



Minutes Risk Management Trust Board June 1, 2016

Minutes of the Risk Management Trust Board meeting held on June 01, 2016, 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 5:05 p.m.

Agenda Item 2 – Approval of Board Meeting Minutes

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

Motion: David

Second: Robin

Abstained: None

Decision: Approved

Agenda Item 3 – Review of Proposed FY 16/17 Insurance Renewal Program

Chris introduced Lavonna and Jodi of Marsh USA who presented the proposed insurance renewal program for the City for fiscal year 2016/17. They provided an overview of the proposed insurance renewal program, comparing it to the current year expiring program. Lavonna quickly reviewed each of the individual coverages outlined in the executive summary of the renewal proposal, noting changes in carriers and marketing results. The types of coverages remained largely unchanged; however, coverage for “international travel” and for “crime-fraudulent impersonation” were added. The total premium for the proposed program decreased by \$37,189 (or 3.11%) from the current year.

David asked about the rating for Lexington; Jodi indicated that it is “A15”. Jerry indicated that Lexington

has been the property carrier for over 5 years; they are providing a 2-year rate guarantee with this renewal proposal. Chris will provide direction to Marsh on the rate guarantee at the renewal strategy meetings in January/February 2017. Lavonna thought that the casualty premium would increase substantially; however, it did not despite the pull out of the market by Star Indemnity.

Jerry advised the board that the proposed insurance renewal program would be placed on the June 23rd regular council meeting agenda for approval. The board expressed no objections to the proposed program.

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 151 reported claims so far this year. He noted that while the number of reported claims is trending down, costs are rising. He attributes the costs increase to medical retirements for public safety employees and to an aging workforce. He anticipates worker's compensation claim payments to total approximately \$1.7 million for the current fiscal year.

Chris then reviewed the general liability claims and noted a total of 76 claims so far this year with a "total incurred" amount of \$222,882.67.

Agenda Item 5 – Financial Statement Review

Jerry quickly reviewed the final, audited financial statements for the fiscal year ended June 30, 2015 and for the third quarter ended March 31, 2016 for the Risk Management Fund and Worker's Compensation Trust Fund. Jerry noted the cash balances in both funds and reminded the board that there is an additional \$6.8 million reserved in the City's General Fund for self-insurance purposes. He then provided a general review of how expenses are paid and revenues are received by both of the funds, noting that the City's other operating funds (General, Solid Waste, Water/Wastewater, etc.) make the premium contributions to the Risk Management and Worker's Compensation Trust funds which in turn pay the claims.

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

Agenda Item 6 – Board Member and Staff Announcements

David asked for information regarding when terms expire for the current board members. Ken asked Jerry to provide this information to all board members.

Agenda Item 7 – Public Appearances

None.

The meeting was adjourned at 6:20 p.m.

Prepared by: Jerry Hart

Reviewed by: Chris Hansen