

Minutes
Meeting, Board of Trustees
Kansas Workers Risk Cooperative for Counties
October 23, 2009 at 1:00 p.m.
Holiday Inn Holidome
605 SW Fairlawn
Topeka, KS 66606

The October 2009 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:02 p.m. at the Holiday Inn Holidome in Topeka by Board President Michelle Garrett on Friday, October 23, 2009. Trustees present included Michelle Garrett, Morris County Clerk, President; Jim Wise, Miami County Commissioner, Vice-President; Doyle 'Hooley' Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Bonnie Swartz, Gray County Clerk; Francis Garcia, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Ms. Susan May, Mr. Gene Miller, Ms. Ashley Boydston and Mr. Paul Davis. Also present was Mr. Sam Cargnel of Centric Actuarial Solutions.

President Garrett addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Unger asked to add a discussion of the proposed changes to the KCAMP bylaws as Agenda Item No. 12a. Mr. Unger moved to approve the agenda with the addition. Mr. Wise seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of September 17, 2009." Mr. Unger moved to approve the minutes as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish then addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Electronic Transfer of Funds." Mr. Parrish itemized the checks and the electronic transfer of funds. Mr. Wise moved to approve the checks and ratify the transfers as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish asked Mr. Cargnel to address Agenda Item No 4b, "Actuarial Report: Centric Presentation." There were decreases in the ultimate loss picks for 2006 and 2008 totaling \$375,000. He explained that losses for 2009 are lower than expected, resulting in reduction of the estimated ultimate loss by \$500,000. Forecasting for 2010, the loss pick is \$4,700,000. President Garrett thanked Mr. Cargnel for his report.

Next, Mr. Parrish addressed Agenda Item No. 4c, "Budget 2010." Mr. Parrish presented the proposed budget to the Board and asked for and responded to questions. Ms. Swartz moved to approve the budget as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4d, "Loss Cost Multiplier." Mr. Parrish reviewed a handout showing the past and current loss cost filings for various pools in the state. Based on research and underwriting evaluations, he recommended that KWORCC submit a request to amend its filing to 1.46 for accounts with an experience mod of 1.20 or less and 1.56 for accounts with an experience mod above 1.20. Mr. Parrish asked for and responded to questions from the Board. Ms. Swartz moved to adopt the recommendation of the staff. Ms. Garcia seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish called on Ms. Bird to address Agenda Item No. 4e, "Annual Meeting Update." Ms. Bird reported on the location of the annual meeting and asked for volunteers to complete the vendor booth schedule.

Ms. Bird then addressed Agenda Item No. 4f, "CCB Treasury Master Repurchase Agreement." She explained in detail the changes in the agreement, which was included in the board packet. Ms. Swartz moved to accept the master repurchase agreement; Mr. Wise seconded the motion, which CARRIED unanimously.

President Garrett then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities in several counties.

President Garrett addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for September 2009 and asked for questions. Ms. Swartz moved to receive and file the reports as presented. Mr. Wise seconded the motion, which CARRIED unanimously.

Mr. Alexander then recommended that the Board allocate investment income to fund years, as follows: \$30,000 to 2001 and \$45,000 to 2004. He explained that these allocations do not change the equity position of the pool. Ms. Swartz moved to follow the recommendation as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

Mr. Alexander then discussed in detail the third quarterly financial report for 2009 he prepared for filing with the Kansas Insurance Department (KID). Ms. Buttron moved to approve filing the report with the KID. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 13357 through 13398 and the direct debits, all as presented. Mr. Wise seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed two reports showing the value of KWORCC's equity investments as of October 14 and October 22, 2009.

President Garrett announced a short break in the meeting at 2:06 p.m. The meeting resumed at 2:21 p.m.

President Garrett next addressed Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on several claims and answered questions. Ms. May also requested approval on two pending settlements. Ms. Swartz moved to approve settlement of claim No. 2007033923 as recommended. Mr. Wise seconded the motion, which CARRIED unanimously. Mr. Unger moved to approve settlement of claim No. 2009037306 as recommended. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Alexander recommended an additional investment income allocation based upon the settlement of one of these claims for policy year 2001. After discussion, Mr. Unger moved to increase the allocation of investment income for 2001 to \$90,000. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Garrett then called upon Ms. May to address the "Logicomp Bill Review Report" under Agenda Item No. 7b for the period from January 1, 2009 through September 30, 2009. Ms. May reported that the total amount billed is \$3,332,432; the actual paid amount is \$2,075,662 for a net savings after fees of \$1,262,641. This is more than 38% of the amount billed for this 9-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2006 through 2009. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. Mr. Davis emphasized these charts should not be considered as a guarantee of either good or poor ultimate loss performance.

President Garrett called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for September, October and November for the loss-prevention staff as well as the breakdown of county visits since the first of the year.

President Garrett addressed Agenda Item No. 9, "Legal Report." Mr. Parrish stated there was no legal report.

Next, President Garrett addressed Agenda Item No. 10, "Committee Reports." There were no committees to report. Mr. Parrish reminded the Board that there will be an investment committee meeting in December.

President Garrett then called upon Ms. Bird to address Agenda Item No. 11, "Trustee Training: Bergstrom v. Spears." Ms. Bird explained the basis of the Supreme Court's opinion. She then presented an example of how the Bergstrom decision could affect a claim. Ms. Bird also discussed the dissenting opinion. She then asked for and responded to questions. President Garrett thanked Ms. Bird for her presentation.

President Garrett then addressed Agenda Item No. 12, "Other Business." Mr. Unger reported on the proposed changes to the KCAMP Bylaws.

There being nothing further before the Board, Mr. Unger moved to adjourn at 3:31 p.m. Mr. Wise seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 10th day of December, 2009.

Doyle Alcorn, Secretary
KWORCC Board of Trustees