



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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**Minutes of Meeting of the Executive Committees of
Nevada Public Agency Insurance Pool and for Public Agency Compensation Trust**

Date: April 23, 2013

Time: 9:00 A.M.

Place: 201 S. Roop St., Suite 102

Carson City, Nevada 89701

Conference Call: 1-800-593-9034 Passcode: Wayne C.

1. Roll

Members Present: Alan Kalt, Michael Rebaleati, Pat Whitten, Cash Minor, Kevin Curnes, Roger Mancebo, Gerry Eick, Josh Foli, Dan Newell, Lisa Jones, Steve West, Bill Kohbarger, Paul Johnson

Members Absent: None

Other Present: Wayne Carlson, Doug Smith, Ann Wiswell, Debbie Connally, Randy Waterman

2. Public Comment

None received.

3. For Possible Action: Consent Agenda - Approve as a Whole Unless Moved From Consent Agenda

a. Approval of Minutes of Meeting of Joint Executive Committee March 4, 2013

On motion and second to approve the consent agenda item, the motion carried.

4. For Possible Action: Review of POOL and PACT Program Renewal Status and Action on Options

a. Willis Pooling Report

b. Select POOL and PACT Program Renewal Options

c. Consider Granting Renewal Credits

a. Bob Lombard provided an overview of the markets and renewal negotiations. He noted that the Lloyds trip was positive overall, although some replacement insurers will be needed due to their own capacity constraints as a result of Hurricane Sandy losses. He commented that POOL staff and Willis decided to continue current reinsurance relationships in order to strengthen the long-term partnership approach with the current markets. Overall, the strategy came to a successful conclusion.

b. Bob first reviewed the POOL renewal and options. He noted that the Lloyds property program rates remained flat, but that two syndicates, Lancashire and Advent, had to withdraw due to their own capacity problems and one, Tokio Marine, reduced its share from 8% to 6% of

the \$250 million excess of \$50 million layer. These participations will have to be replaced so POOL staff authorized up to an additional \$75,000 if necessary to accomplish that. With exposure changes and the additional costs, the renewal property program would increase by about 3%. For liability, there were decreases from CRL, a slight increase from UE, and flat pricing from PRM, GEM and Brit on a comparable exposure basis. CRL offered a cyber liability coverage extension and provided a sample policy form for NPAIP to adopt. NPAIP staff review and revised this with coverage counsel to tailor the sample to the POOL Form. NPAIP staff is recommending adoption of the coverage with a sublimit of \$2,000,000 and PRM, CRL and UE will reinsure various portions of the limit with NPAIP having a \$250,000 retention. There is a slight charge from both CRL and UE for their limits, but NPAIP and PRM will not charge for their coverage shares. The total program costs with cyber liability will go up about 3% since the NPAIP Loss Fund amount is flat.

On motion and second to present both renewal as is and renewal plus cyber liability coverage options to the board, the motion carried.

Bob then reviewed the PACT renewal pricing, noting that CRL reduced its prices, PCM offered flat pricing and Safety National (SNCC) offered flat pricing, but increased its aggregate excess attachment point by about \$1,000,000. Doug commented that PCM splits the aggregate excess limit of \$3,000,000 on a 50-50 basis and that the attachment point already was high so the additional retention likely would have little impact on PACT. He indicated that PCM's actuary priced that coverage similarly to SNCC so PCM could take it all or remain at the current split. In discussion on the merits of PCM taking it all, Josh Foli commented that while it may be okay to do so, perhaps waiting until next year would be more appropriate so that the other market layers were not adversely affected this year in terms of pricing expectations. Others agreed with this approach. Doug commented that based upon the actuarial loss fund projections, the overall pricing would go up 3.4% this year. Wayne Carlson commented that the renewal rate and experience modification notices were mailed last Friday to the members. Alan Kalt suggested that Doug mention this at the annual board meeting.

On motion and second to present the renewal option with current retentions and PCM split, the motion carried.

c. Alan Kalt commented on renewal credits asserting that with the additional cyber coverage and services, there was in effect a credit being given. Josh Foli added that he felt no renewal credits should be given and Steve West concurred. Kevin Curnes indicated that the flat renewal was welcome. Cash Minor noted the additional services, such as human resources and loss control, should be taken into consideration and viewed as a form of credit. Roger Mancebo concurred as did Lisa Jones, Gerry Eick and Mike Rebaleati.

On motion and second to not grant renewal credits, the motion carried.

5. For Possible Action: Update on Annual Meeting Activities

Wayne Carlson asked Debbie and Doug to explain the evening activities, which will be a Nevada trivia game and encouraged everyone to wear their Nevada gear.

Wayne noted that there were proposed Interlocal Cooperation Agreement and Bylaws changes with a couple of key areas that were questions regarding whether or not to take action now or in the future. One of the issues is the status of the Town of Pahrump based upon an election vote to change it from a town board to a town advisory board in 2015. The town appealed this

decision to the Nevada Supreme Court. This would affect the election of Bill Kohbarger since if the appeal is not won, the town would lose its voting status with NPAIP and PACT. No change is necessary at this meeting since the decision is on appeal. Bill Kohbarger commented that it could take a couple of years for the court to decide.

An additional question posed is whether or not to eliminate the automatic position on the Executive Committee for hospitals since there are only five members remaining and the position currently is vacant. He noted that eligible members and said he had not contacted potential candidates pending this meeting. Considerable discussion ensued about possible ways to reorganize the Executive Committee and it was suggested that a task force or board retreat could resolve the issue. Discussion then turned to potential candidates to fill the vacant seat. Roger Mancebo offered to contact Pat Irwin who is on the Pershing General Hospital Board. Wayne noted that Kathy Ancho from Battle Mountain Hospital had expressed potential interest in the past. Alan Kalt wondered about Humboldt General Hospital since they were the largest and asked Steve West to comment. Steve said he did not know the two potential candidates, but agree that their size may warrant consideration. Way also offered to contact Joan Hall of Nevada Rural Hospital Project for ideas.

On motion and second to recommend reelection of the NPAIP incumbents, the motion carried.

On motion and second to recommend reelected of the PACT incumbents, the motion carried.

6. For Possible Action: Approval of Prospective PACT Members

a. Lakeridge GID

b. Churchill County School District

a. Wayne Carlson commented that Lakeridge GID has contacted Doug Smith to ask whether they needed to get workers compensation coverage if they hired part time workers either as employees or independent contractors. Doug advised them they did and that they should also cover the board of the GID. Wayne added that they presently have been a long term member of NPAIP and have not had any workers compensation coverage in the past.

On motion and second to approve membership, the motion carried.

b. Wayne Carlson review the underwriting and loss history of the school district, noting that some years were good and some were bade, but over the last six years, their loss ratio was positive. He noted that both EICON and ICW had non-renewed them due to loss ratio right after a bad year. These two insurers had underpriced the risk for the short term, thus making it unprofitable for them. Alan Kalt said they had a new Superintendent and financial director and thought that was positive. Wayne noted that they had been active with the POOL/PACT Human Resources team. Ann Wiswell said they were active with utilizing United Educators resources, loss control participation and risk management grants. Discussion ensued about the need for a long-term relationship for stable pricing and successful membership.

On motion and second to approve membership, the motion carried.

7. For Possible Action: Consideration of Pending Legislation

Randy Waterman reviewed key legislation affecting NPAIP and PACT and Wayne Carlson added comments as well. Randy noted that 12 of the 29 bills he was tracking had died due to committee passage deadlines and the remainder may or may not make it past the first house passage deadline today. Various bills were discussed regarding their impact on the members. No action was taken.

8. Public Comment

Doug Smith asked Joe Woods of Raymond James & Associates to comment on the fixed income market outlook. Joe reviewed current market conditions and indicated he will provide more details at the annual board meeting.

9. For Possible Action: Adjournment

On motion and second to adjourn, the meeting adjourned at 11:00 a.m.

The Agenda was posted at the following locations:

**N.P.A.I.P. / P.A.C.T.
201 S. Roop Street, Suite 102
Carson City, NV 89701**

**Carson City Courthouse
885 E. Musser Street
Carson City, NV 89701**

**Eureka County Courthouse
10 S. Main Street
Eureka, NV 89316**

**Churchill County Administrative Complex
155 North Taylor Street
Fallon, NV 89406**