



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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Property and Liability Advisory Board Special Meeting  
October 8, 2009 Meeting Minutes

**PROPERTY AND LIABILITY BOARD MEMBERS PRESENT**

Mark Kammers	Enduris Washington
Gayla Gjertsen	Association of Washington Cities
Al Hatten	Washington State Transit Pool
Joanne Nicolai	City of Bellevue
Jennifer Hills	King County

**EX OFFICIO PRESENT**

Shannon Stuber	Office of Financial Management (OFM)
Chris Carlson	Office of Insurance Commissioner (OIC)

**CALL TO ORDER**

Joanne Nicolai called meeting to order at 10:00 a.m.

Joanne Nicholai opened the meeting with a welcome and introduction of Board members and stakeholders.

**APPROVAL OF PREVIOUS BOARD MEETING MINUTES**

The draft Board meeting minutes from July 8, 2009 were approved.

**OFFICE OF INSURANCE COMMISSIONER UPDATE:**

Chris Carlson reported that he was working on a project for OIC which may help those entities affected by possible flooding due to release of water from the damaged Howard Hansen Dam.

**STATE RISK MANAGER REPORT:**

Shannon Stuber mentioned that the rules had been submitted to JARRC (Joint Administrative Rules Review Committee), and that she had not seen the petition for review yet. Mark Kammers requested that the Board be provided with a copy of the petition when available.

As a follow-up to discussions at the last meeting as to whether OFM could contract for claims auditors on behalf of the pools. The short answer was that it would be extremely complicated, if not impossible, to do so. If a pool has not had a claims audit as required, the state risk manager's office may determine that it is necessary in order to ensure that claims handling procedures are adequate. If it is necessary to contract for a claims audit, the pool would receive an invoice in the amount of the audit.

**AGENDA ITEMS:**

The pool directors discussed compliance with Medicare reporting requirements. Several are using a contractor, while others have purchased software. The dates have been changed, allowing more time for compliance.

The annual report form on the state risk manager's website has been modified. It requires that audited financial statements are provided within one year, but it was clarified that the reports that are to be included with the state risk manager's reports are the unaudited statements. Those unaudited financial statements which are provided to the state risk manager are to be duplicates of the same statements provided to SAO. Revisions to the new WAC 82-60, when adopted, will requirement.

Pool reports for the "cities" pools were reviewed by the Property and Liability Advisory Board. The board may, under the statute, review annual reports and recommend corrective action to the state risk manager. The reports for the Association of Washington Cities RMSA were reviewed. Gayla Gjertson of AWC noted that the pool was required to obtain a claims audit, but, as discussed at the previous meeting, had difficulty locating a claims auditor. Contacts for claims auditors were provided by other pool directors, resulting in an RFP and selection of a claims auditor. The audit was completed and recommendations were made to support hiring additional personnel to handle claims. The board's review of the financial reports and actuarial projections for AWC did not result in any recommendations.

The Washington Cities Insurance Authority reports were also reviewed; the board noted the pool's reserves at the 99% confidence level. No items of concern were noted. The Cities Insurance Association of Washington reports were reviewed, a receivable of \$7 million was noted. Gayla questioned how a large receivable occurs and what actions the state risk manager was taking. Shannon Stuber stated that the SAO work papers had been requested for SAO's work in verifying the receivable during their audit. Contracting with a consultant familiar with risk pools and insurance recoveries to provide an independent review was also being considered.

Stuber was asked what actions would be taken if a solvency problem was discovered in a pool. She stated that the state risk manager has statutory remedies provided by RCW 48.62. These remedies include issuance of a cease and desist order and subsequent notification to the Attorney General and State Auditor. However, the state risk manager may accept a pool's plan to increase reserves through member assessments, but the plan would need to be approved and compliance monitored by the state risk manager.

**NEXT MEETING**

The next meeting of the Property and Liability Advisory Board is scheduled for March 18, 2009 from 9:30 to 2:30. A notice will be sent out by email prior to the meeting and notification will be posted on the website.

**ADJOURN**

Meeting adjourned 1:30 p.m.