

WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS WORK SESSION and ANNUAL MEETING
“DRAFT” MINUTES

Thursday - Friday, November 3 & 4, 2011
Campbell's Lake Resort, Chelan, Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County:	<i>Not represented</i>
Benton County:	Bryan Perry, Safety/Training Coordinator – Alt. Director
Chelan County:	* Keith Goehner, Commissioner – Director
Clallam County:	Marge Upham, HR Director – Director Rich Sill, Sheriff's Dept, Code Enforcement
Clark County:	* Mark Wilsdon, Risk Manager – Director, Secretary/Treasurer
Columbia County:	Drew Woods, Public Works Director - Director
Cowlitz County:	<i>Not represented</i>
Douglas County:	* Steve Clem, Prosecuting Attorney – Director
Franklin County:	Robert Koch, Commissioner – Director
Garfield County:	Dean Burton, Commissioner – Director
Grays Harbor County:	Dale Gowan, Central Services Director – Alt. Director Joy Carossino, Safety Officer/RM Assistant (<i>Thursday</i>)
Island County:	Angie Homola, Commissioner – Director
Jefferson County:	Philip Morley, County Administrator - Director
Kittitas County:	Lisa Young, Human Resources Manager/Safety Officer – Director
Lewis County:	* Lee Grose, Commissioner – Director
Mason County:	Steve Bloomfield, Commissioner – Director Dawn Twiddy, Risk Manager Karen Jackson, Dir. Human Resources
Okanogan County:	* Andrew Lampe, Commissioner – Director Nanette Kallunki, Risk Manager – Alt. Director (<i>Thursday</i>)
Pacific County:	Kathy Spoor, Administrative Officer – Director Lisa Ayers, Commissioner – Alt. Director
Pend Oreille County:	* Laura Merrill, Commissioner – Director
San Juan County:	David Kelly, Deputy Director – Director
Skagit County:	<i>Not represented</i>
Skamania County:	* Marilyn Butler, Risk Manager – Alt. Director
Spokane County:	* Steve Bartel, Risk Manager – Director, President
Thurston County:	* Tammy Devlin, Risk Manager – Alt. Director
Walla Walla County:	Mark Spinks, Public Records Officer (<i>Thursday</i>)
Whatcom County:	* Randy Watts, Chief Civil DPA – Director Karen Goens, Human Resources Manager – Alt. Director
Yakima County:	Larry Peterson, Sr. DPA - Director
Washington DES:	Shannon Stuber, LGSIP Program Administrator
Broker Services:	Darin Puryear, Area President – AJGRMS, Inc.
WCRP Staff:	Vyrle Hill, Executive Director David Goldsmith, Member Services Manager Jill Lowe, Loss Control Coordinator Susan Looker, Claims Manager Claire Thompson, Administrative Assistant

CALL TO ORDER / WELCOME: WCRP President Steve Bartel called the Board of Directors Work Session to order Thursday, November 3, 2011 at 1:35 p.m. He welcomed all attendees; all member counties were represented except Adams, Cowlitz and Skagit. President Bartel immediately called on Member Services Manager David Goldsmith to assist the members in a review of the Staff Work Plan for Py2012 (Year X) and the Strategic Plan with Management Objectives. It was noted that the plans comprised many specific objectives that were suggested by the members and some of them appeared to be out of date or no longer relevant. Mr. Goldsmith led the members to discuss all the Objectives and sub-Objectives, asking them to make suggestions to streamline the plan. The plan was discussed; many comments were made and Mr. Goldsmith agreed to consolidate the ideas and update the plan.

RECESS: President Bartel recessed the meeting at 3:25 p.m. and reconvened at 3:35 p.m.

STANDING COMMITTEE REPORTS:

Finance: Co-Chairs Steve Clem and Lee Grose, nothing to report.

Personnel: Co-Chair Tammy Devlin reported the committee was working on continuity of operations along with succession planning for the Pool and hoped to have some results by the Spring 2012 Board Meeting.

The Committee was asked to review WCRP Health Benefits. They reviewed health contributions from Thurston County, Lewis County, AWC, WSAC and WSTIP. They found that the current WCRP practice was inequitable and not consistent with benchmarking practices. The review resulted in three recommendations for board action:

- 1) Effective immediately, pro-rate health care benefit costs for all employees that are less than full-time based on their percentage of FTE with the balance of the monthly premium provided through employee payroll deduction consistent with Personnel Rule "P." Hold the incumbent harmless and do not seek reimbursement for this administrative error. (Due to a misunderstanding stemming from a meeting with WCIF, the Risk Pool was under a false guide that they were prevented from allowing employees to cost share in their medical plan choice in conflict with the Risk Pool's Personnel Rule "P" Health Benefits.)
- 2) Authorize the Executive Director to provide WCIF notice of its intent to potentially leave the health plan, per their contract guidelines in 2012.
- 3) Create New Policy: Authorize the Executive Director to annually meet with the Broker of Record to analyze health care benefit plan options which shall be consistent and closely match the Risk Pool's benchmark agencies in compliance with Personnel Rule "D.1." The maximum Risk Pool contribution toward health benefits shall not exceed the employer contribution average of the benchmark agencies.

If the Board approved #3 above, set the maximum Risk Pool contribution for health benefits at \$1,365.00 per month with employee cost-sharing and contributing the remainder of the premium depending on their plan choice, effective January 1, 2012. (This amount matches the WCIF 500 plan, plus covers dental, vision and life with no employee out-of-pocket cost-share needed, and is the average/median value of the benchmark contributions for 2012.)

Risk Management: Co-Chairs Drew Woods and Bryan Perry reported the committee met on September 29, 2011. They discussed four items for which board action would be requested:

- 1) AJG will conduct an in-depth study of historical and current losses to determine top frequency and severity loss drivers.
- 2) AJG will conduct a review of the Phase I and Phase II Assessments to identify common exposures and loss drivers.
- 3) AJG will identify program weaknesses and opportunities for improvement for WCRP and for each county.
- 4) Authorize up to \$15,000 for the first three items completion.

The committee also asked to postpone SMO 1.5 until Spring, 2012. (SMO 1.5. Review WCRP Risk Management Policy and submit revisions for emerging loss development and industry trends; report any suggestions to the board via RM Committee during the Autumn Meeting.)

Underwriting: Co-Chair Randy Watts reported they are looking at coverage for railroad lines/operations and for bonds and securities, and will meet later, with some possible recommendations in Spring, 2012.

STAFF REPORTS:

Claims: Claims Manager Susan Looker noted she would report on Friday, November 4, during the board meeting.

Loss Control: Loss Control Coordinator Jill Lowe noted the training information in the conference materials. She also included information on Lexipol, and the Sample Policy Library on the WCRP website.

Member Services: Member Services Manager David Goldsmith previously reviewed the SMO's earlier in the day.

Administration: Executive Director Vyrle Hill commented rates for auto physical damage for heavy fleet stock were not favorable. He also informed the members that the Franjo Beach property was sold, at auction, to the highest bidder for \$85,000. He will be working with the attorney representing the Pool to modify the restitution order to reflect the sale of the property.

ADJOURNMENT: President Bartel adjourned the Thursday work session at 4:03 p.m.

CALL TO ORDER / WELCOME: WCRP President Steve Bartel called the 2011 Fall Board of Directors Meeting to order Friday, November 4, 2011 at 8:35 a.m. and welcomed all in attendance. Around-the-table introductions were conducted and a quorum verified. President Bartel reminded attendees that each member county was allowed one vote. There were 35 meeting attendees with all member counties represented except Adams, Cowlitz and Skagit.

AGENDA: Executive Director Vyrle Hill requested he be allowed to move the Administration report contiguous to the report from the Finance Committee. President Bartel had no objection to this change in the agenda and declared it was approved.

MINUTES: Keith Goehner moved for approval of the minutes of the Summer Meeting (July 21-22, 2011) at the Marcus Whitman Hotel, Walla Walla, Washington. Mark Wilsdon seconded; the motion passed without dissent. Laura Merrill moved to approve the minutes of the Executive Committee meeting on August 31, 2011; Keith Goehner seconded and the motion passed without dissent. Mark Wilsdon moved to approve the minutes of the Executive Committee meeting on October 13, 2011; Keith Goehner seconded and the motion passed without dissent.

DES-LGSIP (STATE RISK MANAGER) REPORT: Shannon Stuber announced her office has moved to the Department of Enterprise Services. She noted their office would like to get financial statements in a more timely fashion so that problems can be pinpointed and addressed before they overcome an agency. They will be focusing on the financial conditions of pools and their reports can be viewed on-line.

PRODUCER'S Py2011 REPORT: Darin Puryear, Area President of AJGRMS, Inc. spoke about the state of the insurance market. In the first half of 2011, \$1.24 was spent for every \$1 of premium. Surprisingly, surplus funds to pay claims have increased. This indicates stability for the industry and also a release of prior years' reserves. The return on surplus is very low. Prices are trending up. During this time while prices are trending up and returns are low, insurance companies look for "safe havens" that are less susceptible to catastrophic losses. Mr. Puryear noted that it is his job to help the Risk Pool be a "safe haven." To that end, his company wants to continue to market the WCRP account, to look for new markets, to provide educational seminars, and to work with WCRP to manage losses. They have made it a priority to diversify coverages (especially property) to allow markets to familiarize themselves with the WCRP program. Mr. Puryear's comments were well received.

FINANCIAL REPORTS: Executive Director Vyrle Hill reviewed the financial report dated 9/30/11, and answered questions regarding same. Mr. Hill also commented, regarding health care costs that would be discussed during the report given by the Personnel Committee, that the composite rate was mandated by WCIF, who also advised the Risk Pool to treat a part-time employee the same as a full-time employee.

Mr. Hill then reviewed some claims numbers. The Risk Pool has received 17,982 claims since inception; 744 new claims this year, 796 the previous year, and he thought 828 the previous year, about 900 the previous year, and about 950 the year previous to that. The claim trend is definitely downward. The same trend is evident in the number of open claims, with 398 this year, down 40 (10%) from a year ago. However, though the claims received numbers are down, costs are rising. Last year, the Risk Pool had paid out to-date \$191.3 million; the previous year it had paid to-date \$178.2 million. Last year, reserves totaled \$46 million; the previous year they were \$43.2 million.

Mr. Hill feels the Risk Pool should challenge the actuaries regarding ultimate losses; are they valued too high? Can the actuaries get a better picture of ultimate losses by studying the entire loss picture rather than just the losses that fall within the SIR?

Regarding property underwriting information, Mr. Hill noted at least 30% of the buildings listed in the Statement of Values have deficient information. When underwriters have inaccurate information or deficient information, they default to "worst case" information, which distorts the picture of the WCPP values and this impacts the rates charged.

Member comments regarding property information: Steve Clem asked that a one-page summary be provided to the members of what information the underwriters are looking for. He noted his county has had problems entering information into PIMS and making it "stick." Lee Grose would like to firm up what is needed; he felt the underwriters have been asking for information in a piecemeal fashion. He wants the "moving target" stabilized so that each member can comply and the Pool can get the best rates. Darin Puryear will check to see if geodetic addresses will satisfy address requirements. Some county members noted they do not have any staff available to input additional data needed in PIMS. Mr. Hill noted that PIMS is being upgraded, power tools are being added, but the upgrades were not completed during the last underwriting period so they would not cause problems for the members. Now that the Pool is through the underwriting period, upgrades will be accelerated. Steve Bartel asked that all members be notified when the upgrades were complete.

Member comments regarding actuarial analysis: Steve Clem commented that actuaries will "always be wrong" and actuaries will even agree that is so, but the actuaries make professional choices based on past experience, and Mr. Clem advised the members to be cautious about making any changes to the way the Risk Pool data is analyzed. Steve Bartel suggested the Pool have a conversation with the actuaries to clarify how the data is analyzed. Larry Peterson moved to budget an additional \$10,000 to allow the Finance Committee, the Executive Committee and the Executive Director to expand the actuarial study to a complete program analysis; Mark Wilsdon seconded and the motion passed with one dissent.

RECESS: President Bartel recessed the meeting at 10:25 a.m., to allow check-outs from the hotel, and reconvened at 10:40 a.m. He encouraged participation in the Standing Committees. Mr. Hill noted that committee members are not restricted to Directors and Alternates; Standing Committee members can be any county official or employee.

STANDING COMMITTEE REPORTS:

Finance: Co-chair Lee Grose had nothing to report.

Personnel: Co-chair Tammy Devlin asked the members to take up the items she had reviewed during the work session on the previous day. She noted that Mr. Hill asked the members to waive the pro-rated health care premiums for December 2011 for the part-time employee due to her imminent retirement and lack of any wrong-doing.

Lee Grose moved to “effective immediately, pro-rate health care benefit costs for all employees that are less than full-time based on their percentage of FTE with the balance of the monthly premium provided through employee payroll deduction consistent with Personnel Rule “P,” hold the incumbent harmless and do not seek reimbursement for this administrative error, and to waive the pro-rated health care benefit cost for the part-time incumbent for December 2011; Andrew Lampe seconded and *the motion passed with one dissent.*

Drew Woods moved to allow the Executive Director to shop for new health care plans, notifying WCIF of the Pool’s intent to potentially leave the health plan; Bryan Perry seconded and *the motion passed without dissent.*

Larry Peterson moved, and Lee Grose seconded, to accept the recommendation of the Personnel Committee authorizing the Executive Director to annually meet with the Broker of Record to analyze health care benefit plan options which shall be consistent and closely match the Risk Pool’s benchmark agencies in compliance with Personnel Rule “D.1”; and, further, to set the maximum Risk Pool contribution for health benefits at \$1,365 with employee cost-sharing and contributing the remainder of the premium depending on their plan choice effective January 1, 2012. *The motion passed without dissent.*

Risk Management:

Marilyn Butler moved to accept the recommendations of the Risk Management Committee to work with AJGRMS, Inc. to conduct an in-depth study of losses, to review the 2011 self-assessments to identify common exposures and potential weaknesses and opportunities for improvement, and to authorize \$15,000 toward this loss control project, to be completed by January 2012 for the Risk Management Committee’s review and presentation during the March 2012 Board Meeting. Angie Homola seconded and *the motion passed without dissent.*

STAFF REPORTS:

Claims: Susan Looker reported on large losses (those greater than \$100,000). The Claims Department has been working to close older losses; one remains open in Year M (2000-01). A total of 107 large losses remain open.

Member Services: David Goldsmith presented the review of the Strategic Management Plan during the work session on the previous day.

Loss Control: Jill Lowe posed some questions:

- 1) After Phase II, what are the recommendations? What must be done? Jill will contact each county to discuss.
- 2) Did the trainings held during the year help? Are performance evaluations being conducted? Are they more consistent and constructive? Should any changes be made? Jill welcomed comments from the members.

Administration: Vyrle Hill commented on the current changes in staffing. Tammy Cahill moved from Claims Representative to Claims Analyst; Lisa Daly moved from Claims Assistant to Claims Representative. The Pool currently has two open positions, Claims Assistant and Administrative Assistant, and applications are being received and reviewed. Mr. Hill also thanked Claire Thompson for her 17 years of service. Claire is retiring effective December 31, 2011.

FUTURE MEETINGS:

Already booked are:

- **Winter/Spring Conference and Board of Directors Meeting, March 21-23, 2012: Lodge at Suncadia, Cle Elum**
- **Summer Conference and Annual Board of Directors Meeting, July 25-27, 2012: Shilo Inn, Ocean Shores**

Suggestions were previously made for the following:

- 2012 Autumn Conference: Vancouver, WA
- 2013 Winter/Spring Conference: Suncadia, Cle Elum, WA
- 2013 Summer Conference: Leavenworth, WA

Executive Session – Performance of a Public Employee(s): Lee Grose moved and Andrew Lampe seconded to convene in executive session under appropriate statutory authorities for an estimated ten (10) minutes to discuss a personnel matter; the motion passed without dissent. Recognizing that public discussion would impair the Board’s ability to conduct its business effectively, and acting in accordance with the WCRP Bylaws and RCW 42.30.110(1) (g), President Bartel moved the Board into an estimated ten (10) minute executive session at 11:35 a.m. after determining only those directors/alternate directors present to be pertinent to the matter and excusing the Pool staff and others from the session. President Bartel reconvened the Board Meeting in regular session at 11:59 a.m. with all earlier participants and announced that no decisions were made or would result from this specific executive session.

With no further business, President Bartel adjourned the board meeting at 12 noon.

MINUTES APPROVED this _____ day of _____, 201__.

President

Attest: _____
Secretary/Treasurer