

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
July 16, 2009 at 1:00 p.m.
Clubhouse Inn
924 SW Henderson Road
Topeka, KS 66615

The July 2009 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:10 p.m. at the Clubhouse Inn in Topeka by Board President Michelle Garrett on Thursday, July 16, 2009. Trustees present included Michelle Garrett, Morris County Clerk, President; Jim Wise, Miami County Commissioner, Vice-President; Linda M. Buttron, Jefferson County Clerk, Controller; Bonnie Swartz, Gray County Clerk; Frances 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, Mr. Paul Davis and Mr. Gus Campuzano.

President Garrett addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended the addition of Agenda Item No. 3a, "Excuse Doyle 'Hooley' Alcorn for County Business." Mr. Wise moved to approve the agenda with that addition. Ms. Buttron seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of June 18, 2009." Mr. Unger moved to approve the minutes as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 3a, "Excuse Doyle 'Hooley' Alcorn for County Business." Mr. Unger moved that Mr. Alcorn be excused from the board meeting. Mr. Wise seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish 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. Ms. Swartz moved to approve the checks and ratify the transfers as presented. Mr. Wise seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish addressed Agenda Item No. 4b, "Workers Compensation Fund Assessment." Mr. Parrish reported that he signed, subject to Trustee approval, an engagement letter which specified an estimated cost for the assessment challenge not exceed \$5,000 for KWORCC. He stated that at least 10 associations are participating in the challenge and they would be assessed according to the size of each insurance pool. Mr. Unger moved to ratify the letter of engagement signed by Mr. Parrish. Ms. Garcia seconded the motion, which CARRIED unanimously.

Then, Mr. Parrish asked Mr. Davis to join him in addressing Agenda Item No. 4c, "Loss Cost Multiplier Filings." Mr. Parrish and Mr. Davis pointed out there are advantages and disadvantages to using a tiered system of loss cost multipliers (LCM) instead of the single LCM KWORCC currently uses. A single LCM is easier to administer, but a multi-tiered system would allow KWORCC to be more competitive with counties with low loss ratios. Mr. Davis stated that approximately half the pools in Kansas use a single LCM, and the other half uses a tiered system. He then pointed out that there is a trend toward lower LCMs in other pools similar to KWORCC, including pools which may become KWORCC competitors. Mr. Parrish said that the main question before the Board is, "What is the fair premium amount for the KWORCC Members?"

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

Next, Mr. Parrish addressed Agenda Item No. 4d, "Annual KWORCC KCAMP Joint Dinner." At the request of Ms. Bird, KCAMP provided two alternative dates for the KWORCC KCAMP joint dinner, September 17th or October 16th. The Board agreed that the September date works better. The staff will communicate this to KCAMP and help facilitate the gathering.

Mr. Parrish then asked Ms. Bird to address Agenda Item No. 4e, "KAC Annual Booth." Ms. Bird discussed the location of the KWORCC booth at the KAC Annual Meeting. She also presented two additional give away options.

President Garrett declared a break in the meeting at 2:51 p.m.; the meeting resumed at 3:03 p.m.

President Garrett addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for June 2009, presenting both the historic format and a new format. Mr. Alexander then discussed the revised format of the financial statements to be sent to the Members. Ms. Swartz moved to accept the reports in the new format as presented. Mr. Wise seconded the motion, which CARRIED unanimously.

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

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 13224 through 13266 and the direct debits, all as presented. Mr. Wise seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed a report showing the value of KWORCC's equity investments as of July 8, 2009.

President Garrett addressed Agenda Item No. 7, "Claims Report -- IMA." Under Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on several claims and answered questions. Mr. Miller also requested approval on a pending settlement. Mr. Wise moved to approve settlement of claim No. 2008033257 as recommended. Mr. Unger seconded the motion, which CARRIED unanimously.

President Garrett then called upon Ms. May to address the "Shorman Bill Review Report" under Agenda Item No. 7b for the period from January 1, 2009 through June 30, 2009. Ms. May said the report shows the total amount billed is \$2,335,221.12; the actual paid amount is \$1,399,126.30 for a net savings after fees of \$942,034.80. This is more than 40% of the amount billed for this 6-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.

Mr. Campuzano reported that KWORCC is now completely set up for Medicare reporting.

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

Mr. Eyman also presented the loss ratios for all member counties over the last five and a half years. Mr. Rippee discussed how these numbers compare to last year, stating several counties are improving their loss ratio.

Mr. Eyman then presented statistical information concerning non-fatal injuries and accidental deaths.

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." Mr. Unger reported that the Investment Committee met immediately prior to this Board Meeting and received reports from Chris Thompson from Country Club Bank on fixed income investments and Brad Downard from Security Benefit on equity investments. Those reports indicate that even though income will decrease from KWORCC's fixed income investments, KWORCC's funds were being invested carefully to maximize safety and return and to ensure that funds are available without penalty when needed for claims and expenses. He said that Mr. Thompson was avoiding the temptation of chasing higher yields by investing long-term because that strategy could prove more costly in the long term. Mr. Unger said that KWORCC's equity investments have stabilized, and one of the four funds was doing quite well considering the condition of the equity market. Mr. Unger said the Investment Committee reviewed the sales and purchases of securities as required by law, and recommended the adoption of KWORCC Resolution No. 2009-47. Mr. Unger then moved for the adoption of KWORCC Resolution No. 2009-47. Ms. Buttron seconded the motion, which CARRIED unanimously. Mr. Unger then reported that the Investment Committee recommended continuing its recess from further equity investments and that KWORCC hold its current position in its four equity funds. Mr. Unger then moved to do so. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Garrett postponed the Trustee training to a later meeting.

President Garrett then addressed Agenda Item No. 11, "Other Business." There was no other business to discuss.

There being no further business, Mr. Wise moved to adjourn at 4:01 p.m. Mr. Unger seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 13th day of August, 2009.

Doyle Alcorn, Secretary
KWORCC Board of Trustees