

**WASHINGTON COUNTIES RISK POOL
EXECUTIVE COMMITTEE MEETING MINUTES**

8:30 AM, Friday, July 9, 2010

Red Lion Hotel, 18220 International Blvd, SeaTac, Washington

ATTENDANCE:

President – Jay Winter – Walla Walla County Personnel / Risk Manager

Secretary/Treasurer – Marilyn Butler – Skamania County Risk Manager

Executive Committee Members –

Keith Goehner – Chelan County Commissioner

Steve Clem – Douglas County Prosecuting Attorney

Rose Elway – Grays Harbor County Director of Management Services & Budget

Lee Grose – Lewis County Commissioner

Andrew Lampe – Okanogan County Commissioner

Steve Bartel – Spokane County Risk Manager

Tammy Devlin – Thurston County Risk Manager

Randy Watts – Whatcom County Chief Civil Deputy Prosecuting Attorney

Vyrle Hill – WCRP Executive Director (*ex-officio*)

Risk Pool Staff –

Susan Looker – Claims Manager

David Goldsmith – Member Services

Jill Lowe – Loss Control Coordinator

Others –

Kevin Wick, Managing Director – PricewaterhouseCoopers LLP

Craig Scukas, Director – PricewaterhouseCoopers LLP

Michael Croke, Area Senior Vice President – Arthur J. Gallagher RMS, Inc.

Elizabeth Miser, Area Vice President – Arthur J. Gallagher RMS, Inc.

Call to Order, Welcome, Roll Call and Agenda: President Winter called the meeting to order at 8:31 a.m., welcomed all attendees and announced that he could verify visually that a quorum was present. M. Butler moved and R. Elway seconded for approval of the meeting agenda as circulated; the motion passed by voice vote.

Minutes: M. Butler moved and T. Devlin seconded for approval of the minutes as presented of the June 25, 2010 telephonic Executive Committee meeting; the motion passed by voice vote.

Consultant Reports: K. Wick and C. Scukas presented and explained the Actuarial Review of Loss Rates (as of March 31, 2010) with Experience Rating Modifiers for Py2011. After receiving clarification regarding several concerns raised by those attending, S. Clem moved and R. Watts seconded to recommend Board approval of the actuary's report; the motion passed unanimously by voice vote.

Producer (Broker of Record) M. Croke provided a handout reflecting the year-over-year changes in incurred estimates for occurrences in excess of \$500,000, and the renewal premiums compared with the present indications for the (liability) program... cost to renew would be slightly less without Kitsap County for Py2011 than the cost to insure Py2010 with Kitsap County. L. Miser then provided a handout related to the Washington Counties Property Program with comparisons of historical property premiums versus losses and Py2010 renewal values, premiums/rates and coverage limits/sublimits versus the preliminary values and coverage limits/sublimits with premium/rate indications for Py2011.

President Winter recessed the meeting at 10:14 a.m. and reconvened at 10:30 a.m.

M. Croke questioned whether the (sublimit) coverage for unscheduled bridges should be continued. He noted that much of the property program's losses total stems from this coverage.

Nominating Committee: Though it was decided during the prior meeting to recommend amending Bylaws Article 3.A fixing the size of the Executive Committee at eleven members, the drafted language was available and no comments or concerns were shared. Nominating Committee Chair Winter reported that Clark County Director Mark Wilsdon and Pacific County Director Bryan Harrison contacted him asking for Executive Committee consideration, specifically in the position being vacated by Mark Abernathy and its unexpired term (through September 2012). Chair Winter also reported that the four members whose terms are expiring this year (Butler, Bartell, Lampe and Winter) all expressed interest in being reelected for new, 3-year terms (through September 2013).

K. Goehner moved to report to the Board the names of Directors Wilsdon and Harrison as the Nominating Committee's nominees for the position with an unexpired term through September 2012 that is being vacated July 23, 2010, and the names of Alternate Director Butler and Directors Bartell, Lampe and Winter for the four open Executive Committee positions through September 2013; L. Grose seconded and the motion carried. It was agreed that the election to fill the vacancy should be conducted and reported upon first so the other person could be considered as a nominee from the floor for the election of the positions with new 3-year terms.

R. Elway moved and R. Watts seconded to report to the Board the nomination of Marilyn Butler for WCRP President for Py2011; S. Clem moved to close the nominations and there were no objections. The nominating report motion for Py2011 President carried.

S. Clem moved and T. Devlin seconded to report to the Board the nomination of Steve Bartell for WCRP Secretary/Treasurer for Py2011; L. Grose moved to close the nominations and there were no objections. The nominating report motion for Py2011 Secretary/Treasurer carried.

Standing Committee Reports

- **Finance:** Co-chair Clem reported that the committee met telephonically July 8, 2010 to review or discuss (a) the final audits provided by the SAO, (b) the DRAFT Actuarial Rating Study for Py2011 with Experience Modification Factors and estimates for increasing the Pool's SIR, (c) the initial drafts of the Operational Budget with details of the administrative element and the (staff) Salary Schedule and Work Plan for Py2011, and (d) the methodologies and/or formulae for allocating and/or redistributing the member assessments for both the liability and property programs. He then reported that the committee had two recommendations for the Board's consideration associated with the Actuarial Review of Loss Rates for Py2011 in addition to acceptance of the reports: (1) to use the "expected" rates to fund the Pool's Loss Fund (from members' deductibles to \$100,000) noted in the tables in the Executive Summary, and (2) to use the Experience Modification Factors determined by and reported in Exhibit 1-4. M. Butler moved and A. Lampe seconded to support the Finance Committee's recommendations; the motion passed by voice vote.

Executive Director Hill was then asked to present the Py2011 Budget and related items in brief. Mr. Hill noted the estimates would change some due to the insurance renewal amounts shared earlier in the meeting. He mentioned the assessments estimates were based upon insurance renewal indications that Mr. Croke shared July 1st. He noted Operating and Non-operating Revenues totaling \$14.0 million and Operating Expenses of \$14.1 million, necessitating use of Net Assets of about \$66,000. He also mentioned a COLA of 1.5% covering the past two years had been included and is being recommended by the Finance Committee. Travel, Professional Services, and Intergovernmental Services (training) categories were presented with greater detail and discussed. Mr. Hill was asked to further examine the Travel requests, especially the out-of-state and Executive Committee allowances. Co-chair Clem reported that the Finance Committee recommended passing on the Preliminary Py2011 Budget, but asking the Executive Director to explore other savings options including Travel even further. A. Lampe moved and L. Grose seconded to support the Finance Committee's recommendations. K. Goehner asked if the estimate (\$70,400) for Pre-defense Reviews & Investigations was enough, and asked Mr. Croke to share thoughts regarding the value of Executive Committee members traveling to national conferences and

meeting with potential underwriters. Mr. Croke responded that the underwriters want to hear from the Pool's leadership, not just the staff and consultants. Mr. Hill and Ms. Looker also shared comments. The motion passed by voice vote.

Co-chair Clem then noted that the Salary Schedule and Work Plan for Py2011 were incorporated into the Budget action and shouldn't require separate actions.

- **Personnel:** Co-chair Devlin had nothing new to report.
- **Risk Management:** Co-chair Bartel reported that the committee met June 21st telephonically and suggested changes to the training program, noting that most of the committee's suggestions appear to have been incorporated in the (Intergovernmental Services) Budget and Work Plan for Py2011. He also expressed support for the new online plans for members' law enforcement officers training, for discontinuing further SkidCar® support from the Pool, and for the planned modifications to the Pool's scholarship program.

President Winter recessed the meeting at 11:57 a.m. and reconvened at 12:09 p.m.

By consensus, the Executive Committee decided to defer advancing any recommendations regarding the Producer's Report because Mr. Croke shared plans to further discuss the renewals with underwriters in hopes of obtaining refinements of the renewal premiums, rates and costs.

- **Underwriting:** Chair Watts noted briefly that the committee earlier met telephonically to: (a) review or discuss and consider recommendations to the Joint Self-Insurance Liability Policy Coverage Form for Py2011, and (b) review or discuss and consider recommendations to WCRP documents to advance the Task Force's claims handling and administration recommendations. He then deferred to Mr. Goldsmith to present summaries of the recommendations.

Claims Handling Policies and Procedures. Mr. Goldsmith communicated the objectives and summarized the changes to the policy that were incorporated in the rewrite. After a brief discussion regarding requesting authorities for Pre-defense Reviews and Investigations, S. Clem moved and S. Bartell seconded to recommend Board approval of the revised Claims Handling Policies and Procedures; the motion passed by voice vote.

Bylaws Article 8. Mr. Goldsmith then communicated the objectives and summarized the changes to Bylaws Article 8 – *Coverage Determinations and Appeal*. L. Grose moved and S. Bartell seconded to recommend approval by the Board of the proposed changes; the motion passed by voice vote.

Bylaws Article 3.I. Mr. Goldsmith presented clarification revisions to Bylaws Article 3.I.1 and 3.I.4 – *(Executive Committee) Limitations* suggested by Mr. Clem. S. Bartell moved and R. Watts seconded to recommend adopting the proposed revision to Bylaws Article 3.I.1. Following a brief discussion about the need for the revision, the motion passed on a 7 to 2 vote. Then, K. Goehner moved and S. Bartell seconded to recommend approval by the Board of the proposed change to Bylaws Article 3.I.4; the motion passed by voice vote.

New Bylaws Article 10. Mr. Goldsmith then communicated the objectives and summarized the addition of Bylaws Article 10 – *Compliance and Enforcement of Member Obligations*. S. Clem moved and T. Devlin seconded to recommend adoption by the Board of the proposed new Bylaws article; the motion passed by voice vote.

Joint Self-Insurance Liability Policy Coverage Form. Mr. Goldsmith noted minor revisions to the JSILP Coverage Form being recommended for Board approval by the Underwriting Committee. S. Bartell moved and R. Elway seconded to recommend for Board approval the package of proposed changes being recommended by the Underwriting Committee; the motion passed by voice vote.

Staff Reports:

- **Claims Manager Looker** had nothing to report, but asked whether the Executive Committee members would be interested in receiving more detailed summaries of large losses at future meetings. The vast majority shared favorable replies to the inquiry.
- **Executive Director Hill** had nothing further to report at this meeting.
- **Member Services Manager Goldsmith** reported that visitations have taken place in 21 counties (19 members and 2 non-members) with 11 or 12 more to do this year. He also reported the consulting property appraisals were nearing completion; that field examinations were completed and the individual counties' reports were beginning to arrive.
- **Loss Control Coordinator Lowe** had nothing further to report.

Adjournment: Though L. Grose moved for adjournment, President Winter simply adjourned the meeting at 1:10 p.m.

MINUTES APPROVED this 22nd day of October, 2010.

Maurin Butler
President

Attest: Jerry Winter
Acting Secretary/Treasurer
& Past-President