

APPROVED
Reinventing Government Committee Minutes
Tuesday, October 11, 2011
6:30 p.m.

Called To Order: 6:40 pm

Present: Trustee Salzman, Trustee Hedges, Trustee Johnson, Trustee Tucker, HR Director Spataro, Interim Village Attorney Simone Boutet, Deputy Village Manager Lisa Shelly, Village Manager Tom Barwin.

Others Present - Larry Bush – Executive Director, Dan Letourneau, Director – Risk Management

Manager Barwin provided brief overview of VOP interest in exploring IRMA coverage beginning a year ago.

IRMA founded in 1979.

IRMA's review of Oak Park has IRMA reviewing their own policies. As of now, Village of Oak Park would have to enter at \$250,000 deductible.

2 of 3 communities do not qualify for IRMA, Oak Pak qualifies but Oak Park's approach is competitive.

IRMA explained that it is an inter-government cooperative, IRMA is a self-insured risk manager, not for profit basis. Biggest advantage is ongoing improvements of reducing risk through Department by Department reviews and implementing 3 year improvement plans. Materials presented are attached to minutes and in Reinventing Government committee file.

38 training programs available to each member community. All model policies and procedures are on line available to members. IRMA continues to work on model policy development.

Department Steering Committees typically meet four times per year to work on operational risk reduction.

Focus on losses and corrections if placed on watch list. If on watch list can remain on list with 5 years to correct. 3 on list now out of 72 members. Have asked 2 or 3 members to exit IRMA over a 30 year period.

Oak Park loss experience a little higher than average IRMA members.

Contributions based on revenues heavily modified by loss history. i.e. if 10% more losses than average, fee is up 10%, capped at up to \$50,000 extra.

VOP Basic Premium \$1.8 million, our losses 8% higher than typical member but reduced to contribution of \$932,327 at \$250,000 deductible.

IRMA explained formulas not working for Oak Park, because of good experience on large claims but

little credit for, versus small claims. IRMA reviewing how to credit lack of large losses for larger communities, but policy just now being phased in over next 5 years, beginning in 2012.

A preliminary 2012 fee proposal was reviewed, attached as attachment A.

Manager Barwin raised \$ 2 million village self-insured retention fund, i.e. our deductible versus \$250,000 IRMA deductible.

Administrative advantages of IRMA include claims processing, unemployment claims processing, monthly police training, quarterly web-based and scenario training for all managers, property appraisal services.

IRMA controls reinsurance, IRMA takes first \$ 3 million, then reinsurance up to \$10 million.

Discussed an example case of trip and fall and aggressive IRMA posture on defending cases. Costs of settling are weighed over long time impact of more suits being brought against the Village.

Workers Comp cases are assigned a nurse case manager on every case.

IRMA reviewed quarterly claims/cases monitoring reports available to key staff and board.

To exit program need one year notice to IRMA prior to January 1 of each year. If members leave members receive all reserves. Most pools retain reserves.

Losses in VOP 2006-2010 avg. \$1.19 million according to total costs includes, reserves, from our lost reserves, expenses, payments, which is 8% above average members experience.

Labor issues not covered but IRMA gets involved when compensatory losses. Zoning cases may be covered. Under unified coverage, if IRMA is required to cover any aspect will cover all.

Also excluded is back pay and front pay, although IRMA covers.

Trustee Saltzman requested additional information on Village Training to compare with IRMA programs.

IRMA has 50% grant programs including certain certification programs including back safety. Committees are made aware of programs.

Committee needs to review all comparables to weigh against IRMA costs and benefits.

To include average loss experience in and out of IRMA, commercial insurance risks, possible staff savings.

Next steps, organizational, law department, short and long term solutions.

IRMA follow up information. Administration, commercial costs, staff, risk analysis and review what numbers IRMA used to calculate fees.

Simone Boutet advised we currently have Third Party Administration for workers comp and reporting information. Committee should receive updated case and reserve calculations.

Simone asked about bidding next year's commercial with various deductibles, i.e. \$250,000, and \$ 1 million and \$ 2 million. At current rates for our \$ 2 million deductible we average \$225,000 permits.

Trustee Salzman mentioned Des Plaines is in MICA pool.

Moved by Salzman seconded Tucker to adjourn. Meeting adjourned at 8:33 p.m.