

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS
WINTER MEETING**

MINUTES

**9:30 a.m. Thursday, February 4, 1999
Hilton Seattle Airport, SeaTac**

ATTENDANCE:

President – Mary Jo Cady, Mason County Commissioner
Executive Committee –
 Marilyn Breckel, Skamania County Administrative Services Manager
 Dick Dixon, Grays Harbor County Commissioner
 David Goldsmith, Jefferson County Deputy Director of Public Services
 Steve M. Lowe, Franklin County Prosecuting Attorney
 Mike Shelton, Island County Commissioner
 Melina Wenner, Benton County Risk Manager
Cowlitz County – Frank A. Bishop, Budget Director – Director
 Clyde W. Carpenter, Risk Manger – Alternate
Garfield County – Dean D. Burton, County Commissioner – Director
Grays Harbor County – Rose Elway, Director of Management Services – Alternate
 Mary Davis, Deputy Director of Management Services – Alternate
Island County – Betty Kemp, Director of General Services Administration – Alternate
Klickitat County – Lane Smith, County Commissioner – Director
Kitsap County – Barbara Razey, Risk Manager – Director
Lewis County – Russ Wigley, County Commissioner – Director
 Tammy Devlin, Risk Manager – Alternate
Mason County – Ione Siegler, Risk Manager – Alternate
Pacific County – Vyrle L. Hill, County Administrative Officer – Director
 Janet Corey, Risk Manager – Alternate
San Juan County – Si Stephens, County Auditor – Director
 David L. Zeretzke, Director of Administrative Services – Alternate
Thurston County – Starleen Parsons, Human Resources Manager – Alternate
Walla Walla County – Pam Ray, County Commissioner – Director
Whatcom County – Randall J. Watts, Chief Civil Deputy Prosecuting Attorney – Director
Whitman County – Richard Brown, Director of Administrative Services – Director

Actuaries – Kevin L. Wick, FCAS, MAAA, Director, PricewaterhouseCoopers
 Craig J. Scukas, FCAS, MAAA, Senior Consultant, PricewaterhouseCoopers
Broker – Mike Croke, ARM, Vice President, Willis Corroon of Seattle
Risk Pool Staff – John Crawford, Executive Director
 Alicia Johnson, Claims Manager

WELCOME and ROLL CALL: The meeting was called to order at 9:43 a.m. by President Mary Jo Cady who welcomed all in attendance and noted that a quorum was present.

APPROVALS:

Agenda: The agenda was approved as printed.

Minutes: Mike Shelton moved to approve the minutes of the October 22nd Autumn Meeting in Pasco. The motion was seconded by Frank Bishop and approved.

Executive Session: The Board went into Executive Session to review the personnel evaluation of the Executive Director. When the executive session was concluded and the meeting was reconvened Frank Bishop moved to accept the evaluation. The motion was seconded by Dick Dixon and approved.

REPORTS:

Executive Committee: The minutes of the December 3rd Meeting of the Executive Committee were included in the materials.

WSAC Legislative Steering Committee: Mary Jo Cady reported that the legislature does not seem to be reviewing any matters regarding municipal tort liability.

Risk Management Committee: David Goldsmith reported that the risk management committee met on February 3rd and will meet again on March 10th and 11th to complete work on the Membership Compact.

Executive Director: John Crawford reported that he was developing a record retention policy. He also reported on staffing.

Finances: John Crawford reported that Aileen Boren was working with the State Auditors to complete the annual financial audit, with the written report expected by the end of the month.

Broker: Mike Croke said that Brad Hatfield had prepared an interim report summarizing sufficient patterns that he had observed during his 17 county risk control surveys. The report will be finalized and provided to the Risk Pool.

Member Counties: Members reported on claims, training and new activities in their counties.

DISCUSSION AND ACTION:

Joint Self-Insurance Liability Policy: Underwriting Committee Co-Chairs Steve Lowe and Marilyn Breckel reported that the committee had had several conference telephone calls to work on proposed changes in the Joint Self-Insurance Liability Policy regarding participant liability for horse racing and rodeos, reasonable expenses and multiple coverage periods. Si Stephens moved to accept the recommendations of the Underwriting Committee and approve amendments to Section 5 G, additions to Section 1 A (4), and deletion of Section 7 B, with all amendments backdated effective as of October 1, 1998. The motion was seconded by Steve Lowe and approved without dissent.

The Underwriting Committee will be reviewing whether the Risk Pool should offer a voluntary pooled property program. Members are asked to send copies of their present property insurance policies to Mike Croke.

Claims Audit and Reserve Review: Kevin Wick and Craig Scukas described the latest claims audit of PricewaterhouseCoopers claims auditor George Kingston. George audited our Pool in 1996 and came back a second time (as per our contract) in late 1998. A copy of his written report was included in the meeting materials. The Board discussed the report and the thirteen findings, conclusions and recommendations regarding responsibilities of the Pool and member counties in investigating, reporting and administrating claims.

Kevin and Craig also gave a reserve report estimating total discounted reserves of \$13.758 million as of September 30, 1998. They pointed out that there appears to be a significant shift in the level of losses starting with the seventh policy year which impacted the Pool in two ways: projected costs for future years have increased and prior years are not funded up to original objectives. Mary Jo Cady will call a meeting of the Finance Committee to review the reserving report and to decide whether to recommend a "Section E" retroactive assessment of the counties that were members in the first year for their proportionate share of the underwriting deficit.

Mike Shelton moved to accept the reports. The motion was seconded by Si Stephens and approved without dissent. Dick Dixon moved to extend the claims audit contract if terms and pricing could be agreed upon. The motion was seconded by Dave Goldsmith and approved without dissent.

Claims: Alicia Johnson distributed a large loss report listing incurred losses over \$100,000. During our ten years, the small-deductible counties had 35 claims that cost \$375,000 in the county deductible layer, \$8,048,139 in the Pool self-insured retention layer, and \$3,638,260 penetrating into the excess or reinsurance layer, for total losses of \$12,061,399. The large-deductible counties had 46 claims that cost \$7,215,732 in the county deductible layer, \$7,684,122 in the Pool SIR, and \$8,150,107 in the excess or reinsurance layer, for a total loss of \$23,049,961.

Combined losses for the 81 large claims total \$35,111,360. The 81 claims are about 1% of the more than 8,000 claims filed during the ten years.

21 of our 25 members have incurred at least one loss over \$100,000. Columbia, Skamania, Walla Walla and Whitman counties have avoided large losses to date.

OTHER BUSINESS:

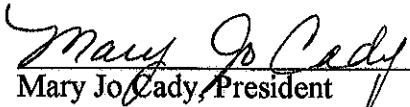
Future Board Meetings:

Spring – Wednesday and Thursday, April 21-22, 1999 at Doubletree Inn at Southcenter Mall
Summer Annual – Thursday & Friday, July 22-23, 1999 at Enzian Motor Inn, Leavenworth
Autumn – Wednesday and Thursday, October 20-21, 1999 at Cavanaugh's, Yakima

With no further business, the meeting was adjourned at 1:37 p.m.

MINUTES APPROVED:

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Mary Jo Cady, President

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Attest:


R.S. Zirkle, Secretary