



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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Property and Liability Advisory Board Special Meeting  
May 7, 2009 Meeting Minutes

**PROPERTY AND LIABILITY BOARD MEMBERS PRESENT**

Mark Kammers	Enduris Washington
Jennifer Hills	King County
Gayla Gjertsen	Association of Washington Cities

**EX OFFICIO PRESENT**

Shannon Stuber	Office of Financial Management (OFM)
Chris Carlson	Office of Insurance Commissioner (OIC)
Dan Potapenko	State Auditor's Office

**CALL TO ORDER**

Mark Kammers called meeting to order at 10:00 a.m.

**APPROVAL OF PREVIOUS BOARD MEETING MINUTES**

The draft Board meeting minutes from February 10, 2009 were approved.

Mark Kammers opened the meeting with a welcome and introduction. Meeting minutes were approved.

The group discussed the results of the legislative session. New requirements that self-insured entities use the state form for filing claims was noted. SB 5995 eliminating both advisory boards did not pass. The Property and Liability Advisory Board will remain in operation unless eliminated next session. SSB 5665 passed, which provides authority for P&L joint self-insurance programs for affordable housing entities. OFM will provide regulatory oversight for any pools formed as a result of the legislation. Bills which did not pass related to payment of fines for violations of public disclosure were also discussed. Chris Carlson from OIC reported that OIC bills, with the exception of one bill that was pulled, passed during session. Dan Potapenko from SAO reported that the funds for performance audit were significantly reduced during the legislative session.

In response to questions, Dan reported that the hourly rate did not decrease, but that there were some entities who not be audited as frequently. John Crawford asked whether the Pools would be audited every two years. Dan said that the pools were a higher risk entity and would receive an annual financial statement audit, and perhaps a less frequent accountability audit. He stated that if the state risk manager required annual audited financial statements within one year, then SAO

would prioritize the pool audits, similar to priorities given to annual financial statement deadlines imposed by federal grant requirements. John Crawford questioned whether it would be possible for SAO to meet these deadlines, since they have not been able to do it in the past. Dan replied that most delays in SAO reporting were caused by pools not submitting completed financial statements on time.

Peggy Sandberg, from the SWRMC in Vancouver provided a fact sheet to the attendees discussing Medicare reporting requirements and changes in implementation deadlines for the pools. Gayla Gjertsen stated that they would be adding additional software to collect the required information. Pool directors compared costs and discussed the costs of system upgrades that would be necessary to comply with the new reporting requirements. Many Pools will be using a third party vendor to do the reporting.

Shannon Stuber provided a brief update on the WAC process, stating the proposed Rules had been sent to the Office of Typing Services for formatting, and that dates for hearings were being considered. As soon as those were determined, a notification of proposed rulemaking would be filed with the Code Reviser, and all stakeholders would be notified. Copies of the proposed rules were available at the meeting and were sent out in advance to stakeholders. Eric Homer asked about whether the state reserves funds for claims as the local government pools do. Stuber replied that since the state is not a pool, it funds liability reserves according to a separate standard set by the legislature. John Crawford thanked Mark for his work on the procurement section of the proposed revisions.

Attendees reviewed the financial statements for WCIA using the standards in the proposed revisions to WAC 82.60. The group determined that WCIA met the proposed standards for maintaining cash reserves in the amount of the expected claims as determined by the pool's actuary. The new standards would also require the pools to maintain additional cash and investments at the 70% level or greater. Upon review, the attendees found that WCIA was reserved at 99%, meeting the requirements for secondary reserves. Stuber thanked WCIA staff for allowing the Board to use them as an example to determine the effect of the proposed solvency requirements on a joint self-insurance program.

The group also discussed the standards for audited financial statements. Dan Potapenko provided some copies of the SAO reporting package. Stuber stated that some of the finance directors for the pools had made suggestions, and she would provide those at the next meeting. Dan said that SAO was considering updating the reporting package for risk pools and would be open to working with the state risk manager to include possible revisions.

#### **NEXT MEETING**

The next meeting of the Property and Liability Advisory Board is scheduled for August 6, 2009 from 9:30 to 3. A notice will be sent out by email prior to the meeting and notification will be posted on the website.

#### **ADJOURN**

Meeting adjourned 2:30 pm.

Note: Upon approval of the meeting minutes at a special meeting on July 8, 2009, Gayla Gjertsen asked that a note be added to indicate that the August 6 meeting referred to in the minutes was cancelled.