

WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS

MINUTES

Regular Meeting
8:00 a.m., Friday, July 24, 1992
Cavanaugh's Inn At The Park, Spokane

ATTENDANCE:

President - Vyrle L. Hill, Pacific County Administrative Officer
Vice President - Neva J. Corkrum, Franklin County Commissioner
Past President - Claude L. Cox, Spokane County Risk Manager

Benton County - Steve M. Lowe, Chief Civil Deputy Prosecuting Attorney - Director
Chelan County - Paul Dunning, Administrative Coordinator - Alternate
Clallam County - Marge Upham Rood, Director of Personnel & Risk Management - Director
Jim Rumpeltes, County Administrator - Alternate
Jane C. Elvrum, Safety Officer

Cowlitz County - Frank Bishop, Budget Director - Director
Garfield County - Ronald E. Crawford, County Commissioner - Director
Grays Harbor County - Dick Dixon, County Commissioner - Director
Rose Elway, Director, Department of Management Services - Alt.
Mary Davis, Insurance/Risk Management

Island County - Betty J. Kemp, Risk Manager - Alternate
Jefferson County - B.G. Brown, County Commissioner - Director
Gary Rowe, Public Works Director - Alternate
Klickitat County - Sverre Bakke, County Commissioner - Director
Lewis County - Jay Winter, County Commissioner - Director
John Nacht, Risk Manager - Alternate

Mason County - Laura Porter, County Commissioner - Director
Pacific County - Rosemarie Bay, Asst. Risk Manager - Alternate
San Juan County - Dave Zeretzke, Risk Manager - Alternate
Skamania County - Marilyn J. Breckel, Staff Assistant - Alternate
Thurston County - Jeff Watson, Chief Deputy Prosecuting Attorney - Alternate
Whatcom County - Shirley Van Zanten, County Executive - Director

Visitors - Mike Croke, Willis Corroon of Seattle
Diana Anderson, Willis Corroon of Seattle

Risk Pool Staff - John Crawford, Executive Director
Alicia Johnson, Claims Manager
Aileen Boren, Administrative Assistant

The meeting was called to order at 8:15 a.m. by President Vyrle Hill who welcomed all in attendance. Dave Zeretzke was appointed Acting Secretary in Si Stephens' absence. The agenda was approved as modified.

APPROVAL OF MINUTES: Laura Porter moved to approve the minutes of the February 14, 1992 Annual Meeting at Long Beach and the June 5, 1992 Workshop Meeting at SeaTac. The motion was seconded by Marge Upham Rood and approved.

OFFICERS' REPORTS: Reports of the March 20th, June 26th and July 9th meetings of the Officers have been distributed. Vyrle made two corrections to the June 26th report.

DISCUSSION AND ACTION:

First Year Start-up Reserves: After a short discussion, action on first year start-up reserves was suspended until later in the meeting.

Joint Self-Insurance Liability Policy: Laura Porter moved to approve the present form of the Joint Self-Insurance Liability Policy for the 1992-1993 policy year. The motion was seconded by Jeff Watson and approved.

Excess Insurance: Mike Croke reported on the renewal efforts for the excess insurance. Neva Corkrum moved to:

1. Approve the purchase of \$4.5 million excess of \$500,000 excess insurance from Crum & Forster for \$1,375,000,
2. Accept the Crum & Forster three-year retrospective plan,
3. Extend the Broker Services Agreement with Willis Corroon through September 30, 1995, and
4. Authorize the President to sign the agreement on behalf of the Risk Pool.

The motion was seconded by Jay Winter and approved.

Optional Group Purchases: Mike Croke reported that Crum & Forster will continue to offer the optional purchase of \$5 million excess of \$5 million for general liability, and GenStar will offer public officials liability. Nine counties have purchased the \$5 million excess of \$5 million general liability coverage, and six counties have the public officials coverage. Mike will send a letter to each member county like last year with a premium quotation for the additional excess coverage.

Diana Anderson distributed a proposal booklet describing the K & K Insurance Group, Inc./Transamerica Insurance Company concessionaires/special events liability program for 1992-1993. Additional copies can be obtained from Willis Corroon. Claude Cox reported anecdotally an increased use of his fairgrounds by private groups because of this insurance coverage with its host liquor liability coverage.

Marketing: Mike Croke discussed marketing. An inquiry by Crum & Forster whether the Risk Pool will allow King and Snohomish Counties to access the \$5 million excess of \$5 million Crum & Forster optional group purchase, which is available exclusively through the Risk Pool, was reported. Marketing to medium and small sized counties was also discussed. Further background work will be performed before the next Board meeting.

First Year Start-up Reserves: Vyrle Hill distributed an investment survey as of June 30th showing total assets of \$11.2 million. Frank Bishop moved to:

1. Refund the first year start-up reserves,
2. Fix the exposure bases as worker hours actually worked during the 1988-1989 policy

3. year and the actual number of licensed vehicles reported in 1989, and Apply the rate listed in the July, 1992 actuarial report for the 1988-1989 policy year using the 85% confidence level.

The motion was seconded by Dick Dixon and approved.

Actuary Report: Steve Lowe moved to accept the Coopers & Lybrand actuary report dated July 8, 1992. The motion was seconded by Frank Bishop and approved.

Experience Rating: Claude Cox moved to amend the underwriting policy to delete the implementation of experience rating and to establish a contingency reserve fund which would be funded with interest earnings. The motion was seconded by Frank Bishop. The motion failed when the Chair voted against the motion to break an 8 to 8 tie, with 1 abstention. The Chair stated that he supports both individual parts of the motion, but procedurally did not think that they should be combined.

Laura Porter moved to implement retrospective experience rating by amending section C of the Underwriting Policy as follows:

(4) ~~((For the first four years of Pool coverage, from October 1, 1988 through October 1, 1992, a))~~ Annual premiums charged members shall be uniformly based.

(5) ~~((Starting on the fifth year of Pool coverage, on October 1, 1992, annual premiums charged all members, old and new, shall be adjusted upon review of risk profile, and))~~ After the close of each policy period, when all claims and suits have been closed:

a. ~~The ((annual loss experience adjustment))~~ earned premium shall be ((as)) established by the Board; and

b. ~~((All historical loss experiences for occurrences in the prior six (6) year period, including experiences before joining the Pool, shall be considered.))~~ Retrospective premium credits shall be calculated according to a formula based on actual losses incurred during the policy period; and

c. The Pool shall return the unearned portion of the advance premium paid by members.

The motion was seconded by Jeff Watson and approved by a vote of 9 to 6. Staff was directed to work with the actuary to develop the factors and formulae for the retrospective premium credits. [See also "Experience Rating (continued)" on page 5.]

Work Plan: Marge Upham Rood moved to adopt the 1992-1993 Work Plan with the proposed modifications by John Crawford to Part C. The motion was seconded by B.G. Brown and approved.

Staffing: Frank Bishop moved to fix the annual salaries of the staff as follows:

Executive Director	\$62,457
Administrative Assistant	\$32,964
Claims Manager	\$48,668

Claims Assistant	\$22,244
Secretary/Receptionist	\$21,732
Training Coordinator	\$40,000

The motion was seconded by Dick Dixon and approved.

Budget: Frank Bishop moved to adopt an administrative budget of \$505,036 for the 1992-1993 fiscal year as per his revised proposal. The motion was seconded by Steve Lowe and approved.

1992-1993 Premium: Frank Bishop moved to apportion administrative costs, (the general administration and programs budgets), according to each county's proportional percentage amount of payment to fund the Risk Pool's joint self-insurance layer as has been done in past years. The motion was seconded by Steve Lowe and approved.

Dave Zeretzke moved to compute the Risk Pool's 1992-1993 joint self-insurance premium rate by using the rates provided in the July 9, 1992 Coopers & Lybrand report, as modified by applying the 85% confidence level multiplier, and as discounted by using a 4% rate for future interest earnings. The motion was seconded by Ron Crawford and approved.

Executive Session -- Personnel: The Board went into Executive Session from 11:15 a.m. until 12:10 p.m. to discuss personnel.

Other Business:

a. **Future Meetings:** President Vyrle Hill called future Board Meetings as follows:

Thursday and Friday, October 15-16, 1992, SeaTac (Planning/Futuring),
 Thursday and Friday, January 21-22, 1993, SeaTac (Review/Focus),
 Thursday and Friday, April 22-23, 1993, SeaTac (Review/Drafts), and
 July, 1993, Spokane.

Officer meetings open to all members will be held on Thursday afternoons, work sessions will be held Thursday evenings, and business meetings will be held Friday mornings.

Neva Corkrum moved that the meeting dates be approved as called. The motion was seconded by Laura Porter and approved.

b. **Letter From Kitsap County:** Receipt of a letter from Deborah Broughton dated July 14th was acknowledged and circulated.

c. **Notice of Intent:** President Vyrle Hill asked whether the notice of intent to withdraw from Risk Pool membership as set forth in Section 16(b) of the Interlocal Agreement should be revocable for six months, then irrevocable thereafter. After discussion, the Board decided that it did not need to clarify Section 16(b) at this time.

Laura Porter moved to require new and returning member counties to commit to a sixty month commitment. The motion was seconded by Frank Bishop. After discussion, the motion and second were withdrawn.

1992-1993 Premium (continued): Jay Winter moved to set 5:00 p.m. on August 31st as the deadline when members must notify the Risk Pool staff in writing of changes in their

deductible elections. The motion was seconded by Ron Crawford and approved.

Frank Bishop moved to charge interest on unpaid premium balances, as has been done in past years, at the rate of 6%. The motion was seconded by Jay Winter and approved.

Executive Session -- Pending Claims and Lawsuits: The Board went into executive session from 1:36 p.m. until 1:50 p.m. to discuss claims and suits because public discussion of those matters would impair the Pool's ability to conduct its business effectively.

Experience Rating (continued): Dave Zeretzke moved to postpone until October 1, 1993 the implementation of the retrospective experience rating modifications to the underwriting policy approved earlier in the meeting. The motion was seconded by Frank Bishop and approved.

Dave Zeretzke moved to:

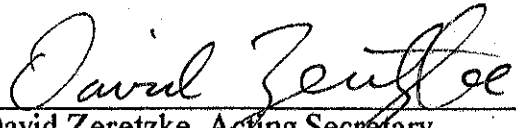
1. Commission the actuary to prepare a report by January 1, 1993 on the implementation of retrospective experience rating modifications, contingency funding analysis, and including a range of specific funding formulae, and
2. Direct staff to prepare a report by January 1, 1993 to develop a contingency funding target plan.

The motion was seconded by Laura Porter and approved.

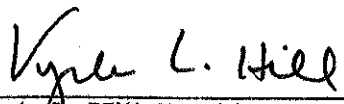
Executive Session -- Personnel (continued): The Board went into executive session from 2:00 p.m. until 2:30 p.m. to discuss personnel.

The meeting was adjourned at 2:30 p.m.

RESPECTFULLY SUBMITTED:


David Zeretzke, Acting Secretary

APPROVED: 12 / 4 / 92


Vyrle L. Hill, President