Property coverage language that will expand coverage under section B.1.h, in response to frustrations recently expressed by members.

Background: As a member-owned intergovernmental risk pool, IRMA coverage is decided by our members. We have several different coverage documents that direct our staff as to whether a particular claim is covered or not. Recently, we have heard complaints from members regarding a provision of a First Party Property coverage because it is viewed as inequitable and lacking in logic. For this reason, staff recommends a revision that will resolve the issues that have been raised.

Discussion: First Party Property claims are those claims where an IRMA member's property has been damaged. For reference, in 2017, these claims represented approximately 7.35% of IRMA's overall claim payments. An example of a fairly routine and relevant first party property claim is an accident in which a third-party motorist destroys a fire hydrant. According to our current coverage language, we would pay the members' labor costs to remove the debris and would not pay the labor costs associated with replacing the hydrant. Revising the policy language would allow us to pay for the members' entire invoice including the labor costs incurred to both remove the debris and to replace the hydrant. For these reasons, we recommend that our coverage document be revised to pay for labor costs associated with the repair and/or reinstallation of the property.

The attached redlined policy coverage language accomplishes this change.

Recommendation: Concur with the recommended revision to the language in the first party property coverage, as attached, to include coverage for labor charges for the repair or reinstallation of damaged outdoor property.

SG/KM/ds
Attachment

PROPERTY COVERAGE FORM

Various provisions in this Coverage Agreement restrict coverage. Read the entire Coverage Agreement carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning; refer to Section C., Definitions.

A. INSURING AGREEMENT

IRMA will pay for direct physical loss or damage to Covered Property at premises as described in the most recent Statement of Values or other documentation on file with IRMA, caused by or resulting from a Covered Cause of Loss. Covered Cause of Loss means risks of direct physical loss unless the property is not covered in Section C, Property and Costs not Covered; the loss is excluded in Section D., Exclusions; limited in Section E., Limitations; or excluded or limited in the Property Coverage Declarations or by endorsements.

B. COVERAGE

Coverage is provided for Covered Property and Covered Costs and Expenses for which the Member has an insurable interest, unless excluded in Section C., Property and Costs Not Covered. Coverage applies only when a Limit of Insurance is shown in the Property Coverage Declarations for the specific type of Covered Property or Covered Costs and Expenses, except where otherwise stated in the Declarations.

1. COVERED PROPERTY

a. **Building(s)** means the buildings or other structures at the Member's premises, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Machinery and equipment permanently attached to the building;
- (4) Personal property owned by the Member that is used to maintain or service the buildings, structures or grounds; and
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the buildings or structures; and
 - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the Member's premises, used for making alterations or repairs to the buildings or structures.

Building(s) do not include "Outdoor Property" except as provided in section h below.

b. **Business Personal Property** located in or on the buildings at the Member's premises or in the open (or in a vehicle) within 1,000 feet of the Member's premises, consisting of the following unless otherwise specified in the Property Coverage Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by the Member and used in the Member's business;
- (5) Labor, materials or services furnished or arranged by the Member on personal property of others;
- (6) The Member's use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the buildings or structures occupied or leased, but not owned, by the Member; and

h. “Outdoor Property”

This insurance applies to “Outdoor Property” at the Member’s premises for loss or damage only by the following Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or civil commotion;
- (5) Vandalism or malicious mischief; or
- (6) Aircraft or vehicles.

This insurance also applies to loss or damage caused by wind to light poles, traffic lights and street signs.

This insurance also applies to the necessary and reasonable expense incurred by the Member to remove debris, [reinstall and/or replace](#) “Outdoor Property” at the Member’s premises caused by or resulting from a Covered Cause of Loss listed above that occurs during the Coverage Agreement period. Such expenses will be paid only if reported to IRMA in writing within 180 days of the date of direct physical loss or damage. This will not increase the Limit of Insurance that applies to “Outdoor Property.”

i. Personal Effects of Officers and Employees of the Member

This insurance applies to the Personal Effects and “Fine Arts” owned by officers, partners or employees of the Member. Such property must be located at or within 1000 feet of the Member’s premises. Payment for loss or damage to Personal Effects and “Fine Arts” will only be for the account of the owner of the property.

j. Covered Property at Undescribed Premises

This insurance applies to:

- (1) Covered Property at an “exhibition” including while in transit to and from the “exhibition” site. Coverage for this property applies worldwide except within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.
- (2) Covered Property that will or has become a permanent part of an installation project being performed for others by the Member, or on the Member’s behalf, while such property is at the installation premises or at other premises where the property is temporarily stored. Coverage for this installation property applies only within the Coverage Agreement Territory and will apply only until the Member’s interest in the property ceases, the installation is accepted, the installation is abandoned, or this Coverage Agreement is cancelled or expires, whichever occurs first.
- (3) Covered Property at any other premises within the Coverage Agreement Territory which are not otherwise insured under this Coverage Agreement, and which the Member does not own, lease or regularly operate.

This Coverage does not apply to Personal Effects of Officers and Employees of the Member.



M E M O R A N D U M

TO: Coverage Claims and Litigation Committee
FROM: Susan Garvey, Director of Legal Services
DATE: April 25, 2018
RE: Panel Counsel Hourly Rate Increase

Purpose: To advise the Committee of the increase for Approved Panel Counsel hourly rates effective July 1, 2018.

Background: Section 6.06 of the IRMA Claims Manual, Litigation Management, provides that “the Executive Director shall have the overall, primary responsibility to monitor the costs and performance of the claims unit and defense counsel, and the overall responsibility for the coordination of all claims and claims litigation. As a part of that responsibility, the Executive Director sets the hourly rates for the Approved Panel Counsel.”

The Approved Panel Counsel agree to a set hourly rate for the representation of the members in litigation. The set rates have separate rates for complex and basic cases, trial time and file management and separate rates for different categories of attorneys based upon their level of experience. Complex rates contemplate cases involving federal civil rights cases and employment matters. Basic rates contemplate cases involving state tort cases. The current fee schedule is broken down as follows:

Category 1 Attorneys include attorneys with 7 or more years of experience and bill at the following hourly rates:

Complex Cases:	Non-Complex Cases:
\$185.00/hour trial time	\$160.00/hour trial time
\$185.00/hour file management	\$155.00/hour file management

Category 2 Attorneys include attorneys with 3-7 years of experience and bill at the following hourly rates:

Complex Cases:	Non-Complex Cases:
\$155.00/hour	\$140.00/hour

Category 3 Attorneys include attorneys with under 3 years of experience and bill at \$130 per hour for all activities.

The current hourly rates were set in 2007. IRMA’s prior practice has been to review attorney hourly rates at 3 years and generally an increase of 8% has been set.

Discussion: It has been 10 years since IRMA has reviewed or increased panel counsel's hourly rate. Based upon prior practice, hourly fees should have been increased by 8% per three years over 10 years, equaling approximately 24% or \$44 per hour. As a point of reference, the National Law Journal posted the results of an hourly billing survey in 2014 which showed the average attorney hourly rate for partners was \$604 and associates charged \$307. In 2017 the Laffey Matrix, used by many areas of the country to determine legal fees, reported that fees based upon years of experience went from \$343 (1-3 years of experience) to \$826 (20+ years of experience).

As noted, IRMA Panel Counsel agrees to set categorized rates which are lower than market hourly rates in the legal community. In response, IRMA strives to assign cases equally between the approved firms. The determination of the rate as basic or complex turns on the type of case. Not all defense counsel are assigned the same amount of complex cases which results in an inequity between the firms. This is remedied by having one set rate rather than complex or basic rates.

Consequently, staff is proposing to increase hourly rates to \$200 per hour for Category 1 attorneys, \$167 per hour for Category 2 attorneys and \$140 per hour for Category 3 attorneys. All rates are increased by approximately 8%.

Recommendation: Staff is seeking input from the Committee for the increase and modification of panel counsel billing rates.

SG/ds



MEMORANDUM

TO: Coverage, Claims, & Litigation Committee

FROM: Margo Ely, Executive Director
Susan Garvey, Legal Director

DATE: April 26, 2018

RE: Claims Administration Services for Mount Prospect's Previous GL Claims

Action Requested: Concur with staff's recommendation that IRMA provide claims administration services to Mount Prospect for 6 general liability claims filed before Mount Prospect joined IRMA for a one-time payment of \$7,726 as further described herein.

Background: IRMA is a full-service risk management agency, which means we provide all lines of coverage to our members and administer all of their claims. Municipalities that are not members of IRMA frequently procure insurance from various providers based on different lines of coverage and they may also have a "TPA" (third party administrator) handle their claims. It is not uncommon for their separate insurance coverages to expire at different times, which can cause consternation when considering joining IRMA. Over the past year, the IRMA membership has provided staff with flexibility to accommodate these staggered expirations, by providing credits to municipalities for other insurance coverage in force that overlaps the new member's date of IRMA membership.

Claims administration is a strength of IRMA's, based on our highly qualified and experienced staff. IRMA also provides the benefit of having one location where all claims information is maintained, simplifying insurance programs for municipalities. Mount Prospect has requested that IRMA "administer" their general liability claims that pre-date their IRMA membership. Their current "TPA" contract expires on June 30, 2018. Looking forward, Mount Prospect's "TPA" contract for their worker's compensation claims expires on December 31, 2018 and we anticipate Mount Prospect will, similarly, prefer to move those claims to IRMA.

Discussion: Staff recommends that the CCLC consider a formula, so that moving forward, we can price these types of requests and process them for approval. Since IRMA is a full-service organization that does not offer members the option to pick and choose the coverages and services provided, these requests will always require approval by the Board of Directors.

In determining the appropriate cost for these administration services, the first question is the number of claims. Since these claims will always be "older" claims, which are often more complex or difficult, we recommend that a multiplier of 1.5 be added to the number of claims. As such, Mount Prospect has 6 open GL claims, so after a multiplier of 1.5, they have the equivalent of 9 claims. The next part of the question is how to address the staff resources required to provide this service. We aim for our adjusters to have a claim workload of 130 claims. As such, 9 claims are approximately 6.9% of an adjuster's workload. Our average adjuster costs \$111,593 with salary and benefits. Therefore, the appropriate price for this service to Mount Prospect is 6.9% of \$111,593, or \$7,726.

Memorandum to Coverage, Claims & Litigation Committee

April 26, 2018

Re: Claims Administration Services for Mount Prospect's Previous GL Claims

Page 2

Recommendation: Concur with staff's recommendation and authorize claims administration services for Mount Prospect's GL claims effective July 1, 2018 for a price of \$7,726.

ME/SG/ds

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