

Minutes
Meeting, Board of Trustees
Kansas Workers Risk Cooperative for Counties
September 22, 2011 at 1:00 pm via Teleconference
700 SW Jackson, Ste 200
Topeka, KS 66603

The September 2011 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:02 p.m. on September 22, 2011 via teleconference in Topeka by Board President Doyle "Hooley" Alcorn. Trustees participating in the teleconference 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 in the teleconference by Ms. Susan May, Mr. Gene Miller, Ms. Marla Dipman and Mr. Paul Davis. Also Mr. Sam Cargnel from Centric Actuarial Solutions, LLC participated in the teleconference.

President Alcorn expressed thanks to the board and staff for their encouragement and support during his illness.

President Alcorn first addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended removal of Agenda Item No. 2a and tabling Agenda Item Nos. 4c and 10a until the October meeting. Mr. Wise moved to approve the modified agenda. Dr. Garten seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of August 18, 2011." Mr. Unger moved to approve the minutes as presented. 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 check requiring approval and the electronic transfer of funds requiring ratification. Ms. Swartz moved to approve the check and ratify the electronic transfer of funds as presented. Mr. Unger seconded the motion which CARRIED unanimously.

Next, Mr. Parrish asked Mr. Cargnel to address Agenda Item No. 4b, "Actuarial Report: Centric Presentation." Mr. Cargnel explained there were increases in cost of claims occurring in 2005 and 2006, caused in part by the *Bergstrom* decision. He indicated claims costs in more recent years are developing better than expected in that the cost per claim has been flat and the number of claims has been decreasing. For 2012, Mr. Cargnel expects 490 claims averaging \$7,500 for a total loss estimate of \$3,700,000. Mr. Cargnel asked for and responded to questions.

Mr. Parrish then asked Mr. Davis to discuss Agenda Item No. 4d, "Loss Cost Multiplier Filing Update." Mr. Davis stated he has proposed to the Kansas Insurance Department (KID) a 3-tier loss cost multiplier (LCM) instead of the current 2-tier LCM. Mr. Davis will continue to work with KID to secure the LCM filing.

President Alcorn then asked Mr. Parrish to address Agenda Item No. 4e, "Classification of County Administrators." Mr. Parrish explained that a controversy had developed over the discrepancy between how KWORCC is classifying county administrators and how Kansas Municipal Insurance Trust (KMIT) is classifying city managers. He discussed this with IMA, the payroll auditors and KMIT. Mr. Parrish recommended KWORCC utilize classification code 8742 for county administrators. Ms. Swartz moved to change the classification of county administrators from classification code 9410 to classification 8742. Mr. Wise seconded the motion which CARRIED unanimously.

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 August 2011. Upon review of policy year results, he recommended investment income be allocated for policy years 2001 and 2007. Ms. Swartz moved to allocate \$160,000 in investment income to 2001 and \$40,000 in investment income to 2007. Mr. Unger seconded the motion which CARRIED unanimously. Ms. Swartz moved to receive and file the financial report. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Swartz moved to approve check Nos. 14426 through 14456 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 September 14, 2011.

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. They also reported on and requested approval of two pending settlements. Mr. Unger moved to approve settlement of claim number 2009038335 as recommended. Ms. Swartz seconded the motion which CARRIED unanimously. Mr. Wise moved to approve settlement of claim number 2008034666 as recommended. Ms. Swartz 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 \$2,624,724 for the period beginning January 1, 2011 through August 31, 2011. He said the actual paid amount for that period totals \$1,379,809, resulting in a net savings of \$1,256,111 after fees are paid. This is more than 48% of the amount billed for this 8-month period.

Dr. Garten left the teleconference call at 2:00 p.m.

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 August, 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 August, September and October 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 stated there was no legal report at this time

President Alcorn turned to Agenda Item No. 10, "Committee Reports." Mr. Parrish indicated that the Personnel Committee would be meeting October 27, 2011 at noon and the Investment Committee would meet December 15, 2011 at 1:00 p.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, Ms. Garrett moved to adjourn the meeting at 2:06 p.m. Ms. Swartz seconded the motion which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 27th day of October, 2011.

Bonnie Swartz, Secretary
KWORCC Board of Trustees