You are The Trust

The Rhode Island Interlocal Risk Management Trust is Member-owned and managed, providing the highest risk management service opportunities to Rhode Island public entities and the people that they serve.
Dear Members,

2016 marks The Trust’s 30th year of providing superior insurance and risk management solutions to Rhode Island’s public sector entities. As we celebrate this milestone year, we could not help but to reflect on just how far we have come. And yet, despite all that has transpired, the ties of Ownership, Partnership, Service and Safety remain firmly in place and are as intricately woven throughout our organization today as they were on day one. As such, we chose “A Common Thread” as the theme for this year’s Annual Report.

As a Member-owned and managed organization, Trust Members remain the reason behind everything we do. We have formed strong ties with our Members and are proud of the longstanding partnerships we have forged. By focusing solely on our Members, The Trust has become a true partner to local government, providing new and innovative programs and services that consistently help public sector entities work collaboratively to reduce their liabilities and improve workplace safety.

We thank you for your continued participation and partnership, and look forward to continuing the celebration of this milestone year with you.

Sincerely,

Ian C. Ridlon, Esq.  Stephen A. Alfred
President and Executive Director  Chairman, Board of Trustees
South Kingstown Town Manager
OWNERSHIP

As a Member-Owned, risk-sharing organization, The Trust presents a unique opportunity for local governmental entities to work together toward a common goal. As owners, Trust Members actually get a say and have the opportunity to actively participate, and ultimately impact, not only their destiny, but that of The Trust as a whole. Whether by fostering better risk management through safe work practices, through training and education via innovative programs and services, or by serving on The Trust’s governing Board or one of its standing Committees, Trust Members share ties and work collaboratively to avoid actions that create liability so that the cost of insurance can be stabilized or lowered for all.

In order to adequately meet the ever changing, always interesting, and unique needs of Rhode Island municipalities, school districts and special purpose districts, The Trust has continued to evolve over the last 30 years. And while many of the techniques, tools, programs, services and methods used by The Trust have changed, what has remained firmly sewn in place has been the loyalty of its Members and their ongoing commitment to The Trust.

The Trust’s Health and Dental Pools have a combined enrollment of more than 45,000 PEOPLE from 47 participating Member entities.
As the largest insurer of local government in Rhode Island, The Trust insures $6.7 BILLION worth of Member owned properties throughout the state.

The Trust provides insurance coverage to more than 5,200 Member vehicles, valued at more than $276 MILLION.
PARTNERSHIP

The ties of partnership are what has held The Trust together for the last 30 years. 125 Member entities strong, The Trust has managed to string together Rhode Island municipalities, school districts and special purpose districts in a way unlike any other, and forged binding connections that have continued throughout the years. Today, more than 75% of participating Member entities have partnered with The Trust for more than 15 years. In addition, all but one of The Trust’s founding Member entities are still Members today. This type of commitment and longevity is virtually unheard of these days, and clearly illustrates the ties that bind The Trust remain strong 30 years later.

In addition to Member participation being at an all-time high, more than 50% of Members now participate in 3 or more of The Trust’s 6 core program offerings: Property/Liability Pool, Workers’ Compensation Pool, Health Pool, Dental Pool, Group Life Insurance Program and OPEB Funding Program.

These long-standing partnerships, and the extent to which Members participate in Trust programs, prove that local government working together can accomplish great things. It also proves that The Trust’s philosophy that collaborative risk sharing and progressive risk management really work!

The Trust’s Public Safety Injured-On-Duty Program has reimbursed participating Members more than $2.6 MILLION for wages and medical costs associated with police officers and firefighters injured in the line of duty.
As partners in risk management, The Trust is dedicated to maintaining a working relationship that proves beneficial to every Member. Today, more than 70% of Members have been with The Trust for 15 years or more!

The Trust has contributed $121,000 in support of the Rhode Island Police Accreditation Commission, as it strives to bring in-state accreditation to all law enforcement agencies in Rhode Island.
The Trust prides itself on exemplary service to Members. In addition to providing the most comprehensive public sector insurance and risk management services, The Trust knows its Members and its Members know The Trust. Most staff personnel have been with The Trust for a number of years and have built strong working relationships with the Members during their tenure. In addition to the expertise it has fostered, this unbridled staff longevity affords Members a continuity that is simply unavailable in the commercial insurance market. When you call The Trust, it is not a different person on the phone each time you call, but rather a familiar name and voice, a single person handling a claim, from start to finish, experts in insurance and risk management, readily willing and able to help.

Although much has changed over the last 30 years, The Trust has and will continue to maintain its personal touch, working hand-in-hand with its Members to identify problems and develop personalized solutions tailored to meet the unique insurance and risk management needs of local government.
The Trust’s OPEB Funding Program continues to exceed expectation, with Member assets of more than $50 MILLION. The first of its kind in Rhode Island, The Trust’s OPEB Funding Program provides Members with a low cost, turn-key method of funding their OPEB liabilities.

When losses do occur, Members are well protected. In fact, over the last 30 years, The Trust has paid out more than $304 MILLION in property and casualty claims. To date, the largest liability claim remains the Station Nightclub Fire.
With more than
13,500 SCREENINGS
for drugs and alcohol, The Trust’s Drug & Alcohol Consortium continues to help Members minimize the chance that an employee might operate a heavy truck or school bus while impaired by drugs or alcohol.

Since 2000, nearly
12,500 LAW ENFORCEMENT OFFICERS
have been trained using The Trust’s widely recognized, virtual Firearms Training System (F.A.T.S.) that allows officers to interact in various “shoot/don’t shoot” scenarios as well as de-escalate volatile, life-threatening situations.

In just its second year, The Trust’s Health Matters Wellness Program has seen a
68% INCREASE
in participation by Member employees who are actively taking steps to lead healthier lives. Health Matters promotes innovative approaches to total worker health by establishing environments that encourage health and safety, both in the workplace and beyond.
SAFETY

The Trust functions as its Members’ partner in risk management, dedicated to helping eliminate claims before they happen. The Trust has managed to successfully weave internal and external resources together, creating an effective and comprehensive offering of programs, services, training and education, all of which are aimed at helping Members work safely and reduce risk.

Providing the tools needed to build a strong risk management foundation, The Trust’s risk management and loss prevention programs and services are meant to benefit all Members and continue to evolve and expand, in order to remain responsive to the ever changing and very specialized needs of local government in Rhode Island.

The Trust’s Safety Enhancement Grant and Scholarship Programs have provided financial awards in excess of $370,000 to help Member entities improve workplace safety and broaden their understanding of governmental risk management.
As the premier source for public sector insurance and risk management, The Trust has a presence in EVERY COMMUNITY IN RHODE ISLAND, insuring the municipality, the school district, a special purpose district, or a combination of these local governmental entities.
**TRUSTEES**

- Stephen A. Alfred, Chair
  Town Manager
  Town of South Kingstown
- Jeffry Ceasrine, PE, Vice Chair
  Town Engineer
  Town of Narragansett
- Scott Avedisian
  Mayor
  City of Warwick
- Joseph A. Balducci
  Chief Financial Officer
  Cranston Public Schools
- Thomas E. Coyle, III
  Town Manager
  Town of East Greenwich
- Maryanne Crawford, CPA, FSO
  Chief Financial Officer
  South Kingstown School Department
- James A. Diossa
  Mayor
  City of Central Falls
- Craig T. Enos
  Director of Administration
  Northern Rhode Island Collaborative
- Douglas Fiore
  Director of Finance & Administration
  Tiverton School Department
- Lori A. Miller
  Business Administrator
  Lincoln Public Schools
- Andrew E. Nota
  Town Administrator
  Town of Jamestown
- Mark S. Stankiewicz
  Town Administrator
  Town of Charlestown
- Brian M. Daniels, (ex-officio)
  Executive Director
  Rhode Island League of Cities & Towns

**COMMITTEES**

**Employee Benefits**
- Scott Avedisian, Chair
- Diane E. Brennan
- Michael J. Coury, IPMA-SCP, SHRM-SCP
- Thomas E. Coyle, III
- Douglas Fiore
- Laura Kenyon
- David I. Krugman
- Robert L. Mushen
- Kathleen A. Raposa, CPA
- Randy R. Ross, MBA, CGFM

**Investment & Audit**
- Joseph A. Balducci, Chair
- James A. Diossa
- Craig T. Enos
- Douglas Fiore
- Julie R. Goucher, CPA
- Joanna L'Heureux
- Ronald D. Tarro

**Management**
- Stephen A. Alfred, Chair
- Scott Avedisian
- Joseph A. Balducci
- Jeffry Ceasrine, PE
- Lori A. Miller
- Brian M. Daniels

**Risk Management**
- Lori A. Miller, Chair
- David Cournoyer
- Stephen H. Coutu, PE
- Col. Stephen M. McCartney, USMC (Ret.)
- Andrew E. Nota
- Frederick J. Presley
- Graham Waters

**Underwriting**
- Jeffry Ceasrine, PE, Chair
- Stephen A. Alfred
- Maryanne Crawford, CPA, FSO
- Craig T. Enos
- Mark S. Stankiewicz

**STAFF**

**Administration**
- Ian C. Ridlon, Esq.
  President & Executive Director
- Heather A. Sherey, ARM
  Chief Financial & Administrative Officer
- Andrew J. Murray, Esq.
  General Counsel
- Danielle N. Kopf, CFSA, CRMA
  Finance Manager
- Debra P. Maynard
  Executive Office Manager
- Jessica A. Tripp
  Senior Accountant
- Marilyn Andreozzi
  Financial Specialist
- Kristen L. Lavalier
  Business Analytics & Data Specialist
- Lynne M. Orr
  Accounting Assistant
- Elizabeth A. Almeida
  Administrative Office Assistant
- Patricia A. Moy
  Administrative Receptionist

**Claims**
- Russell F. Godin
  Director of Claims
- Paul F. Dutro, Esq., AIC
  Property/Liability Claims Manager
- Denise C. Lapolla
  Workers’ Compensation Claims Manager
- Francis S. Ranney, AAI
  Property/Liability Claims Specialist
- Robert F. Botvin, Esq.
  Property/Liability
  Senior Claims Representative
- Melissa A. Baldinelli
  Property/Liability
  Claims Representative II
- James P. McDermott
  Property/Liability
  Claims Representative II
- Carma Zuleta
  Property/Liability
  Claims Representative II
- Elizabeth C. Carr
  Property/Liability
  Claims Representative
- Charlie H. Benson
  Workers’ Compensation
  Senior Claims Representative
- Rhonda Godin
  Workers’ Compensation
  Senior Claims Representative
- Christine Preston
  Workers’ Compensation
  Senior Claims Representative
- Lisa M. Carde
  Injured-On-Duty & Workers’ Compensation Specialist
- Cheryl A. Swanson
  Property/Liability
  Claims Assistant
- Cindy L. Smith
  Workers’ Compensation
  Claims Assistant
- Adriana Wilson
  Workers’ Compensation
  Office Assistant

**Employee Benefits**
- Brian Lavalier
  Director of Employee Benefits Programs
- Cynthia M. Hamilton
  Life Insurance Program Administrator
- Katie L. McGrath
  Employee Benefits Consultant
- Cheryl A. Naury
  Benefits Program Associate

**Information Services**
- Mark R. Soughlan
  Information Services Manager
- Ryan S. Arruda
  Network Administrator

**Loss Prevention**
- Shawn F. Baxter, M.S., OTR/L, CIE
  Ergonomist/Loss Prevention Specialist
- Paul M. Brouillette, ARM-P
  Loss Prevention Specialist
- Kenneth J. Fogarty
  Property Loss Prevention Specialist
- Carlin Weirick, CWWS
  Wellness Program Specialist
- Marta Perez
  Loss Prevention Assistant

**Member Services**
- Colleen M. Bodziony
  Director of Operations & Member Services
- Michelle A. Auclair
  Member Services Administrator
- Makayla Habershaw
  Marketing & Communications Representative

**Principal Defense Counsel**
- Alger Law LLC
- DeSisto Law LLC
- Law Offices of Francis T. Connor, Ltd.
- Mancini Law, LLC
- McKenney, Quigley & Clarkin, LLP
- Reynolds, DeMarco & Boland, Ltd.

**Consulting Attorneys**
- Stacie B. Collier, Esq.
  Nixon Peabody LLP
- William E. O’Gara, Jr., Esq.
  Pannone, Lopes, Devereaux & West LLC

**Human Resources Consultant**
- Katherine Norton-Edge
  A Missing Link

**Independent Actuaries**
- Jeffrey P. Kadison, ACAS, MAAA
  Practical Actuarial Solutions, Inc.
- William J. Thompson, FSA, MAAA
  Milliman, Inc.

**Consulting Actuary**
- Stephen DiCenso, FCAS, MAAA
  Milliman, Inc.

**Independent Auditors**
- Johnson Lambert, LLP

**Independent Investment Advisors**
- P-Solve Asset Solutions

**Investment Consultant**
- Strategic Asset Alliance
### STATEMENTS OF NET POSITION

**As of June 30, 2016 and 2015**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed maturity securities, at fair value</td>
<td>$19,261,396</td>
<td>$18,126,903</td>
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<tr>
<td>Mutual funds, at fair value</td>
<td>67,426,855</td>
<td>66,396,439</td>
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<tr>
<td>Investment in NLC-Mutual Ins. Co</td>
<td>7,454,012</td>
<td>7,302,187</td>
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<tr>
<td>Total Investments</td>
<td>$94,142,263</td>
<td>$91,825,529</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>20,363,319</td>
<td>20,148,434</td>
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<tr>
<td>Reinsurance recoverable on paid losses</td>
<td>773,448</td>
<td>339,607</td>
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<tr>
<td>Member receivables, net of allowance for doubtful accounts</td>
<td>37,247,325</td>
<td>37,284,435</td>
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<tr>
<td>Interest receivable</td>
<td>98,192</td>
<td>104,999</td>
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<tr>
<td>Prepaid expenses and other assets</td>
<td>307,110</td>
<td>281,001</td>
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<tr>
<td>Fixed assets, net of accumulated depreciation</td>
<td>257,613</td>
<td>443,593</td>
</tr>
<tr>
<td>Deposit held by claims administrator</td>
<td>2,577,000</td>
<td>2,367,300</td>
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<tr>
<td>Total Assets</td>
<td>$155,766,270</td>
<td>$152,794,898</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>LIABILITIES AND NET POSITION</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpaid losses and loss adjustment expenses, net of reinsurance</td>
<td>$47,285,609</td>
<td>$43,798,742</td>
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<tr>
<td>Claims payable</td>
<td>5,548,860</td>
<td>3,521,238</td>
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<tr>
<td>Premiums billed in advance</td>
<td>36,161,928</td>
<td>36,519,502</td>
</tr>
<tr>
<td>Premiums received in advance</td>
<td>5,236,822</td>
<td>1,265,616</td>
</tr>
<tr>
<td>Members payables</td>
<td>2,181,619</td>
<td>2,281,027</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>3,917,707</td>
<td>3,839,525</td>
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<tr>
<td>Total Liabilities</td>
<td>$100,332,545</td>
<td>$91,225,650</td>
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</tbody>
</table>

| **Net Position**                |              |              |
| Unrestricted net position       | 55,433,725   | 61,569,248   |
| Total Liabilities and Net Position | $155,766,270 | $152,794,898 |

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**For the Years Ended June 30, 2016 and 2015**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums written and earned, net of reinsurance</td>
<td>$157,061,740</td>
<td>$146,775,318</td>
</tr>
<tr>
<td>Finance fee income</td>
<td>21,923</td>
<td>12,203</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>238,601</td>
<td>42,622</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$157,322,264</td>
<td>$146,830,143</td>
</tr>
</tbody>
</table>

| **Operating Expenses**    |              |              |
| Incurred losses and loss adjustment expenses, net of reinsurance | 159,437,510 | 143,464,028 |
| General and administrative expenses | 5,347,206 | 5,049,708 |
| Policyholder dividends    | 1,500,000    | 1,000,000    |
| Total Operating Expenses  | $166,284,716 | $149,513,736 |

| **Operating (Loss)**      | ($ 8,962,452) | ($ 2,683,593) |

| **Non-Operating Revenues (Expenses)** | | |
| Net investment income | 1,613,737 | 1,726,700 |
| Net (decrease) in fair value of investments | (3,368,159) | (315,197) |
| Net realized gains on sale of investments | 3,601,304 | 289,845 |
| Investment income - NLC-Mutual Insurance Company | 980,047 | 682,849 |

| Net Non-Operating Revenues | 2,826,929 | 2,384,197 |
| Change in Net Position    | (6,135,523) | (299,396) |
| Net Position, Beginning of Year | 61,569,248 | 61,868,644 |
| Net Position, End of Year  | $55,433,725 | $61,569,248 |

These condensed statements are derived from The Trust’s audited financial statements at June 30, 2016 and 2015 and for the years then ended and do not include all the notes to the financial statements which would be required for conformity with accounting principles generally accepted in the United States (“GAAP”). A copy of the complete financial statements, prepared in accordance with GAAP, including notes and the unmodified opinion, dated December 14, 2016 of The Trust’s independent auditors, can be obtained from The Trust upon request.