

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

**Marin County Office of Education
1111 Las Gallinas Ave.
San Rafael, CA 94913
Thursday, May 7, 2009
9:00 a.m. – 12:00 p.m.**

MINUTES

1. CALL TO ORDER

The meeting was called to order by Board President, Ms. Chris Thomas, at 9:03 a.m.

MEMBERS PRESENT: Ms. Chris Thomas, President, *San Rafael City Schools*
Mr. Larry Enos, Vice President, *Bolinas Stinson/Lagunitas*
Ms. Karen Maloney, Treasurer, *MCOE/Rurals*
Ms. Michele Rollins, *Mill Valley Elementary (entered at 9:10am)*
Mr. Robert Marical, *Dixie Elementary*
Ms. Kathleen Bennett, *Tamalpais Union High*
Ms. Lori Parrish, *Tamalpais Union High*
Ms. Daria Carrillo, *Ross School District*
Ms. Barbara Johnson, *Kentfield Elementary*
Ms. Connie Lehua, *College of Marin*
Ms. Marla Blackledge, *Novato Unified*
Ms. Kathleen Clow, *Ross Valley*
Mr. John Frick, *Reed Union Elementary (entered at 9:24am)*

MEMBERS ABSENT: Ms. Becky White, *Larkspur Elementary*
Mr. Dennis Petri, *Marin Pupil Transportation Agency*
Ms. Margaret Bonardi, *Sausalito Marin City*

OTHERS PRESENT: Mr. Rick Brush, *MSIA Executive Director*
Ms. Rahnesha Keith, *MSIA Analyst*
Ms. Gail Gibson, *Accounting Manager*
Mr. Ron Martin, *Keenan & Associates (exited at 11:48am)*
Mr. Tony Hayes, *Keenan & Associates (exited at 11:48am)*
Ms. Sandra Keyes, *Keenan & Associates*
Mr. Montgomery Stewart, *Keenan & Associates (exited at 11:23am)*
Mr. Anthony Cazem, *Bragg & Associates*
Ms. Nasreen Kopecky, *Arthur J. Gallagher (exited at 10:07am)*
Mr. John Chino, *Arthur J. Gallagher (exited at 10:07am)*
Mr. Rafael Olivares, *Entertainment Broker Int'l (exited at 10:07am)*
Ms. Caitlin Baker, *Professional Dynamics (exited at 11:02am)*

Ms. Donna Townsend, *Professional Dynamics* exited at 11:02am)
Mr. Mujtaba Dattoo, *ARMTech* (Teleconference from 10:07am to 10:32am)

2. INTRODUCTIONS

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

3. APPROVAL OF AGENDA

Ms. Rick Brush requested that item 8A. be moved to follow section 10A-C.

Ms. Marla Blackledge moved to approve the agenda with the requested change. Ms. Connie Lehua seconded the motion. The motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Mr. Larry Enos moved to approve the consent calendar. Ms. Karen Maloney seconded the motion. The motion passed unanimously.

6. CLOSED SESSION

The Board convened to closed session at 9:07 a.m.

The Board reconvened to open session at 9:23 a.m.

7. REPORT FROM CLOSED SESSION

Ms. Chris Thomas reported during closed session action was taken to ratify claim numbers 412032 and 412184.

9. POOLED WORKERS' COMPENSATION PROGRAM

A. Workers' Compensation Program Excess Renewal – Nasreen Kopecky, Arthur J. Gallagher

Mr. John Chino reviewed the workers' compensation renewal packet discussing the various carrier ratings and admitted statuses. All presented carriers were "A" rated, which means the State of California has reviewed and approved that carriers financial status. Gallagher approached six carriers and received quotes from three; Arch Insurance Company, Republic Indemnity, and Safety National. MSIA's current carrier, Arch, offered a flat renewal; however, because of the increase in MSIA's payroll, the renewal reflects a 4% increase. Republic has offered a 24% decrease, and Safety National has offered a 32% decrease, these large decreases are due to MSIA's good

loss history as well as a competitive market. Mr. Chino noted Gallagher will try to bind the minimum premium at 90%. Mr. Chino informed the Board that Entertainment Brokers Inc. (EBI) assisted with the quotes and will receive 5% of the premium; as commission for their work these fees are included in the quote. EBI is not owned by Gallagher. EBI has relations with several carriers and was a great benefit throughout this renewal.

Mr. Chino reported that Republic Indemnity's quote includes an escalation exclusion endorsement which means the underwriter will quote based on the current legislation and will not adjust should such legislation change; however, did offer statutory limits. Safety National has offered an upper limit of \$100,000,000. This means the group would be liable for any occurrence of claims greater than \$100,000,000. The Board discussed at length the pros and cons of each quotation. The Board requested the opinions of staff: Mr. Chino noted Safety National would be his choice; Mr. Brush agreed.

Ms. Lori Parrish moved to approve the Excess Workers' Compensation Renewal with Safety National. Ms. Karen Maloney seconded the motion. The motion passed unanimously.

The Board moved item 10A. Liability Actuarial Study presentation to precede item 9B.

10. POOLED PROPERTY AND LIABILITY PROGRAM

A. Property and Liability Actuarial Study – Mujtaba Dato, ARMTech

Mr. Mujtaba Dato was in attendance via telephone to present the Property and Liability actuarial study. Mr. Dato apologized to the Board for not being able to present the report in person; and explained the issues that arose with getting accurate data in a timely fashion from Keenan & Associates needed for the study. Mr. Dato discussed MSIA's outstanding losses projected for June 20, 2009, stating full value losses combined for property and liability are \$420,834 and present value is \$405,191. With an SIR of \$25,000, MSIA will have a loss rate of \$6.01 per ADA for liability, and \$0.29 per \$1,000 of TIV for property. The rate calculated is very similar to the 2008/2009 rate; however, six members each had a \$15 million or more increase in TIV. Mr. Dato informed the Board there was no significant change in liabilities and funding level.

Ms. Michele Rollins moved to accept the Property and Liability Actuarial Study as presented. Mr. Robert Marical seconded the motion. The motion passed unanimously.

9. POOLED WORKERS' COMPENSATION PROGRAM

B. Experience Modification Factors

Ms. Gail Gibson reviewed the worker's compensation experience modification factor calculations (ex-mod), and noted some districts had large variances in comparison to

last year. Ex-mod's are calculated based on member contribution versus member claims over five years; 2004/2005 was an adverse year for claims, approximately \$1.7 million, and once that year falls off many districts will see a substantial decrease in their ex-mod. The Board requested the ex-mod be further discussed within the budget item.

C. Injury Care Direct, Open Enrollment – Professional Dynamics, Inc.

Ms. Caitlin Baker informed the Board that only 72 calls have been received this year and of those only 39% resulted in claims being filed. To raise awareness of the nurse triage program Professional Dynamics, Inc. (PDI) has drafted an open enrollment letter to distribute to Districts. The letter can be revised as desired by each member district and will include the 800 number for reference. The Board stated the letter would be very helpful and can be sent with the full enrollment package they distribute annually at their Districts. Staff will distribute the letter to all District contacts on MSIA letterhead and in Microsoft Word to facilitate District distribution.

10. POOLED PROPERTY AND LIABILITY PROGRAM

B. Property and Liability Excess Renewal – NCR – Mr. Ron Martin

Mr. Ron Martin noted NorCal ReLiEF rates have decreased 5%; however, the ex-mod factors for MSIA increased 10% in the liability program and a 4% increase in the property ex-mod. Mr. Martin reviewed and compared the estimated contribution/premium summary from 2008/2009 to 2009/2010. The Board questioned why no funds were listed for excess liability in the 2008/2009 summary; however, in the 2009/2010 summary it lists \$50,144. Mr. Martin stated the 2008/2009 summary will need to be revised to reflect correct data for excess liability.

Ms. Lori Parrish moved to approve the excess property and liability rates. Ms. Kathleen Clow seconded the motion. The motion passed unanimously.

C. Risk Management Update/Use of Discretionary Hours – Montgomery Stewart, Keenan & Associates

Mr. Montgomery Stewart noted he has allowed members to use the discretionary hours for workers' compensation tasks, although workers' compensation is not included in the contract. Doing this helps satisfy the elements of the Injury and Illness Prevention Program (IIPP). Mr. Stewart noted each member is given 7.5 hours, with the exception of three larger districts who are allowed 11.5 hours; if this number is exceeded a District can use excess hours from another District.

D. IIPP Presentation and Update – Montgomery Stewart, Keenan & Associates

Mr. Montgomery Stewart reported he has met with all Districts to assist in developing their IIPP document and ensure the document aligned with each District's current practice, as well as regulatory standards. Mr. Stewart informed the Board the following elements were addressed:

- Indemnity persons with responsibility for the program
- Ensuring employees comply with safe and healthful work practices
- Means of communication on safety through all media in use
- Identifying hazards, doing inspections (checklists), & reporting conditions
- Timely procedures to correct unsafe & unhealthful conditions
- Investigating accidents
- With establishment of the IIPP, providing training & maintenance of records

Mr. Stewart noted he would also be assisting Districts in developing a Safety Committee. Ms. Chris Thomas questioned if the Safety Committee could have an item on the cabinet meeting agenda or must they conduct a separate meeting. Mr. Stewart stated he would research the restrictions on meeting within the cabinet meeting and inform the Board.

8. FINANCIAL MATTERS

A. Preliminary 2009/2010 Budget – First Draft

Ms. Gail Gibson reviewed the administration expense budget, noting it decreased by \$7,000 due to Gallagher's reduction in fees for marketing only the worker's compensation program. Mr. Ron Martin noted the group is not due for another property appraisal until 2011; therefore, the \$40,000 allocated for the appraisal can be removed. Ms. Gibson noted the actuarial study, NCR rates, SELF rates, WC rate, and \$40,000 appraisal funds will all cause for a significant decrease in the budget. Despite the increase in TIV the property rate will only increase \$0.01. SELF had a 17% increase; however, because it is only a small portion it will not greatly affect the budget. Staff used the Republic Indemnity rate when drafting the budget, so the group will see a 1% decrease once Safety National numbers are incorporated. Ms. Gibson noted once the budget is revised staff will distribute the new rates to members. The Board requested that staff provide one sheet listing the rates for all programs, including dental and vision, with the experience modification factors to be distributed the next business day after this meeting.

Ms. Chris Thomas voiced her concerns with the dental and vision renewal rates. Last year, the group gave rebates to members from the dental program, and this year the group is facing a 16% rate increase in the dental program. Also, there was a concern regarding how often the true-up rate would be used. Ms. Thomas stated this issue will be further discussed at the upcoming Management Committee meeting.

Ms. Marla Blackledge moved to approve the 2009/2010 Budget as amended. Ms. Kathleen Clow seconded the motion. The motion passed unanimously.

11. JPA ADMINISTRATIVE MATTERS

A. President's Report – Chris Thomas

Ms. Chris Thomas stated the MSIA website link isn't easy to access through MCOE's website, and requested that the link be accessible on MCOE's homepage. Ms. Karen Maloney noted she would work to get the link on the homepage.

B. Executive Director's Report – Rick Brush

Mr. Brush reviewed some of the accomplishments of MSIA for the 2008/2009 program year, which included:

- ESIS Litigation Settlement
- Implementation of Nurse Triage
- Implementation of Return-to-Work Program
- Decrease in Workers' Compensation Rates and Moving from the 70% to the 80% Confidence Level
- Development of IIPP's
- Risk Control Program
- Revision of Bylaws
- Development of MSIA website

The Board noted their appreciation for all those who have worked hard to accomplish these tasks.

C. Strategic Action Plan Update

Mr. Rick Brush noted that due to time constraints at this meeting this item will be discussed at the next full Board of Directors meeting.

D. Medicare and Medicaid and SCHIP Extension Act of 2007 – Rick Brush/Ron Martin & Lynn Cavalcanti

Mr. Brush reported at the last meeting that the Centers for Medicare and Medicaid Services (CMS) is requiring all liability, no-fault, and workers' compensation insurers, self insurers, and self-insured groups to report all potential liabilities for Medicare. Potential liabilities include claimants who are 62 ½ or older, those on Social Security Disability, those with renal failure, and those with Lou Gehrig's disease. Mr. Brush noted MSIA must register with CMS and recommended that the Board approve Bickmore Risk Services & Consulting as the representative to register the group. Mr. Brush also recommended the Board assign Keenan & Associates as the reporting agent (RA) for liability claims, and Bragg & Associates as the RA for workers' compensation claims.

Ms. Karen Maloney moved to approve Resolution 09-01, authorizing Bickmore Risk to serve as the CMS representative for MSIA. Ms. Kathleen Clow seconded the motion. The motion passed unanimously.

Mr. Larry Enos moved to assign Bragg & Associates as the reporting agent for all workers' compensation claims. Ms. Connie Lehua seconded the motion. The motion passed unanimously.

Mr. Robert Marical moved to assign Keenan & Associates as the reporting agent for all liability claims. Ms. Lori Parrish seconded the motion. The motion passed unanimously.

E. Nominating Committee Update

Mr. Brush informed the Board the Nominating Committee met to develop a slate of officers and a slate of Management Committee members. The Committee's goal was to suggest a Management Committee demographically representative of all member Districts. Mr. Brush noted Mr. John Frick has served on the Management Committee for many years and has expressed he would be willing to step down if another member would like to volunteer to serve on the Committee. Mr. Brush stated Ms. Kathleen Clow has volunteered to serve on the Committee in place of Mr. Frick.

Mr. Larry Enos stated the Bylaws currently state "it is the intent" that two Superintendents serve on the Management Committee; he will work on acquiring another superintendent to serve on the Committee in the future.

Ms. Marla Blackledge moved to approve the slate of officers presented, substituting Ms. Kathleen Clow for Mr. John Frick. Ms. Connie Lehua seconded the motion. The motion passed unanimously.

12. CLOSING COMMENTS

A. Board

None.

B. Staff

None.

13. ADJOURNMENT

There being no further business the meeting was adjourned at 11:55 a.m.