

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**July 19, 2007 at 1:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The July 2007 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Ralph D. Unger on Thursday, July 19, 2007 at 1:15 p.m. Trustees participating included Ralph D. Unger, Decatur County Commissioner, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Michelle Garrett, Morris County Clerk, Secretary; Linda M. Buttron, Jefferson County Clerk, Controller; Bonnie Swartz, Gray County Clerk; and Jim Wise, Miami County Commissioner.

Staff participating from the KWORCC office included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/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, Administrative Assistant.

Others present at the board meeting included Ms. Annette Duncan and Mr. Gus Campuzano of Insurance Management Associates (IMA).

President Unger addressed Agenda Item No. 2, "Approval of the Agenda." Upon staff recommendation, three changes to the agenda were made. Item No. 3a, "Excuse Doyle 'Hooley' Alcorn, Jewell County Commissioner" was added. In the absence of Mr. Tris Felix, his name was removed from item No. 4c, "Experience Ratings – Move Production from NCCI to IMA" and the word "Discussion" was used in its place, and in item 7c, "Policy Year Performance Review." Mr. Parrish's name was inserted in place of Mr. Felix. Mr. Wise moved to approve the agenda as modified. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Unger addressed Agenda Item No. 3, "Consideration of minutes of the meeting of June 21, 2007." President Unger proposed two corrections, first that the word "resented" in the 6<sup>th</sup> paragraph of the second page be changed to "presented." Second, that the word "of" be stricken from the last sentence of the 9<sup>th</sup> paragraph on the second page making that sentence read ". . . had been many good sessions . . ." Ms. Swartz moved to approve the minutes as corrected. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Next, President Unger addressed Agenda Item No. 3a, "Excuse Doyle 'Hooley' Alcorn, Jewell County Commissioner." Mr. Parrish stated the reason for Mr. Alcorn's absence was an emergency county budget meeting. Ms Swartz moved to excuse Mr. Alcorn from the meeting because of county business. Mr. Wise seconded the motion, which CARRIED unanimously.

President Unger proceeded to Agenda Item No. 4, "Administrator's Report." Mr. Parrish addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." Mr. Parrish reviewed checks for approval and wire transfers of funds. Mr. Schoepf moved to approve the checks and ratify the wire transfers as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish addressed Agenda Item No. 4b, "Loss Ratios for Members as of Second Quarter, 2007." He presented a chart showing loss ratios by county over a five and a half year period. Mr. Parrish invited discussion on structuring policies and premium payments for counties who are experiencing high losses. Mr. Parrish stated it is possible to have higher loss cost multipliers for certain counties, but the Kansas Insurance Department (KID) will require strict adherence to any criteria set for application of a higher multiplier. KWORCC would have to make any change in their rates through a filing with the KID. The question was raised regarding the possibility of setting two or three criteria for determining which members qualify for the higher multipliers – i.e. frequency of claims over a predetermined level plus a minimum amount and experience modification rate. Mr. Parrish said staff would research a tiered loss cost multiplier with factors such as this and investigate the type of system KID would approve.

Next Mr. Parrish addressed Agenda Item No. 4c, "Experience Ratings - Move Production From NCCI to IMA." Although the National Council on Compensation Insurance (NCCI) currently calculates the workers compensation experience rating for all KWORCC members, IMA has the ability to calculate them internally. This would be to KWORCC's advantage because it is less expensive and would enable KWORCC to calculate estimated premiums earlier in the year. Mr. Parrish said IMA uses the same protocol for calculating the experience rates as NCCI and recommended that KWORCC use IMA. Mr. Schoepf moved that the experience rating process be moved to IMA from NCCI. Ms. Garrett seconded the motion, which CARRIED unanimously.

Next Mr. Parrish called on Ms. Bird to address Agenda Item 4d, "Give-Away Ideas for 2007 Vendor Booth." She passed around samples of the suggested items and reviewed KWORCC's current inventory of items previously ordered. Mr. Parrish suggested that KWORCC offer bottled water at the booth. He said this was a popular item available at the vendor booth during the national PRIMA meeting in June. He said that the cost of printing the KWORCC logo on each bottle would be prohibitive, but suggested using a pre-printed sticker or bottle hanger to help identify KWORCC. President Unger suggested the discussion be postponed until later in the meeting.

President Unger proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman addressed Agenda Item No 5a, "Approval of Membership: Harvey-Marion County CDDO, Resolution No. 2007-54." Ms. Swartz moved to pass the Resolution. Ms. Buttron seconded the motion, which CARRIED unanimously.

Next Mr. Eyman addressed Agenda Item No. 5b, "Cowley, Graham and Rooks Counties." He stated he had called on the Graham County Clerk to touch base on bidding. He said he believed Rooks County wants to bid this year, but he had not been able to reach the county clerk to verify this. He said he would make an appointment with one of the commissioners. In discussing Cowley County, Mr. Eyman recommended that KWORCC submit a bid only if KCAMP request one for inclusion in a multi-line proposal.

President Unger declared a 10-minute break in the meeting.

President Unger called on Mr. Alexander to address Agenda Item No. 6, "Financial Reports." Mr. Alexander discussed in detail the final financial reports for June 2007. Ms. Swartz moved to receive and file the reports as presented. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Mr. Alexander discussed in detail the second quarterly financial report for 2007 to be filed with the KID. Ms. Swartz moved to receive and file that report. Mr. Wise seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Schoepf moved to approve check Nos. 11954 through 12008 and the direct debits, all as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander then reviewed a spreadsheet showing the value of KWORCC's equity investments as of July 10, 2007.

President Unger addressed Agenda Item No.7, "Claims Report." Ms. Duncan reported on several claims and answered questions. She also discussed all open claims since 1992.

Ms. Duncan reviewed the Logicomp report for the period of January 1, 2007 through June 30, 2007. She stated that the total amount billed is \$1,640,480.59. The report showed actual paid amount to be \$1,043,030.02 for net savings of \$567,441.00 or 34.59% for this six-month period.

Next, Mr. Parrish presented an analytical review of KWORCC's claim history for policy years 2002 through 2007. Separate exhibits compared the actual paid and incurred claim payments to the estimated paid and incurred claim payments. The intent of the presentation was to provide Board members a visual comparison of the currently estimated losses, the actuarial projected losses and the budgeted losses.

President Unger called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman stated he is conducting a defensive driving course for Gray County and will then be presenting a safety meeting in Meade County. He reminded the Board that he would be on vacation August 6

through August 14. Regarding Agenda Item 8a, "Reno County Visits," Mr. Eyman stated that he and Mr. Rippee discussed loss prevention with officials in Reno County. He said that Reno County had reduced the size of its safety committee to a more workable number and that it had appointed a loss-prevention coordinator. Further, the county is implementing a functional capacity testing program to get a base line on abilities of its workers. Messrs. Eyman and Rippee will make an extraordinary effort to offer classes to Reno County workers and to attend as many safety committee meetings as possible.

Mr. Rippee addressed Agenda Item No. 8b, "Thomas and Sherman counties - Workplace Violence." He stated he taught three classes in each county with 72 workers in attendance in Thomas County and 40 in attendance in Sherman County.

President Unger addressed Agenda Item No.9, "Legal Report." Mr. Parrish reported House Bill 2115 had passed and has been signed into law. The new law allows the premium tax to be based upon the annual "gross" premium collected instead of the "manual" premium.

Next President Unger turned his attention to Agenda Item No. 10, "Committee Reports." Mr. Wise addressed Agenda Item No. 10a, "Investment Committee - Approval of Investments, KWORCC Resolution No. 2007-57." He stated the investment committee reviewed the reports and recommends the acceptance of resolution 2007-57. Mr. Wise then moved to approve the resolution. His motion was seconded by Mr. Schoepf and CARRIED unanimously.

Mr. Wise then proceeded to Agenda Item No. 10b, "Investment Committee - Equity Investments." He stated the investment committee had discussed equity investments and that it was recommended by committee that KWORCC invest \$30,000 per month beginning with the month of August and during the third week of each month thereafter for three months and allocate this amount equally among with \$10,000 being invested in each of the following funds: Security Global Fund, Mid Cap Value and Alpha Opportunity Fund. Further, such investments must be subject to the availability of cash without incurring a penalty on other investments. On October 18, 2007 the Investment Committee will meet with Mr. Marc D'Andrea to see how the investments are doing and consider additional equity investments at that time. Mr. Schoepf moved that the investments be made consistent with the committee's recommendation. His motion was seconded by Mr. Wise and CARRIED unanimously.

President Unger requested the Board address the "give-away" items discussed earlier. After a review of this matter, Mr. Schoepf moved to approve the purchase of 250 heart-mint tins and 250 key-chain flashlights and to purchase bottled water at the discretion of the staff. Ms. Garrett seconded the motion, which CARRIED unanimously.

Next President Unger directed the Boards attention to Agenda Item No. 11, "Trustee Training: The Core: How to Keep it Safe and Strong." Mss. Bird and Jarboe and Mr. Eyman presented the Trustees with information on the anatomy of the body's core as well as proper lifting techniques and exercises, which may be performed to strengthen the muscles of the core. Discussion by the Trustees followed.

There being no further business on the agenda, Mr. Wise moved to adjourn at 4:10 p.m. Ms. Buttron seconded the motion, which CARRIED unanimously.

The Board of Trustees approved the foregoing minutes of the Board of Trustees of Kansas Workers Risk Cooperative for Counties on the 16<sup>th</sup> day of August 2007.

Michelle Garrett, Secretary  
KWORCC Board of Trustees