

CLAIMS COMMITTEE

Regular meeting of the Claims Committee was held on Monday, February 5, 2007 in the Conference Room, third floor, City Hall, Cranston, Rhode Island.

The meeting was called to order at 5:10 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
Councilman Jeffrey P. Barone (appeared at 5:25 P.M.)

Also Present: Vito Sciolto, City Solicitor
Charles Garganese, Jr., Assistant City Solicitor
Anna Marino, Claims Examiner
Rosalba Zanni, Assistant City Clerk/Clerk of Committees

Chair stated that if there are no objections, the Committee will hear a presentation from representative from the Inter-Local Trust before addressing the claims. No one objected.

Presentation by the Inter-Local Trust

Chair introduced Colleen Bodziony of the RI Interlocal Risk Management Trust to give the Committee an overview of the Trust and discuss the possibility of the City of Cranston joining the Trust. He indicated that this meeting is just exploratory and at some point in time, the Committee could bring this before the other Council members for their consideration. He asked Ms. Bodziony to give a brief presentation.

Colleen Bodziony 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 Trust can only write insurance policies for municipalities and school districts for cities and towns. The Trust was formed in 1986 and is member-owned and operated. At this time, the Trust has a 13 member board of trustees made up of public sector employees and has an investment and audit committee among other committees.

The Trust has four core programs:

- Property/Liability Pool
- Workers' Compensation Pool
- Public Safety Injured-On-Duty Program
- Group Life Insurance Program, which the Trust works with standard insurance company.

There are 33 municipalities that participate in the Trust, 31 school districts, Cranston being one and 53 Special Purpose Districts, such as libraries, fire districts and housing authorities.

The Trust provides for:

- Property at replacement cost subject to \$2,500 deductible
- Equipment breakdown coverage, which would cover for such items as boilers and machinery, restoration of communications systems and computer issues.
- Crime and employee dishonesty – for theft coverage
- Auto physical damage
- General liability – slips and falls, sexual harassment and potholes
- Public officials' liability
- Police professional liability
- Auto liability
- Medical service providers' liability
- Employee benefit liability

What is covered under the Injured On Duty Program for Public Safety employees:

- Full claims administration
- Medical management and related services
- Legal support
- Reimbursement for some portion of wage costs

What is not covered under the Injured On Duty Program for Public Safety employees:

- Medical expenses
- Retirement, pension and permanent disability
- Relief fund obligations

What the Trust has:

- At this time the Trust has over 10,000 covered lives
- The Trust has approximately \$345 million in volume
- Life benefit matches employment contracts
- Medex Travel Assist
- Line of duty benefit
- Portability

Trust value added programs:

- Free drug and alcohol testing consortium – the Trust will not pay if test is positive
- Free pre-placement physicals
- Firearms training system
- Law enforcement liability audits – they would only make recommendations
- Defensive driving seminars
- Free property appraisals
- Model policies and procedures development
- Work site safety audits
- Certified playground inspections
- Scholarship program
- Safety enhancement grant program
- Environmental services – this is a 50/50 cost for a company to test facilities
- Seminars and special training

The Trust has a member participation agreement:

- They do not charge a capitalization charge for the membership
- Contract is signed by all members of the trust
- Members must provide two months notice of intent not to renew coverage
- Exit fee is a percent of prior years property/liability and/or workers' compensation premium. Exit fees are as follows:
 - After the first or partial year of membership – 50%
 - After the second year of membership – 45%
 - After the third year of membership – 40%
 - After the fourth year of membership – 35%
 - After the fifth year of membership – 30%
 - After the sixth year of membership – 25%
and each year thereafter

Councilman Lupino questioned why not all the 39 cities and towns belong to the Trust and why the City of Cranston left the Trust. Ms. Bodziony stated that the Trust has not approached the City of Providence, nor has the City of Providence approached the Trust. With respect to the other cities and towns, Westerly, Richmond, East Greenwich, Woonsocket and Cranston are not members of the Trust. The reason could be a mixture of political reasons or the exit fee. With respect to why Cranston left the Trust, she thinks it was due to the City thinking they were paying too much at the time and they felt they should leave.

Councilman Lupino stated that the first year the School Department was in the Trust, they received a reimbursement check from the Trust, but there was a risk assessment attached to it recommending where to place this money. Ms. Bodziony stated that for seven or eight years, the Trust did give back a dividend because there was a surplus of approximately \$13 million. The surplus is still there, but they have not given out any dividends within the last few years.

Councilman Lupino asked, if the City decides to join the Trust, is the policy based on a calendar year or fiscal year. Ms. Bodziony stated that whenever the City is ready to join, if it would like to join, the policies all expire in June and renewal date would be July 1.

Councilman Lanni asked, since the School Department already belongs to the Trust, if the City joined, would the rate be cheaper. Ms. Bodziony stated, no, the City would be treated as a separate member of the Trust. Councilman Lanni asked what the approximate cost would be. Ms. Bodziony stated that she would need to know what the budget for the City looks like, how many vehicles the City has and total insured value of all buildings. She gave example for the City of Warwick, where they pay approximately \$1 million with \$2,500 deductible.

Councilman Barone asked how long ago the City of Cranston belonged to the Trust. Ms. Bodziony stated that the City of Cranston was a member of the Trust for two years, 1986-1988.

Councilman Lanni stated that the City of Cranston has \$900,000 budgeted for claims and if the City joins the Trust, we should go to a higher deductible in order to get a lower rate.

It was the consensus of the Committee to go forward and look into this matter further.

On motion by Councilman Lanni, seconded by Councilman Santamaria, it was voted to go into Executive Session to address pending claims. Motion passed unanimously.

The meeting went into Executive Session at 6:15 P.M.

Present in Executive Session: Councilmen Lupino, Lanni, Barone, Santamaria, Navarro; Vito Sciolto, City Solicitor; Charles Garganese, Jr., Assistant City Solicitor; Anna Marino, Claims Examiner and Rosalba Zanni, Assistant City Clerk/Clerk of Committees.

On motion by Councilman Lanni, seconded by Councilman Navarro, it was voted to come out of Executive Session. Motion passed unanimously.

The meeting came out of Executive Session at 7:00 P.M.

On motion by Councilman Lanni, seconded by Councilman Navarro, it was voted to seal the minutes of the Executive Session. Motion passed unanimously.

The meeting adjourned at 7:00 P.M.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees