



**BOARD OF DIRECTORS
Meeting Minutes**

**Wednesday, March 13, 2013
Westbrook Corporate Center Conference Room
9:30 a.m.**

I. CALL TO ORDER

Chair-Elect Irvin called the meeting to order at 9:30 a.m. Bush called the roll and a quorum was declared.

II. ✓APPROVAL OF MINUTES: December 12, 2012

A motion was made by Clark and seconded by Coren to approve the Board of Directors Meeting Minutes of December 12, 2012. A voice vote was called and the motion carried.

Reports for Information Only Found on the IRMA Website

Irvin asked if anyone had any questions on any of the reports on the website. Hearing none, Irvin moved to the next agenda item.

III. CHAIR'S REPORT - VELKME

In Chair Velkme's absence, Chair-Elect Irvin gave this report.

A. Welcome to 2013 Board of Directors (Informational)

Irvin noted that items 1-6 were informational and asked if anyone had any questions. Hearing none, he introduced IRMA's Corporate Counsel, Chris Naveja, to review the Board's fiduciary responsibilities.

Naveja stated that he wanted to remind the returning and new Delegates and Alternates about IRMA's policy on Conflict of Interest. Naveja noted that obviously everyone understands that the IRMA staff and Board officers are here to act in the best interest of the organization. Because of that, there are certain restrictions on their conduct. They are not allowed to gain any personal benefit to influence any decision they make on behalf of the organization or on behalf of any member. This would impact any business transactions with vendors of IRMA, including counsel or other service providers. Likewise, if there is any arrangement between a given member or an officer or employee of IRMA, the employee or officer are not allowed to receive any personal gain from that relationship.

Naveja noted that the flip side of that is likewise true. You, as a Delegate or a member of IRMA are to refrain from any business transaction with an officer or employee of IRMA that would reward or provide personal gain to them. Also, you as the Delegate/Alternate should not receive any personal gain in your dealings with IRMA.

Naveja reminded that the Delegates/Alternates have a fiduciary duty to IRMA. As we talk about various topics or have certain votes that amend certain policies and/or procedures of the organization, you should evaluate that and make a decision based on

what you believe is in the best interest of the organization as a whole; not necessarily what is in the best interest of your particular member.

B. Changes in IRMA Delegates/Alternates

Irvin welcomed two new Alternates: Mike Kelly of Bartlett FPD and Mark Altobella of Willowbrook.

C. Recognition

Bush thanked the following members for their service in serving on the IRMA standing committees.

David Danielson (West Dundee) Administration & Finance Committee – 2009 - 2012

George Schafer (Lemont) Administration & Finance Committee – 2009 – 2012

Jim Marino (Homewood) Coverage, Claims & Litigation Committee – 2009 – 2012

Bridget Wachtel (Flossmoor) Coverage, Claims & Litigation Committee – 2009 – 2012

Blaine Wing (Oak Brook) Membership Relations Committee – 2009 – 2012

Michael Marzal (Homewood) Membership Relations Committee – 2009 – 2012

Barb Weber (Bloomington) Training & Education Committee – 2009 – 2012

Chief Jim Eggert (River Forest) FCSC Liaison, Training & Education Committee 2012

Bob Hartnett (Rolling Meadows) PWSC Liaison, Training & Education Committee 2012

Dep. Chief John Krull (Riverside) PCSC Liaison, Training & Education Committee 2012

Bush noted that certificates of recognition would be sent to each of these members.

IV. COMMITTEE REPORTS

A. MEMBERSHIP RELATIONS COMMITTEE – COREN

1. Announcement of 2013 Committee

Coren thanked the members who are serving on the Membership Relations Committee for 2013.

2. Legislative Update – PSEBA Working Group and Survey

Coren asked Garvey to give this report.

Garvey reported that in regards to the PSEBA legislation, House Leader Radogno has introduced a shell bill that we are going to work on. Also, we recently learned that the Firefighter Lobby has put together a bill and they are talking with Senator Haine to work this out, so there may be some compromise coming from that. Once Senator Haine has the opportunity to talk to the Firefighters, he will pull us into it and we will get something going this year.

Garvey reported that as far as the pooling legislation goes, the Department of Insurance had introduced a bill that would allow the Department of Insurance to come in and look at anything they wanted to at any time and for any reason to

make determinations about whether or not something was inappropriate and then to assess penalties based upon their decisions. Garvey reported that there was a long meeting with the Department of Insurance yesterday, and their main concern was adequacy of reserves of pools, or some kind of certification that the reserves in a pool are adequate. We are required to file an audit every year with the Department of Insurance, although they have informed us that they don't look at them. They tell us that 1/3 of the pools in the state do not file their audit. They are looking to have some penalties assessed on pools who don't file their audit. The penalty would not affect IRMA as IRMA files its audit.

Garvey reported that they also discussed enacting legislation that allowed anyone to withdraw from a pool with a 90-day notice. Chuck Vaughn reports that they seem to be backing off of this. What he thinks they are going to do now is put a 90-day requirement to give your member notice that they have to follow withdrawal procedures. This is really something that doesn't affect IRMA.

3. IRMA Notices of Withdrawal

Coren reported that prior to January 1, 2013; we received two notices of withdrawal. Coren explained that the timing of withdrawal notices is important, because if a member wants to withdraw, there is a one year notice period. If a member gives their notice to withdraw two weeks into the year, they are essentially looking at a two-year timeframe. Coren reported that the City of Wood Dale and the Village of Westchester gave notice of withdrawal prior to the end of 2012. At that point, they had 45 days to rescind their notice of withdrawal. We did receive a notice to rescind their withdrawal notice from Westchester in the 45 day period. They meet all of the requirements to come back into the pool and rescind their withdrawal notice and it was granted. Coren stated that Wood Dale did not rescind their notice of withdrawal, so they will be out of the pool as of January 1, 2014. Coren stated that it is our understanding that Wood Dale did not have a firm quote, but that they were looking at Mesirov Financial.

4. IRMA Withdrawal Policy

Coren explained that we originally were going to take a vote on this item, which is a bylaw change and changes to two policies. We have decided not to take the vote today for a couple of reasons. One is that, typically, when we have bylaw votes, we introduce and discuss at a Board meeting to gain any feedback and then bring it back to the next Board meeting for a vote. The second reason is that with the pool legislation that is out there, we are concerned that if we change our withdrawal notices to go in the direction of some of the pooling legislation, it almost makes it appear that there is credence in having some of this pooling legislation. We don't want this to be misperceived down in Springfield.

Coren stated that as was mentioned before, if a member provides a withdrawal notice two weeks into the year, the withdrawal period is essentially two years. Even for a community that is looking for other options, it is still a restriction. IRMA needs to know who is going to be in the pool when they start their yearly budget process around July 1st. So we looked at reducing the withdrawal request date from one year to nine months and increase the rescission period from 45 days to 60 days. What this allows you to do is get a little closer to that time and rather than rushing out right after you have given notice, the 60 days gives a municipality a little more time in the decision making process. One other stipulation is that if a member

gives less than a nine-month notice of withdrawal, they would lose their Members' Reserve, which is a significant amount of money.

Bush stated that the change to nine months makes sense and wasn't prompted by the pending pooling legislation. It was prompted in part by the position that Westchester found itself in. They didn't want to really give their withdrawal notice, but because of this lengthy time situation, they had to. This is what makes sense, but also may comply with legislation that may come down the line. The part about letting a member withdraw at anytime with cost being the loss of reserves makes it much easier to enforce this entire concept of pooling.

Bush noted that many pools do not return the member's reserves when a member leaves. IRMA is unusual in that they do.

There are also a couple of changes being proposed to the Members' Reserve Fund Policy, which will comply with the legislation that may come through. Right now, if a new member joins, they have three years to contribute their extra reserve and are required to commit to the pool for these three years. We collect 50% of their contribution as a reserve to guarantee against bad claims experience. We are proposing changing that to a member could choose to pay their total members' reserve at the time of their initial contribution or in one, two, three, four or five equal annual installments. This would allow them to leave with only the required 9 months notice once their members reserve fund payments are fully paid. Bush stated that staff is going to wait to see what the legislation is before presenting this for a vote. It will come back to the next Board meeting.

Bush did state that the change to nine-month withdrawal notice period and leaving reserves behind if a member gives less than a nine-month period will be brought back for a vote at the next meeting regardless of the legislation.

B. TRAINING & EDUCATION COMMITTEE – PETERSON

1. Announcement of 2013 Committee

Peterson thanked the members of the Training & Education Committee for participating on the committee.

2. Update on Grant Programs

Peterson reported that on page 47 of the meeting packet there was an update on the funding for the grant programs. The first chart is where we ended up in December 2012 with grants, and the second chart shows the grant submissions that have been received for implementation during 2013.

3. 2013 Best Risk Management & Safety Initiative Award

Peterson stated that the application for the 2013 Best Risk Management & Safety Initiative Award was in the packet as well as on the website. Deadline for submissions is April 17th. Winners will be announced at the June 26th meeting.

4. 2012 IMAP Accreditation – Presentation of Awards

LeTourneau stated that he and Peterson have the opportunity to present awards for the 2012 IMAP Program. There are three categories.

LeTourneau announced that the Village of Winfield was being awarded a plaque for their first time achieving IMAP Accreditation, which requires an 85% compliance with the IMAP criteria. Winfield came in with 88%.

LeTourneau announced that ten members have achieved on-site IMAP Reaccreditation and each are being awarded a plaque. They include:

Village of Westmont	99%
Village of Lisle	98%
City of Lake Forest	97%
Village of Barrington	97%
Village of Buffalo Grove	97%
City of Rolling Meadows	96%
Village of Northfield	96%
Village of Burr Ridge	93%
Village of Mundelein	93%
Village of Flossmoor	91%

LeTourneau noted that the following five members are being recognized with a certificate of recognition for achieving IMAP Reaccreditation (Self-evaluation) during 2012:

Village of West Dundee	97%
Village of Clarendon Hills	96%
Cary Public Library District	94%
Village of Palos Park	91%
Village of Hinsdale	89%

LeTourneau announced that we now have a total of 51 IMAP Accredited members of IRMA.

LeTourneau reported that effective January 1, 2013, members with a scheduled onsite IMAP evaluation will be eligible for the new IRMA Level II Accreditation. Members earning an IMAP percentage of compliance of 95% or greater on their onsite evaluation and also have a five-year claims severity to IRMA target of 70% or less will achieve IRMA II Accreditation. A plaque and a check for \$1,500 will be presented at the first Board meeting in 2014.

C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – GARGANO

1. Announcement of 2013 Committee

Gargano stated the roster of the Coverage, Claims & Litigation Committee could be found on page 55 of the packet. Gargano thanked the committee members for continuing to serve.

2. 2012 Corporate Counsel Workshop Report

Gargano stated that the report from Susan Garvey on the 2012 Corporate Counsel Workshop Report could be found on page 56 of the meeting packet. Gargano stated the report was pretty self-explanatory and the notes were clear.

D. ADMINISTRATION & FINANCE COMMITTEE – CLARK

1. Announcement of 2013 Committee

Clark thanked the members of the 2013 Committee for agreeing to serve.

V. EXECUTIVE DIRECTOR/STAFF REPORT

Bush reported on the Claims Report for year end 2012, stating that the total claims volume in 2012 was down almost 18%, and our total experience is down 11%. We continue our pattern since 2008 of a somewhat significant reduction of claims and costs. Bush noted that part of the reason for this is the weather, with the winter of 2012 being very mild. Other reasons are that staffs have been cut a bit, and loss prevention plays a part in this also. Our actuary recommended a 6% reduction in our rate this year, and we are hoping with these results, the actuary will recommend another reduction next year.

Bush stated that on the workers' compensation side, he has mentioned before the Preferred Provider Program. This was part of the legislation that took effect September 2011. Our members can put together a network of doctors and we can refer our workers' compensation claimants to those doctors. The claimant can opt out of the system; however, if they do so it is considered use of their first physician, so we think generally they will not be opting out. So it is a tremendous value to get the workers' compensation claimants to the listing of doctors that we think they need to go to for the best medical care. We try to do that now, but right now if they want to go to their own doctor, there is nothing we can do.

Bush noted that even though the legislation took effect in September 2011, the Rules had to be approved by JCAR and it's taken them up to the last couple of weeks to approve the Rules. Bush noted that it will take a month to six weeks for us to get our network in place. We hope to be among the first in the state to get a network going.

Bush stated that all the claim coordinators received a request from us for the zip codes of their employees. Bush noted that we really need the zip codes because one of the Rules of the Preferred Provider Program is that we have to demonstrate that our network will adequately provide treatment to all of our employees. The legislation is based solely on where our employees live, not where they work. Bush noted that we have received about half of our members' employee zip codes, and stressed the importance of all members getting back to us with the zip codes. We have to have it from every member in order to get our Preferred Provider Program going.

Bush noted that there will be training provided somewhere in the next several months about what you should tell your employees and how you should refer them to the physicians in the Preferred Provider Network. It will most likely be a webinar.

Bush mentioned that this is Laura Vesecky's next to last Board meeting as she will be retiring at the end of June. There will be a reception sometime in June and we will be providing more information on that.

VI. ADDITIONS TO AGENDA

There were no additions to the meeting.

VII. CONFIRMATION OF NEXT MEETING

Irvin confirmed that the next meeting of the Board of Directors is scheduled for Wednesday, June 26, 2013 at 9:30 a.m. at the Westbrook Corporate Center Conference Room.

VIII. ADJOURNMENT

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

Submitted by:

Larry Bush, Executive Director

Approved by:

Drew Irvin, Chair-Elect