

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
September 20, 2007 at 1:00 p.m.
Holiday Inn Express
901 SW Robinson
Topeka, KS 66606

The September 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, September 20, 2007 at 1:00 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; Jim Wise, Miami County Commissioner; and Doyle "Hooley" Alcorn, Jewell 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 and Ms. Nicole Jarboe, Administrative Assistant.

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

President Unger informed the Board that the date for the January Board Meeting had been set for January 17, 2008 and that the date had been reserved at Clubhouse Inn.

President Unger addressed Agenda Item No. 2, "Approval of the Agenda." Ms. Swartz moved to approve the agenda. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Unger addressed Agenda Item No. 3, "Consideration of minutes of the meeting of August 16, 2007." He recommended the addition of the word "the" in a sentence on the second page. Ms. Swartz moved to approve the minutes with this amendment. Mr. Schoepf 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 the ratification of wire transfers of funds. Mr. Wise moved to approve the checks and ratify the wire transfers as presented. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish addressed Agenda Item No. 4b, "Annual Meeting Update." An information sheet had been provided on the annual meeting as well as a list of voting delegates submitted to date. Additionally, a booth sign-up sheet was included, and the Board Members were asked to consider when they would like to help cover the booth.

President Unger reminded the Board that Mr. Richard Alexander was excused from the meeting because of a planned vacation.

President Unger addressed Agenda Item No. 4c, "Move from NCCI to IMA for Experience Modification Production." Mr. Felix reviewed the pros and cons in using NCCI versus IMA for calculating the Experience Modifications. Two advantages to moving to IMA are cost and speed. IMA could save the pool 33% on costs. IMA can produce experience modifications more than a month earlier than NCCI. This would help staff with budgeting and calculating tentative renewal premiums. The major disadvantage is that because the modification factors would not be produced by NCCI, they might not be recognized by all insurance companies. After further discussion, the issue was tabled until later in the meeting.

Mr. Parrish addressed Agenda Item No. 4d, "Options for Loss Cost Multiplier Filings – IMA." The idea is to have two or more loss cost multipliers on file with the Kansas Insurance Commission. Members with a lower loss experience would have a lower loss cost multiplier and a more favorable premium than members with higher losses. This could be an incentive for Members to use all available means to reduce losses. He said that many insurance companies use more than one loss cost multiplier. Under the new regulations, self-insurance pools can now do the same thing. Mr. Felix reviewed information on other pools which now use more than one loss cost multiplier and discussed some options for how KWORCC could use multiple tiers. Mr. Parrish recommended the Board consider adding one or more loss cost multipliers at the October meeting.

President Unger suggested the Board proceed to Agenda Item No. 11, "Trustee Training" in order to accommodate Mr. John Washburn of Kansas Insurance Department who arrived to discuss the Fireman's Relief Act. Mr. Washburn shared a power point presentation and a copy of the Fireman's Relief Act with the Board and discussed the history of the FRA and how it works. President Unger thanked Mr. Washburn for his helpful presentation.

A break in the meeting was declared at 2:50 p.m. until 3:00 p.m.

President Unger called the meeting back to order and proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman reported on prospective bid opportunities for policy year 2008.

President Unger asked Mr. Parrish to address Agenda Item No. 6, "Financial Reports." Mr. Parrish reported on financial statements prepared by Mr. Alexander for August 2007. Ms. Garrett moved to receive and file the reports as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish presented the check register. Mr. Schoepf moved to approve check Nos. 12053 through 12101 and the direct debits, all as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Parrish then reviewed a spreadsheet showing the value of KWORCC's equity investments as of September 11, 2007.

President Unger addressed Agenda Item No.7, "Claims Report." Ms. Duncan reported on several claims and answered questions. She also requested approval on pending claim settlements which were approved as follows: Ms. Swartz moved for approval of the payment recommended on claim #2005026970; Mr. Wise seconded the motion, which CARRIED unanimously. Mr. Schoepf moved for approval of the payment recommended on claim #04-5338; Ms. Buttron seconded the motion, which CARRIED unanimously. Ms. Swartz moved for approval of the payment recommended on claim #2006027345; Mr. Wise seconded the motion, which CARRIED unanimously. Ms. Garrett moved for approval of payment recommended on claim #2006030641; Ms. Swartz seconded the motion, which CARRIED unanimously.

Ms. Duncan reviewed the Logicomp report for the period of January 1, 2007 through August 31, 2007. She stated that the total amount billed is \$3,381,562.14. The report showed actual paid amount to be \$2,135,298.08 for net savings after fees of \$1,174,838.74 or 34.74% for this eight-month period.

Next, Mr. Felix presented an analytical review of KWORCC's claim history for policy years 2006 and 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. IMA staff emphasized these charts should not be viewed as a guarantee of either good or poor ultimate-loss performance.

President Unger called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed the loss data for the last 5.5 years for members with loss ratios over 100%.

President Unger addressed Agenda Item No.9, "Legal Report." Mr. Parrish stated there were no legal matters to report.

President Unger proceeded to Committee Reports. The Personnel Committee members reported on their meeting held immediately prior to the Board meeting to consider salaries for 2008. They discussed a cost-of-living adjustment of 2.4% and merit increases for KWORCC employees. The committee recommended the Board authorize a total of \$10,000 in additional payroll to be used first to cover a 2.4% cost-of-living increase with the balance to be distributed at the Administrator's discretion. Ms. Buttron moved that the Board approve the Committee's recommendation. The motion was seconded by Mr. Alcorn and CARRIED unanimously.

Next President Unger directed the Board's attention to Agenda Item No. 12, "Other items." The Board engaged in additional discussion on the use of NCCI versus IMA for the production of experience modifications and asked for the Administrator's recommendation. Mr. Parrish recommended KWORCC continue to use NCCI and pay IMA for any time and effort IMA committed to this project since the July meeting when the Board asked IMA to proceed with the change. Ms. Swartz moved to follow the Administrator's recommendation. Her motion was seconded by Mr. Schoepf and CARRIED unanimously.

President Unger reminded the Board of the Annual Steak Fry at 6 p.m. that night at the Club House Inn.

There being no further business on the agenda, Ms. Swartz moved to adjourn at 4:28 p.m. Ms. Garrett 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 18th day of October 2007.

Michelle Garrett, Secretary
KWORCC Board of Trustees