



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

AS APPROVED

To: Local Government Self Insurance
Property and Liability Advisory Board

From: John Nicholson
Local Government Self Insurance
Program Administrator

Subject: Property and Liability Advisory Board
September 27, 2006 Meeting Minutes

PROPERTY AND LIABILITY BOARD MEMBERS PRESENT

David Canfield Canfield and Associates
Mark Kammers Washington Governmental Entities Pool
Margaret Lesser City of Bremerton
Joanne Nicholai City of Bellevue

PROPERTY AND LIABILITY BOARD MEMBERS ABSENT

Allen Hatten Washington State Transit Insurance Pool

EX OFFICIO PRESENT

John Nicholson Office of Financial Management State Risk Manager (OFM)
Christopher Carlson Office of the Insurance Commissioner (OIC)

GUESTS

Jim Cherf Canfield and Associates
Wes Crago Cities Insurance Association of Washington
John Crawford Canfield and Associates
Loy Dale SW Washington Risk Management Insurance Cooperative
Rick Daley Schools Insurance Association of WA
David Hayasaka Washington Schools Risk Management Pool
Don Johnsen Office of Financial Management
Eric Larson Washington Cities Insurance Authority
Lew Leigh Washington Cities Insurance Authority
Shannon Stuber State Auditor's Office
Brian Turnbull Canfield and Associates
Kevin Wick Price Waterhouse Coopers

CALL TO ORDER

Chair Lesser called meeting to order at 9:30 a.m.

APPROVAL OF PREVIOUS BOARD MEETING MINUTES

The draft April 2006 Board meeting minutes were approved as revised.

STAFF REPORT

John Nicholson discussed the Governor's GMAP (Government Management, Accountability and Performance Program, the State's 'Enterprise Risk Management' measures and most recent actuarial review which continued the three year reduction in the State's outstanding liabilities. John noted a number of recent public disclosure requests.

POOL EQUITY FUND USE

John discussed the increased use of equity funds to support pool claims budgets. It was agreed that use of such funds to address higher than anticipated claims was appropriate. There was no objection by the Board or guests to the concept of a pool using equity to fund an actuarially set claims budget provided year end assets were equal to or above all claims years rated by their actuary at 70% confidence factor. It was decided the discussion and possible revision of the Financial Solvency Guideline would be a carryover subject for next meeting.

CLAIMS AUDIT PERFORMANCE

After discussion, it was agreed John Nicholson would draft a guideline identifying the criteria utilized by the State Risk Manager in evaluating the adequacy of risk pool claim audits for discussion at the next meeting.

RISK POOL MEMBER WITHDRAWAL REQUIREMENTS

After general discussion, it was agreed that individual risk pool member withdrawal notice provisions are the prerogative of the risk pool board.

FREQUENCY OF RFP SOLICITATION

After general discussion, it was agreed that a guideline would be drafted for review and discussion at the next meeting addressing the requirements for regular competitive solicitation of pool service providers including insurance broker, actuary and third party administrator.

NEW RISK POOL MEMBERSHIP PRICING

After general discussion, it was agreed that a guideline would be drafted for review and discussion at the next meeting providing that different assessment formulas may be used for classes of members but that the same assessment basis and formula is to be used for all new and existing members within that class.

CERTIFICATION OF LOSS RESERVES

After a full discussion, it was agreed each pool would get an actuarial financial solvency report showing loss reserves and liability which are to match the pool financial statement with the general ledger updated to include all actuarial review parameters.

PEER REVIEW OF ACTUARY REPORTS

As noted at the meeting, John Nicholson subsequently confirmed that all actuary reports received for the past 2 years have been peer reviewed.

NEXT MEETING

Date/place to be announced. Guideline drafts of the claims audit, pool service provider RFP, membership pricing and claim liability reporting were e mailed to all risk pools September 29, 2006.

ADJOURN

Meeting adjourned 12:00 pm.