

ILLINOIS SELF-INSURERS ADVISORY BOARD
ILLINOIS WORKERS' COMPENSATION COMMISSION
MEETING MINUTES
March 21, 2018
Chicago, IL 10:30 a.m.

Board Attendees:

Chicago: Chairman Joann Fratianni, Paul Bergmann, Gerald Cooper, John Rittenhouse

Staff Attendees:

Chicago: Maria Sarli-Dehlin, Ron Rascia, Paul Fichtner, Mark Kimmet, David Larson
Springfield (conference call): Jean Cannon, Wendy Keithley, Kevin Leach

Public Attendees:

Keith Herman, Illinois Self-Insurers Association

Chairman Fratianni called the meeting to order at 10:30 AM. A roll call was taken to confirm a quorum was present. A previously prepared and posted agenda was distributed; a copy of which is attached.

I. Minutes

Upon motion by Paul Bergmann, and seconded by John Rittenhouse, the minutes of the Board meeting held on December 13, 2017, were unanimously approved as presented.

II. Chairman's Report

Chairman Fratianni recommended the Security Fund audit report be discussed prior to the Manager's report.

IV. New Business

B. Security Fund Audit Report - general discussion

Mark Kimmet, internal auditor, presented a summary of the findings in the FY2016 Security Fund audit that resulted in an adverse opinion. Mr. Kimmet described the steps being taken in response to the findings: 1) reclassify revenue to a liability; 2) contract with an actuary to estimate the unpaid and IBNR claims; and 3) revise the accounting procedures. Discussion ensued.

David Larson, Associate General Counsel, presented amended language to the security instruments to reflect the Illinois Workers' Compensation Act and clarify when a surplus in security is refunded. Discussion ensued.

After discussion, it was decided the Board members and staff will continue to explore its options.

III. Manager's Report

A. Security Fund Forecast

Maria Sarli-Dehlin presented the Security Fund forecast as of 12/31/2017.

B. Fund Balances

Maria Sarli-Dehlin presented reports of the Security and Administration Funds that included current and past budgets, expenditures, revenue and fund balances. During the first half of FY2018, 42% of the Security Fund's and 48% of the Administration Fund's operation budgets were spent. She further reported that 51% of the Security Fund benefits were paid from the employer's security and 49% from the assessment balance.

IV. New Business

A. Trending Factor

Maria Sarli-Dehlin presented a report prepared by Merlinos & Associates, Inc., a Fellow of the Casualty Actuarial Society, regarding the development of trending factors to be used in determining security requirements for the 2018 and 2019 applications.

At 11:46 AM, the Chairman entertained a motion to go into closed session pursuant to 2(c)11 of the Open Meetings Act. Upon motion by Paul Bergmann, seconded by John Rittenhouse, and unanimously carried, the Board agreed to adjourn the public portion of the meeting and convene in closed session.

At 12:13 PM, after discussion in closed session, and upon motion by Paul Bergmann, seconded by John Rittenhouse, and unanimously carried, the Board reconvened in open session.

IX. Public Comment

None

X. Vote

1. Trending Factor

Upon motion by Paul Bergmann, seconded by John Rittenhouse, and unanimously carried, the Board agreed to approve the new trending factor of 2.0% for years 2018-2019.

2. Closed Meeting Minutes (year 2006)

Upon motion by Paul Bergmann, seconded by John Rittenhouse, and unanimously carried, the Board agreed to destroy the recordings and make available to the public the written closed meeting minutes for the following meeting dates: 3/22/2006; 6/20/2006; 10/12/2006; and 12/13/2006.

3. Heartland Employment Services, LLC

Upon motion by Paul Bergmann, seconded by Gerald Cooper, and unanimously carried, the Board selected a company to perform an independent audit of the claim reserves.

4. Cerro Flow Products

Upon motion by Paul Bergmann, seconded by Gerald Cooper, and unanimously carried, the Board agreed to reduce the security requirement.

5. Railway & Industrial Services, Inc.

Upon motion by Paul Bergmann, seconded by Gerald Cooper, and unanimously carried, the Board agreed to reduce the security requirement.

There being no further business, upon motion by Paul Bergmann, and seconded by John Rittenhouse, the Board voted unanimously to adjourn the meeting. The meeting adjourned at 12:16 PM.