

Minutes
Meeting, Board of Trustees
Kansas Workers Risk Cooperative for Counties
October 27, 2011 at 1:00 pm
Clubhouse Inn
924 SW Henderson Road
Topeka, KS 66615

The October 2011 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 12:59 p.m. on October 27, 2011 in Topeka by Board President Doyle "Hooley" Alcorn. Trustees attending included: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Linda Buttron, Jefferson County Clerk, Vice-President; Bonnie Swartz, Gray County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Steve Garten, Barber County Commissioner; Ralph D. Unger, Decatur County Commissioner and Jim Wise, Miami 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) was represented by Ms. Susan May, Mr. Gene Miller and Mr. Paul Davis. Also present was Mr. Ron Laskowski, KWORCC defense attorney.

President Alcorn first addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended that Agenda Item No. 9, "Work Comp Law Update" be considered as Agenda Item No. 3a so that it can be considered early in the meeting. He also recommended that the Board consider a proposed settlement of a case immediately after Mr. Laskowski's presentation because he is defending KWORCC in the case. Mr. Unger moved to approve the agenda with these recommended changes. Mr. Wise seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of September 22, 2011." Mr. Unger moved to approve the minutes as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

President Alcorn welcomed Mr. Laskowski. Mr. Laskowski stated he would be presenting an overview of the changes in the Workers Compensation statues that were adopted by the state legislature in the 2011 session. He stated that the changes were wide sweeping and that he would cover the highlights. The most important change was what constitutes a work injury. A prevailing factor test was added to the law. Prevailing factor applies to accident, injury and disability. The law also made a change to pre-existing impairment and set forth a formula for how the credit for pre-existing impairment is calculated. Additionally, the rules regarding repetitive trauma have been re-written; the claimant now must show the injury was not something that a person would be exposed to in everyday life.

Work disability is still based on wage and task loss. However, a worker must have a functional impairment greater than 7.5% impairment to the body of the whole to qualify for work disability. Both wage loss and task loss have to be caused by injury. Average weekly wage is calculated by taking the worker's total earnings over the 26 weeks preceding the injury and dividing that number by 26. The maximum amounts for indemnity payments were increased. Bilateral injuries are now general bodily injuries. Finally, the guidelines for providing notice were changed so that the worker must report the injury within 30 calendar days of the injury or 20 calendar days of the first date of treatment. Notice may be given orally or in writing. If employer designates a person to receive notice, notice to anyone else is insufficient. If no one is designated to receive notice, then any supervisor or manager is qualified to receive notice. Mr. Alcorn thanked Mr. Laskowski for an informative presentation.

Mr. Miller and Mr. Laskowski then reviewed a pending settlement. Ms. Swartz moved to approve settlement of claim number 2007033637 as recommended. Ms. Buttron seconded the motion which CARRIED unanimously.

President Alcorn next asked Mr. Parrish to present Agenda Item No. 4, "Administrator's Report." Mr. Parrish first addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He identified the checks requiring approval and the electronic transfer of funds requiring ratification. Mr. Unger moved to approve the checks and ratify the electronic transfer of funds as presented. Mr. Wise seconded the motion which CARRIED unanimously.

Next, Mr. Parrish asked Mr. Davis to take up Agenda Item No. 4b, "Loss Cost Multiplier Discussion." Mr. Davis discussed the Loss Cost Multiplier (LCM) calculation technique that has been proposed to the state. This would allow risk evaluation to be part of the LCM calculation. The LCM would be three tiered. Ms. Swartz moved to approve the three tiered plan outlined by Mr. Davis. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Parrish then asked Mr. Unger to discuss Agenda Item No. 4c, "Personnel Committee Report." Mr. Unger as chairman of the Personnel Committee reported that the committee had met and recommends to the board that for 2012 a 2.5% cost of living adjustment (COLA) for KWORCC personnel beginning January 1, 2012. Mr. Unger moved to adopt the recommendation of the committee. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn then asked Mr. Parrish to address Agenda Item No. 4d, "Budget 2012." Mr. Parrish reviewed the proposed budget for 2012. Ms. Swartz moved that the proposed budget, which includes the use of investment income for premium reduction, be approved. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Parrish then asked Ms. Bird to address Agenda Item No. 4e, "Annual Meeting Update." Ms. Bird reported she has received 42 delegate forms from the members and that several more are using the delegates for last year. As 31 member representatives present are needed for a quorum, she said she believed that achieving a quorum should not be a problem. She also reported that unless there are nominations from the floor, all currently serving trustees will be unopposed. Ms. Bird then reviewed the vendor location at the Expocentre and the location of the annual meeting in Heritage Hall. She then requested volunteers to help with the vendor booth.

President Alcorn then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities for several counties and responded to questions.

President Alcorn then proceeded to Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for September 2011. Ms. Swartz moved to receive and file the financial report. Dr. Garten seconded the motion which CARRIED unanimously.

Mr. Alexander then discussed in detail the 2011 third quarterly financial report he prepared for filing with the Kansas Insurance Department (KID). Ms. Swartz moved to approve filing the report with the KID. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 14457 through 14505 and the direct debits. Ms. Buttron seconded the motion which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of October 19, 2011.

A short break was declared in the meeting at 3:07 p.m. The meeting resumed at 3:17 p.m.

President Alcorn addressed Agenda Item No. 7, "Claims Report – IMA." As to Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions.

Mr. Miller then addressed Agenda Item No. 7b, "Logicomp Bill Review Report." Mr. Miller reported the amount billed totals \$2,734,186 for the period beginning January 1, 2011 through September 30, 2011. He said the actual paid amount for that period totals \$1,461,265, resulting in a net savings of \$1,284,118 after fees are paid. This is more than 47% 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 2007 through 2011. 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. He noted these charts show the status as of the end of September, 2011 and should not be considered a guarantee of either good or poor ultimate-loss performance.

President Alcorn called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed September, October and November calendars for the loss-prevention staff. Next, Mr. Eyman reported on the enrollment rates and courses completed by the membership for the Gov U online courses.

President Alcorn addressed Agenda Item No. 9, "Legal Report." Mr. Parrish reported on a subrogation case that was being litigated.

President Alcorn turned to Agenda Item No. 10, "Committee Reports." There were no items to discuss.

President Alcorn then addressed Agenda Item No. 11, "Other Business." Nothing further was presented for the Board to address.

There being nothing further before the Board, Mr. Unger moved to adjourn the meeting at 3:39 p.m. Ms. Garrett seconded the motion which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 15th day of December, 2011.

Bonnie Swartz, Secretary
KWORCC Board of Trustees