

WASHINGTON COUNTIES RISK POOL  
BOARD OF DIRECTORS  
SPRING MEETING

MINUTES

8:30 a.m., Friday, April 25, 1997  
Best Western Southcenter Hotel, Tukwila

ATTENDANCE:

President - Mike Shelton, Island County Commissioner  
Secretary/Treasurer - Dick Dixon, Grays Harbor County Commissioner  
Executive Committee -  
    Frank A. Bishop, Cowlitz County Budget Director  
    Mary Jo Cady, Mason County Commissioner  
    Spencer Higby, Okanogan County Commissioner  
    Judy Wilson, Thurston County Commissioner  
    Richard Brown, Whitman County Director of Administrative Services  
Adams County - Leon Long, County Auditor - Alternate  
Benton County - Melina Wenner, Risk Manager - Director  
Chelan County - Jim Lynch, County Commissioner - Director  
Clallam County - Jim Rumpeltes, County Administrator - Alternate  
Franklin County - Neva J. Corkrum, County Commissioner - Director  
Garfield County - Vern Emerson, County Commissioner - Director  
Grays Harbor County - Rose Elway, Director of Management Services - Alternate  
Island County - Betty Kemp, Director of General Services - Alternate  
Jefferson County - David Goldsmith, Deputy Director of Public Services - Alternate  
Kitsap County - Barbara Razey, Risk Manager - Alternate  
Lewis County - Russ Wigley, County Commissioner - Director  
    John Nacht, Risk Manager - Alternate  
Pacific County - Vyrle L. Hill, County Administrative Officer - Director  
Spokane County - Claude L. Cox, Risk Manager - Director  
Skamania County - Marilyn Breckel, Administrative Coordinator - Director  
Thurston County - Starleen Parsons, Human Resources/Risk Manager - Alternate  
Yakima County - Ron Zirkle, Chief Civil Deputy Prosecutor - Director  
  
John Nicholson, Division of State Risk Management  
Bill Hight, Attorney at Law  
Broker - Mike Croke, Vice President, Willis Corroon of Seattle  
Risk Pool Staff - John Crawford, Executive Director  
    Alicia Johnson, Claims Manager  
    Jay Winter, Programs Manager  
    Ed Fridenstine, Claims Analyst  
    Aileen Boren, Financial Officer

**WELCOME and ROLL CALL:** The meeting was called to order at 8:38 a.m. by President Mike Shelton who welcomed all in attendance and noted that a quorum was present.

The meeting followed a Board workshop on Thursday, April 24th which included *Risk Pool large and frequent losses* - Claims Manager Alicia Johnson, *How plaintiffs will sue you - legal*

*theories of auto, roads, law enforcement and employment practices cases - Attorney Mike Patterson, What we cover - the Risk Pool's insurance policy - Attorney Bill Hight, Determining what is needed to pay for claims - Casualty Actuary Kevin Wick, How reinsurance fits into the program - Broker Mike Croke, and Training programs to avoid losses - Programs Manager Jay Winter.*

#### **APPROVALS:**

**Agenda:** The agenda was approved as printed, except member county reports will be tabled to the end of the agenda or deleted completely if the meeting runs long.

**Contract:** Mary Jo Cady moved to approve the Service Contract with the Washington State Association of Counties for 1997-1998 and authorize the Pool officers to execute the agreement. The motion was seconded by Dick Brown and was approved.

**Minutes:** Judy Wilson moved to approve the minutes of the January 24th Winter Meeting in SeaTac. The motion was seconded by Spence Higby and was approved.

#### **REPORTS:**

**State Risk Management:** Local Government Self-Insurance Program Administrator John Nicholson reported about his recent operational audit. He gave positive feedback on the Risk Pool's Financial Management Policy, Personnel Committee work, use of the RFP process in the actuarial contract, communications with members on claims issues, public works, law enforcement and personnel related seminars and programs and member visits. Feedback also included showing claims/IBNR liabilities on financial statements, and a graph showing a narrowing of reserves available for claims compared to anticipated claims.

**Executive Committee:** The minutes of the March 13th Meeting of the Executive Committee were included in the materials.

**Washington Legislature and WSAC Agenda:** Mike Shelton and Judy Wilson described the results of the work of the WSAC Legislative Steering Committee and the minimal success that counties had had in the current legislative session on E911, GMA, MVET, Intangibles and the gas tax. Ron Zirkle reported that he testified on SB 5831 regarding venue of suits against counties in only the two nearest counties.

**Executive Director:** John Crawford distributed computer disks containing 1996 information for the Directors Reference Manual and individual county loss runs through March 31st.

Barbara Razey reported that Deborah Broughton is leaving county government to pursue business interests.

Jim Rumpeltes reported on the recovery of Marge Upham Rood from her automobile accident in January.

**Financial Statement:** Aileen Boren distributed the second quarter financial statement showing that the confidence level was still below the 85% level. Dick Brown moved to approve the report. The motion was seconded by Marilyn Breckel and was approved.

**Casualty Risk Control Analysis:** Mike Croke reported on the progress of the casualty risk control analysis performed by Willis Corroon. Judy Wilson asked whether a synopsis of trends could be provided. Vyrle Hill recommended that the Pool work with counties to produce a progress plan and that the plan be monitored. Rose Elway also suggested that the Pool have a formal meeting with each county's Board of Commissioners to go over the Willis Corroon report and progress plan. This will be an agenda item at the next Board meeting.

#### **DISCUSSION AND ACTION:**

**Joint Self-Insurance Liability Policy:** 1. Vyrle Hill moved to correct a spelling mistake of "piracy" in the definition of advertising injury. The motion was seconded by Neva Corkrum and was approved. 2. and 3. Ron Zirkle moved to exclude coverage for liability for claims on official bonds and budget overexpenditures. The motion was seconded by Judy Wilson and was approved.

✓ 4. Claude Cox moved to exclude coverage for liability arising out of the sale of alcoholic beverages. The motion was seconded by Spence Higby. John Nacht moved to table the motion until later in the meeting to develop more precise language to limit liability to sales by an insured. The motion was seconded by Frank Bishop and was approved. Upon consideration later in the meeting, Claude Cox moved to table the matter until the next Board meeting to allow attorney Bill Hight the opportunity to craft needed language. The motion was seconded by Dick Brown and was approved.

5. Claude Cox moved to amend the conditions and responsibilities regarding other insurance to make the Pool's policy excess of any other available insurance. The motion was seconded by Frank Bishop and was approved.

6. Frank Bishop moved to table until the next Board meeting consideration of additional limited exclusions of employment relations. The motion was seconded by Russ Wigley and was approved.

7. Vyrle Hill moved to table until the next Board meeting consideration of whether to delete underinsured motorist liability, whether to have the Pool's broker secure a commercial UIM policy for interested members, or whether to cap coverage at a smaller sublimit than the full policy limits. The motion was seconded by David Goldsmith and was approved.

**Premiums and Reserves:** Vyrle Hill moved to suspend the conditions of section D.2. of the Underwriting Policy regarding an 85% confidence level until the conclusion of this policy year. Vyrle stated that the Executive Committee can then develop some multi-year options for Board approval at the next meeting to bring the confidence level back up to 85%. The motion was seconded by Mary Jo Cady and approved unanimously.

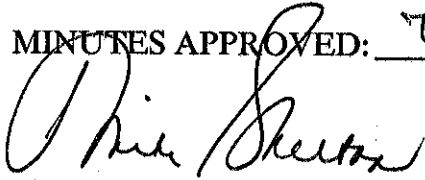
After discussion, the President appointed Claude Cox chair of an Underwriting Committee staffed by John Crawford, and including Rose Elway, David Goldsmith, Vyrle Hill, Steve Lowe and alternate Ron Zirkle to recommend changes to the Underwriting Policy regarding experience rating. Mike Croke and Kevin Wick will assist the committee, which will report to the Executive Committee in June and to the Board in July.

**OTHER BUSINESS:**


**Future Board Meetings:** The Board Summer Workshop and Annual Meeting are Thursday and Friday, July 17th and 18th in Leavenworth. The Board Autumn Meeting is Thursday, October 23rd in Yakima.

The meeting was adjourned at 1:03 p.m.

MINUTES APPROVED: 7 / 18 / 97



Mike Shelton, President  
[BOARD-I/M(I)0425.DOC]

Attest:   
Dick Dixon, Secretary

## SERVICE CONTRACT

THIS SERVICE CONTRACT is entered into by and between the WASHINGTON STATE ASSOCIATION OF COUNTIES ("WSAC"), a private non-profit corporation, and the WASHINGTON COUNTIES RISK POOL ("Pool"), an association of counties.

WHEREAS, the WSAC Industrial Insurance Committee is a Washington State Department of Labor and Industries ("L & I") qualified sponsor for group self-insured workers' compensation coverage under the Workers' Compensation Self-Insurance Rules and Regulations, Chapter 296-15 WAC ("Retrospective Rating Program");

AND WHEREAS, the WSAC Industrial Insurance Committee wishes to renew the present contract for administrative services with the Pool on behalf of the following counties participating in the Retrospective Rating Program: Adams, Asotin, Columbia, Douglas, Ferry, Franklin, Garfield, Grays Harbor, Island, Jefferson, Klickitat, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Stevens, Skamania, Wahkiakum, Walla Walla and Whitman;

AND WHEREAS, the Pool was formed to provide, among other things, risk management, claims handling and administrative services;

NOW, THEREFORE, the parties agree as follows:

1. The term of this contract shall be from April 1, 1997 through March 31, 1998. This contract may be renewed for additional periods of twelve months upon such terms and conditions as may be agreed to by the parties.
2. The WSAC Industrial Insurance Committee, by and through the participating counties, shall pay the Pool \$15,000.
3. The Pool shall provide the following administrative services for the WSAC Industrial Insurance Committee:
  - a. Assist participating counties in the regular management and review of all claims with an emphasis on closing large claims in a timely fashion.
  - b. Assist participating counties in developing policies and procedures which are consistent with L & I regulations with an emphasis on monitoring developing regulations or new regulations and providing a timely dissemination of such regulations and analysis of both to the members.
  - c. Assist participating counties in developing safety programs and training especially for new regulations or when more than one county can participate.

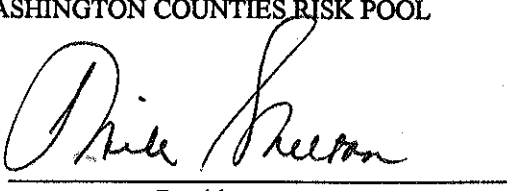
- d. Meet with county representatives to assist in their enrollment in the Retrospective Rating Program.
  - e. Coordinate two meetings for all members per year with the advice and assistance of the Retrospective Rating Pool Chair.
  - f. Create and monitor legislation of interest to the Retrospective Rating Program and timely report to the members the progress of such legislation.
  - g. Report to the members opportunities for enhancement of the purposes of the Retrospective Rating Pool or for another joint venture amongst the member counties, any new legislation, or other factors allowing or requiring a change in the nature of the Interlocal Agreement forming the Pool.
4. The WSAC Industrial Insurance Committee and each county participating in the Retrospective Rating Program shall designate the Pool as their agent in matters pertaining to industrial insurance, experience, and files shall authorize all governmental agencies to make official note of the change, and shall direct all inquiries, correspondence, and matters relating to industrial insurance claims to the Pool.
5. The parties shall manage refunds and retrospective premiums as set forth in the Industrial Insurance Retrospective Rating Agreement signed by participating counties.
6. Disagreements arising under this contract shall be arbitrated, with each party choosing an arbiter within ten days of the request from the other and the two so selected choosing a third arbiter. The arbiters shall meet and decide within ten days of their selection. Each party shall bear the costs of its own arbiter with all other costs of arbitration divided equally between the parties.

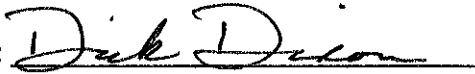
DATED this 3rd day of April, 1997.

WASHINGTON STATE  
ASSOCIATION OF COUNTIES

By:   
Executive Director

WASHINGTON COUNTIES RISK POOL

By:   
President

Attest:   
Secretary