

SPECIAL
WILL COUNTY BOARD
EXECUTIVE COMMITTEE MEETING
MINUTES

November 10, 2009

10:30 a.m.

Will County Office Building
County Board Committee Room
302 North Chicago Street
Joliet, IL 60432

CALL TO ORDER

Mr. Moustis called the meeting to order at 10:38 a.m.

ROLL CALL

Present were Members: Bilotta, Adamic, Kusta, Dralle, Goodson, Seiler and Moustis.

Absent were Members: Stewart, Gould, Maher, Singer, Weigel and Wilhelmi.

NO QUORUM

Also Present: Friefeld.

Present from State's Attorney's Office: Mary Tatroe.

APPROVAL OF MINUTES

No minutes were presented for approval.

OLD BUSINESS

NEW BUSINESS

Insurance Renewals

Mr. Moustis stated the only renewal that is of concern is the workers' compensation. We do not get real control of it. He is hoping to spend a little more time on that and discuss solutions if there are any. The other renewals are pretty straightforward; they are staying in the normal ranges.

Mr. Benvenuto indicated at the last meeting they reviewed how the county buys insurance. We have some options on your self-insured retention. Right now you take \$400,000 SIR for each and every loss that comes from a third party suing the county as well as auto liability, public official liability and nursing home liability. There has been an increase in both the number of claims over the last 10 years and the increase in the cost of defending the cases due

to the complexity of the cases. It makes more sense for the county to take more risk. We have two options; the first renewal keeps the SIR at \$400,000 with a 6.7% increase in premium; the second option is to increase retention to \$500,000 with basically a flat premium. There are 3 points to consider – the large loss trend, the choice and control regarding counsel and the litigation management guidelines. Our recommendation is to move to the \$500,000 SIR. We have been working with the State's Attorney's Office and came up with guidelines; this is a panel of counsel that the State's Attorney's Office, Claims One and ICRMT are comfortable with. If you were to keep the retention at \$400,000, Claims One would get to choose counsel with collaboration of the State's Attorney. In moving the retention up, we would be maintaining these litigation guidelines. Keeping premium costs flat is the best solution for the county.

Mr. Bilotta arrived at this juncture.

QUORUM WAS ESTABLISHED.

Mrs. Tatroe commented the current process is that it has to be one of the firms listed; if we keep the SIR at \$400,000, we lose the ability to assign the case.

Mr. Moustis stated he does not understand the State's Attorney's Office defending the county versus our insurance company. Does the statute pertain to insurance companies? He requested an opinion from the Attorney General on how the relationship works with insurance companies.

Mr. Benvenuto commented from the insurer's standpoint, it falls into one of 3 scenarios. One is like the county has right now. ICRMT only handles counties and they are very selective about the counties they will insure. If we were to go to the standard market we would have to either take a \$1 million retention, control your own defense or they would not hand over that right. ICRMT takes more of a partnership approach.

Mr. Moustis indicated because we are in a county pool and they understand counties – your recommendation is to go to \$500,000 SIR and let the State's Attorney's Office keep their current status on selecting defense.

A motion was made by Mr. Kusta, second by Ms. Seiler, to concur with the recommendation to change from \$400,000 SIR to \$500,000 SIR. All in favor.

MOTION CARRIES.

Mr. Benvenuto stated the property and inland marine coverage; the expiring program premium was \$129,000; there is a renewal increase of 21%, which is driven by the increase in value of property due to the purchase of new equipment.

A motion was made by Ms. Goodson, second by Mrs. Dralle, to concur with the recommendation regarding property and inland marine coverage. All in favor.

MOTION CARRIES.

Mr. Moustis indicated he wanted to talk about the old claims with SRS.

Mr. Kremer, Senior Consultant with AON stated the decision is whether to keep the claims at SRS versus moving them to RTW, who is your current claims administrator. We have looked at the remaining open claims. There are 59 claims remaining out of the 1,573 that they handled from the beginning to the end; that is under 4% left open. We have reviewed the results from the last review and have received updated numbers from SRS. We will do an in-person review on December 15 and will make a final recommendation after that as to whether or not to move. The majority of it is litigation issues; it is not a cost benefit to move them. If some were active medical claims, it would be better to move them. We estimate the cost of \$50,000 to \$60,000 per claim to move them; there is about \$4.1 million outstanding reserves across those 59 claims.

Mr. Benvenuto stated the self-insured retention has evolved over the years; the excess insurance sits above \$550,000 of each claim.

Mr. Moustis commented we tried to get to that break-even point.

Mr. Benvenuto indicated there are some renewal options on the table; none of which we recommend taking. Option 2 keeps the retention at \$550,000 and offers aggregate stop loss coverage. Once they hit \$7.6 million, you would have another \$1 million of insurance; when you look at the cost to buy that coverage, it is not worth the premium to buy this aggregate protection. The other option is to move up to \$600,000; there is not much of a savings to do so.

Mr. Kusta questioned the strategy on why we would increase the SIR versus not increasing it in workers' compensation.

Mr. Benvenuto stated if you look at the dollar amount relative to the risk of claim, you realize it is a pretty good trade to spend that extra money for that protection. The SIR that you have right now at \$550,000 – that is low for the size of your losses and the size of your payroll. Safety National is making it very attractive to keep it there.

Mr. Moustis asked if you recommend staying where we are at.

Mr. Benvenuto answered if you move to \$600,000 you would save about \$6,000; you will not get the opportunity to go back down to \$550,000 as time progresses. We recommend you stay where you are.

A motion was made by Mr. Adamic, second by Mr. Kusta, to concur with the recommendation for renewal option 1 for workers' compensation renewal. All in favor.

MOTION CARRIES.

Mr. Kremer stated one of the key points is medical costs are driving workers' compensation increases; medical costs they make up 70% of overall claims costs for 2007-2008. We are taking an active look at medical clinic options; the return to work program has improved,

which has a huge impact – bringing people back to work quickly does affect medical and expense costs.

Mr. Moustis asked if we are getting different types of workers' comp cases. Is there any kind of trend?

Mr. Kremer answered we do not think so. There is no trend; the experiences are very normal considering the types of positions. RTW does an excellent job; they agreed to a performance guarantee and we do not feel they have failed to perform

Mr. Moustis questioned on average how long the amount of time lost is. He would like to know under SRS versus RTW.

Mr. Kremer replied he will get those numbers for you.

Mr. Moustis asked how Will County compares to other government units of similar nature.

Mr. Benvenuto answered we will put some reports together; you are performing better than you think. The last item is our remuneration. Last year we asked for an increase since we were putting more time in with third party liability claims and complex litigation. Our current fee is \$121,616 and our proposed fee is \$115,000; there would also be a policy administration fee of \$750, which is \$250 for each of the 3 policies.

A motion was made by Mr. Bilotta, second by Ms. Seiler, to approve the service fees for AON of \$115,000 and a policy administration fee of \$750. All in favor. MOTION CARRIES.

Mr. Moustis indicated he had first recommended AON not do the work to review the health insurance - our actual benefit package.

Mr. Tidwell stated he is working on the specs for the RFQ.

Mr. Moustis commented we need to get into this pretty quickly since we are getting into union negotiations.

Mr. Bilotta indicated we should do an RFQ – get it out and let AON bid like any other firm.

Mr. Benvenuto commented we could always do an interim assessment; keep a level playing field for the RFP - that could be a contingency plan.

ADJOURNMENT

A motion was made by Mr. Adamic, second by Mr. Bilotta, to adjourn the meeting at 12:10 p.m. All in favor. MOTION CARRIES.