

**BOARD OF DIRECTORS
Meeting Minutes**

**Wednesday, December 16, 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 Gargano to approve the Consent Agenda of December 16, 2015. A voice vote was called and the motion carried.

III. CHAIR'S REPORT**A. Changes in IRMA Delegates/Alternates**

Irvin welcomed the following new Delegates/Alternates:
Donna Gayden, Delegate – Hazel Crest
Gwendolyn Gray, Alternate –Hazel Crest
Ralph Czerwinski, Delegate – Morton Grove
Tom Friel, Alternate – Morton Grove
Doris Harmon-Warren, Delegate – Crete
Michael Smith, Alternate Crete

B. Nominating Committee Report – Slate of 2016 Officer Candidates – Velkme

Velkme thanked Drew Irvin and Art Malinowski for assisting her in this process by serving on the Nominating Committee. Velkme also thanked everyone who submitted candidates for the positions that we are voting on today. Velkme commented that if you didn't get selected, please consider volunteering to serve on one of the standing committees, as membership participation is key in this organization.

Velkme presented the following slate of candidates:

Chair – Kathleen Gargano – Village of Hinsdale
Chair-Elect – David Clark – Village of Glencoe
Treasurer – Jessica Frances – Village of Riverside
At-Large Representative (Large Member) – Peggy Halik – Village of Woodridge
At-Large Representative (Small Member) – Steve Stricker – Village of Burr Ridge

Velkme asked if there were any candidates from the floor. Hearing none, a motion was made by Stricker and seconded by Wachtel to approve the slate of candidates for the 2016 IRMA officers. A voice vote was called and the motion carried.

IV. EXECUTIVE DIRECTOR/STAFF REPORT

Ely noted that the 2016 Calendar of IRMA Standing, Steering, Executive Board and Board meetings was included on page 6 of the meeting packet, and asked every to record the Board dates for 2016 on their calendars.

Ely asked Letourneau and Embry Nichols from JLT to briefly discuss the pricing that the Board received for the Optional Underground Storage Tank coverage. Nichols stated that she took a hard look at the UST program this year because last year, if you were in the program and had a tank that aged to 26 years, your premium almost tripled. This year we added a layer of pricing, so the pricing per underground storage tank steps up from under 29 years it's \$479; between 25 and 29 years, it steps up to the mid \$700s; after 29 years, it steps up to \$1396. We also lowered the premium on all the ASTs. The deductibles did creep up slightly for the older tanks and that is imposed by AIG (the carrier). They have been on the program since IRMA started with it. Nichols stated that they would be sending out a memo to members asking whether they want to bind coverage after this meeting. You will have until December 21st to make that decision.

V. ACTION ITEMS

A. Approval of Minutes of October 28, 2015

A motion was made by Velkme and seconded by Wachtel to approve the Board of Directors meeting minutes of October 29, 2015. A voice vote was called and the motion carried.

B. IRMA Bylaw Modification – Removal of Watchlist

Ely explained that this bylaw modification was necessary because with our new Workers' Compensation Focus Program, we will no longer be doing the Watchlist Program. We do not need references to the Watchlist in our bylaws.

A motion was made by Stricker and seconded by Halik to remove the reference to the Watchlist Program from the bylaws and to not replace the reference to Watchlist with a reference to the Workers' Compensation Focus Program. A roll call vote was called and the motion carried.

C. Member Participants for 2016 Workers' Compensation Focus Program

LeTourneau explained that page 23 shows the final recommendations for the 1st year of the Workers' Compensation Focus Program. LeTourneau stated that at the last Board meeting, the Board approved the policy, which outlined criteria on who would participate in the first year of the program to look at how IRMA can provide focused resources on improving their workers' compensation programs and, in turn, saving them some large dollar amounts. The memo outlines, based on the criteria starting on page 24, a loss basic review that talks about workers' compensation losses and how they compare in a variety of different categories, but mainly loss severity to IRMA target. The focus of this program is the actual workers' compensation losses versus the target.

The four members invited to join the program are Village of Brookfield, Village of Carol Stream, Village of Roselle and Village of Westchester. LeTourneau reported that meetings will be set up with these members in February. The Workers' Compensation Focus Program will officially begin on April 1st.

A motion was made by Stricker and seconded by Wachtel to approve the members to be included in the 2016 Workers' Compensation Program. A voice vote was called and the motion carried.

D. Lobbyist Services

Ely stated that staff is asking for the discretion to continue our contract with our lobbyist on a month-to-month basis, and in the meantime explore what other opportunities there are and what is in IRMA's best interest for the purpose of pursuing legislative initiatives, particularly workers' compensation reform in Springfield during the next year. Ely noted that IRMA has never engaged in a competitive process for lobbying services.

A motion was made by Wachtel and seconded by Gargano to approve staff's recommendation to negotiate a month-to-month agreement with Vaughn Consulting Services while analyzing other options. A voice vote was called and the motion carried.

E. 2016 Claims Audit

Ely stated that the IRMA Bylaws calls for a claims audit every three years. We will be conducting a claims audit during 2016. Staff engaged in a RFP process to select the auditor firm. The item in the packet is the selection of Northshore (NiiS) to provide our audit at a price of \$29,747. Ely stated that the audit report will be presented at the June Board of Directors meeting.

A motion was made by Stricker and seconded by Wachtel to approve the selection of Northshore to provide a claims audit in 2016 at a price of \$29,747. A voice vote was called and the motion carried.

F. Optional Cyber Risk Coverage

LeTourneau reported that at the October Board of Directors meeting we introduced the topic of adding optional cyber risk coverage to the IRMA program in addition to what we currently have. At that time, the only proposal we had was from Beazley. We have gotten an additional proposal from HSB. HSB is actually part of Munich Re, one of our reinsurers. It was a logical step to an expanded program internally in IRMA in our reinsurance program to go with HSB. There costs are much lower than Beazley. LeTourneau noted that this is step one to expand our current program, move toward a complete evaluation during the 2017 coverage renewal, to move it more toward a reinsurance program and partner with HSB.

LeTourneau stated that we were lucky to have Embry Nichols here, who actually spearheaded the program and helped us determine what the benefits of the program are, why do we want to go with HSB, and talking a little about what they call their E-Risk Portal. This is an online resource for all members that will talk about best practices policies and provide online training.

Nichols commented that if you were at the Board meeting in October, Justin, her counterpart was in attendance. At that time, they were just pulling things together to find out what was out there to best complement the coverage that IRMA already has. Nichols noted that IRMA has a cyber component in their Property coverage document that is just about as good as any market that is out there. Nichols stated that they wanted to see what else was out there to round out that coverage and provide the most comprehensive coverage for the membership.

Embry presented her slides from the Webinar held on December 10, and reviewed the pros and cons between Beazley and HSB, which led to the decision to go with HSB. Nichols stated that the annual premium is roughly \$1,000 or \$2,000 depending on member size. The premium can be pro-rated. LeTourneau stated that the optional coverage will be billed through your monthly billing.

Nichols noted that the big pro that HSB has that Beazley does not is the E-Risk Portal. They will be assigning user names and passwords for members. There are training sessions, video training sessions, whitepapers, claims scenarios, where to report a claim, etc.

A motion was made by Gargano and seconded by Velkme to offer the Optional Cyber Risk Coverage. A voice vote was called and the motion carried.

G. Policy Revisions Related to Attorney Selection

Ely stated that this agenda item is a revision to Section 6.06 of the Claims Manual, Selection Guidelines for IRMA Counsel to explicitly provide for appointment of special counsel. The question of what is IRMA's authority to hire attorneys to defend our cases is outlined in our bylaws, which give the Executive Director authority and discretion to hire attorneys. However, in 2012, IRMA issued its first RFP to select law firms based on merit and a committee of members and staff participated in the process and selected panel law firms. Ely noted that in some of our cases, we need to appoint an attorney other than one of our panel law firms for various reasons. This has occurred for many years. This item amends the policy that relates to the panel law firms to explicitly allow for appointment of special counsel in litigated cases. Those attorneys will need to comply with our litigation guidelines.

A motion was made by Clark and seconded by Velkme to approve the revision to Section VI, Section 6.06 of the Claims Policy as presented. A voice vote was called and the motion carried.

H. Telephone System

Ely stated that in the current budget, the Board approved the expenditure to purchase a new phone system to replace the current system that is over 20 years old. Staff hired a consultant to help us with this and went out for an RFP. We are looking for approval of a new Shoretel phone system with ATI for a total cost of \$30,937.

A motion was made by Stricker and seconded by Halik to approve the new Shoretel phone system with ATI as presented. A voice vote was called and the motion carried.

I. Interest Income Credit

Clark reported that staff's recommendation for this year is a \$7,000,000 Interest Income Credit for 2015. This item was approved by the Administration & Finance Committee and the Executive Board.

A motion was made by Clark and seconded by Velkme to approve a \$7,000,000 Interest Income Credit for 2015. A voice vote was called and the motion carried.

J. 2016 Final Budget

Clark reported that the budget was emailed to the membership and a bound copy had been distributed at today's meeting. Clark stated that page 76 of the meeting packet contained the changes since the preliminary budget. The total increase from the preliminary budget was \$1,049,622. The total budget is \$31,186,185.

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

VI. ADDITIONS TO AGENDA

There were no additions to the agenda.

VII. CONFIRMATION OF NEXT MEETING

Irvin reported that the next meeting of the Board of Directors was scheduled for Thursday, March 17, 2016 at 9:30 a.m. at Westbrook Corporate Center – Tower 2 Conference Room. Irvin asked everyone to take note that this meeting would be on a Thursday, rather than the usual Wednesday.

VIII. ADJOURNMENT

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

Submitted by:

Approved by:

Margo Ely
Executive Director

Kathleen Gargano
IRMA Chair