

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
June 19, 2009 at 1:00 p.m. via Teleconference
700 SW Jackson, Ste 200
Topeka, KS 66603

The June 2009 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:03 p.m. via teleconference in Topeka by Board President Michelle Garrett on Thursday, June 19, 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 M. Buttron, Jefferson County Clerk, Controller; Bonnie Swartz, Gray County Clerk; 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 Mr. Gene Miller, Mr. Paul Davis and Mr. Gus Campuzano.

President Garrett addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended approval of the agenda as presented. Mr. Wise so moved, and Ms. Swartz seconded the motion, which CARRIED unanimously.

President Garrett then called for a motion to excuse Ms. Frances Garcia from the Board meeting. Ms. Swartz moved that Ms. Garcia be excused from the meeting for personal reasons. Mr. Unger seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of May 14, 2009." Mr. Unger moved to approve the minutes as presented. Ms. Buttron 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 presented the list of checks and electronic transfer of funds. Mr. Unger 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." There was a sweep of monies in the most recent legislative session which has resulted in the Kansas Insurance Department issuing an assessment on all workers compensation insurance carriers for payment into the Kansas Workers Compensation Fund. A coalition of workers compensation pools has been formed to object, and KWORCC has been asked to participate. The coalition expressed two concerns with the assessment. First, the sweep of monies from a fee fund appears to be an unconstitutional tax levy. Second, the balance of funds in the Workers Compensation Fund appears to be adequate even after this sweep of funds has occurred, and an assessment does not appear to be necessary. Mr. Unger moved to direct KWORCC to join the coalition and oppose these actions provided KWORCC's cost in attorney fees does not exceed \$2,500. Mr. Wise seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish asked Mr. Eyman to address Agenda Item No. 4c, "Loss Cost Multiplier Filings and NCCI Report." Mr. Eyman reviewed a spreadsheet showing the loss cost multiplier (LCM) filings of other group-funded pools in Kansas. The spreadsheet also gives the recent history of changes these pools have made in their LCM filings. This information is provided by staff in its continuing effort to address KWORCC's need to be competitive by lowering the premium factor which the LCM establishes. This would provide lower insurance costs and assist KWORCC staff in providing competitive bids. There was a discussion on whether KWORCC should adopt a single LCM or establish a tiered system of LCMs which would vary depending upon a county's experience modification factor. Ms. Swartz requested that the staff and IMA prepare recommendations for the July Board Meeting. Mr. Eyman then discussed how the experience modifications are calculated by NCCI.

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 May 2009. Ms. Swartz moved to accept the reports as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Buttron moved to approve check Nos. 13150 through 13223 and the direct debits, all as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed a report showing the value of KWORCC's equity investments as of June 10, 2009.

Mr. Alexander then discussed Agenda Item No. 6d, "County Financial Report Format." After a review of the sample form in the Board packet, Mr. Alexander offered another recommendation which would allow all premiums to be recognized when they are collected instead of having them allocated to each month throughout the year. He said this would be proper because all of KWORCC's premiums are earned when they are collected because KWORCC members are under a contractual obligation to remain in the pool for an entire year once the member has decided by November 1st of the previous year to remain in the pool. Further, the ultimate loss figure is available at the beginning of the year pursuant to actuarial findings. After discussion, the Board requested that Mr. Alexander prepare the financial statements with these adjustments for consideration at the July meeting.

President Garrett addressed Agenda Item No. 7, "Claims Report -- IMA." For Agenda Item No. 7a, "Select Claims Review," Mr. Miller reported on several claims and answered questions. Mr. Campuzano also reported on a claim.

President Garrett then called upon Mr. Miller to address the "Logicomp Bill Review Report" under Agenda Item No. 7b. Mr. Miller stated that because a change was made from Shorman & Associates, Inc. to Logicomp Business Solutions, Inc. for medical bill review services last month, an up-to-date report on savings is not available. He said he expected that a report would be available for the July board meeting.

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 May, June and July 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 Garret addressed Agenda Item No. 10, "Committee Reports." There is an investment committee scheduled for noon on July 16, 2009.

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

There being no further business, Ms. Swartz moved to adjourn at 2:27 p.m. Mr. Unger seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 16th day of July, 2009.

Doyle Alcorn, Secretary
KWORCC Board of Trustees