



Minutes Risk Management Trust Board May 31, 2017

Minutes of the Risk Management Trust Board meeting held on May 31, 2017, 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:

Paula Meskimen, Willis Towers Watson
Leslie Mathewson, Willis Towers Watson
Diann Coons, Willis Towers Watson

Agenda Item 1 – Call To Order

Ken called the meeting to order at 5:03 p.m.

Agenda Item 2 – Approval of Board Meeting Minutes

Ken introduced the minutes of the June 1, 2016 meeting and asked for a motion.

Motion: Robin

Second: Bill

Abstained: None

Decision: Approved

Agenda Item 3 – Review of Proposed FY 17/18 Insurance Renewal Program

Chris notified the board that the city's insurance consultant contract expired during the year and after a public solicitation process, the city had selected Willis Towers Watson as the city's new insurance consultant, replacing Marsh USA. Chris then introduced Paula, Leslie and Leanne of Willis Towers Watson who presented the proposed insurance renewal program for the City for fiscal year 2017/18. Paula provided an overview of the updated, proposed insurance renewal program, comparing it to the current year expiring program. This overview included a discussion of the Marketing Summary and the Financial Summary and Comparison. Paula reviewed each of the individual coverages outlined in the renewal proposal, noting changes in carriers. The types of coverages remained largely unchanged. The

total premium for the proposed program decreased by \$32,693 (or 2.5%) from the current year.

Paula reviewed the coverage for the dam and noted that it is included in the property and liability coverage. She then provided a brief explanation of Terrorism Risk Insurance Act (TRIA) available as part of coverages; the board decided to accept TRIA for all coverages since adding it was relatively inexpensive. The board also decided not to add a separate kidnapping and ransom policy for travel to Mexico.

Jerry advised the board that the proposed insurance renewal program would be placed on the June 15, 2017 regular council meeting agenda for approval. The board expressed no objections to the proposed program.

Agenda Item 4 – Current Claims Overview

Chris reviewed the Statistical Overview worker's compensation claim reports as of 4/30/2017 provided by the city's third-party administrator reflecting a total of 141 reported claims so far this year. Once again, 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. The city has also seen a rise in claims relating to post-traumatic stress disorders. Chris noted that 27% of the open claims account for approximately 83% of the costs. He anticipates worker's compensation claim payments to total approximately \$1.8 million for the current fiscal year.

Chris then reviewed a bar graph of the general liability and property claims, for fiscal year 2008/09 through 2016/17, and noted a total paid claims of 141 for the current fiscal year with a "total reserved" amount of \$3.5 million. Those fiscal years reflecting higher than normal costs are usually indicative of one major liability claim of a million dollars or more.

Agenda Item 5 – Financial Statement Review

Jerry quickly reviewed the final, audited financial statements for the fiscal year ended June 30, 2016 and for the third quarter ended March 31, 2017 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.

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

Agenda Item 6 – Board Member and Staff Announcements

Jerry asked the board if there was any desire to meet more than once a year. Ken indicated that other than the annual meeting, additional meetings should be scheduled as needed.

Agenda Item 7 – Public Appearances

None.

The meeting was adjourned at 6:23 p.m.

Prepared by: Jerry Hart

Reviewed by: Chris Hansen