



Nevada Public Agency Insurance Pool
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**Minutes of Meeting of the Executive Committee of
Nevada Public Agency Insurance Pool
Date: June 30, 2005**

1. Roll

Committee Members Present: Claudette Springmeyer, Mike Pennacchio, Jeff Zander, Cash Minor, Dan Newell

Committee Members Absent: Michael Rebaleati, Lisa Jones, Marilou Walling

Others Present: Wayne Carlson, Ann Wiswell, Bob Lombard

2. Action Item: Selection of Boiler Reinsurance

Bob Lombard provided an overview of the boiler insurance, now more commonly called equipment breakdown coverage, and the relationship with Hartford Steam Boiler (HSB). He informed the Committee that HSB had indicated a seamless transfer from insurance to reinsurance prior to the POOL Board annual meeting. However, even though they had an opportunity to review the POOL's property form for two months prior to that meeting, they had not notified POOL staff or Willis Pooling representatives of their reinsurance terms until recent weeks, subsequent to the adoption of the Pool's coverage form revisions effective July 1, 2005. The terms offered by HSB were contrary to those discussed with Willis Pooling and Ann Wiswell in the months leading up to the insurance renewal. HSB's unwillingness to offer acceptable terms necessitated the consideration of alternate terms, which were offered by St. Paul Travelers (BoilerRe). Pool's coverage form adopted July 1 incorporated equipment breakdown coverage with the property form and included coverage for the following perils:

- a. Computer virus
- b. Power surge resulting from certain property perils (windstorm, fire, vandalism, etc.)
- c. Electronic injury

Boiler Re was willing to reinsure these perils to the POOL's form limit of \$60,000,000, while HSB was not. In addition to these "gaps" in coverage, it was noted by Ann Wiswell and Bob Lombard that HSB renewal negotiations were poorly coordinated and there was a perceived lack of understanding concerning POOL's coverage intent. In contrast, BoilerRe confirmed their understanding of POOL's coverage intent in writing, and did affirmatively grant reinsurance of the POOL coverage form including these perils. Reinsurance pricing was equivalent with respect to both reinsurers.

Ann Wiswell presented POOL's loss history on the Boiler/Equipment Breakdown coverage line, and informed the committee that a \$50,000 retention was appropriate given the loss history and the

added benefit of reduced premiums on the reinsurance for this line. Equipment Breakdown reinsurance premiums would be reduced by \$46,000 during the 2005-2006 coverage term by increasing the retention.

On motion and second to increase the Pool's retention to \$50,000, the motion carried.

On motion and second to accept BoilerRe's reinsurance treaty proposal, the motion carried.

3. Action Item: Approval of Prospective POOL Members including at least the following:

a. Skyland General Improvement District

Wayne Carlson reviewed this prospective member, commenting that they were a small subdivision district with only a roadway and fence to maintain and to do snow removal. There have been no losses except to the fence, but the damage by autos was recovered from the drivers.

On motion and second to approve Skyland GID as a member, the motion carried.

b. Douglas County Sewer Improvement District No. 1

This district was quoted pending approval due to time deadlines. However, they missed their agenda deadline for their coverages and had to defer the decision to July 15, 2005. Their loss record has shown one large loss of about \$56,000 due to a sewer main pressure leak. The only other losses were \$10,000 and \$2,200 in the last five years. They were referred to the POOL by another Member's experience with the CHRM services.

On motion and second to approve Douglas County Sewer Improvement District No. 1, the motion carried.

4. Public Comment

Vice Chairperson Claudette Springmeyer opened the public comment period. Receiving no public comments, Vice Chair Springmeyer closed the public comment period.

5. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at about 10:30 a.m.