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**Notice of Joint Meeting and Agenda of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: Tuesday, April 20, 2021  
9:00 AM**

**Minutes**

**Roll**

Committee Members in attendance: Cash Minor, Paul Johnson, Ann Cyr, Chris Mulkerns, Dan Murphy, Gina Rackley, Josh Foli, Mike Giles, Geof Stark, Elizabeth Francis, and Cindy Hixenbaugh.

Others in attendance: Wayne Carlson, Alan Kalt, Marshall Smith, Debbie Connally, Mike Van Houten, Stacy Norbeck, Mary Wray, Stephen Romero, Amalia Lyons, and Wendy Lang.

**1. Public Comment**

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

**2. For Possible Action: Approval of minutes of Joint Executive Committees Meeting of April 5, 2021**

On motion by Paul Johnson and second by Josh Foli the minutes were approved.

**3. For Possible Action: Approval of Risk Management Programs, Insurance/Reinsurance Coverage:**

- a. **Approval of POOL/PACT insurance/reinsurance coverage programs for recommendation to the POOL and PACT Boards for 2021/2022:**
  - i. **Retention Options for NPAIP and PACT Renewal and Reinsurance Strategies**
  - ii. **Ancillary Programs Including Student Accident, Pollution Legal Liability, and the TULIP Program**

Mary Wray, Willis Re Pooling, gave a quick insurance update. Noting the challenges in the marketplace specifically with the School District line of business. Included in the meeting packet was renewal information and trends provided by United Educators (UE) our carrier for the schools' line of coverage. UE noted that they and their membership are facing the most difficult liability landscape since 1987. UE remains committed to providing coverage and acknowledges the current challenges with the rising cost of claims and the global pandemic. Mary walked through the Liability coverages and the various renewal options to consider. UE quote represented an 18% increase and significant changes to coverage and limits. UE raised their attachment point on Sexual Abuse and Molestation (SAM) cases from \$500,000 to \$1,000,000, placed a pool-wide Annual Aggregate cap at \$12.5M and dropped all Cyber coverage for schools. Alternative quotes were obtained from Old Republic and Great American. As noted in the spreadsheets, those options were higher than UE's quote with PRM picking up the additional coverage gaps and CRL picking up the school cyber coverage. The spreadsheet provided the Pros and Cons of the various options. A discussion was held regarding the outstanding Elko County School District SAM Claim. The claim has been settled and paid. POOL has not received UE's portion of the claims as a recoverable.

During the claims settlement process, UE was informed and involved as the claims reached a final settlement. POOL and Davies has provided UE with requested information. A soft denial letter has been received by the POOL. It was forwarded to legal counsel for the appropriate response. It was noted that continuing with UE would assist in resolving this matter. PRM received actuarial pricing for the gaps in coverage created by the UE quote and is still less than Old Republic's price. Mary walked through the various options being considered at the \$7M excess \$3M layer. Noting that GEM and Brit were willing to take on additional percentage of the layer. It was noted that in the expiring structure, PRM would be retaining the 25% participation rate. The pricing on the spreadsheet was at an imputed 71% confidence level without the PRM administrative expense load (\$35,299) to keep the cost down for the membership while at the same time retaining a portion of that coverage. It was noted that in Option 2 for this layer of coverage the total cost would be \$726,954 or \$23,513 less than the expiring cost. This is the most economical option but 100% of the coverage would be placed with reinsurance and no ability to retain any of the savings if no claims occurred in this higher excess layer. A discussion over the Pros and Cons of the various options ensued.

Mary Wray reviewed the property coverage. She noted that the quilt is still being finalized but the London layers have been secured and she is working with Steve Firman to finalize the various sections to obtain the most favorable pricing at the \$500,000 attachment point. She walked through the spreadsheet which had the analysis of a \$1M, \$1.5M and \$2.0M attachment points. It was noted that the trade-off of the higher attachment is not financially viable as we are not rewarded for taking the additional risks. She indicated that once a POOL accepts the higher attachment points it is very difficult or nearly impossible to go back to the lower attachments without a significant financial impact to the pricing.

After a discussion of the various options, Dan Murphy made a motion to accept the recommendation of the Liability renewal with the expiring structure noting that PRM would be picking up the higher attachment point on the SAM cases, and the excess over the \$12.5M Annual Aggregate while CRL would provide the schools with the Cyber coverage dropped by UE. Furthermore, the motion included the Property renewal at the expiring \$500,000 attachment point as presented in the spreadsheets to take to the full board at the Annual Meeting on April 22<sup>nd</sup>. The motion was seconded by Gina Rackley. Motion carried.

Mary Wray reviewed the Year over Year comparison on the workers compensation program. Noting that PCM's increase was \$4,400 or 0.17%, CRL increase was \$53,924 or 17.01% and Safety National increase of \$7,341 or 2.15%. Since the CRL layer is at a higher attachment point, their 17% increase did not have a significant impact on the overall rate increase for PACT.

Paul Johnson made a motion to approve the recommended PACT Renewal Rates for presentation to the board at the Annual Meeting. Cindy Hixenbaugh second the motion, which carried.

#### **b. Review Proposed 2021-2022 Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards**

Alan Kalt discussed the POOL and PACT budgets included in the packet. The POOL budget included two options. The first option was based on the POOL rate at the 75% confidence level and the Second Option at a 70% confidence level. It was noted that Option 1 was an estimated 12.1% overall increase and Option 2 was a 9.2% increase. Kalt noted that the entities actual rate of increase will be based on their new application data (exposures) and that the School District increases will be higher because of the significant increases in the UE and related coverages as previously discussed.

The PACT budget implemented the Rate Relativity study previously adopted by the Board. This actuarial study "trues-up" the classification rates over a period of 10 years to reflect their actual experience over the longer period. Furthermore, the Police/Fire rate and the Heart/Lung rate were blended and subject to the x-mods of the individual entities. Kalt noted that the actual member rate increases will be based on their capped payroll, the classification rates and experience mods.

After a brief discussion, Josh Foli made a motion to recommend to the board at the Annual Meeting the POOL budget at 70% Confidence Level (Option 2) and the PACT budget implementing the class

rate relativity and budget as presented. Paul Johnson seconded the motion. He noted that at the Annual Meeting it would be helpful for Staff and Willis to go over the renewal process for the membership so that they understand the competitive quotes that POOL/PACT receives to bring forth the best value to the members within the POOL/PACT program. The motion carried.

## **5. Public Comment**

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

## **6. For Possible Action: Adjournment**

Chair Minor adjourned the meeting at 9:39 am.