



**Nevada Public Agency Insurance Pool  
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**Minutes of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: Monday, April 6, 2020**

**Minutes**

**1. Roll:**

Chairman Cash Minor called the meeting to order immediately following the Public Compensation Mutual Meeting at 8:47 am. The following members were present: Cash Minor, Paul Johnson, Gerry Eick, Chris Mulkerns, Elizabeth Francis, Ann Cyr, Mike Giles, Geof Stark, Dan Murphy, Josh Foli, and Cindy Hixenbaugh.

Other Participants included: Wayne Carlson, Mike Rebaleati, Alan Kalt, Marshall Smith, Stacy Norbeck, Debbie Connally, Michael Van Houten, Mary Wray, Stephen Romero, Donna Squires, and Kathy Parks.

**2. Public Comment:**

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

**3. For Possible Action: Approval of Minutes of Joint Executive Committee Meeting of March 11, 2020.**

Josh Foli made a motion which was seconded by Dan Murphy to approve the March 11, 2020 Joint Executive Committee Minutes. Motion carried.

**4. Discussion Only: Report on PRM and PCM 2019 annual audit.**

Alan Kalt noted that the PRM and PCM 2019 audits were finalized and the reports issued March 11<sup>th</sup>. The draft audits were presented at the March 11<sup>th</sup> meeting and finalized and accepted at the April 6, 2020 PRM and PCM meetings. The audits were included in the meeting packet. The approved audit reports will be filed with the necessary entities. No formal action was needed.

**5. For Possible Action: Report and discussion on Investments.**

- a. Staff report on investments.
- b. Revise POOL and PACT Investment Guidelines.

Mike Rebaleati reviewed the revised POOL and PACT Investment Guidelines that addressed the allowance of periodic variance waivers be granted by the Chief Operations Officer or Chief Financial Officer with the concurrence of the Executive Director for allocation percentage and credit rating variances to the policy. The POOL Executive Committee will be notified of any waiver(s) granted at the next regular meeting.

On a motion by Josh Foli and a second by Mike Giles, the Board approved the changes to the POOL and PACT Investments Guidelines.

6. **For Possible Action: Review of Risk Management Programs, Insurance/Reinsurance**
  - a. **Review of POOL/PACT insurance/reinsurance coverage and risk management programs to determine what coverages and programs to offer for 2020/2021:**
    - i. **Willis Pooling Report on the State of the Insurance Market.**
    - ii. **Review of POOL and PACT Renewal Proposals.**
    - iii. **Review of reinsurance coverage and retention options for NPAIP and PACT renewal reinsurance strategies.**
    - iv. **Review of ancillary programs including Student Accident, Pollution Legal Liability, and the proposed TULIP Program.**

Mary Wray and Stephen Romero of Willis Towers Watson gave an update on the Insurance Market Place. They started with the global perspective, then looking at the US Market and the impact it has on the Nevada POOLS. Mary indicated it is a seller's market and there is significant pressure on upward pricing and further exclusions noted in the renewals.

They walked through the 2020-2021 NPAIP Renewal Quotations looking at the Premium with 2019 Rates applied to the 2020 Exposures to the 2020 rates applied to the 2020 exposures on the various coverage lines as noted in the handout. The overall increase on the core coverages were 14.39%. The Joint Purchase Insurance Programs for Terrorism, Student Accident and Environmental increased by 0.99% for a combined increase of 13.09%. Mary noted that Steve Firman is still working to complete the property coverage at Lloyds of London for the POOL. The renewal coverage provides \$3,600,00 which is an increase of 14.2% for this coverage. An additional \$150,000 has been provided to complete the coverage if necessary. Wayne Carlson noted that the actuary prepared various options for the POOL and PRM to take a \$1M property retention but the financial tradeoff with the marketplace was not beneficial at this time. He noted that PRM would likely fill in any gaps in coverage at the higher retentions if necessary to complete the property cover. A discussion was held on the various lines of coverage and rate adjustments by the carriers. Stephen gave a brief overview of the Tenant Users Liability Insurance Program (TULIP Program) that members can promote with vendors and groups using their facilities to obtain affordable liability insurance for them using member's facilities.

Stephen Romero went over the 2020-2021 PACT Renewal Quotations. It was noted that coverage from PRM increased 11.39% as a result of numerous claims within this layer. This was discussed at the PCM meeting and setting of the rate for 2020-21 year. Mike Rebaleati noted that over the years, PACT and PCM have taken on

more of the retention, thus, their rate increases were needed to cover the claims. Wayne Carlson noted the Legislative changes specifically to TTD and PPD is going to have an impact on higher claim cost. CRL coverage went down \$6,298 or 2.01% with Safety National keeping their rates the same for the renewal. During the discussion, Josh Foli and Gerry Eick noted that the covered payroll for the current year and the renewal year are likely to be reduced significantly as entities deal with the COVID-19 virus and the related economic impacts on the members. Alan Kalt further noted that the payroll audits indicated that a few of the members did not cap their payroll at the \$36,000 statutory cap and paid additional workers compensation assessments on total payroll. This overpayment will be refunded to the members and will change the covered payroll amounts used in the rate making process.

**b. Review Proposed 2020-2021 budgets for POOL and PACT for recommendation to the POOL and PACT Boards.**

Alan Kalt reviewed the proposed PACT budget for 2020-21. He indicated that PACT's recommended Loss Fund contribution rate would be at the 70% Confidence Level which is the same as the current level. The additional cost to move to the 75% would be \$289,000. Due to the economic situation it was recommended to keep it at the 70% Marginally Acceptable rate for another year. Josh Foli and Mike Giles stressed the importance of keeping cost down during these difficult times for the members. The proposed budget reflects an increase of 8.3% in the rates and adding the cost of the cardiac wellness program into the Police Fire rates. The Loss Fund & Insurance costs represents 72% of the total revenue with program expenses and administration expenses taking up 12.0% and 12.8% respectively.

Paul Johnson made a motion to recommend the approval the recommended budget Option 1 at the 70% Confidence Interval funding rate to the full board at the Annual Meeting. The motion was seconded by Mike Giles and carried.

Alan Kalt reviewed the POOL budget for 2020-21. He indicated that POOL's Loss Fund Contribution remain at the 70% Confidence Level which is the same as the current level. The additional cost to move to the preferred 75% Confidence Level would be \$727,000 for liability and property combined. Due to the economic situation, it was recommended to keep it at the 70% Marginally Acceptable rate for another year. The budget included \$250,000 as a Loss Fund Contribution for Cyber Losses for the year. In the past, this was paid from surplus, however, given the increasing number of claims there is a need for this contribution. It was noted that the budget provided for apportionment of the Student Accident Fund to 50% and go with KEPRO as the EAP provider at the reduced cost. Kalt noted that both the PACT and POOL budgets reflected the new policy to no longer amortize the Transfer of Capital to the captives over a ten-year period, rather, 100% expense in the year of the transfer. Given the POOLS' current financial positions, it is not anticipated that any transfers will take place in the next several years. As noted on the budget worksheet, 79.1% of the total revenues are allocated to the Loss Fund and reinsurance expenses with 14.5% supporting member program expenses and 5.2% in administrative expenses. A discussion was held on the various budget items and the appreciation to keep the cost increases to a minimum to the membership.

Geof Stark made a motion to recommend acceptance of the proposed 2020-21 Budget Option 1 at 70% Confidence Level to the full board at the annual meeting. Motion was seconded by Josh Foli and passed.

7. **For Possible Action: Approval of proposed POOL and Cyber Form Amendments/Endorsements for Fiscal Year 2020-2021 for adoption by the POOL Board at its Annual Meeting.**

Wayne Carlson first reviewed the highlights of the POOL Form commenting that the section on data security was removed and replaced in the new proposed Cyber Form. He then highlighted some key language changes that sought to clarify coverages particularly revising the specialized vehicle replacement cost coverage to an agreed value basis. He then highlighted that key coverage elements of the new Cyber Form noting that in developing the form, staff and coverage counsel relied on the current section, CRL and AIG language in order to develop a reasonably broad coverage for members. He commented on the limits shown in the draft declarations page were within the POOL's retention and added coverage not currently provided but available in the market. He asked for input on the sublimit amounts. He then reviewed the highlights of each coverage section. He emphasized the importance of notice to the POOL when an event occurs so that an immediate deployment of security and legal expertise could be made. Mike Rebaleati commented about how important preservation of evidence was in such cases and reminded the committee about the KnowBe4 capability for training members' staff to prevent claims.

Paul Johnson made a motion to recommend to the POOL Board to separate the Cyber Form from the main POOL Form with the respective sub-limits as presented. The motion was seconded by Mike Giles and the motion passed.

8. **For Possible Action: Review of candidates for Executive Committee and Officers up for election at the Annual Meeting,**

Wayne Carlson reviewed the candidates for Executive Committee election schedule. It was noted some changes in some entities' representatives/alternate for Special Districts and Hospitals. The elections will take place at the Annual Meeting. No action was taken.

9. **For Possible Action: Review and revise drafts of agendas including Joint Board Agenda, POOL Board Agenda, and PACT Board Agenda for Virtual Annual Meeting on April 17, 2020.**

Wayne Carlson and Mike Rebaleati reviewed the draft agendas and the use of ZOOM for the annual meeting. It was noted that all audio would be through telephone only for better sound quality. A brief discussion was held. No Action Taken.

10. **Public Comment**

The Chair asked for Public Comment and hearing none, closed the comment period.

11. **For Possible Action: Adjournment**

Meeting adjourned at 10:20 am.