



Minutes Risk Management Trust Board May 27, 2015

Minutes of the Risk Management Trust Board meeting held on May 27, 2015, 5:00 p.m., at the Library Board Room, Second Floor, Tempe Public Library, and 3500 S. Rural Road, Tempe, Arizona.

(MEMBERS) Present:

Robin Arredondo-Savage
Bill Goodman
Ken Jones
Tom Duensing
David Long

(MEMBERS) Absent:

None

City Staff Present:

Renie Broderick, Internal Services Director
Jerry Hart, Deputy Internal Services Director - Finance
Chris Hansen, Risk Manager

Guests Present:

Lavonna Arms, Marsh USA
Jodi Clever, Marsh USA

Agenda Item 1 – Call To Order

Ken called the meeting to order at 5:06 p.m.

Agenda Item 2 – Approval of Board Meeting Minutes

Ken introduced the minutes of the October 27, 2015 meeting and asked for a motion.

Motion: Ken

Second: Robin

Abstained: None

Decision: Approved

Agenda Item 3 – Review of Proposed FY 15/16 Insurance Renewal Program

Chris provided a brief review of the timing of the insurance renewal process that city goes through each year including coverages sought and when a proposed program is anticipated to be placed on the City Council agenda for review and approval. Lavonna and Jodi then provided an overview of the proposed insurance renewal program for fiscal year 2015/16, comparing it to the current year expiring program. The types of coverages remained unchanged although some carriers did change. The total premium for the proposed program decreased by \$28,855 (or 2.36%) from the current year.

While reviewing the Marketing Results, Robin asked why the city only received so few quotes for its coverage needs, especially property. Lavonna explained that the other carriers could not compete with

the extent of coverage (i.e., auto physical damage, Town Lake Dam) and premium quoted by Lexington. Ken asked why auto physical damage coverage is not quoted separately; Jodi and Lavonna indicated that it is significantly cheaper to include it in the overall property coverage rather than splitting it out separately.

Ken then asked about coverage for the dam. Chris indicated that property insurance covers both the existing dam and the new dam when it is completed in December. Ken then asked Chris and Lavonna to provide to him a one paragraph explanation of what the insurance for the dam actually covers. Bill then asked about "collateral damage" downstream from the dam; Lavonna responded that it would be covered under the insurance program.

Tom had general questions regarding "defense cost inside the limit". Lavonna explained that these costs would count against the coverage limits.

Agenda Item 4 – Current Claims Overview

Chris reviewed worker's compensation claim reports provided by the city's third-party administrator reflecting a total of 114 reported claims so far this year. Chris noted that the number of reported claims has substantially declined over the past ten years indicating a positive trend. However, he anticipates payments totaling approximately \$1.5 million for the current fiscal year as medical costs continue to rise.

Jerry briefly discussed the statutory deposit that the City is currently required by the Industrial Commission to maintain for the benefit of current worker's compensation claimants as needed.

Chris then reviewed the General Liability Loss History report and noted a total of 143 claims so far this year currently reserved at over \$688,000.

Agenda Item 5 – Financial Statement Review

Jerry reviewed the final, audited financial statements for the fiscal year ended June 30, 2014 for the Risk Management Fund. As requested by the board at the 10/27/14 meeting, these statements also contained comparative information for the prior fiscal year. Jerry explained that there are no statements for the Worker's Compensation Trust Fund since that fund was not established until July 1, 2015.

Jerry then reviewed the year-to-date financial statements through the 3rd quarter of the current fiscal year for both the Risk Management and Worker's Compensation funds. Comparative information was also provided for these statements.

The board members had no questions regarding the financial statements presented.

Agenda Item 6 – Election of Chairperson and Secretary

Jerry advised the board members that Section 3.04 of the Workers' Compensation Trust Agreement called for the election of a Chairperson and a Secretary. Ken and David were nominated as Chairperson and Secretary, respectively.

Motion: David

Second: Robin

Abstained: None

Decision: Approved

Agenda Item 7 – Board Member and Staff Announcements

None.

Agenda Item 8 – Public Appearances

None.

The meeting was adjourned at 6:12 p.m.

Prepared by: Jerry Hart

Reviewed by: Chris Hansen