

Minutes Risk Management Trust Board March 3, 2021

Minutes of the Risk Management Trust Board meeting held virtually via Cisco Webex on March 3, 2021 at 5:00 p.m.

Board Members Present:

Robin Arredondo-Savage
Heather Bilodeau
Bill Goodman
Jerry Hart
Ken Jones

Board Members Absent:

None

City Staff Present:

Tom Duensing, Deputy Internal Services Director-Finance
Chris Hansen, Risk Manager
Nichole Martinez, Workers' Compensation Program Specialist
Susan Buck, Executive Assistant

Guests Present:

Chuck Halsey, Willis Towers Watson
Sharla Kissel, Willis Towers Watson

Agenda Item 1 – Call to Order:

Chair Ken Jones called the meeting to order at 5:00 p.m.

Agenda Item 2 – Approval of Board Meeting Minutes:

Motion by Jerry Hart to approve the January 20, 2021 board meeting minutes; second by Robin Arredondo-Savage. Motion passed on a voice vote 5-0.

Ayes: Chair Jones, Boardmembers Arredondo-Savage, Bilodeau, Goodman and Hart

Nays: None

Absent: None

Agenda Item 3 – FY21-22 Insurance Renewal Program Update:

Risk Manager Chris Hansen stated that staff is preparing information and hopes to schedule a Board meeting in the first week of May for Willis Towers Watson to introduce the insurance proposals. This will allow time for a follow-up meeting, if needed, and still provide staff with time to target the June 10, 2021 Council meeting for approval of the proposal.

Sharla Kissel of Willis Tower Watson stated the carrier (AWAC) who provides the \$10 million liability limits for the city's professional law enforcement reduced their capacity from \$10 million to \$5 million. Willis Towers Watson is in the process of finding an additional \$5 million layer to make the coverage whole. Ms. Kissel stated that once she receives all the renewal information from Risk Management staff, she will go out to the marketplace with it.

Chair Jones questioned if the coverage was an additional \$5 million above the city's \$2 million self-insured retention (SIR). Ms. Kissel confirmed that it was, stating the City's SIR is \$2 million, and \$3 million for the Police Department. AWAC was providing a \$10 million total limit umbrella for all lines of coverage but is now only willing to offer \$5 million due to capacity issues.

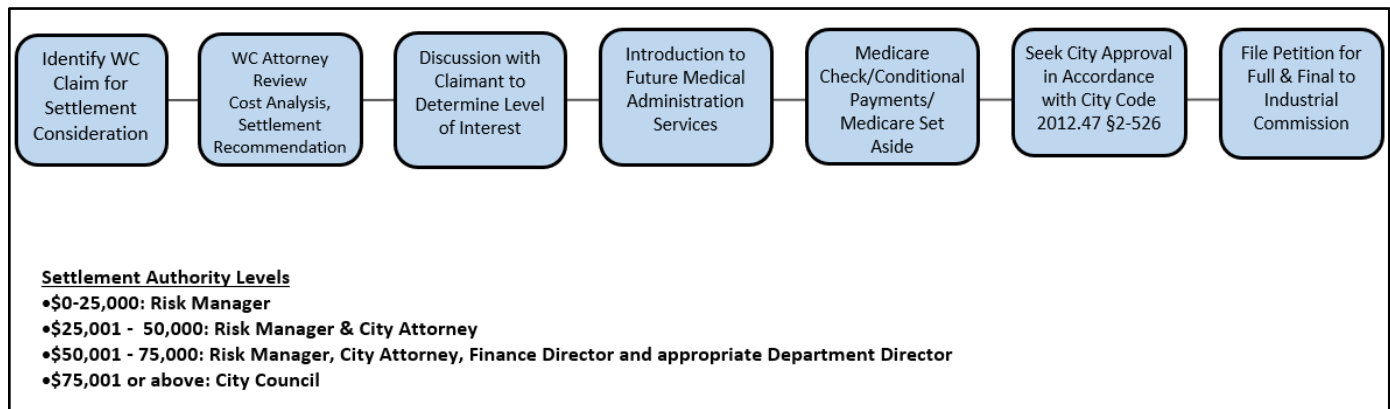
Boardmember Robin Arredondo-Savage asked for clarification of the reduction in “capacity”. Ms. Kissel stated that the carrier has reduced their capacity on all public entities to a total \$5 million limit, regardless of SIR. Ms. Kissel stated that she is working with AWAC, who is trying to partner with another carrier to bridge the gap. Ms. Kissel stated that she has also reached out to several other markets to take the full \$10 million, but she wants to make sure that there is no loss of existing coverage.

Boardmember Jerry Hart asked for clarification of the amount of the total excess layer in the past. Mr. Hansen stated that it has been \$40 million for years. Ms. Kissel clarified that she will bring back quotes on a tower of \$40 million total, but the first \$10 million will not all be with one carrier; she noted there is no intent to reduce coverage.

Chair Jones inquired how we attracted people to offer us something on that policy. Ms. Kissel stated that they have reached out to all of the city’s expiring carriers and have also reached out to other carriers that provide excess. However, they will not be able to obtain firm quotes until they receive all of the renewal specifications from Risk Management. Ms. Kissel stated that she has received pushback from carriers stating that \$5 million is what a lot of carriers are offering and not just for public entities, but also for other lines of coverage. Ms. Kissel noted that there are new carriers coming in that will want to bid and her goal is to keep everything in line with the existing coverage.

Agenda Item 4 – Workers’ Compensation – Full and Final Settlement Discussion

Workers’ Compensation Program Specialist Nichole Martinez provided a quick recap of the discussion at the January 20, 2021 meeting regarding utilizing “full and final settlements”. Ms. Martinez then presented an overview of proposed workflow process to the Board (as shown below).



Chair Jones inquired if the Industrial Commission has final approval because they are safeguarding the employee, the City, or the insurer. Ms. Martinez stated that the Commission reviews the entire claim in order to make sure the benefits being offered to the employee are fair and fit the claim. Mr. Hansen stated that previously the claim would go before an Administrative Law Judge who would make sure the employee understood what was being offered, but with the change in the law, there are now attestations that must be signed for the protection of the employee and show they understand the settlement process.

Ms. Martinez provided the Board with a list of topics that would be discussed with the employee as part of a full and final settlement, including the employee’s right to seek legal advice. Ms. Martinez also presented a checklist that staff will use during the process to make sure all the steps are followed and everything is being taken into consideration.

Mr. Duensing stated that Section 2-526 of the Tempe City Code, under Risk Management, sets out the settlement limits. He further noted that staff will follow-up with the City Attorney’s Office to confirm if there is any code amendment needed to establish the full and final settlement process.

Motion by Robin Arredondo-Savage to advise moving forward with the process; second by Bill Goodman.
Motion passed on a voice vote 5-0.

Ayes: Chair Jones, Boardmembers Arredondo-Savage, Bilodeau, Goodman and Hart

Nays: None

Absent: None

Chair Jones asked if the Board would see a report of claims settled. Ms. Martinez stated that would be part of the annual report to the Board.

Agenda Item 5 - Board Member and Staff Announcements

There were no announcements. Mr. Duensing noted that staff will send a notice out to the Board when the next meeting is scheduled.

Agenda Item 6 – Public Appearances

There were no public appearances.

Chair Jones adjourned the meeting at 5:30 p.m.

Minutes prepared by: Susan Buck

Minutes reviewed by: Chris Hansen and Tom Duensing