

CLAIMS COMMITTEE

Regular meeting of the Claims Committee was held on Thursday, February 15, 2007 in the Conference Room, third floor, City Hall, Cranston, Rhode Island.

The meeting was called to order at 5:15 P.M. by the Chair.

Present: Councilman Anthony J. Lupino, Chair
Councilman John E. Lanni, Jr., Vice-Chair
Councilman Richard D. Santamaria, Jr.
Councilman Emilio L. Navarro
Council President Aram G. Garabedian

Absent: Councilman Jeffrey P. Barone

Also Present: Council Vice-President Paula McFarland
Council Member Maria A. Bucci
Ernest Carlucci, Director of Administration
Charles Garganese, Jr., Assistant City Solicitor
Rosalba Zanni, Assistant City Clerk/Clerk of Committees

Chair stated that this meeting is strictly an informational meeting. He called this meeting to hear a presentation from representatives of the RI Interlocal Risk Management Trust and give the other members of the Council, who are not members of this Committee, an opportunity to hear this presentation. He stated that the Council has a few other meetings following this meeting and due to the time constraint, he asked that the presentation be kept as short as possible.

Tom Dwyer, President and Executive Director of the RI Interlocal Risk Management Trust, appeared to speak and thanked the Committee for inviting him to speak. He stated that the Trust is a non-profit member-owned sharing pool with 116 members and they are not an agency. Most of the Municipalities and School Districts in Rhode Island belong to the Trust. The Trust has two pools, Property/Liability Pool and Workers' Compensation Pool. The municipality can choose one or the other or both. Mr. Dwyer stated that he was a Town Manager for thirteen years and Assistant for three years. The Trust provides very comprehensive coverage and the Trust's profits belong to the members and the Trust is governed by a thirteen member Board of Trustees.

Colleen Bodziony, Membership Services Manager, appeared to speak and presented a packet explaining what the Trust does, who they are and why they are in business. She stated that the Property/Liability Pool consists of:

- Property at replacement costs not to exceed \$50 million per occurrence with a \$2,500 deductible per occurrence
- Equipment breakdown coverage with a \$30 million per occurrence with a \$2,500 deductible per occurrence
- Crime and employee dishonesty coverage with a \$200,000 per occurrence, \$150,000 per occurrence Money and Securities with a \$2,500 deductible per occurrence
- Auto physical damage – this would be the actual cash value, with a \$2,500 deductible per occurrence
- General liability coverage with \$1 million per occurrence
- Public officials liability coverage with a \$1 million per occurrence
- Auto liability coverage with \$1 million per occurrence
- Police professional liability coverage with \$1 million per occurrence
- Medical service providers' liability coverage with \$1 million per occurrence
- Employee benefit liability coverage with \$1 million per occurrence

Ms. Bodziony stated that the Trust also has a life insurance program. It has, at this time, over 10,000 lives insured. What the Trust would do is match the program the City has in place.

Added programs the Trust has are:

- Free drug and alcohol testing consortium
- Free pre placement physicals , including Police and Fire
- Firearms training system
- Law enforcement liability audits
- Defensive driving seminars
- Free property appraisals
- Model policies and procedures development
- Work site safety audits
- Certified playground inspections
- Environmental services
- Scholarship program
- Safety enhancement grant program
- Seminars and special training

Ms. Bodziony stated that there is no entrance capitalization fee, but there is an exit capitalization fee with a two-month's notice with intent to withdraw, which needs to be given by May 1st. There is a sliding scale on the what the exit fee would be.

Councilman Lanni stated that at the last meeting, he asked for the amount that the City is paying in claims , what the City is paying in insurance on the buildings and what the City is paying in legal fees, and he has not received this information. Once this information is received, the City Council can compare it to see if it is worth joining the Trust.

Council Vice-President McFarland stated that she has some of this information. She stated that currently, the City has paid \$634,000 for claims for this year, which includes legal fees and approximately \$400,000 paid to Beacon. On the average, we pay approximately \$200,000 for claims. This is our budget and does not include the salary for the Claims Examiner. She indicated that even though we are meeting with the Trust, we really would need to go out to bid if we decide to join the Trust. Ms. Bodziony stated that you are not obligated to go out to bid because it is a cooperative pool and there is State Legislation that provides for this.

Council Vice-President McFarland indicated that currently, the drug testing is done by the City's Personnel Department and the City's Training Academy is currently operated by the Police Department. She indicated that these are layers of possible consolidation.

Council President Garabedian asked if the Trust can do a cost analysis. Ms. Bodziony stated that if they can get the cooperation from the City and obtain information needed, the Trust can do such an analysis.

Councilman Lupino stated that he brought this issue to the table. He asked who takes the next step. Is it an Administrative process? Council Vice-President McFarland stated that the Council has the authority and control of the Insurance Risk because the Council members are the insuring body.

The Committee and the Council members present agreed to move to the next step to get a cost analysis, with the understanding that this is not a commitment.

The meeting adjourned at 6:05 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees