



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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December 11, 2008

Property and Liability Advisory Board Meeting Minutes

**PROPERTY AND LIABILITY BOARD MEMBERS PRESENT**

|                 |   |
|-----------------|---|
| Mark Kammers    | Washington Governmental Entities Pool   |
| Joanne Nicolai  | City of Bellevue                        |
| Allen Hatten    | Washington State Transit Insurance Pool |
| Margaret Lesser | City of Bremerton                       |
| Gayla Gjertsen  | Association of Washington Cities        |

**EX OFFICIO PRESENT**

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

**CALL TO ORDER**

Joanne Nicolai called meeting to order at 9:30 a.m.

**APPROVAL OF PREVIOUS BOARD MEETING MINUTES**

The draft October 20, 2008 Board meeting minutes were approved.

**LGSJ REPORT:**

Shannon Stuber provided a written memo from Robert Manicke, Special Assistant Attorney General, regarding the tax status of local government risk pools under IRC 115. The memo was provided in reference to questions regarding the inclusion of non profits in municipal risk pools.

**CURRENT BUSINESS:**

The proposed WAC revisions were provided to all attendees. The document provided was WAC version #3. Joanne Nicolai asked the Board to first provide overall feedback prior to reviewing the individual revisions.

Peggy lesser stated that she did not agree w/ including AGRIP references in the WAC, and that not all pools are members of AGRIP. She stated that some pools with associate members would go away if the new WAC was adopted. Lew Leigh responded that entities could join a pool as a member or form their own pool if the associate member option was not available.

Gayla Gjertsen mentioned that the number one consideration for the programs is solvency. Mark Kammers stated that AGRIP standards ground you, and that it is easily to get sidetracked. The AGRIP standards encourage transparency, and he viewed the standards as a norm for pools, rather than bureaucracy. Peggy Lesser agreed that standards make things stronger, but should every pool be required to meet them?

Shannon Stuber stated that consistent standards and values were needed to apply regulation fairly, not guidelines. Mark Kammers questioned if not AGRIP standards, then what standards are to be used? Al Hatten stated that John Crawford, David Hayasaka and Lew Leigh, all Washington pool directors at the time, set the AGRIP standards. Chris Carlson observed that what has happened in the financial market activities may be the result of lack of regulation, while the insurance industry has done well overall because of the consistent regulation occurring over all states through the efforts of the state insurance commissioners.

Joanne Nicolai mentioned her concerns with WAC revisions which include contracts. She stated that the WAC revisions are a good attempt, but is concerned with the extent of the regulation.

Peggy asked about the timeline for the WAC revisions. Stuber stated that the CR101 has been filed, and a copy was provided to all attendees. Also, the CR102 will not be filed until a final copy of the WAC has been drafted. Hearings will be scheduled, and stakeholders will be able to voice their concerns. Those concerns will be answered prior to any final adoption of WACs.

Dick Rodruck stated that his pool needed maximum flexibility in the way that their assessments are collected. David Hayasaka stated that he participated in creating the standards, and that he is willing to endure over regulation to bring up the financial standards for all pools. Vyrle Hill stated that conditions are often dependent upon the type of organization; for instance, a county pool has certain laws that need to be followed, including meeting laws and contract regulations. He expressed some concerns about meeting notices, especially committee meeting notices. He stated that he had no opposition to bringing in AGRIP standards in practice, but didn't think that they should be brought into the WAC.

Joanne introduced the proposed WAC revisions, and the group reviewed the definition section. Gayla Gjertsen recommended that a definition for reassessment be added, and Mark Kammers stated that the term "risk sharing" should be defined. The group determined that the term "consultant" should be applied specifically to claims auditors, brokers, third party administrators, and actuaries. Dick Rodruck stated that there is a distinction in "IBNR" in that "expected" should be removed from the term "expected development on future claims" as those would already be considered in the case reserves. Peggy Sandberg mentioned that, without requiring a certification, such as AIC, but by requiring specific experience, a qualified claims auditor could be found, and the group agreed to change the definition.

Kevin Wick mentioned that a qualified actuary should be both a Fellow of the Casualty Actuarial Society AND a Member of the American Academy of Actuaries, and the definition was amended to reflect this change. Kevin also discussed the differences between risk based capital and liquid assets, and the term “liquid assets” was chosen for reserves in the form of cash and investments. The group nearly completed a review of definitions, and a meeting to finish those after “self insurance program” alphabetically was scheduled.

**NEXT MEETING**

The next meeting was set for January 7 & 8, 2009. A notice will be sent out by email prior to the meeting.

**ADJOURN**

Meeting adjourned 2:30 pm.