

Minutes
Meeting, Board of Trustees
Kansas Workers Risk Cooperative for Counties
April 28, 2011 at 1:00 pm
Clubhouse Inn
924 SW Henderson Road
Topeka, KS 66615

The April 2011 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:00 p.m. on April 28, 2011 at the Clubhouse Inn in Topeka by Board President Doyle "Hooley" Alcorn. Trustees present 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. Bruce Woner, General Counsel; 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 and Ms. Marla Dipman. Also present was Mr. Eric Otting of Wendling, Noe, Nelson and Johnson, LLC.

President Alcorn first addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish had no changes to the agenda, but requested that Agenda Item No. 7 be addressed after Agenda Item No. 4b. Mr. Wise moved to approve the agenda as presented. Dr. Garten seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of March 17, 2011." Mr. Unger moved to approve the minutes as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn next asked Mr. Parrish to address 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 itemized the checks requiring approval and the electronic transfer of funds requiring ratification. Ms. Buttron moved to approve the checks and ratify the electronic transfer of funds as presented. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Parrish then asked Mr. Otting to address Agenda Item No. 4b, "Report from Independent Auditor." Mr. Otting reported that he had met with the Audit Committee and discussed in detail the audit findings. He further reported that everything is in good order. One adjustment was proposed but had no impact on assets or fund balance. Mr. Otting asked for and responded to questions. President Alcorn thanked Mr. Otting for his report.

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. Ms. May and Mr. Miller also reported on and requested approval of two pending settlements Ms. Buttron moved to approve settlement of claim number 2009038427. Dr. Garten seconded the motion which CARRIED unanimously. Ms. Swartz moved to approve settlement of claim number 2007034316. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Miller then addressed Agenda Item No. 7b, "Logicomp Bill Review Report." Mr. Miller reported the amount billed totals \$1,095,701 for the period beginning January 1, 2011 through March 31, 2011. He said the actual paid amount for that period totals \$553,629 resulting in a net savings of \$542,060 after fees are paid. This is more than 49% of the amount billed for this 3-month period.

Mr. Parrish 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 March, 2011 and should not be considered a guarantee of either good or poor ultimate loss performance.

Next, Ms. Bird addressed Agenda Item No. 4c. "Follow up Report on 2010 Member Premium Audits." She reported that there were four counties which were revised after re-audit. Two of the revisions were due to error on the part of the auditor and two of the revisions were due to the member providing insufficient data to the auditor. She requested and answered questions.

Mr. Parrish then addressed Agenda Item No. 4d, "Initiatives with KCAMP." Mr. Parrish reported that he met with KCAMP Administrator Mr. Tom Job twice since the March 17th meeting to discuss ways in which KWORCC and KCAMP can work together gaining more member counties. Mr. Woner stated that it was in the best interest of both pools to find the points of harmony but that each pool has a duty to do what is best for its membership.

Mr. Wise moved that KWORCC recess into executive session to consult with the KWORCC Board of Trustees' attorney for 30 minutes starting at 1:40 p.m. Mr. Unger seconded the motion which CARRIED unanimously. At 2:10 p.m. Ms. Swartz moved to extend executive session by 30 minutes. Mr. Unger seconded the motion which CARRIED unanimously. Executive session ended at 2:40 p.m.

President Alcorn declared a short break in the meeting at 2:43 p.m. The meeting resumed at 2:51 p.m.

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 addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the fourth quarterly financial report for 2010 he prepared for filing with the Kansas Insurance Department (KID). He then discussed in detail the financial statements he prepared for March 2011. Finally, Mr. Alexander discussed in detail the first quarterly financial report for 2011 he prepared for filing with the KID. Ms. Swartz moved to approve filing the reports with the KID. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Buttron moved to approve check Nos. 14178 through 14267 and the direct debits. Ms. Swartz seconded the motion which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of April 20, 2011 and April 27, 2011.

President Alcorn called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed March, April and May calendars for the loss-prevention staff. He then shared the giveaway item for the county clerks association meeting. Next, Mr. Eyman reported on the enrollment rates for the Gov U online courses.

President Alcorn addressed Agenda Item No. 9, "Legal Report." Mr. Parrish reported on the provisions of workers compensation legislation which was passed and signed by the governor and will go into effect May 15, 2011. The highlights are as follows: safety rules were given more strength; all fighting and horseplay claims can be denied; the term "probable cause" changed to "sufficient cause" for requiring drug tests after an accident; awards are reduced by the amount of pre-existing functional impairment; an injured employee cannot receive temporary total disability payments while receiving unemployment; an increase in maximum payments for several categories of benefits; an injury on the job must be determined to be the primary factor in assessing a compensable disability; after two years with no treatment, the burden of proof is on the injured employee for any future medical payments; the new law includes changes in standards for proof of disability and gives more latitude for terms of lump sum settlements; provisions are included to override certain decisions of the Kansas Supreme Court, most notably the *Bergstrom* and *CASCO* decisions.

Next, President Alcorn addressed Agenda Item No. 10, "Committee Reports." Ms. Garrett reported on the Audit Committee meeting with KWORCC's independent auditor and moved to approve Resolution #2011-44. Mr. Unger seconded the motion which CARRIED unanimously. Mr. Parrish confirmed the availability of the Joint Committee on Cooperation to meet on May 19, 2011 at 11:45 a.m.

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 3:28 p.m. Mr. Wise seconded the motion which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 19th day of May, 2011.

Bonnie Swartz, Secretary
KWORCC Board of Trustees