



### **August 31st Board Meeting, Olympia:**

The final draft was circulated to the members. Shirley Van Zanten moved to approve the minutes. The motion was seconded by Marge Upham and approved.

### **COMMITTEE REPORTS:**

#### **Executive Committee:**

**September 22nd meeting, Olympia:** Minutes of the meeting had been sent to all Board members with the notice and agenda of the Kennewick meeting.

**September 28th meeting, Long Beach:** The minutes of the meeting were circulated to the members. Ray Isaacson noted changes to the first page on the Benton County Director and Alternate Representatives.

**State Risk Manager Approval:** Mr. Crawford reported that the Pool has sixty days to respond to the State Risk Manager's letter of September 14th. The Pool is waiting on the placement of excess insurance before doing so.

#### **Planning Committee:**

**Directors' Travel Policy:** Vice-President Shirley Van Zanten reported that the Committee has not yet developed a Director's Travel Policy, but the Executive Director has been gathering information on policies adopted by other pools and associations. Mr. Crawford distributed a chart of road mileages between the county seats of member counties and various locations where meetings have been and might be held. Shirley Van Zanten asked if member counties could bear part of the cost of travel as a legitimate cost to the individual counties' torts funds. Bruce Whitmarsh asked about the tort fund. Whatcom County uses its tort fund to pay risk managers, SIR costs, defense costs, and other costs related to the county's liability program. The Committee will make a presentation on the travel policy at the next executive meeting on November 16th in Yakima.

**Selection Process for Pool Risk Manager:** Vice-President Shirley Van Zanten reported on the selection process for Pool Risk Manager. The job description has been reviewed and approved. The notice for the position has been published in PRIMA's RiskWatch national newsletter and the notice and job description will be sent to all thirty-nine counties, the fifteen largest cities, all eight existing pools in Washington State, the fifty-nine members of PRIMA that live in the state, various insurance industry-related providers in Washington State, and to any individuals who are otherwise recommended to the Pool or who request the information. The applications will be received by midnight, November 15th. A review panel has been selected and will be meeting in Yakima on November 16th to review the applications and determine finalists for interview. There was some discussion on the interview process. It was agreed that an open process with a desired involvement of the Executive Director would be worked out.

#### **Finance Committee:**

**Financial Report:** In the absence of Treasurer Debbie Cone, who was

attending a meeting in New York, Al Hatten circulated a Treasurer's Report dated October 21st. He noted changes since the date of the report regarding payments in full from Benton County and a second installment from Franklin County. Total premiums now paid are \$4,177,038.65 with a balance of \$358,354.63 to be paid by Franklin, Clallam and Mason Counties.

**Investment Policy:** John Crawford reported that Debbie Cone had secured copies of the Washington Cities Insurance Authority and Kitsap County's investment policies. Using those two policies as guides, the Pool prepared a draft policy and sent it to Debbie for review.

**Operations Committee:**

**Incurred Incidents and Claims:** Mr. Crawford circulated a report of ten incidents and claims that have been reported to the Pool as of October 27th. He explained the record keeping process being used and plans for training member counties in reporting incidents and claims.

**Training Sessions:** A list of names of risk managers and civil deputies has been sent to all member counties to assist them if they have questions that arise from incidents in their county. A training session will be in Yakima on November 17th where member county risk managers and safety officers will be given training on risk management and safety control. Ray Isaacson asked about benefits to a county of aggressive safety programs. Several responded that it is an obligation of membership to pursue safety aggressively. The S.I.R. of each county will benefit if safety is a priority and maybe counties which have claims relating to specific areas where safety training has not been emphasized should be penalized. Al Hatten has developed a survey for use for the Pool to learn what safety/loss control programs (i.e. Defensive Driving) are currently used by member counties or need to be provided by the Pool. Bruce Whitemarsh asked if the Pool will examine whether employees driving county vehicles have valid drivers licenses. The Operations Committee will try to develop a plan and determine whether a system of "bonuses" and "penalties" could be effective to ensure that county employees are properly licensed before driving county vehicles.

**OLD BUSINESS:**

**Tail Coverage:** John Crawford advised that all counties should have reported all claims and incidents to their commercial carrier by now. The Executive Committee decided on September 28th that the Pool would not provide tail coverage.

**Excess Coverage:** Steve Hullin of Corroon & Black, reported that five companies are still actively involved, and there have been no declinations from any excess carrier. He reported the following summary:

(1) Lexington Insurance Company (A.I.G.) - initial offering of \$4.5 Million excess \$500,000 S.I.R.- Occurrence form with claims made on police liability and E & O - Initial offering was a premium of \$1.75 Million - premium likely \$1.2 million - an optional quotation will be sought for limits of \$4.25 million excess of a \$750,000 S.I.R.

(2) Reliance Insurance Company (Planet) through S.J. Petrakis - \$4.5 million excess of \$500,000 S.I.R. - an early indicated premium is \$2.3

Million - likely premium \$1.5 million - Occurrence form on all exposures, including police liability and E & O.

(3) I.U.I. - \$4.5 Million excess of \$500,000 S.I.R. - premium of \$1.3 Million - following form excess over the Pool's policy with certain exclusions.

(4) Scottsdale/Guarantee National - following form (Pool policy) - 90% placed - \$4.5 Million excess of \$500,000 S.I.R. - initial offering of \$1.45 Million premium for entire placement - likely premium of \$1.1 million. Concern about credibility, awaiting written assurances from Guarantee National.

(5) St. Paul Re. - awaiting formal initial offering response, probably early next week.

All companies seem willing to provide excess coverage backdated to November 1st. Corroon & Black probably will not have anything formal for review by the Pool before November 7th or 8th. All policies are being offered for an eleven month period of time to place the excess coverage on the same annual cycle as the Pool's policy. Steve Hullin noted that Corroon and Black's estimate during its oral interview was a \$1.2 million premium for \$4.5 million excess of \$500,000 for a full occurrence form. He reported that the estimate still seems to be good and will likely be near the final premium unless the coverage demands change. He expressed appreciation for the quick responses from all the counties for the additional information required, and advised that they should have excess insurance options and terms available by November 7th. Following the report, John Crawford circulated some literature regarding excess insurance that he obtained at the PRIMA seminar in San Diego last week. Steve Hullin suggested that each new member county during the year fill out and support the full S.J. Petrakis application form. In most cases, a new actuarial study would not be necessary but if a major county were to join, a supplemental study may be necessary.

#### **NEW BUSINESS:**

**Bylaws change:** Vyrle Hill moved to adopt the Resolution changing Article 2, Section 8, of the Bylaws regarding place of committee meetings. The motion was seconded by Bruce Whitemarsh, with agreement to insert "travel" between "develop" and "policies" in the second "Resolve", and approved as amended.

**Investment in the State Treasurer's Pool:** Ray Isaacson moved to approve the Resolution with the addition of the phrase "in addition to other authorized investment options" at the end of the first "Resolve" between "therein" and the ";". The motion was seconded by Ron Crawford and approved as amended.

**Claims Administration Budget:** Ray Isaacson moved for approval of the claims administration pro forma budget in the amount of \$4,310,944.00. The motion was seconded by Shirley Van Zanten. Following discussion surrounding the excess insurance allocation, the motion was approved.

Vyrle Hill moved to authorize the Executive Committee to increase or double the amount of the allocation for excess insurance purchase, with the additional amount transferred from the contingency reserve allocation. The motion was seconded by Ray Isaacson and approved.

**Office Space:** Ray Isaacson moved for approval of the Resolution. The motion was seconded by Ron Crawford and approved.

**Counties Joining in Mid-Year:** Vyrle Hill moved for approval of the Resolution. The motion was seconded by Chris Freed and approved.

**Pool Credit Card:**

Ray Isaacson moved to authorize the Pool to obtain a credit card for official business. The motion was seconded by Claude Cox and approved.

**NEW MEMBER COUNTIES:**

The Board discussed the criteria for new member counties. John Crawford asked that the Planning Committee or one of the other standing committees be designated to work with non-member counties that wish to join. President Bill Vogler summarized that the five or six counties which have shown an interest in joining the Pool and were a part of the Pool's twenty-four study counties should be contacted and directed John to proceed with those efforts.

**INCURRED EXPENSES:**

John Crawford circulated a summary of incurred and/or paid expenses to date. Following a brief review, Marge Upham moved for approval. The motion was seconded by Bruce Whitemarsh and was approved.

**RECORDINGS:**

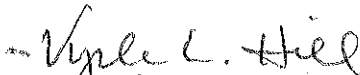
The status of recording the Interlocal Agreement with the Auditors of member counties and acceptance of the Joint Self-Insurance Policy by the Boards of County Commissioners of member counties was circulated and explained by John Crawford.

**POOL LOGO:**

John Crawford suggested that there be a contest to obtain a Pool logo design. He was authorized to pursue a logo design contest with a \$100.00 total prize limit to the winner and honorable mention designs.

The meeting was adjourned at 1:45.

RESPECTFULLY SUBMITTED:

  
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Vyrle L. Hill, Secretary

APPROVED: 1 / 20 / 89

  
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William F. Vogler, President