



**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**

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**Meeting of Joint Meeting and Agenda of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: August 24, 2021  
9:00 AM VIRTUAL ONLY**

Join Zoom Meeting

<https://us02web.zoom.us/j/86150787403?pwd=aHZEOUFSTzRac1lFaVhsZ3c4MUpmUT09>

Meeting ID: 861 5078 7403

Passcode: 749435

**Roll**

Meeting was called to order by PACT Chairman Paul Johnson at 9:02 am.

Members present: Paul Johnson, Cash Minor, Geof Stark, Josh Foli, Dan Murphy, Joe Westerlund, Cindy Hixenbaugh, and Elizabeth Frances.

Members Absent: Ann Cyr, Gina Rackley, Dee Carey, Mike Giles.

Others present: Wayne Carlson Alan Kalt, Marshall Smith, Stacy Norbeck, Mary Wray, Stephen Romero, Division of Insurance Commissioner Barbara Richardson, and Maurice Fuller.

**1. Public Comment**

Chair Paul Johnson opened public comment and hearing none, closed the comment period.

**2. For Possible Action: Approval of minutes of Joint Executive Committees Meeting of June 25, 2021**

On motion by Cash Minor, second by Josh Foli, to approve the minutes, the motion carried.

**3. Discussion Only: Insurance Commissioner Richardson Regarding Statutes and Regulations Project to Address Regulation of Self-insured Groups and Risk-based Solvency Issues in the Market**

Insurance Commissioner Barbara Richardson provided an update regarding Chapters 616A and 616B noting that they are over 20 years-old and they need to be updated to reflect current risk-based measurements and business practices. The Division of Insurance is working on developing proposed legislation to address these outdated provisions for self-insured groups by focusing on a risk-based solvency issues within the market and organizations.

She indicated that she wanted to be respectful of entities' time and business strategy. She wants to focus on risk-based examinations and controls in the statutes without making undue burdens on the groups. She noted that a Risk Focused Examination should be performed based on the underlining business and type of business and the risk associated with their operations rather than on raw numbers or fixed dollar amounts. She advocates for identifying the risks of the organization, what they are doing to mitigate these risks and looking at the business model to address these financially which is a different approach from what has been done in the past. Thus, they are looking at changing the statutes and regulations and to draft a BDR in the January/February timeframe.

The Division will be reaching out to the self-insured groups asking questions and seeking input to evaluate the risk based solvency issue. She noted that Maurice Fuller would be PACT's and the captive point of contact. Member Foli asked how she anticipates connecting the reserves with the risk associated with the business. Richardson indicated that by changing the statutes and working with the groups they will address these with various financial models. Alan Kalt stated that PACT is a membership consortium made up of cities, counties, school districts, hospitals and special districts that are all local governments which are non-profit which is significantly different than other for-profit business within other self-insured groups. Richardson concurred and indicated that is why there are separate sections of the statutes that address these differences. She intends to work with PACT representatives to answer questions and use models to determine the solvency levels. Wayne Carlson asked if there are models specific to self-insured groups. Richardson indicated that the Division has lot of models that need to be evaluated and communicated to your staff, actuary, and finance folks to determine which model is most appropriate.

A brief discussion was held. This item was for discussion purposes only. Chairman Johnson thank the Commissioner and Mr. Fuller for attending our meeting and noted that we will work with them on this project.

**4. For Possible Action: Approval of Termination of Willis Pooling Service Contract with POOL and PACT and to Authorize Nevada Risk Pooling Staff to Implement Alternatives**

Executive Director Carlson reviewed his memo on the Willis Pooling Service Contract which was included in the meeting packet. A discussion of the AON-Willis merger, Alliant taking of Willis Re Pooling staff, impact to POOL/PACT on broker services in the current year, steps taken by Nevada Risk Pooling to address the service issues and steps to terminate the Willis Pooling Service Contract as of September 1<sup>st</sup>. It was noted that an agreement to terminate the contract and provide a 11-month refund of the combined fees to reflect the changes in services impacted was appropriate. The proposed termination agreement which was reviewed by legal counsel was included in the packet.

Josh Foli, board member and Chair of NRP, informed the Executive Committees that Wayne Carlson and Alan Kalt had contacted him early in the process and kept him informed of the action steps taken and he concurred with the offer of employment to Stephen Romero noting that funding was in the budget due to the gapping of the Chief Operations Officer in the current year. Member Elizabeth Frances asked about the loss of experience with the termination of the agreement with Willis. Carlson indicated that we have an excellent relationship with CRL and GEM which are current markets that we can deal directly without the use of a broker. He noted that he was the Chair of the CRL Underwriting committee and that Alan serves on the Underwriting and Audit committees. Furthermore, we are active with GEM and Alan serves on their Audit Committee. He explained that the addition of Stephen Romero will add additional broker and insurance expertise in-house. Wayne noted that we may consider a broker solution

in the future whether that be by a formal or informal selection process. It was noted that POOL staff has extensive experience and interaction with AGRIP and AGRIP member pools which could assist in a collaborative discussion on various topics/issues if necessary. Paul Johnson mentioned that it may be appropriate to hold a work session on succession planning to give guidance and direction going forward to make sure there are no gaps in services.

Elizabeth Frances made a motion to terminate the Willis Pooling service contract with POOL and PACT, effective September 1<sup>st</sup> noting the pro-ration of one month of payment for services and authorizing Nevada Risk Pooling staff to implement alternatives as necessary. Motion was seconded by Cash Minor which carried.

**5. For Possible Action: Amendment of Nevada Risk Pooling, Inc. Grant Amount to Fund Additional Staffing and Services**

Based on the discussion held in the previous agenda item, Josh Foli made a motion to amend the Nevada Risk Pooling grant amount to provide the eleven months of funding from the Willis contract to be provided to NRP to fund additional staffing and services to the membership in the current year. Cash Minor second the motion that carried.

**6. For Possible Action: Approval of Prospective POOL and PACT Member**

**a. POOL: Clark County Water Reclamation District**

Wayne Carlson reviewed the underwriting information for the Clark County Water Reclamation District with the Board noting this is a large entity with an estimated \$2,400,000 in premiums. The property exposure is \$1.4 Billion with diverse locations within southern Nevada. They have two large losses within the last five years; otherwise, their losses are good. The markets are willing to allow them within the POOL coverage. They will have a \$100,000 property deductible and a \$50,000 liability deductible. Geof Stark asked what impact they would have on our member services. Stacy Norbeck indicated that we currently serve Southern Nevada Health District, and they are larger than the Reclamation District. Their organizational chart indicates they have a HR department, training staff, and environmental health, safety and security personnel on board. Paul Johnson asked what benefits they could provide to the POOL if they joined by sharing their expertise and knowledge to other POOL members. Wayne addressed their excellence in utility management, IT with a SCADA system and earthquake preparedness.

After a brief discussion on members helping members, Dan Murphy made a motion to approve Clark County Water Reclamation District as a prospective member which was seconded by Geof Stark. Motion carried.

**7. Staff Report on Progress of Financial Audits**

Chief Financial Officer Alan Kalt gave an update on the Financial Audits noting that the books were closed on August 20<sup>th</sup> and that the independent auditors have started their year end fieldwork. Interim fieldwork and internal controls walk-through took place in June. The actuary is working on completing his loss reserve studies by the middle of September. The audits are on schedule to be completed within our normal timeline.

**8. Public Comment**

Stephen Romero from Willis Pooling wanted to thank POOL/PACT for all the years he has worked with the program going back to the mid-1990's. He has appreciated the relationship and is excited to come work with staff at NRP to support the Pools. The Executive Committee welcomed him and looked forward to working with him in his new role. The Committee thanked

Mary Wray for her service and wished her well in retirement.

**9. For Possible Action: Adjournment**

Being no further business, the meeting was adjourned at 10:04 am.

**The Agenda was posted at the following locations and linked to the Official State Website**

**<https://notice.nv.gov>:**

**N.P.A.I.P.  
201 S. Roop  
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 Courthouse  
155 North Taylor Street  
Fallon, NV 89406**

**DRAFT**