



Nevada Public Agency Insurance Pool  
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**DRAFT Minutes of Meetings of the Meeting of  
the Board of Directors and of the Executive Committee of  
Nevada Public Agency Insurance Pool  
Place: John Ascuaga's Nugget, Sparks, Nevada  
Time: 1:00 p.m. or  
Upon adjournment of PACT Board Meeting  
Date: May 1, 2008**

**May 1, 2008**

**1. Introductions and Roll**

A quorum being present, the meeting was called to order at 1:45 p.m.

- 2. Action Item: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
- **Approval of Minutes of Board Meetings:  
Board Meeting April 25, 2008**

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

**3. Action Item: Acceptance of Audit for June 30, 2008**

On motion and second to accept the audit, the motion carried.

- 4. Action Item: Acceptance of Reports**
- a. **Claims Experience Report**
  - b. **Large Loss Report**
  - c. **Actuarial Update**

Doug Smith reviewed the claims experience including the large losses. He indicated that trends in property losses in particular had been upward in severity. Doug then reviewed several excerpts from the various actuarial reports and discussed the frequency and severity of losses and the actuarial methods utilized to arrive at the various confidence level recommendations. He noted that the recommended funding for property losses was up significantly and that the liability was up slightly at the 70% confidence level. He said that the Executive Committee had recommended use of the 70% confidence level for this year only.

On motion and second to accept the report, the motion carried.

5. **Action Item: Approval of Closure of POOL Years 1997-98 and 1998-99 and Retention of Net Assets**

Wayne Carlson referred the board to the Executive Director's Report provided with the Joint Meeting Agenda packet. He said that historically, the POOL board had retained gains from any closed years as net assets to support surplus rather than to distribute the funds. He stated that the net asset gain for 1997-1998 was \$255,395.49 and for 1998-1999 the net asset gain was \$770,614.40.

On motion and second to approve closure of these two years and retention of the net asset gains, the motion carried.

6. **Action Item: Acceptance of Budget for 2009-2010**

Wayne Carlson reviewed the key budget items pointing out that the Executive Committee had approved a reduction of the actuarial confidence level used to establish the loss fund to 70% for this year only. He said that the budget amount for reinsurance costs was increased, but inadequate given the renewal quotes to be presented later in the meeting. The overall budget as presented showed a breakeven status of revenues net of expenses.

On motion and second to accept the budget as proposed, the motion carried.

7. **Action Item: Approve Claims Management Contract with Alternative Service Concepts, LLC.**

On motion and second to approve the contract with changes to the termination provision to make it a mutual provision, the motion carried.

8. **Action Item: Approval of Amendments to Interlocal Cooperation Agreement, Bylaws, Committee Charters and Board Policies Per 2008 Policy Review Project Publication**

Wayne Carlson referred the board to the 2008 Policy Review Project publication sent to them a couple of months previously. He said that as a result of legal counsel review, additional changes to the Interlocal Cooperation Agreement, Article 20, Section 4 Litigation Cooperation to delete the sentence "Such request for assignment shall be subject to the approval of the Litigation Strategy Committee with concurrence of the excess insurers." In addition, to delete from Article 20, the entire Section 6 Litigation Strategy Committee as obsolete. Further, to amend the lead in sentence to Section 12 Claim Administration Company Responsibilities to read: "The Claims Administration Company selected by NPAIP shall:...."

On motion and second to approve the changes as proposed and the changes recommended by legal counsel, the motion carried.

9. **Action Item: Approval of Amendment to Producer Compensation Policy**

Wayne Carlson explained that the present policy was adopted in 2000 and fixed the producer compensation as of that time. There were no subsequent adjustments even though some members changed dramatically in size and complexity. The fixed fee had been overlooked although some producers did negotiate for additional compensation with the members, although some did not. The proposed change in compensation was to reflect the higher complexity and service requirements for NPAIP and to account for inflation. Wayne noted that the overall increase between NPAIP and PACT would be revenue neutral this year, but that beginning in 2010, NPAIP would have an additional increase. He cited that current overall cost of \$484,700 using 3% inflation would have risen by about \$128,000 and under the proposed change to 5% of program costs effective July 1, 2009, costs would rise by about \$168,000. Effective July 1, 2010 with the 6% compensation rate, costs compared to the current year would be an additional \$299,000.

On motion and second to approve the policy change as proposed, the motion carried.

#### **10. Action Item: Acceptance of Renewal Reinsurance Proposals and Options**

Bob Lombard reviewed the current program structure and showed the program costs using current rates and renewal exposure bases. He explained the marketing process and which reinsurers had been approached and their responses. He noted that only Lloyds was willing to provide renewal property terms and none of the other property markets were priced competitively and could not provide the same terms and conditions as Lloyds. Pricing ranged from 10% to 50% higher than Lloyds renewal pricing.

Bob asked Jeff Zander and Donna Squires to comment about their experience in going to London to meet with the underwriters to discuss the Wells earthquake loss and how that affected the Lloyds renewal. Jeff commented that it was a great learning experience for him and that the underwriters had a lot of questions about the earthquake damage and how the costs rose so much from the previous year's estimates. Donna Squires indicated that she was questioned a lot about the earthquake loss and reserves and that she learned a lot about the underwriters expectations when setting reserves. Both expressed how valuable they felt the trip was to the POOL as well as their own learning.

Bob commented about the liability program quotes noting that last year we had negotiated a two-year deal with Munich so this was an anniversary pricing that was flat on a comparable exposure basis. CRL reduced their pricing as did United Educators. PRM had an increase in property and a decrease in liability pricing for an overall slight decrease on a comparable exposure basis. Munich was asked to quote taking the \$250,000 excess of \$2,000,000 layer provided by PRM to free up PRM capital for possible quote share changes with CRL's layer. Munich priced that layer lower than PRM and Option 1 reflected the reduced pricing from PRM of \$121,000 offset by the increase of about \$99,000 to Munich for that layer.

The overall renewal using the present structure came to \$4,367,073 and the Option 1 pricing with Munich taking from \$2,000,000 to \$10,000,000 (replacing PRM's \$250,000 excess of \$2,000,000) came to \$4,345,419. These figures include the boiler and terrorism coverages.

On motion and second to accept Option 1 for renewal, the motion carried.

**11. Action Item: Approval of Renewal Risk Retention Options**

No action was taken on this item as it was subsumed within item 10.

**12. Action Item: Election of Executive Committee for Two Year Terms from 2009-2011**  
**a. One Representative from school districts**  
**b. One Representative from Counties and/or Cities with under 35,000 population**  
**c. Two representatives from Counties and/or Cities with 35,000 or more population**

Chair Rebaleati noted that there was one declared candidate, Pat Whitten of Storey County, for the small county position being vacated by Marilou Walling's retirement and that the incumbents for the other positions all had expressed interest in continuing to serve. He called for any nominations. None were proposed.

On motion and second to close the nominations, the motion carried.

On motion and second to elect the slate as proposed, the motion carried. Pat Whitten and Mike Rebaleati were elected as city/county representatives for those under 35,000 population; Cash Minor and Claudette Springmeyer were elected as city/county representatives for those 35,000 or more population; and Lisa Jones was elected as representative of school districts.

**13. Action Item: Election of Chair and Vice Chair**

Mike Rebaleati and Claudette Springmeyer indicated interest in continuing to serve. On motion and second to elect them to the current positions, the motion carried.

**14. Public Comment**

Mike Rebaleati presented Marilou Walling a plaque honoring her service as a member of the Executive Committee, Audit Committee and HR Oversight Committee of NPAIP.

**15. Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned at 2:35 p.m.