

**MARIN SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

**Marin County Office of Education
1111 Las Gallinas Ave.
San Rafael, CA 94913
Thursday, November 5, 2009
9:00 a.m.**

MINUTES

MEMBERS PRESENT: Ms. Chris Thomas, President, *San Rafael City Schools*
Mr. Larry Enos, Vice President, *Bolinas Stinson/Lagunitas*
(*exited at 11:20 a.m.*)
Ms. Karen Maloney, Treasurer, *MCOE/Rurals* (*exited at*
9:42 a.m.)
Ms. Kathleen Clow, *Ross Valley Elementary*
Ms. Michele Rollins, *Mill Valley Elementary*
Mr. Robert Marical, *Dixie Elementary*
Ms. Lori Parrish, *Tamalpais Union High*
Ms. Barbara Johnson, *Kentfield Elementary*
Ms. Daria Carrillo, *Ross Elementary*
Ms. Kathy Bennett, *Tamalpais Union High*
Ms. Marla Blackledge, *Novato Unified* (*exited at 11:17*
a.m.)
Mr. John Frick, *Reed Union*
Ms. Margie Bonardi, *Sausalito Marin City Schools*

MEMBERS ABSENT: Ms. Connie Lehua, *College of Marin*
Mr. Dennis Petri, *Marin Pupil Transportation Agency*
Ms. Becky White, *Larkspur Elementary*

OTHERS PRESENT: Mr. Rick Brush, *Executive Director, Bickmore Risk Services*
& Consulting
Ms. Adrienne Beatty, *Assistant Manager, Bickmore Risk*
Services & Consulting
Ms. Rahnsha Keith, *Analyst, Bickmore Risk Services &*
Consulting
Ms. Gail Gibson, *Accounting Manager, Bickmore Risk*
Services & Consulting
Mr. Jim Marta, *James Marta & Company*
Mr. Ron Martin, *Keenan & Associates* (*exited at 10:40 a.m.*)
Ms. Debra DeSpain, *Keenan & Associates* (*exited at 10:40*
a.m.)
Mr. Montgomery Stewart, *Keenan & Associates* (*exited at*
10:40 a.m.)
Ms. Trina Caton, *Keenan & Associates*
Mr. Tom McCampbell, *York Insurance Services*
Mr. John Chino, *Arthur J. Gallagher*
Ms. Nasreen Kopecky, *Arthur J. Gallagher*

1. CALL TO ORDER

The meeting was called to order by Board President, Ms. Chris Thomas, at 9:13 a.m.

2. INTRODUCTIONS

Those in attendance introduced themselves and it was determined a quorum was present.

3. APPROVAL OF AGENDA

Ms. Margie Bonardi moved to approve the agenda as presented. Ms. Karen Maloney seconded the motion. The motion passed unanimously.

4. PUBLIC COMMENTS

Mr. John Chino, Arthur J. Gallagher, reported that he expects the excess workers' compensation market will continue to be soft for the upcoming renewal and will solicit quotes from as many qualifying proposals as possible for the groups' consideration. The carriers will then be presented to the Board for review. Mr. Chino noted it is understood that MSIA just changed carriers and this is not a recommendation to do so again, it is a process to ensure the current carrier will provide a fair rate.

5. CONSENT CALENDAR

Mr. Larry Enos moved to approve the consent calendar as presented.

Ms. Michele Rollins noted typos in areas 7A and 8A within the October 1, 2009, minutes for correction.

Mr. Larry Enos amended his motion to approve the consent calendar, as amended. Ms. Michele Rollins seconded the motion. The motion passed unanimously.

6. CLOSED SESSION

The Board convened to closed session, pursuant to California Government Code section 54957.1 at 9:22 a.m. to discuss claim numbers 07226350083809, 0722635006764X, and 2007070323.

The Board reconvened to open session at 9:34 a.m.

7. REPORT FROM CLOSED SESSION

Ms. Chris Thomas, Board President, reported that during closed session, settlement authority was granted for claim numbers 07226350083809, 0722635006764X, and 2007070323.

8. POOLED DENTAL PROGRAM

A. Dental Subcommittee Update on Eligibility Requirements

Ms. Chris Thomas reported the Dental Subcommittee met prior to this meeting. Previously, a concern arose regarding the eligibility requirements for dental coverage for opposite sex domestic partners and how eligibility is defined by MSIA. Mr. Rick Brush noted the Subcommittee has added language to MSIA's dental/vision eligibility rules to clarify intent for coverage and validate current practice. The new language was incorporated as section 2b. of the document reads: "Domestic Partner, as defined by California Family Code Section 297, of a primary enrollee." This change has been reviewed and approved by Mr. Bob Henry, MSIA's legal counsel. Ms. Debra DeSpain, Keenan & Associates, noted once this language is approved she will forward the document to Delta Dental which will clarify to them what coverage is allowed for MSIA participants. The Dental Subcommittee recommends approval of the new language.

Ms. Margie Bonardi moved to approve the revised eligibility requirements as presented. Ms. Barbara Johnson seconded the motion. The motion passed unanimously.

B. Dental Refunds Requested by Members

Ms. DeSpain noted Keenan has received two requests for reimbursements which exceed the current policy for retro-termination of ninety (90) days. The Dental Subcommittee's recommendation is to review these reimbursements on a case-by-case basis and limit the reimbursement time frame to one year from the request. The Dental Subcommittee also requested that language be added to the policy stating "On an individual basis Districts may come to request reimbursement up to one year from the date of request due to administrative error and upon validation that they have not had claims within the period requested." Discussion ensued, and the Board agreed to handle these requests on a case-by-case basis and include the additional language in the policy. The Board stated each request should be reviewed by the Management Committee.

Ms. Michele Rollins moved to approve the additional language and process as discussed. Ms. Margie Bonardi seconded the motion. The motion passed unanimously.

9. POOLED PROPERTY AND LIABILITY PROGRAM

A. 2009/2010 Renewal Binders

Mr. Ron Martin distributed the MSIA 2009/2010 renewal binders to the members and provided a brief description of what was included in the binder. Mr. Martin noted that equipment breakdown coverage members should not dispose of broken equipment as the provider will need to inspect the damages in order to determine the claim value.

B. 2010/2011 Liability Program Renewal Options

Mr. Brush reported last year Gallagher marketed the excess liability program and the group chose to remain in Nor Cal ReLiEF (NCR) for coverage up to \$1 million, and the other existing excess layers. Currently, MSIA insures with the Schools Excess Liability Fund (SELF) for excess liability for the layer of \$20 million in excess of \$5 million but may want to look into the Schools Association for Excess Risk (SAFER) as an option. Mr. Brush noted that in order to move to SAFER each member of MSIA would need to provide notice to SELF by December 31st. Once a notice is given to SELF it cannot be rescinded, and should the group choose to continue with SELF they will need to reapply and remain in the program for three years. Staff recommends reviewing SAFER and other coverage options as an option for the 2011 program year.

Mr. Martin provided the following points in regards to the SAFER program:

- SAFER was formed in 2001
- Represents 550 schools and community college districts
- Property
 - Up to \$250 million total limits – no aggregates
 - \$244,750,000 Excess \$5,250,000
 - \$50+ Billion in total insured values
- Liability
 - \$25 million per occurrence limits (Est. 2007)
 - Limits
 - \$4 million excess \$1 million
 - 2.5+ million ADA/FTES
 - \$20 million excess \$5 million
 - 2.1 million ADA/FTES

Mr. Brush noted as the group moves forward through this program year Keenan will continue to provide information regarding SAFER. The Board agreed to research SAFER as an option and noted the full analysis/comparison of each program will be given for the 2011 program year.

C. Excess Insurance Update: Return of Equity from NCR – Mr. Ron Martin/ Mr. Rick Brush

Mr. Brush reported NCR is currently in a positive equity position and able to return dividends to its members during the 1992/1997 program years. MSIA will receive a return of \$73,114, and the group has the option to receive this return as a credit towards next year's premium, a credit towards a risk management reserve account, or a direct return by check. Staff's recommendation is to request the return by check and decide where to apply the funds once received. Mr. Martin directed the Boards attention to the NCR treasurers report, noting NCR is performing well with \$12.9 million in net assets.

Ms. Lori Parrish moved to receive the return by check. Mr. Robert Marical seconded the motion. The motion passed unanimously.

D. Risk Management Update

Mr. Montgomery Stewart, Keenan & Associates, began his report by congratulating Novato Unified School District on their development of a Safety Committee and noted he will be working with all Districts to develop their Safety Committees in the near future. Mr. Stewart stated at the next meeting the results from the safety audits will be presented and an award will be given to the District who has done the best on their safety inspections.

Mr. Stewart noted at a previous meeting he presented a video to the Board regarding a product called Saw-Stop. There is now a new video for the product and he will be sending the link to the video along with a brochure for the product to all members, if interested. Upon brief discussion, the Board directed Mr. Stewart to provide more information on the Saw-Stop product.

10. POOLED WORKERS' COMPENSATION PROGRAM

A. Workers' Compensation Claims Update

Mr. Tom McCampbell, York Insurance Services, was in attendance to provide the Board with a workers' compensation claims update. He noted in September of 2008 the group had 239 open claims; this year the open claim count has decreased significantly to 210. Mr. McCampbell stated indemnity claims with future medical saw the biggest reduction.

B. Workers' Compensation Risk Control Services – Allocation of Discretionary Hours

Mr. Martin reported that during the October Management Committee meeting the Committee reviewed and accepted the enclosed agreement to recommend to the Board for approval. Ms. Trina Caton noted no language has changed in the agreement since the October meeting.

With regard to the allocation of workers' compensation risk control service hours, previously, the Management Committee directed Keenan to allocate the hours by calculating total insured value (TIV) and average daily attendance (ADA). However, at the October meeting the Committee approved four base hours for each member but asked that staff revise the allocation of the discretionary hours based on the workers' compensation program's frequency and severity of claims by member. Mr. Robert Marical noted if this format is used to allocate the hours going forward it will need to be revised annually as frequency and severity can change from year-to-year.

Ms. Thomas suggested allocating four additional hours to the Marin County Office of Education (MCOE) to apply to the rural Districts instead of providing each of them with four hours individually. Upon discussion, the Board agreed to allocate

four hours to be split amongst Laguna, Lincoln, and Union, provide four additional hours to the Novato School District, and one additional hour each to MCOE, College of Marin, San Rafael City High School District, and Tamalpais Union High School District.

Ms. Barbara Johnson moved to approve the workers' compensation risk control agreement and allocation of service hours as amended. Ms. Margie Bonardi seconded the motion. The motion passed unanimously.

11. FINANCIAL MATTERS

A. Financial Audit of the Fiscal Year Ended June 30, 2009 – Mr. James Marta

Mr. Marta reported the following financial results:

- Member contributions went down 1%
- Expenses went down 65% or \$8M
 - Claims expenses went down 79.4% or \$5.8M
 - Professional Fees went down 88% or \$1.5M
 - Excess Insurance went down 34% or \$846K
- Assets went up 22.6% or \$3.8M
 - Due to settlement of \$2.7M
- Claims Liabilities went down 17% or \$1.8M (favorable claims development and lowering of ultimate losses by the actuary)
- Net assets went up \$6.1M or 266%

Mr. Marta addressed the government auditing standards that were followed throughout the audit process as well as a communication with those charged with governance.

Mr. Marta noted overall the group's financial position has greatly improved.

Ms. Margie Bonardi moved to approve the Financial Audit of the Fiscal Year Ended June 30, 2009. Ms. Lori Parrish seconded the motion. The motion passed unanimously.

B. Program Year Accounting – Ms. Gail Gibson

Ms. Gail Gibson noted with regard to the workers' compensation program, the 2005/2006 program year was the first year the program had overall positive funds; the program currently has \$4.5 million in net assets. The property program has had some deficit years but has been positive since 2004/2005 and currently has net assets of \$1.062 million. The liability program's total net assets are \$967,000. Ms. Gibson noted the Board should begin developing a dividend policy, stating most policies allow for dividends to be released from program years more than five years old and provided the aggregate funding level of the program as a whole and in the eligible year is at the 90% confidence level. Further, it is prudent to include

a target equity policy for the program. The Board directed staff to develop a draft dividend policy for review.

C. Review of Current Investment Policy

Mr. Brush reported MSIA currently has approximately \$18 million in the Local Agency Investment Fund (LAIF) and should consider hiring an investment advisor. Once hired the investment advisor will work with the group to revise the investment policy.

D. RFP for Investment Management Services

Mr. Brush reported MSIA funds are currently all invested in LAIF which earns interest at approximately .9%; other investment vehicles that staff has researched provide returns up to 3%. Staff has drafted a request for proposal (RFP) for investment management services to be distributed, should the Board choose to consider hiring an investment management firm. The Board directed staff to move forward with the RFP process.

12. JPA ADMINISTRATIVE MATTERS

A. President's Report – Chris Thomas

Mr. Larry Enos, Vice President, discussed employee benefits and the possibility of MSIA offering an Employee Assistance Program (EAP). Mr. Enos stated he would contact Mr. Brush to present this option to the Board at an upcoming meeting.

Ms. Thomas distributed a sample hold harmless and indemnification agreement which was drafted by Keenan for MCOE, for low risk situations. The Board directed staff to send an electronic copy of the agreement to the Board.

B. Executive Director's Report – Rick Brush

Mr. Brush noted his report was covered throughout the agenda.

Ms. Adrienne Beatty provided a brief update on the status of the CAJPA accreditation noting the timelines are not definite. Ms. Beatty stated that she and Ms. Rahne Keith have been gathering the needed documentation for review by the auditor and researching original documents such as certificates of consent to self-insure and signed JPA agreements. Staff will be scheduling a Policy Subcommittee meeting to discuss new policies that will need to go before the Board for approval.

C. Bickmore Risk Services Contract Renewal

Ms. Thomas noted she had only received responses from a few Board members on this item; therefore further discussion will be pushed to the December meeting. She again requested that the Board review the contract language for possible changes and provide her with feedback prior to the next meeting. Mr. Brush noted

staff will provide a draft multi-year renewal contract in December as discussed at the October Management Committee meeting.

D. Medicare Set-Aside: Review of Keenan/York Contracts

Ms. Beatty stated the Medicare reporting will begin on April 1, 2010. Staff has discussed with Keenan & Associates and York Insurance Services possible contract changes due to the additional reporting services. Included in the agenda is the York Insurance Services contract amendment for Board review. Staff is still discussing possible contract changes to the Keenan agreement and will present any amendment at the December meeting.

Mr. Robert Marical moved to approve the York Insurance Services contract amendment. Ms. Daria Carrillo seconded the motion. The motion passed unanimously.

13. CLOSING COMMENTS

A. Board

Ms. Michele Rollins discussed the email from York Insurance Services regarding possible H1N1 workers' compensation claims and questioned if the claims would be compensable. Mr. McCampbell noted as with any other claim, a claim of H1N1 would need to show proof that the flu strain was contracted at work.

B. Staff

None.

14. ADJOURNMENT

There being no further business the meeting was adjourned at 11:30 a.m.