

**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
Telephone (775) 885-7475  
Facsimile (775) 883-7398

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**Notice of Training Meeting and Agenda for the Joint Meeting of  
the Board of Directors and of the Executive Committees of  
Nevada Public Agency Insurance Pool and  
the Board of Trustees of  
Public Agency Compensation Trust**  
**Location: Grand Sierra Resort, Grand Sierra Resort**  
**500 E 2nd St,**  
**Reno, NV 89595**

**Date: April 20, 2023 Time: 1:00 p.m.**

**JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA**

**April 20, 2023**

**Notices:**

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Introduction**
- 2. Public Comment**
- 3. Human Resources: Keeping the H in Human Resources**
- 4. Overcoming Peace of Mind Through Risk Management: Fit For Retirement and Other Wanderings**
- 5. Claims Management: You Can't Make This Up!!**
- 6. Convenient Learning: Successful and Convenient Knowledge and Skills**
- Break .....**
- 7. Cyber Report: Overcoming Paranoia Through Knowledge**
- 8. Panel of Our Reinsurance Partners: Market Conditions and Challenges**
- 9. Unraveling the Mystery of the Quilt: How Coverage Works**

**10. Investing in an Uncertain Market**

**11. Public Comment**

**12. Adjournment**

**This Agenda was posted at the following locations and on the State's Website [notice.nv.gov](http://notice.nv.gov):**

**N.P.A.I.P. / P.A.C.T.  
201 S. Roop Street, Suite 102  
Carson City, NV 89701**

**Carson City Courthouse  
885 E. Musser Street  
Carson City, NV 89701**

**Eureka County Courthouse  
10 S. Main Street  
Eureka, NV 89316**

**Churchill County Administration  
155 North Taylor Street  
Fallon, NV 89406**

**NOTICE TO PERSONS WITH DISABILITIES**

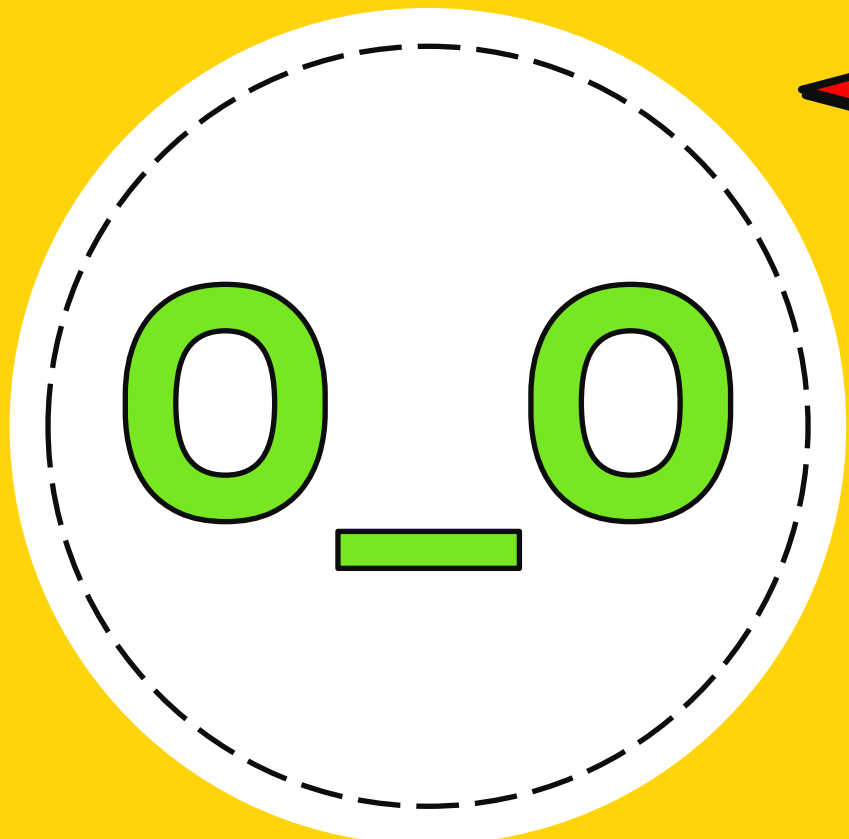
**Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.**



## **POOL/PACT HUMAN RESOURCES MEMBER SERVICES**

A variety of services are offered through POOL/PACT HR. We work with each member individually to address their specific HR-related needs and reduce liability. The basic services include:

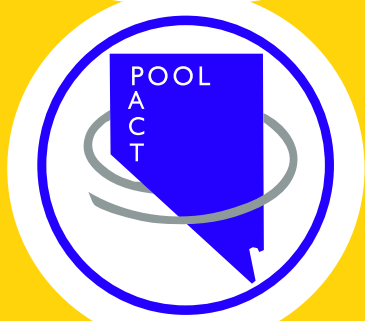
- Consultation with members to manage and resolve critical employment-related issues to include identifying options, providing step-by-step guidance, monitoring progress, and answering questions.
- In-person and virtual instructor-led training courses, workshops, and certificate programs.
- eLearning courses available 24/7.
- Webinars on HR-related topics.
- On-site assessments of members' HR practices with recommendations.
- Communication issued as "Alerts" to inform members of significant HR-related law or practice changes.
- On-site HR Briefings tailored to specific needs/requests of members.
- Sample personnel policies which may be adopted for use by members.
- Sample job description templates and numerous HR forms that can be tailored for use by members.
- Salary schedule database available on our website for member reference.
- Summary of HR-related legislation produced each legislative session.
- HR scholarships to assist member HR representatives in attaining nationally recognized HR certifications.
- Annual HR Conference providing HR representatives and CEOs valuable information on communication, leadership, and legal compliance.



Introducing...

**Convenient**

**Learning**



→ Successful and Convenient Knowledge and Skills



# About the program

## 01 Enterprise LMS

Enterprise-class learning management system that each members has full individual control over

## 02 Award-winning courses

In-house designed interactive courses and topics specific to Nevada, along with timely topics.

## 03 Exceptional support

Same-day, same-hour support via phone, email, text, ZOOM and if necessary, in-person.

# History

A brief recap

Summer 2009

It lives!

Started with three courses,  
no LMS

Winter 2010

Moodle Attacks!

Launched Moodle,  
rudimentary, six courses

Spring 2012

Lighting the Torch!

Torch, first 'true' LMS. One  
year later, 12 courses,  
1,832 completions

# History

A brief recap

Always evolving...be it the courses, the LMS, the topics of training, and the trends



December 2018

Torch Ignites!

12,812 completions in 2018, with 44 courses.

January 2019

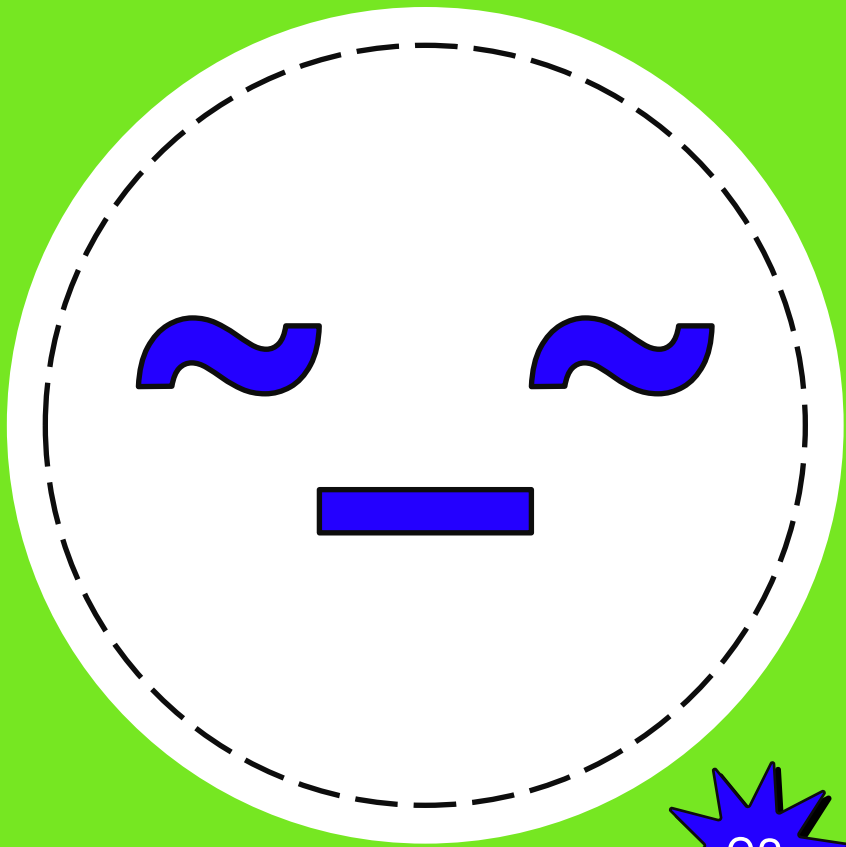
Torch gets Absorbed

Our little start-up LMS sells to Absorb, and is 'absorbed'. Elect to stay.

December 2022

Absorb this!

51,148 completions, with 439 different courses.



# OH, THE PLACES YOU WILL GO!

Large course catalog.

01



**Schools**  
250+ school topics

02



**Risk Management**  
Safety first!

03



**Cyber Security**  
Don't get hacked!

04



**Human Resources**  
Be a top-tier human!

# OH, THE PLACES YOU WILL GO!

Large course catalog.

05



## Governing Boards

A compliant board is a happy board!

06



## Transportation

Get there safely!

07



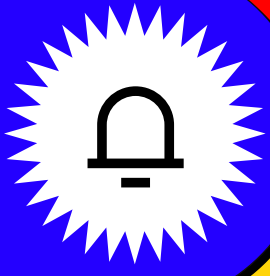
## Health & Wellness

Work is stressful!  
We can help

**Last Stop:**  
eLearning  
Super Star!

Speaking of  
eLearning  
Super Stars....

THANK

YOU! 

Carson City School  
District

Mineral County School  
District

IVGID

City of Boulder City

Churchill County

City of Boulder City

Lyon County School  
District



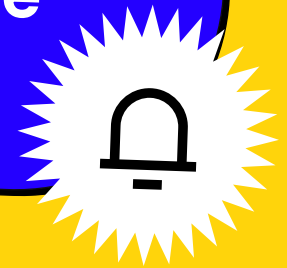
So...

**why  
do it?**



**A Culture of Safety and  
Respect**

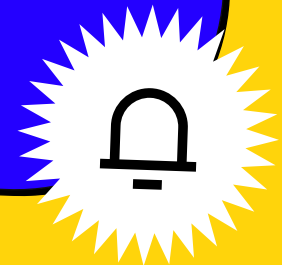
**Your employees will feel safer knowing their workmates and everyone in the organization are aware of your policies and receive training on it.**





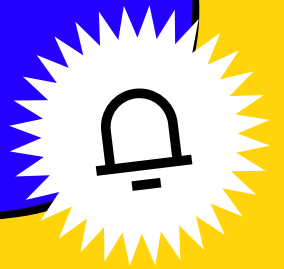
A Culture of Safety and  
Respect

**Showing your employees that you care about their wellbeing speaks volumes and legitimizes your organization—not to mention avoids the penalties associated with non-compliance.**



**No additional cost!**

**We score sweet deals with Absorb and course vendors to obtain these services at a lower rate per member than you'd pay if you were to venture out and launch your own eLearning program.**



**→ Save thousands of \$\$\$!**

**Increase Productivity**

**Reduce absenteeism  
(e.g., due to injury, mental health issues, etc.)**



**Compliance**

**Most legal violations that occur within businesses are preventable. Compliance training helps you develop policies and procedures that ensures your business stays in line with industry regulations.**



**→ Mitigate, don't Litigate!**

**Minimize Risk of Legal Action**

**Do the training records of employees play a factor in litigation? Yes, training records have been provided to our attorneys, numerous times in regard to specific incidents.**

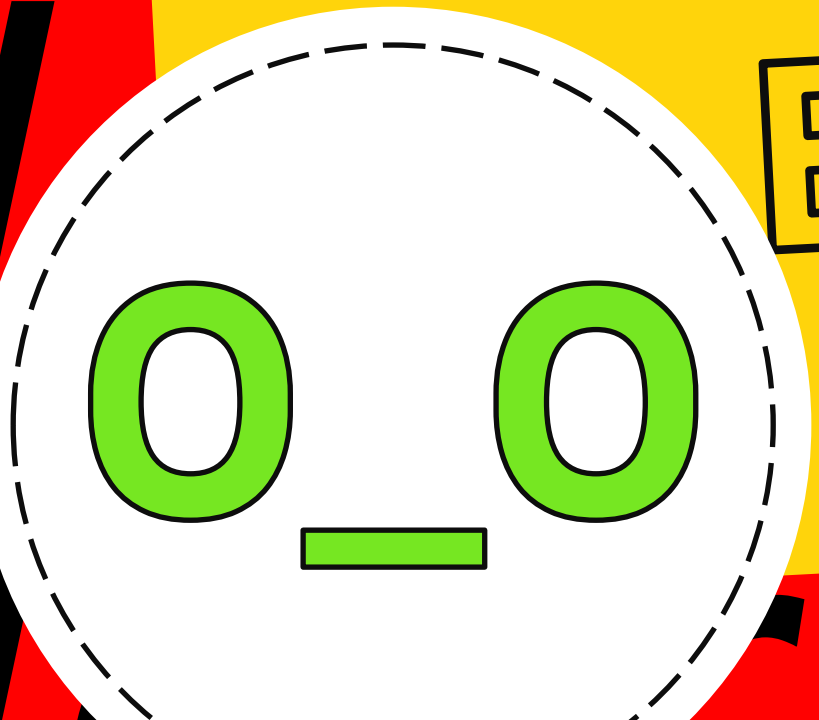




# Solutions

# not

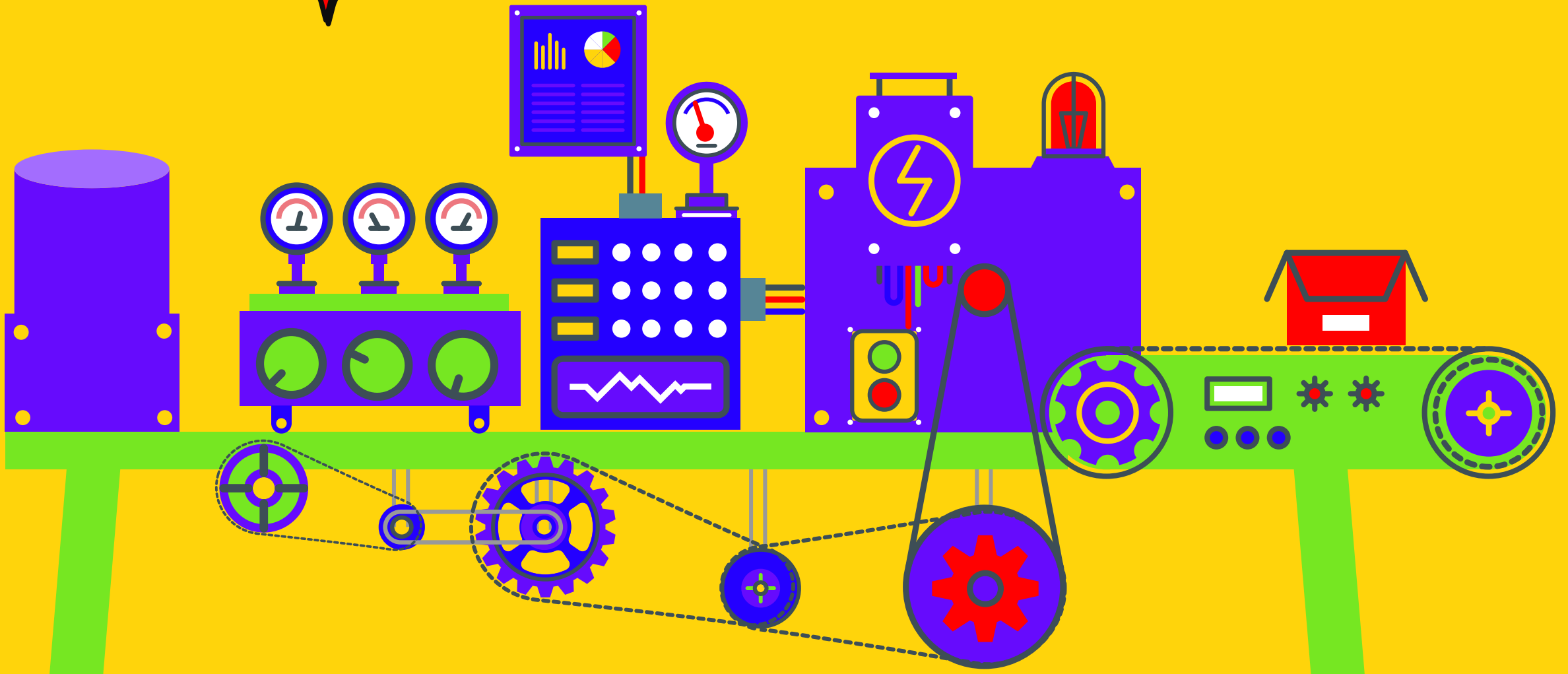
# Excuses!



→ We have solutions!

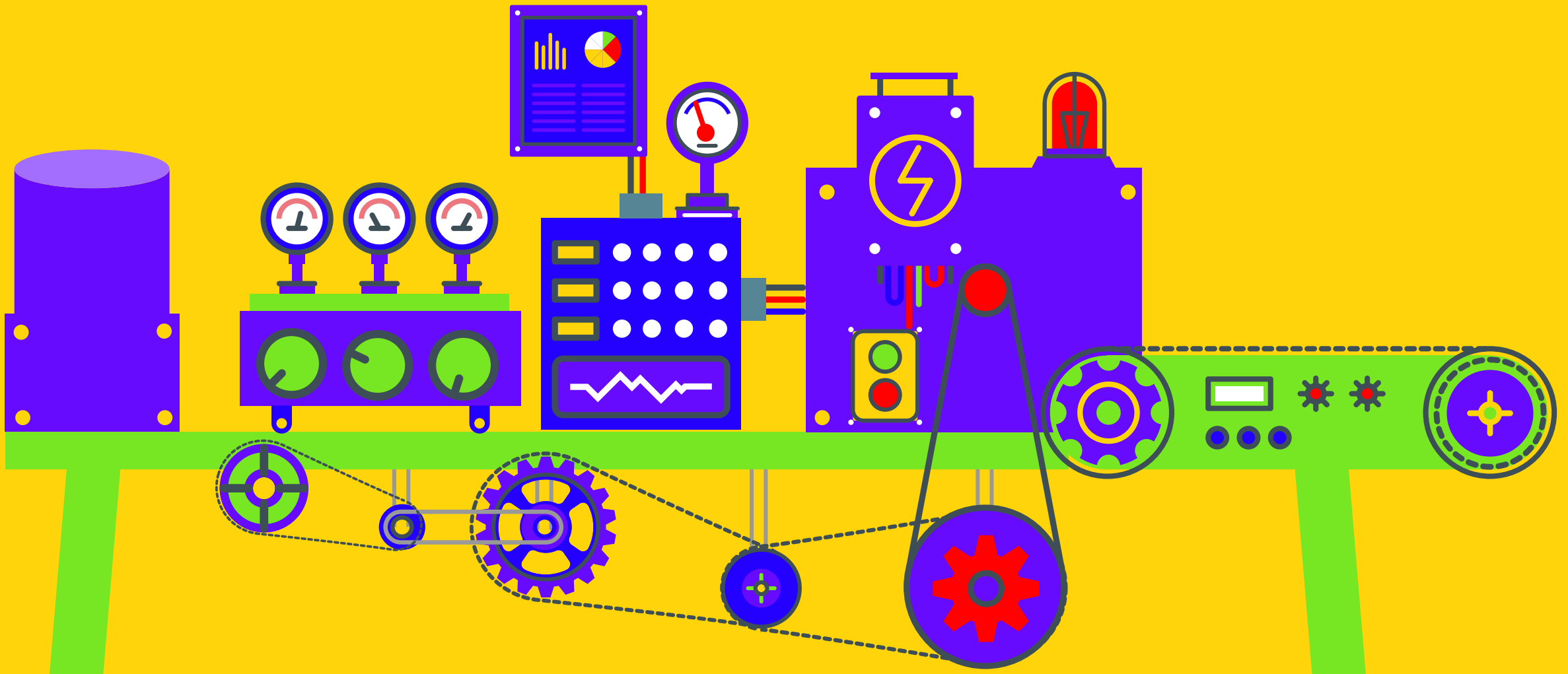


# EXCUSE-O-MATIC 6000x



I don't have time to manage an eLearning program, I barely have time to breath!

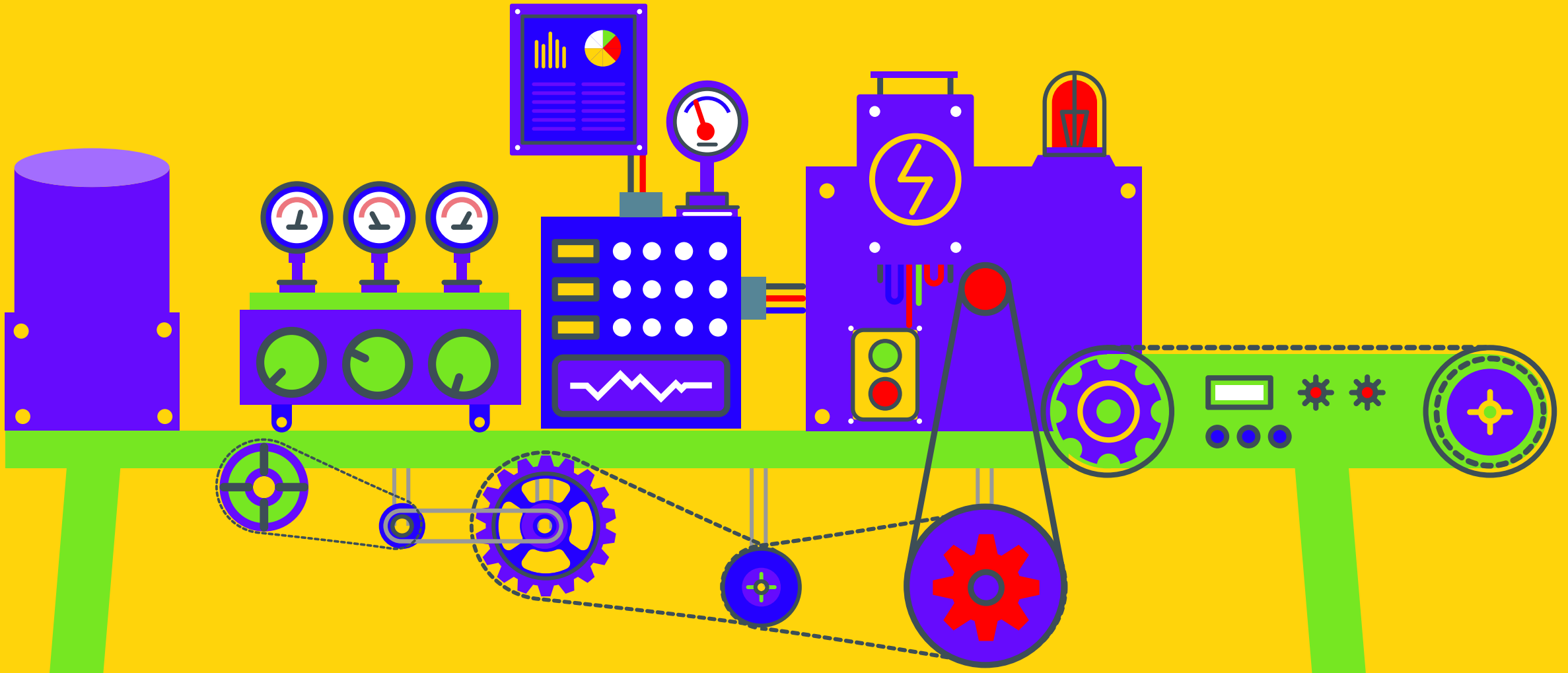
Your eLearning curriculum can be completely automated and nearly hands-free, and we can even do the rollout/management for you





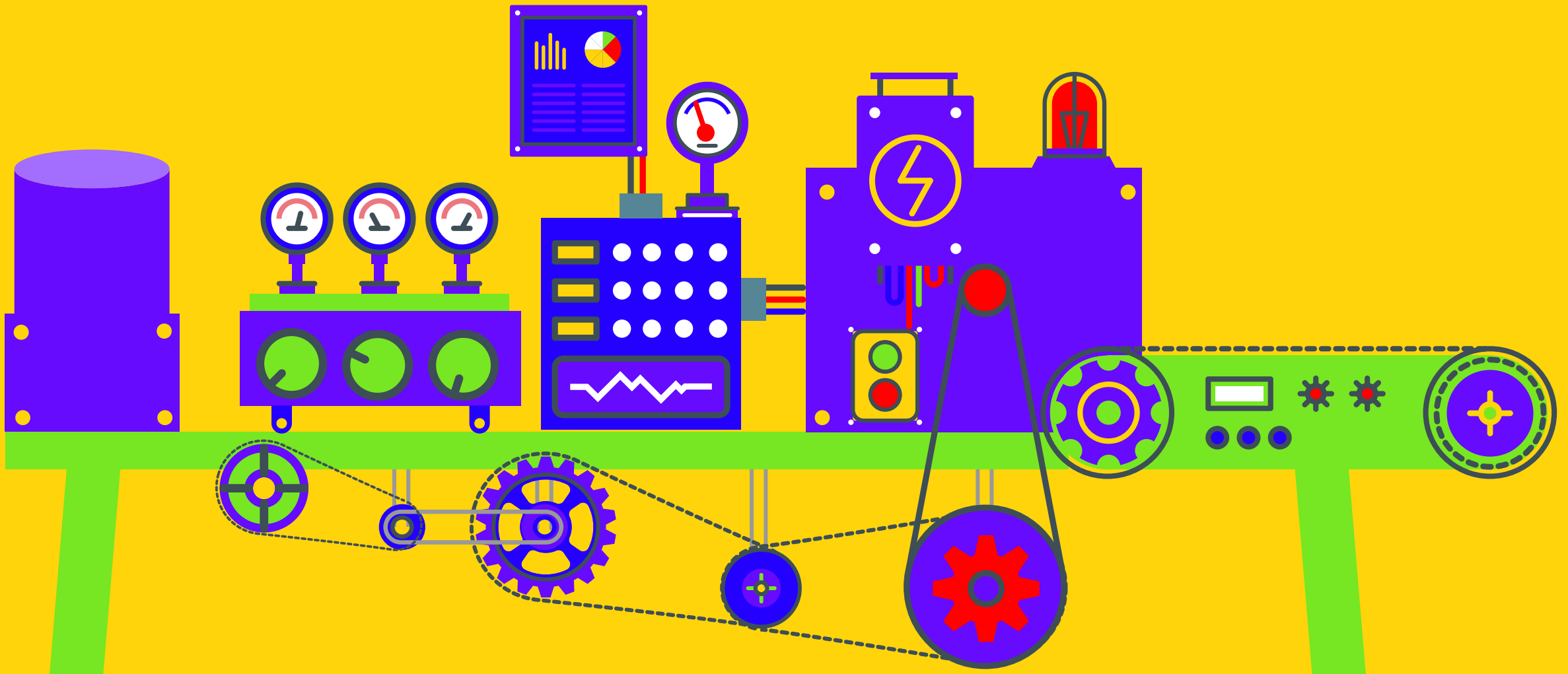
My employees don't have time to take eLearning.

Our courses are short, self-paced, mobile friendly, and can be taken any time. Also, some courses are mandatory per NRS statute or OSHA.



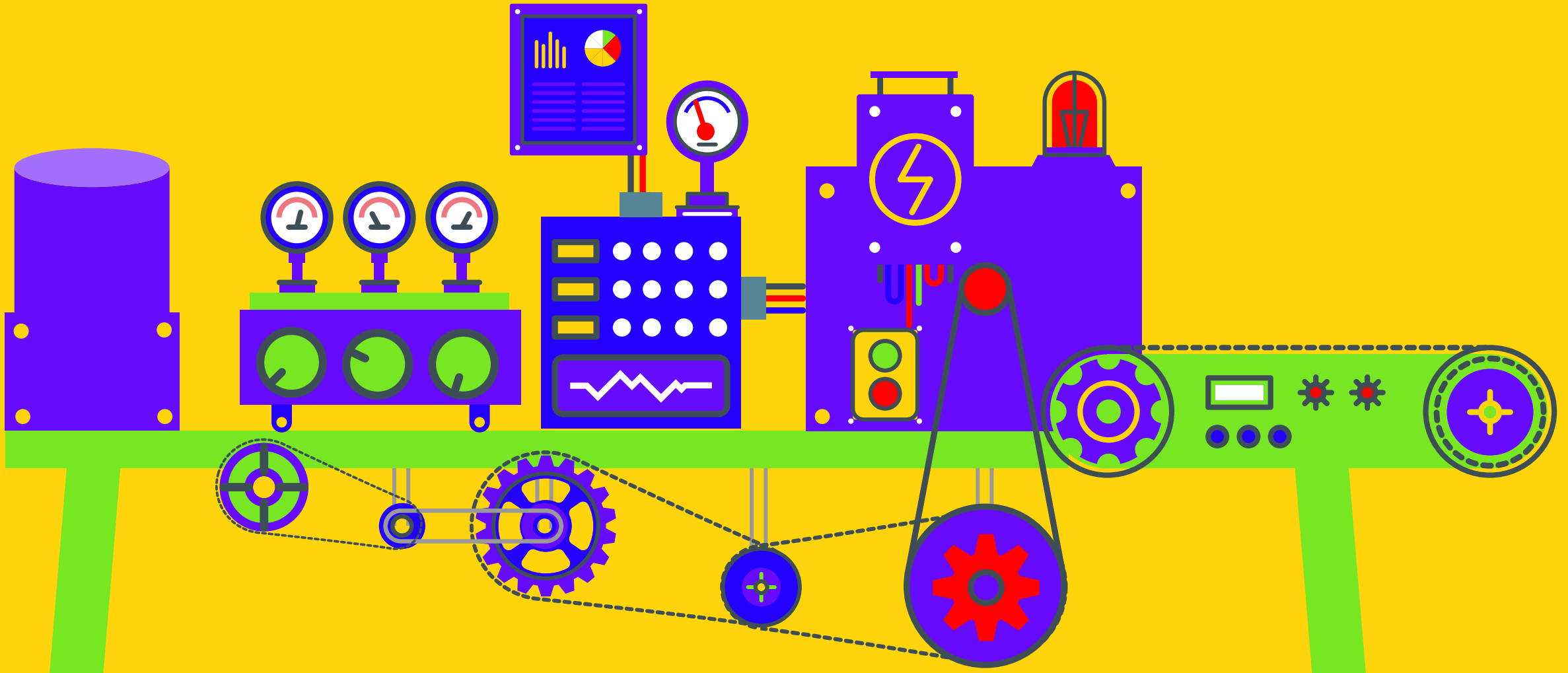
I don't want to be locked into a system, what if we leave the POOL or get our own system?

If you leave the POOL or decide to use a different LMS, we'll provide all your raw data records to you in an importable format and/or give you our courses to import



We have a small tight-knit organization with no issues. We don't need eLearning

While that might be true, it's not a very proactive approach to preventive maintenance, and a tight-knit organization won't keep someone from slipping on ice.



01

## TRAINING

- Support with specific issues / tasks
- ZOOM training for admins
- In-house-created Absorb training videos
- Quick turnaround time for support
- Consultations on learning theories

02

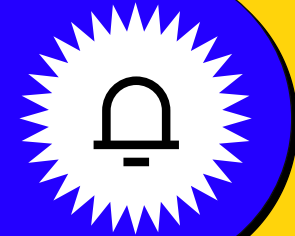
## CREATION

- PowerPoint-to-course conversion
- Conversion of DVD / video formats
- Custom course development
- Custom report production

Mega



SUPPORT



“It’s not that we have little time, but more that we waste a good deal of it.

...Seneca



With the combination of support and a stellar LMS, your eLearning program will truly run on auto-pilot, spending mere minutes on it

**MIKE VAN HOUTEN**



## **TIME SAVERS**

- **Automated yearly recurring assignments**
- **New hires automatically assigned training when added to system**
- **Reports automatically emailed at whatever interval you want**
- **Direct tech support from us, to your employees.**
- **If you are short-staffed, we can manage everything for you.**
- **Short succinct courses**



## **Additional help**

We can recommend course tracks and roll-out strategies to help minimize time spent learning while maximizing the benefits.

conventional training, this form of training has become more and more popular as Internet technology has improved and Web access has become near ubiquitous.

The Association for Talent and Development (ATD) estimates that nearly one-third of learning content made available is in the form of E-learning.

Web-based training has several advantages. Online training allows employees to learn at their own pace and at a time that's convenient for them. And, no matter which shift an employee works, training is always available anywhere there is an Internet connection, which makes these programs effective for training across multiple locations.


Because all the trainees will use the same program, training materials are standardized. The materials are also easy to update.


employees and supervisors to those departments and then create custom course tracks for each department.

- Department Supervisors can monitor their employees development and achievements in real time.
- Using Absorb allows you to track not only learning courses, but offline instructor-led training, on-the-job training and virtual seminars. Torch enables you to keep track of all your compliance based training.
- Absorb includes a number of standard reports. The system also includes a custom report builder tool.

## Essentials

 [General Catalog Click here to open.](#)

 [Safe Schools/Vector Solutions For School Districts\) Click here to open.](#)

 [Recommended Course Tracks Click here to open](#)

## Absorb Training Videos

**Managing Users** - <https://youtu.be/E-0TU76huGc>

**Creating Assignments and Curriculums** - <https://youtu.be/tyl8E350Zu4>

Or use the web form below:

## Contact Form


Filling out the form below will send a request to our E-Learning Administrator to contact you to begin the enrollment process.

\*Your Name:

\*E-mail:

Phone:

CAPTCHA Device:

I'm not a robot   
reCAPTCHA  
Privacy - Terms

Message:





# Matching solutions with claims

Learning solutions for some of the top issues



A top claim: Auto accidents

01

## Courses:

Defensive Driving, Transporting Students with Special Needs, City Driving, Distracted Driving, courses for school bus drivers, road rage, winter driving, many more.

A top claim: Slips and Falls

02

## Courses:

Slips, Trips, and Falls, school-specific Slips Trips and Falls with many variations based on job title.

# Matching solutions with claims

Learning solutions for some of the top issues

A top claim: Back injury

03

## Courses:

Back safety, plus Back Safety for school-district positions

A top claim: Needle sticks

04

## Courses:

Bloodborne Pathogens awareness, Bloodborne Pathogens for Schools

# Matching solutions with claims

Learning solutions for some of the top issues

A top claim: Student-on-teacher aggression/violence

05

## Courses:

Disruptive Student Behavior, Aversive Interventions, De-Escalation Strategies, Restraint & Seclusion, 15+ Special Ed Courses

A top claim: Cyber Incidents

06

## Courses:

Kevin Mitnick Security Awareness Training, dozens of rotating cyber-security courses in Absorb from KnowBe4

# Evaluating Effectiveness

## Completion Rates

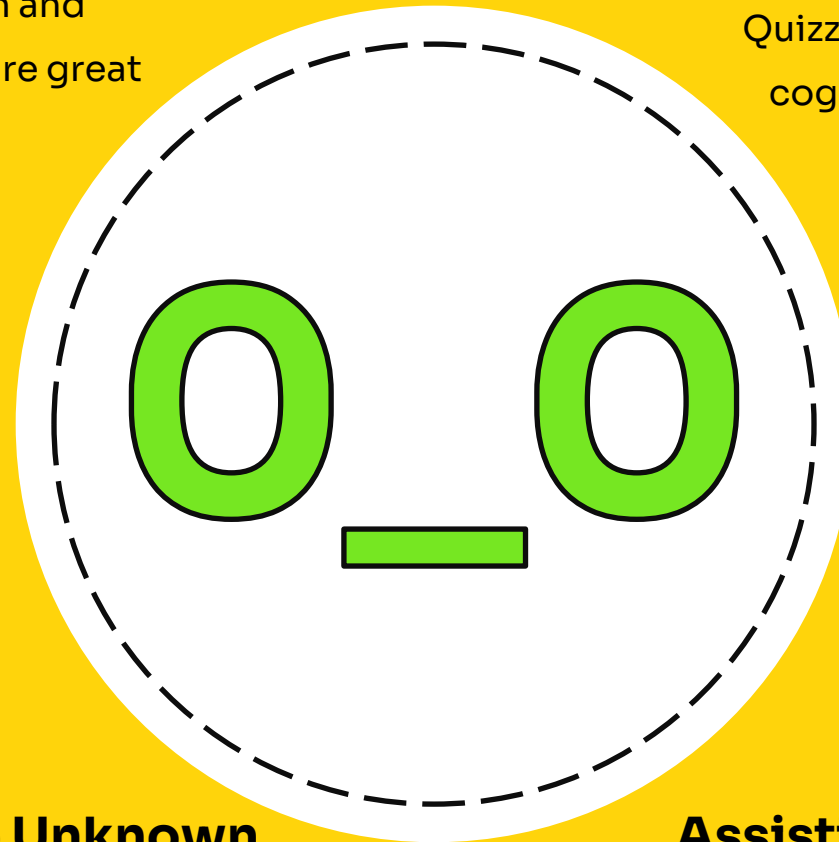
Implementation and completion rates are great start

## Learning and Retention

Quizzes, refresher training, cognitive recall training

## Competency Checks

Ask random sample of learners to complete an exam or demonstration to prove how much of their training they have retained.



## Employee Feedback

Rate curriculums w/star rating, include built-in evaluations

## The Unknown

When training affects a real-life scenario/Workplace behavior

## Assisting in Litigation

Record-requests pulled for specific legal issues

# 2023/2024 Course Development Roadmap



## Significantly change e-learning model

Switch from 'learn, learn test, learn learn test' to seeing what an employee already knows, and deliver content based on that knowledge, excluding NRS and OSHA Mandates. Reward for remembering what they learn taking these courses year after year.

# 2023/2024 Course Development Roadmap



## Significantly change e-learning model

Switch from 'learn, learn test, learn learn test' to seeing what an employee already knows, and deliver content based on that knowledge, excluding NRS and OSHA Mandates. Reward for remembering what they learn taking these courses year after year.



## Pivot away from common-sense learning

Move away from common-sense learning such as 'Drugs are bad' and 'Bullying is bad' to more immersive scenarios employees can apply to their work environment.

# 2023/2024 Course Development Roadmap



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## Immersive Learning

Videos, 3d environments to explore, branching scenarios, in-course games







# **POOL/PACT Board Meeting**

April 20, 2023

**CRL**

COUNTY REINSURANCE, LIMITED

# Contents

- Why CRL?
- CRL Lines of Coverage
- CRL Org Chart
- CRL Membership
- Marketing and Risk Control
- Liability Market Updates
- Workers' Compensation Market Updates
- COVID Market Updates

# Why CRL?

- We specialize in counties and county-related entities
- Member owned reinsurance company
- Sharing program ideas
- Long-term stability
- Profits and investment income belong to Members
- Claim audits, policy form reviews, training
- Member equity as of December 31, 2022, is \$44M, which is owned by CRL members.

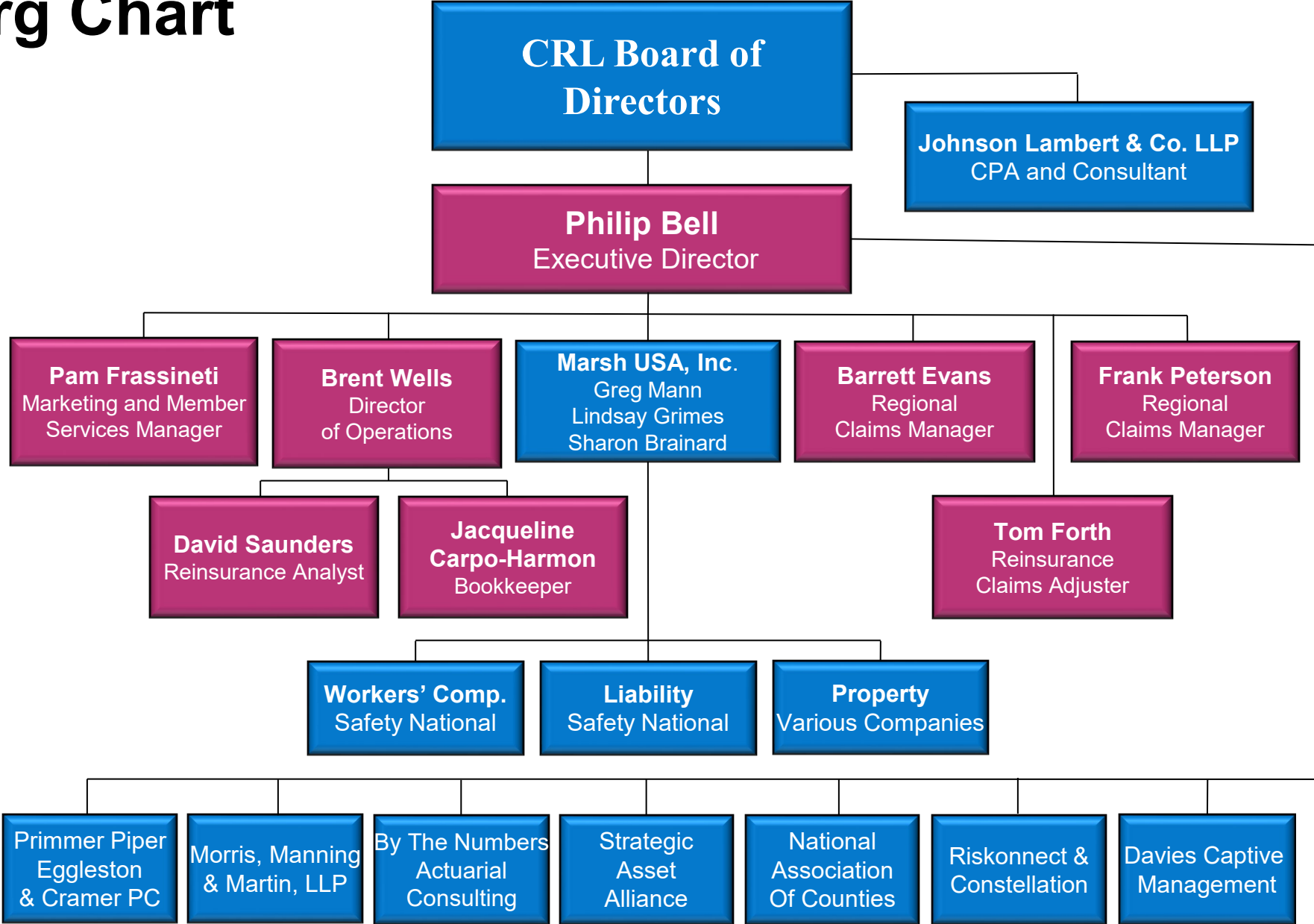
# Why CRL?

- A number of County Association Executive Directors and Pool Managers began discussions about forming a national reinsurance program
- The National Council of County Association Executives (NCCAE), through NACo, facilitated meetings
- 1994 first committee meeting
- 1996 feasibility study completed
- 1997 CRL established as a Vermont Captive with 5 states and 8 pools participating
- 2023 – July will be 26 years, 21 States, and 30 members

# CRL Lines of Coverage

- Liability
- Property
- Property Plus
- Cyber
- Workers' Compensation

# CRL Org Chart









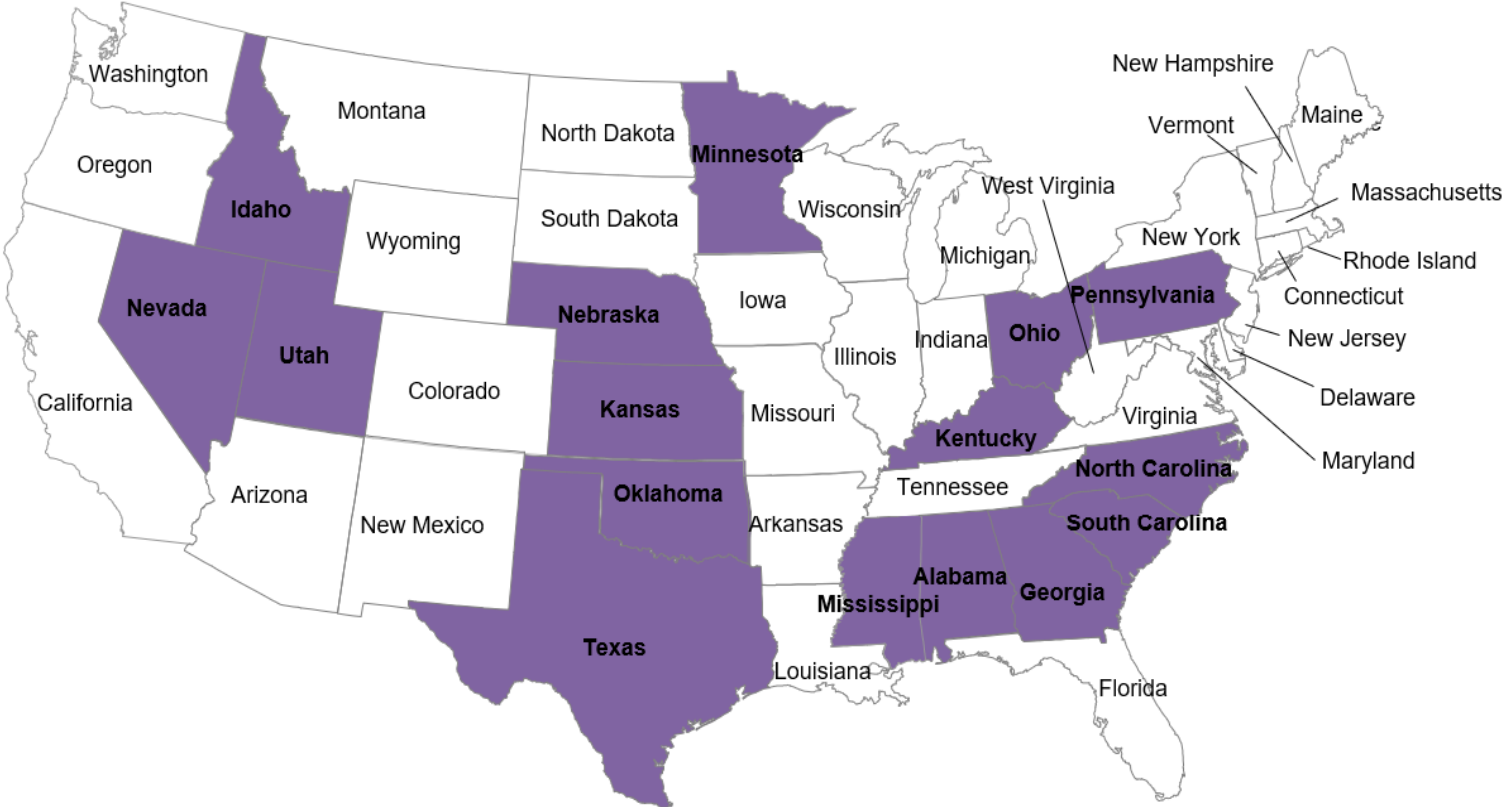
# CRL Membership

## CRL - Current Liability Members



# CRL Membership

## CRL - Cyber Members





# Operations and Risk Control

## CRL Meetings:

- Spring Board Meeting – Stowe, VT – May 16-18, 2023
- (Inaugural) CRL Pool Board Governance Conference – Boise, ID – July 11-13, 2023
- Property Meeting – Atlanta, GA – September 5-7, 2023
- Fall Board Meeting – Oxford, MS – September 25-28, 2023

## CRL Risk Control

- Training Conference Calls
- Risk Control Alliance Meetings
- Risk Control Grants
- Safety National Library of Services
- Engineering Inspections
- Cyber E-Risk Hub
- Property Inspection Meetings in Member States
- Benchmark Analytics
- White Papers and Webinars

# Liability Update



# Public Entity General Market Overview

## Public Entity

### Q1 2023 Casualty Market Conditions



#### Rate Ranges

- +5% to +15% on primary casualty
- +10% to 25% on excess casualty layers
- Regional disparity in pricing due to lack of tort caps & immunities especially in Western region



#### Client Experience

- Increased rates
- Increased attachment points
- Reduced capacity
- Reduced limits due to prohibitive pricing
- Exclusions for PFAS, Wildfire, SAM



#### Coverage/Capacity

- Difficulty obtaining limits excess of \$50M but further reductions not anticipated
- Lead Insurers limiting capacity to \$5M or less
- Quota share underwriting



#### Condition Drivers

- Social Inflation/Nuclear Verdicts
- Police Reform & removal of Qualified Immunity
- Environmental Factors
- Lack of immunity and tort caps in certain jurisdictions
- Presumptive Injury Laws for Workers Compensation



#### Looking Ahead

- Rate increase will be more sustainable
- Increased litigation costs
- Carriers considering ESG Initiatives
- Limited Reinsurance availability
- Competition on excess liability

# CRL Liability Update

## Market:

- Excess liability rating (particularly LEL) continues trend upward – CRL lags behind due to stable pricing approach
- Carriers are exiting market and/or limiting capacity. Very difficult to get limits over \$5M from a single carrier.
- Pool aggregates seen on liability reinsurance for pools
- PFAS (Polyflouroalkyl Substances) Exclusion

## CRL:

- Maximum limit is \$5M (6/1/24); higher limits available through Apex Insurance or others direct
- Aggregates per entity per line of 2x (3x offered for additional premium)
- Average rate increase for 2023-2024 is double digits



# CRL Cyber Update

## Market:

- Double- and triple-digit rate increases still common. AIG proposed 100% rate increase for 2023....with no losses since we started cyber in 2013.
- Local governments are poor cyber risk. Coverage often declined.
- Pool aggregates of 3M-5M
- Applications are routinely filling out dozens of pages and supplemental applications

## CRL:

- No longer partnering with AIG for higher limits
- Max limit is \$2M. \$1M limit offered with no questions asked. \$2M offered with qualifying questionnaire.
- Questions can help cyber risk control efforts
- 10M Pool Aggregate (2022)



# CRL Excess Workers' Compensation Update

## Market:

- Remote workforce exposures continue to evolve in a post-COVID landscape
- Severity continues to increase due to factors such as accident survivability, increased life expectancy of catastrophically injured workers, and escalating medical costs associated with technological advances.
- Retirements/resignations leading to loss of institutional knowledge regarding the historical importance/current benefits of Self Insurance Groups

## CRL:

- CRL Experience mirrors that of the market in general
- Rate action being taken is necessary and is exploring more appropriate rating mechanisms to reflect true exposures
- Member risk management initiatives appear to have lessened the ultimate impact of market changes

# State of the Market COVID Update

## Market:

- COVID Claims Update:
  - Approximately 60,000 COVID-related claims with associated losses have been reported to National Counsel Compensation Insurance (NCCI) since the beginning of the Accident Year 2020 (PACT does not report to NCCI)
    - In total, those claims are associated with approximately \$500 Million in losses
    - In 2020k indemnity-only claims accounted for over 40% of COVID claims, which is much higher than the share observed for pre-pandemic claims. These claims include claimants that needed to quarantine but did not have any symptoms that required medical services.
    - Less than 1% of COVID claims are fatalities, but these claims account for almost 25% of all COVID incurred losses.
    - Frontline workers continue to account for a majority of all COVID claims.



# Questions or Comments?





## **COUNTY REINSURANCE, LIMITED**

6201 TOWNCENTER DRIVE, SUITE 240 | CLEMMONS, NC 27012

(336) 766 - 3930 | [WWW.COUNTYREINSURANCE.ORG](http://WWW.COUNTYREINSURANCE.ORG)



# A Discussion with POOL/PACT

April, 2023

**FOCUSED  
SOLUTIONS**

**MEMBER  
CONTROL**

**POOLS  
UNITED**



# Government Entities Mutual

- Formed in 2003
- Owned by 21 public entity pools from 16 states
- Domiciled and regulated in Washington, D.C.
- Providing reinsurance to our members
- A Pool of Pools

FOCUSED  
SOLUTIONS

MEMBER  
CONTROL

POOLS  
UNITED





# GEM Members

- Arizona School Risk Retention Trust
- California Joint Powers Insurance Authority
- California Transit Indemnity Pool
- Cities & Villages Mutual Insurance Co. (WI)
- Colorado Intergovernmental Risk Sharing Agency
- Delaware Valley Property/Liability Trust (PA)
- Enduris (WA)
- Miami Valley Risk Mgt. Association (OH)
- Michigan Municipal Risk Mgt. Authority
- Midwest Public Risk (MO)
- Montana Municipal Interlocal Authority
- Nevada Public Agency Insurance Pool
- Oregon Public Entity Excess Pool
- Park District Risk Mgt. Agency (IL)
- Primex (NH)
- Texas Council Risk Management Fund
- Texas Water Conservation Association Risk Management Fund
- Virginia Transit Liability Pool
- Washington Cities Insurance Authority
- Washington State Transit Insurance Pool
- Wisconsin Municipal Mutual Insurance Co.

FOCUSED  
SOLUTIONS

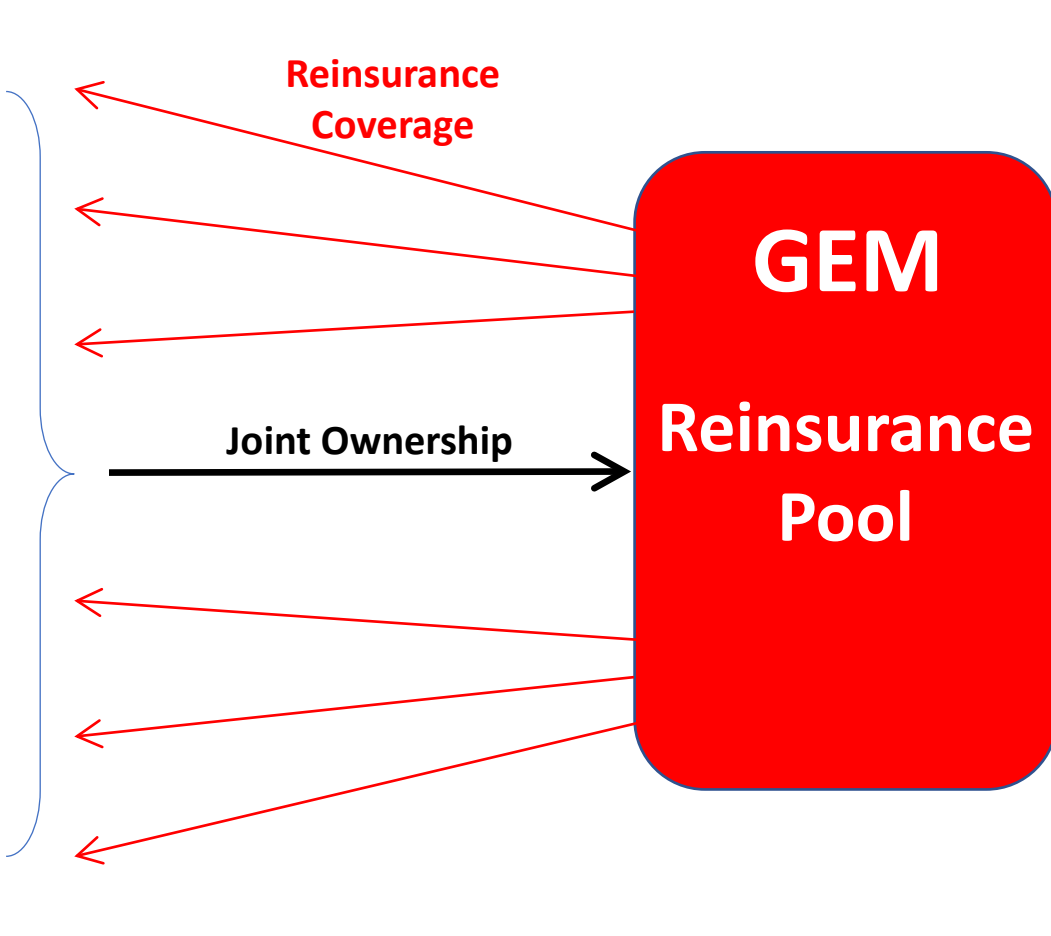
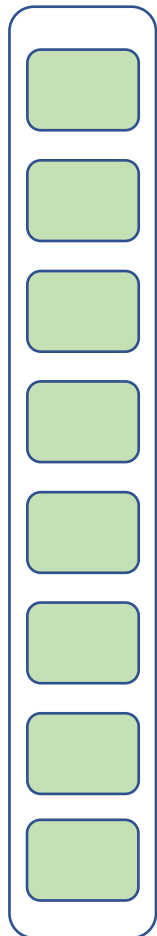
MEMBER  
CONTROL

POOLS  
UNITED

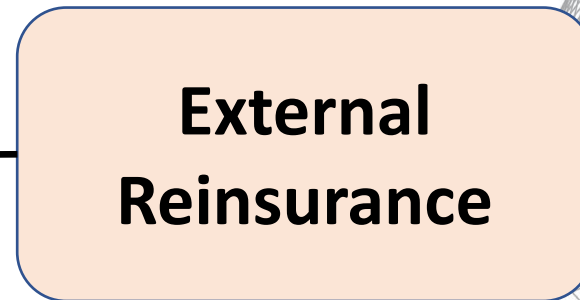


# Pool Of Pools

GEM  
Members



- *Risk shared with peers*
- *Group purchase of external reinsurance*



FOCUSED  
SOLUTIONS

MEMBER  
CONTROL

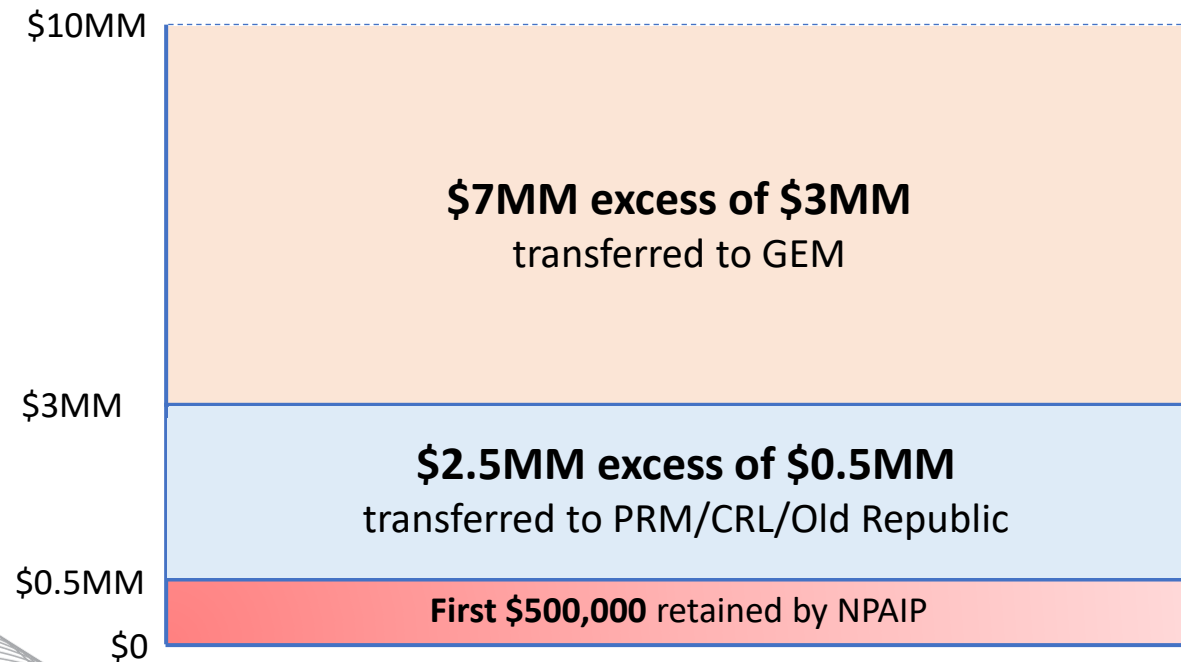
POOLS  
UNITED





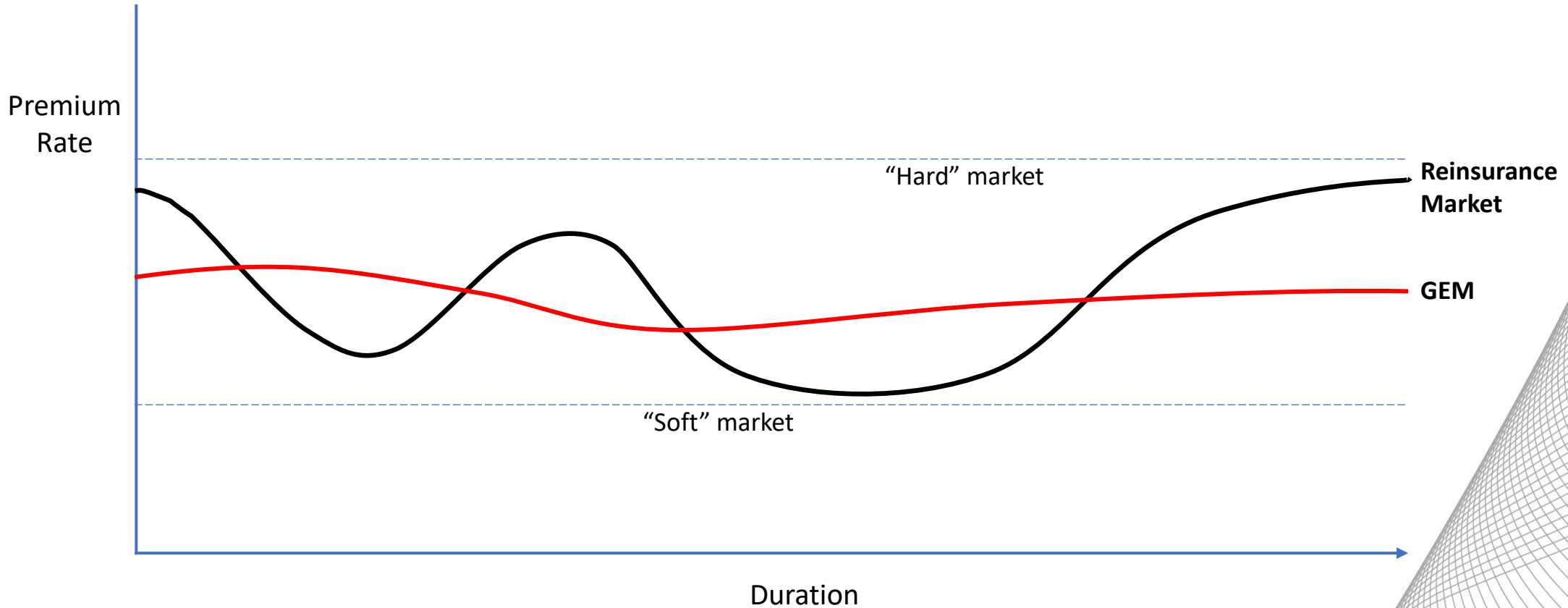
# Coverage Provided to NPAIP

**Liability: \$7,000,000 excess of \$3,000,000**





# Pricing Stability



**FOCUSED SOLUTIONS**

**MEMBER CONTROL**

**POOLS UNITED**



# Playing The Long Game

- Maintaining high standards in new membership and underwriting
- Cautious use of our surplus – managing our risk exposure
- Pooling knowledge

FOCUSED  
SOLUTIONS

MEMBER  
CONTROL

POOLS  
UNITED



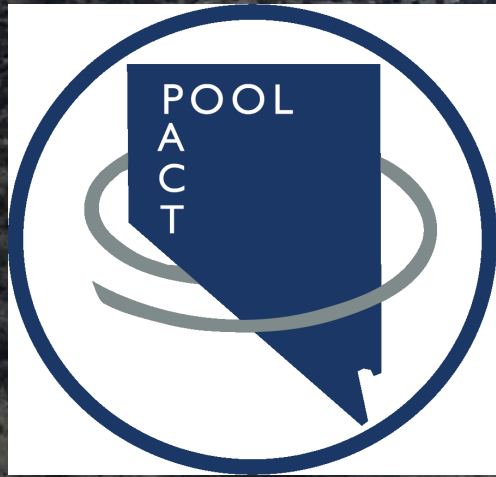
# GEM is *your* company

FOCUSED  
SOLUTIONS

MEMBER  
CONTROL

POOLS  
UNITED





## Understanding Claim Allocation

**WHO PAYS CLAIMS?**

# How Does the POOL/PACT Coverage Work?



Who is POOL and PRM

POOL Coverage Structure

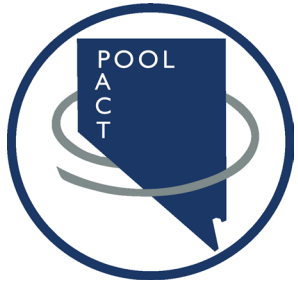
POOL/PRM Coverage Layers

Scenario POOL/PRM Coverage – Who Pays  
What?

Who is PACT and PCM

PACT/PCM Coverage Layers

Scenario PACT/PCM Coverage – Who Pays  
What?



# Who is Nevada Public Agency Insurance Pool (NPAIP or POOL)?

- ▶ YOU, US and WE
- ▶ POOL is Member Owned and Governed Property and Liability Pool
- ▶ Started in 1987 with 4 Member Counties who could not place or afford Insurance
- ▶ POOL is a Risk Management Pool made up of 138 Members, consisting of Cities, Counties, School Districts and Special Districts within the State of Nevada
- ▶ POOL Provides Innovative Solutions to Effective Risk Management, Cost Effective Risk Sharing and Financing, Financial Strength and Security and Interactive Claims Services
- ▶ POOL has never imposed a special assessment to the Members

# *Public Risk Mutual*

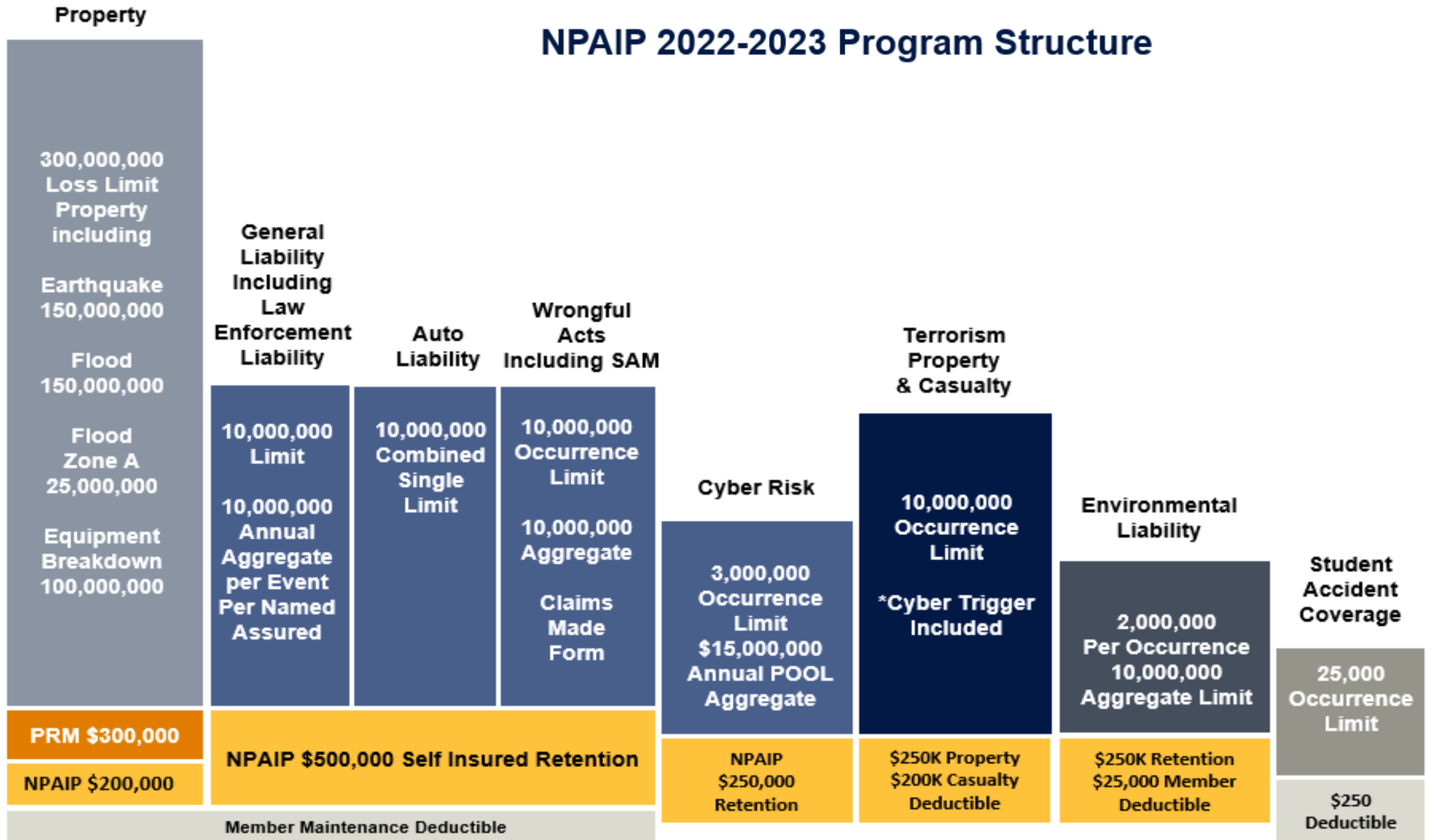


## Who is Public Risk Mutual (PRM)?

- ▶ PRM is a non-profit pure captive mutual insurance company **owned by POOL**
- ▶ PRM issues a single reinsurance agreement to POOL for reinsurance of Property and Liability
- ▶ PRM focuses on a conservative policy of building capital to increase retentions or share limits with markets to help lessen rate increases in the reinsurance layers (POOL paying itself for PRM participation)
- ▶ PRM has never imposed a special assessment to the Members

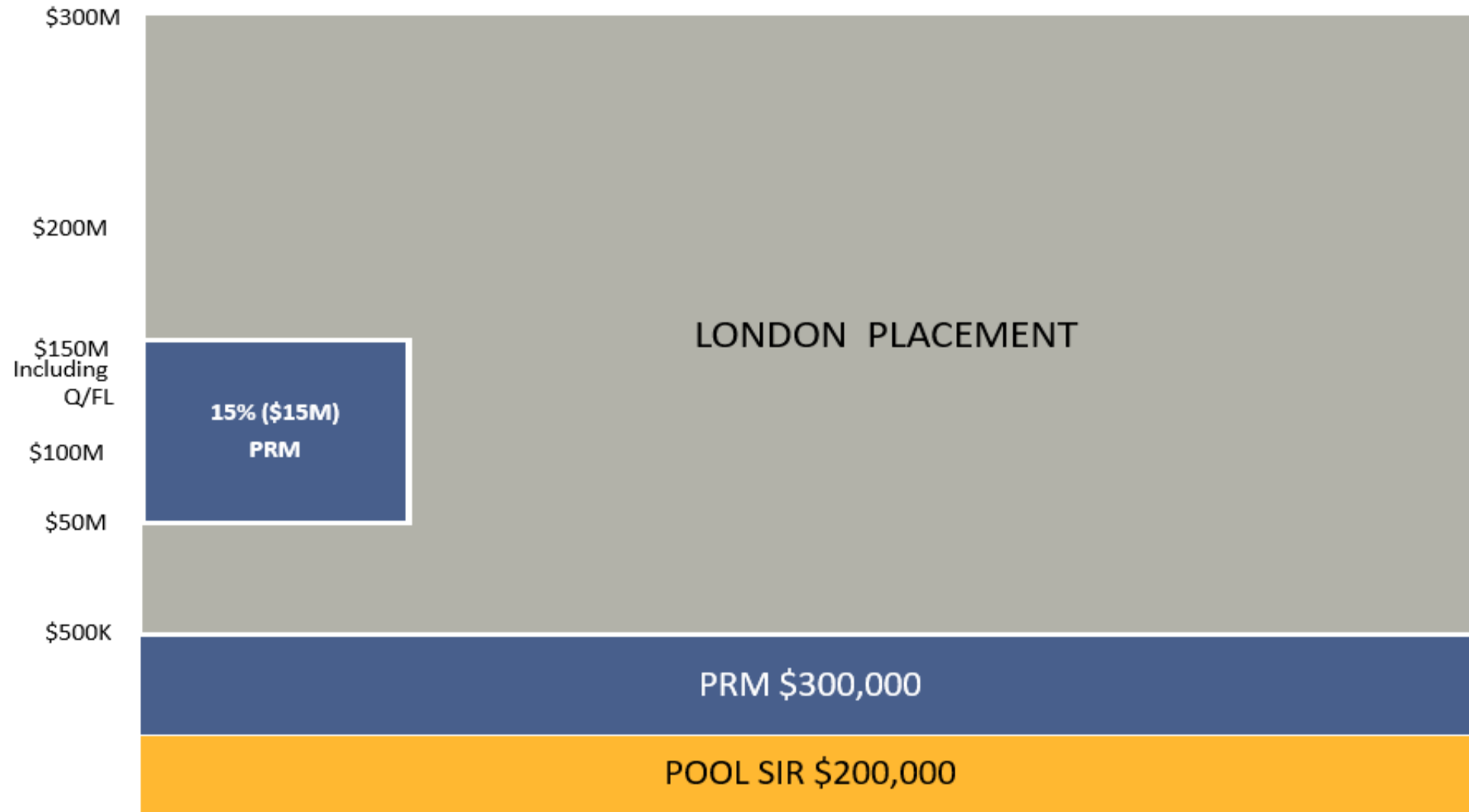


# NPAIP 2022-2023 Program Structure



# Nevada Public Agency Insurance Pool 2022-2023

## Property Structure



## Loss Scenario 1 – Who Pays What

- ▶ There are 4 members (County, 2 Special Districts and School District) within one location that have a torrential rainstorm causing flash flooding and damage to several buildings. The covered property loss is currently at \$3,580,000. Who Pays What?



## Property Loss: \$3,580,000

- **POOL** would pay the first \$200,000, vouchered back to each member for their Maintenance Deductible
- **PRM** would pay the next \$300,000
- **Reinsurance Property Markets** would pay the remaining \$3,080,000



### Property

300,000,000  
Loss Limit  
Property  
including

Earthquake  
150,000,000

Flood  
150,000,000

Flood  
Zone A  
25,000,000

Equipment  
Breakdown  
100,000,000

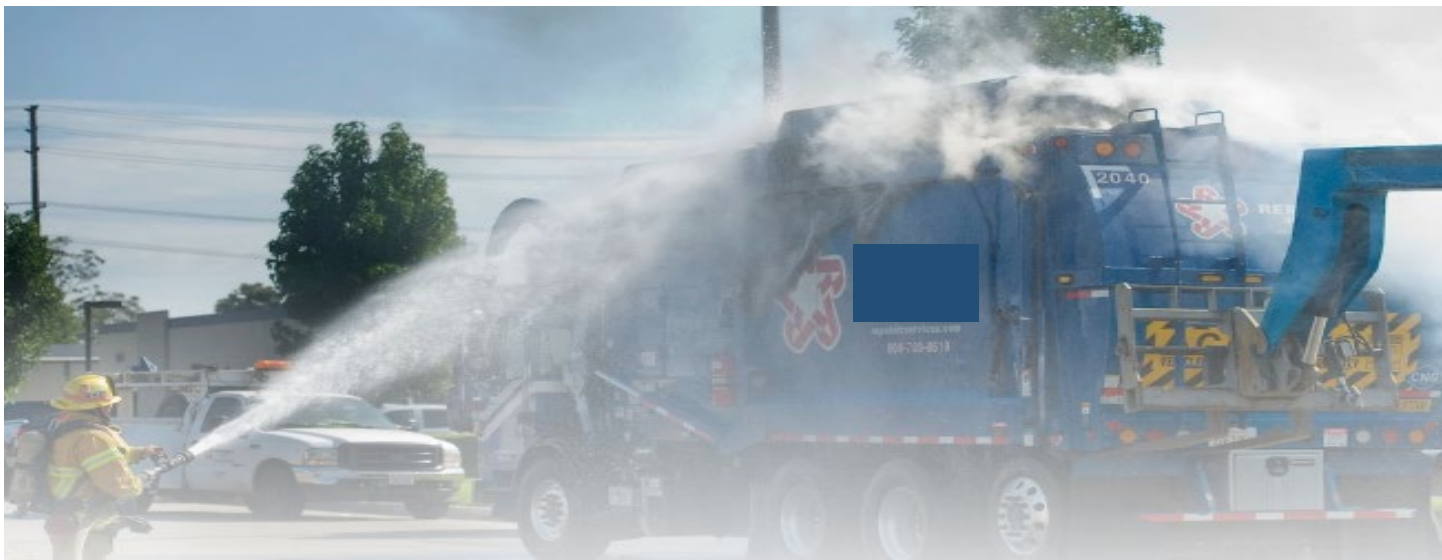
**PRM \$300,000**

**NPAIP \$200,000**

**Maintenance  
Deductible**

## Loss Scenario 2 – Who Pays What

- ▶ A member has a piece of equipment that catches fire. The Member holds a contract that brings in substantial income for the use of this equipment. The equipment is a total loss at a market value of \$578,000 and the Business Interruption loss due to the contract was \$408,000, totaling \$1,086,000. The member's deductible is \$25,000. Who Pays What?





## Property Loss: \$1,086,000

- ▶ **POOL** would pay the market value of the equipment and the Business Interruption for the first \$200,000, vouchered back to the member their \$25,000 Maintenance Deductible
- ▶ **PRM** would pay the market value for the equipment and the Business Interruptions for the next \$300,000
- ▶ **The Market** will pay \$586,000



### Property

300,000,000  
Loss Limit  
Property  
including

Earthquake  
150,000,000

Flood  
150,000,000

Flood  
Zone A  
25,000,000

Equipment  
Breakdown  
100,000,000

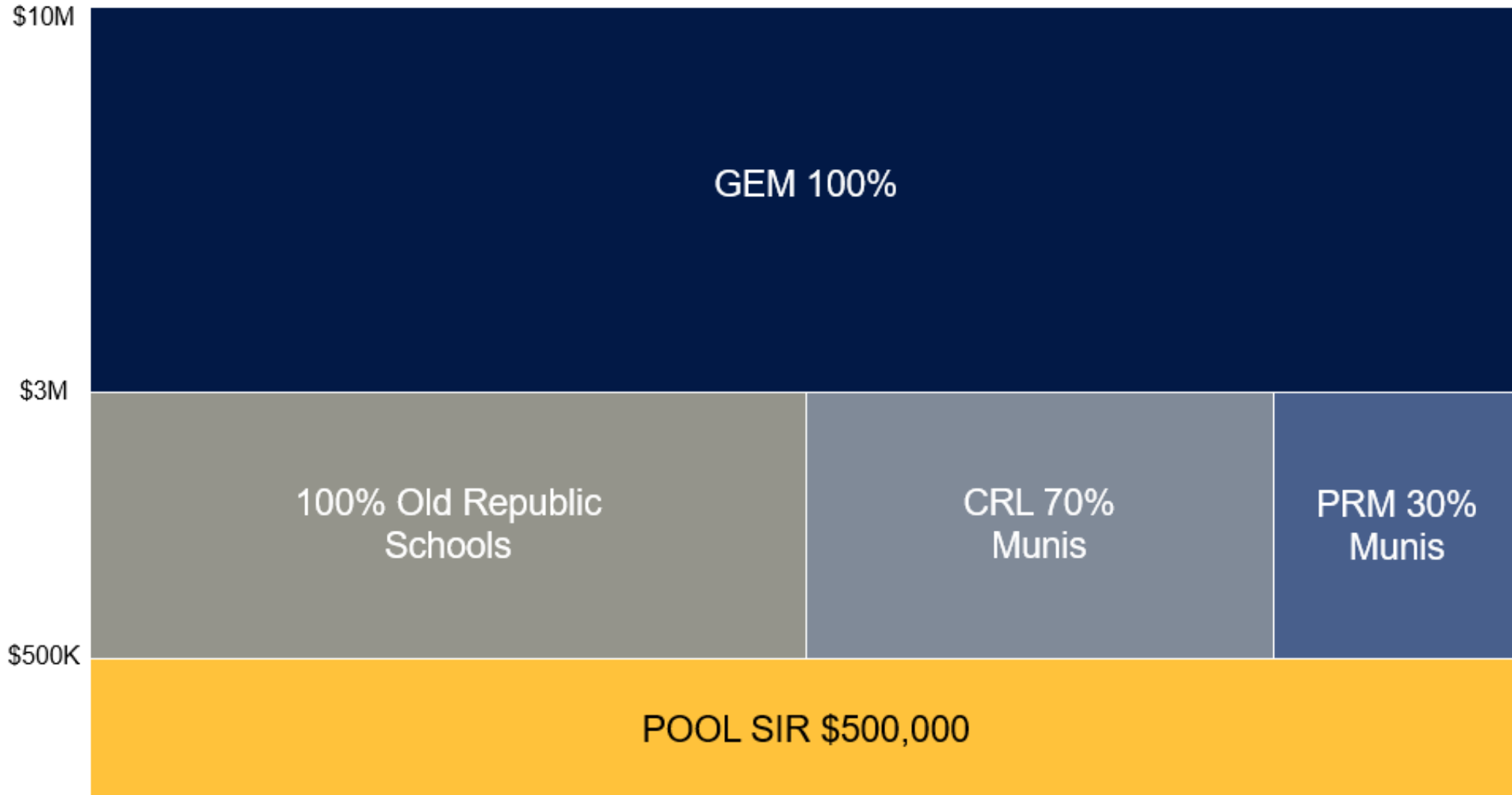
PRM \$300,000

NPAIP \$200,000

Maintenance  
Deductible

# Nevada Public Agency Insurance Pool 2022-2023

## Liability Structure



## Loss Scenario 3 – Who Pays What

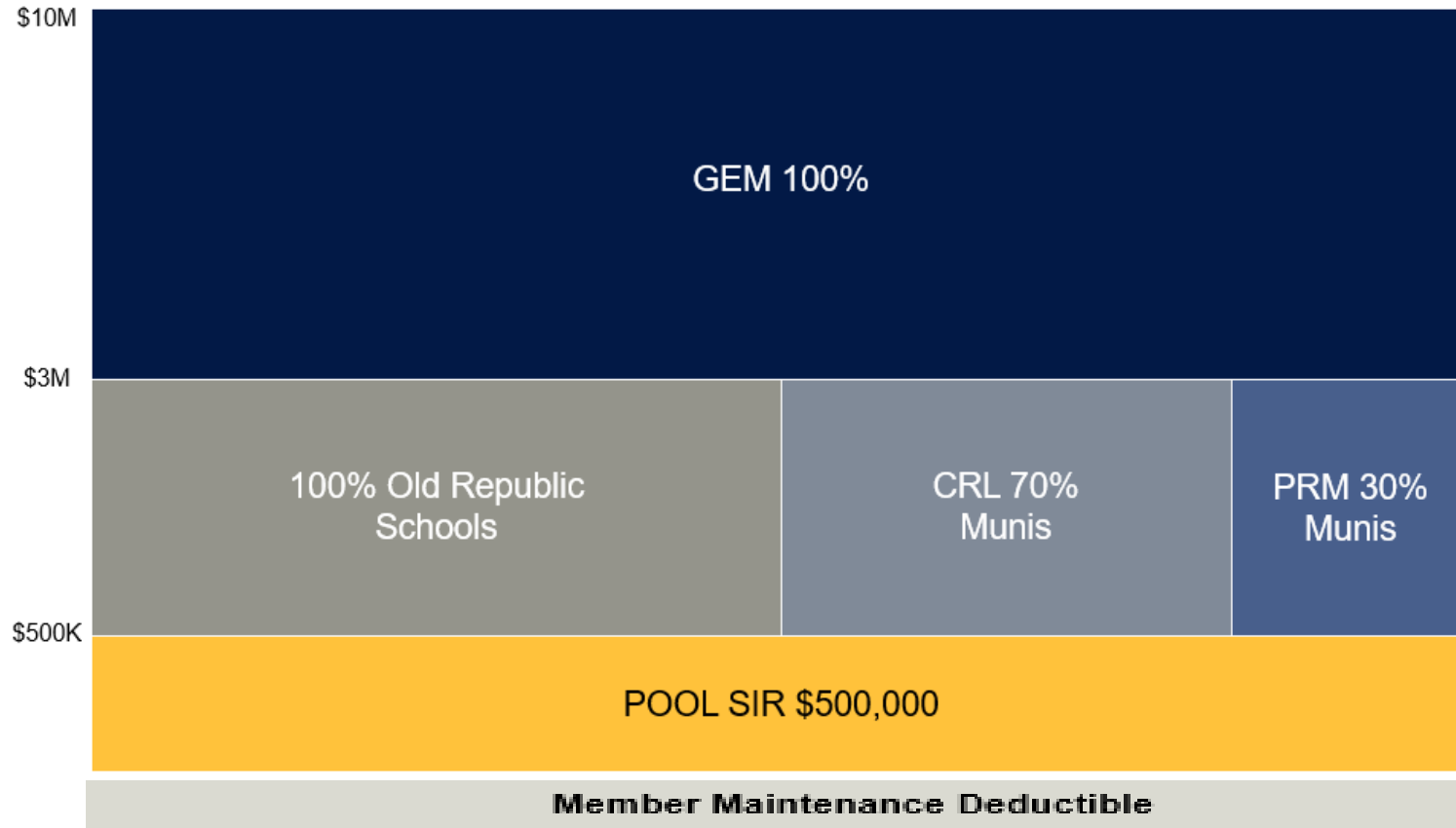
- ▶ A member has an in-custody death loss of an inmate. The total incurred loss is \$2,026,000. The member's deductible is \$2,000. Who Pays What?





**Liability Claim: \$2,026,000**

- ▶ **POOL** would pay the SIR for the first \$500,000, invoice back to the member their \$2,000 Maintenance Deductible
- ▶ **The Municipality Market (other than schools)** will pay \$1,526,000 (CRL at 70% (\$1,068,200) and PRM at 30% (\$457,800))



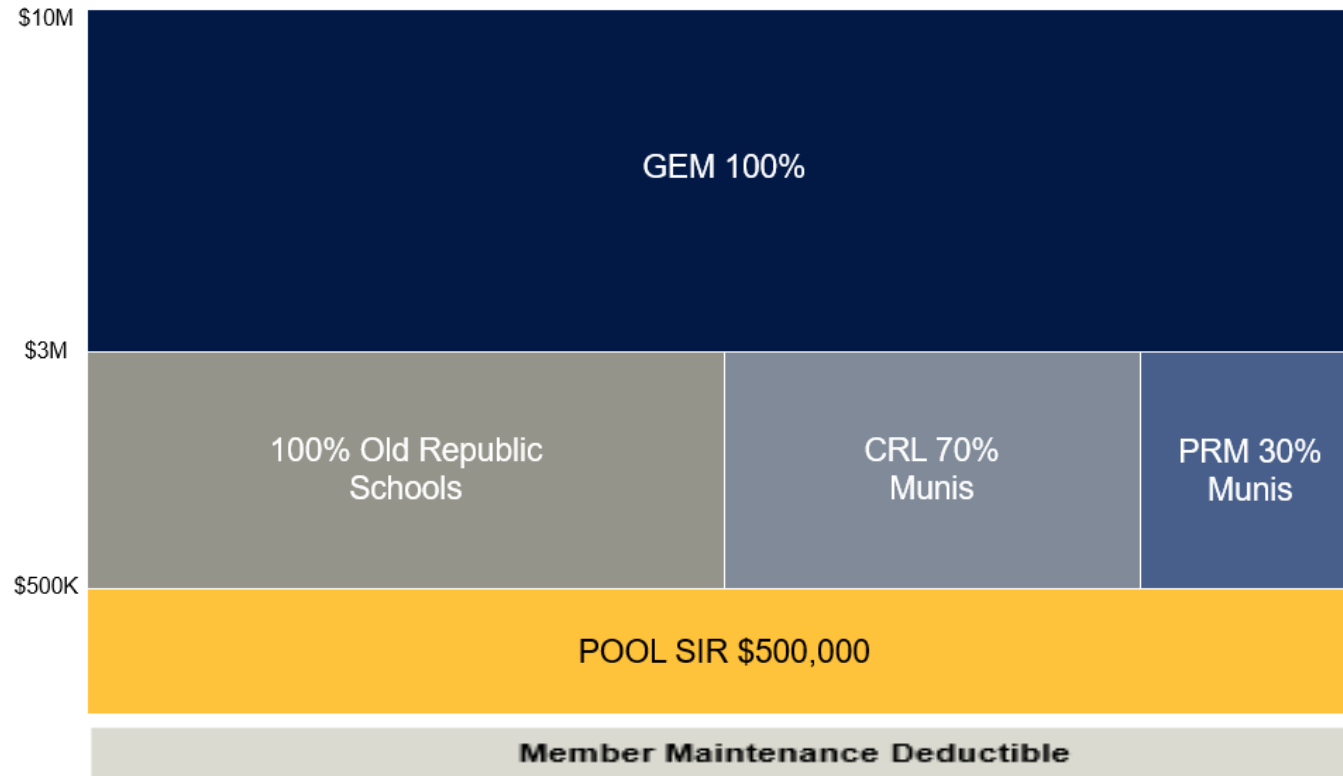
## Loss Scenario 4 – Who Pays What

- ▶ A school district member had a teacher that had inappropriate relations with a student (Sexual Assault or Molestation – SAM). The total incurred loss is \$2,579,000. The member's deductible is \$10,000. Who Pays What?



**Liability Claim: \$2,579,000**

- ▶ **POOL** would pay the SIR for the first \$500,000, invoice back to the member their \$10,000 Maintenance Deductible
- ▶ **The Schools Market** will pay \$2,079,000 at 100%



**\*\*POOL Coverage Form has a \$2,500,000 Sub-Limit For Sexual Abuse**

## Loss Scenario 5 – Who Pays What

- ▶ A member has a covered cybersecurity event with a loss of \$250K. The member's deductible is \$5,000. Who Pays What?

**POOL** would pay \$250,000 and **NO** Maintenance Deductible applies.

### Cyber Risk

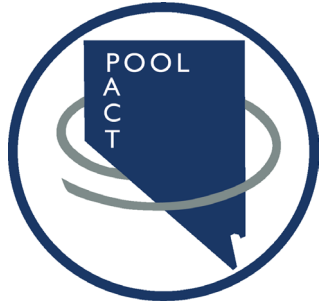
3,000,000 Occurrence Limit
\$15,000,000 Annual POOL Aggregate
NPAIP \$250,000 Retention



**POOL provides KnowB4 (Email Phishing Campaign) to all Members. Of the POOL's 138 Members, 38 Members are actively using KnowB4.**

# Claims Happen - Large Losses

- ▶ **Property Flood Loss:** Flash flood happened over a community that included 4 of our members. Current reserved loss is \$3.58M
- ▶ **Property Water Damage Loss:** Faulty valve did not close and caused 500K gallons of water to fill a building. Incurred loss \$991K
- ▶ **Property Equipment Fire:** Fire to equipment, total loss and included business interruption. Incurred loss \$1.1M
- ▶ **Property Fire:** Fire to building was a total loss. Current reserved loss is \$491K
- ▶ **Property Flood Loss:** Heavy rains came through roof and caused damage to gym floor. Current reserved loss \$350K
- ▶ **Property Fire:** Unattended cigarette in tenant's unit caused fire. Current reserved at \$305K
- ▶ **Property Water Damage:** Frozen pipe caused water damage. Current reserved at \$277K
- ▶ **Property Water Damage:** 2 losses that were caused by burst pipes. Both incurred losses were \$250K each
- ▶ **E&O Liability:** Built houses on old landfill. Incurred loss \$2.6M
- ▶ **E&O Liability (School):** Sexual Molestation. Incurred loss \$2.6M
- ▶ **E&O Liability (School):** Violation of ADA. Incurred loss \$2.3M
- ▶ **Police Liability:** In Custody Death. Incurred loss \$2M
- ▶ **Liability:** Alleged negligence with connection to flooding of property. Incurred loss \$1.7M
- ▶ **Liability:** Alleged negligence due to flooding. Incurred loss \$1.64M
- ▶ **Police Liability:** Release of motorist that was DUI and subsequently caused fatal auto accident. Current reserve of \$1.2M
- ▶ **Police Liability:** Officer shot and killed individual. Incurred loss \$1.1M



# Who is Public Agency Compensation Trust (PACT)?

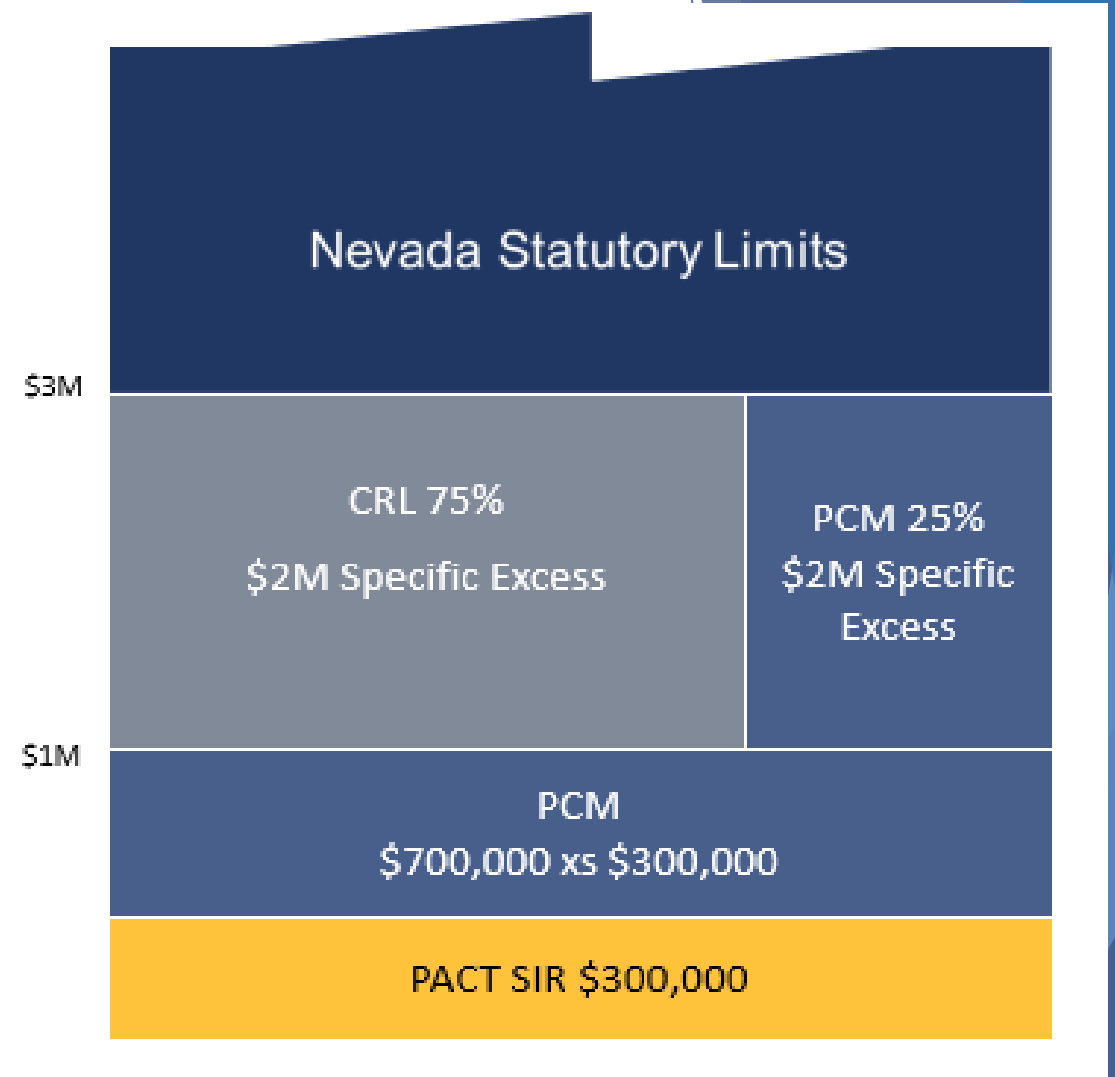
- ▶ YOU, US and WE
- ▶ PACT is Member Owned and Governed Workers' Compensation Pool
- ▶ Started in 1997 with the reconfiguring of the Workers' Compensation Statues in Nevada
- ▶ PACT is a Risk Management Pool made up of 96 Members, consisting of Cities, Counties, School Districts and Special Districts within the State of Nevada
- ▶ PACT Provides Innovative Solutions to Effective Risk Management, Cost Effective Risk Sharing and Financing, Financial Strength and Security and Interactive Claims Services
- ▶ PACT has never imposed a special assessment to the Members



# Who is Public Compensation Mutual (PCM)?

- ▶ PCM is a non-profit pure captive mutual insurance company **owned by PACT**
- ▶ PCM issues a single reinsurance agreement to PACT for reinsurance of Workers' Compensation
- ▶ PCM focuses on a conservative policy of building capital to increase retentions or share limits with markets to help lessen rate increases in the reinsurance layers (PACT paying itself for PCM participation)
- ▶ PCM has never imposed a special assessment to the Members

# PACT 2022-2023 Workers Compensation Structure

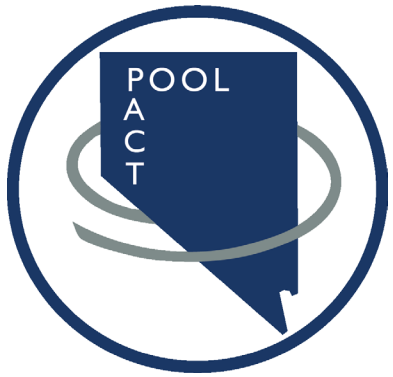




## Loss Scenario 1 – Who Pays What

- ▶ A member's Police Officer has a blood clot occur due to driving for too long of period. This then causes the officer to have a heart attack. Total Incurred Loss is valued at \$2.8M (Total Incurred = Amount Paid plus Open Reserves). Who Pays What?





• **As the loss develops it will be paid out as follows:**

• **Claim: \$2,800,000**

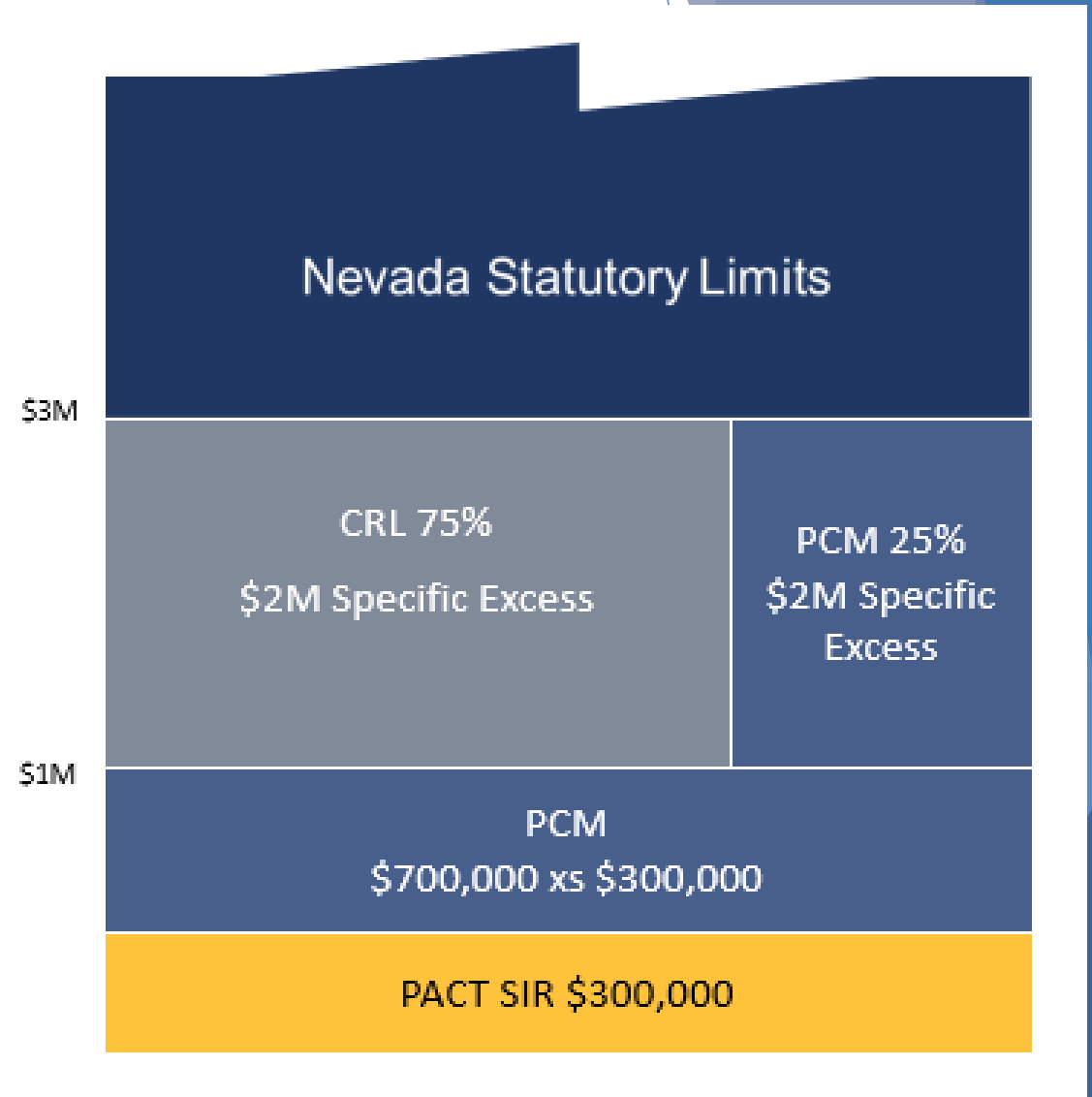
• **PACT** will pay the first \$300,000

• **PCM** will pay the next \$700,000

• **Markets** will pay the remaining \$1,800,000

(CRL paying \$1,350,000 and **PCM** paying \$450,000)

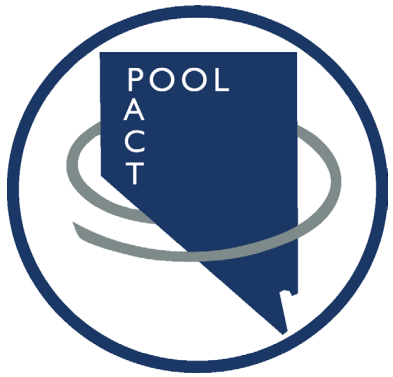
• Note that **PCM** total payment is \$1,150,000



## Loss Scenario 2 – Who Pays What

- ▶ A member's Volunteer Fire Department responds to a downed aircraft. Major burns are incurred to 2 firefighters. Total Incurred Loss is valued at \$2.5M (Total Incurred = Amount Paid plus Open Reserves). Who Pays What?





- **As the loss develops it will be paid out as follows:**

- **Claim: \$2,500,000**

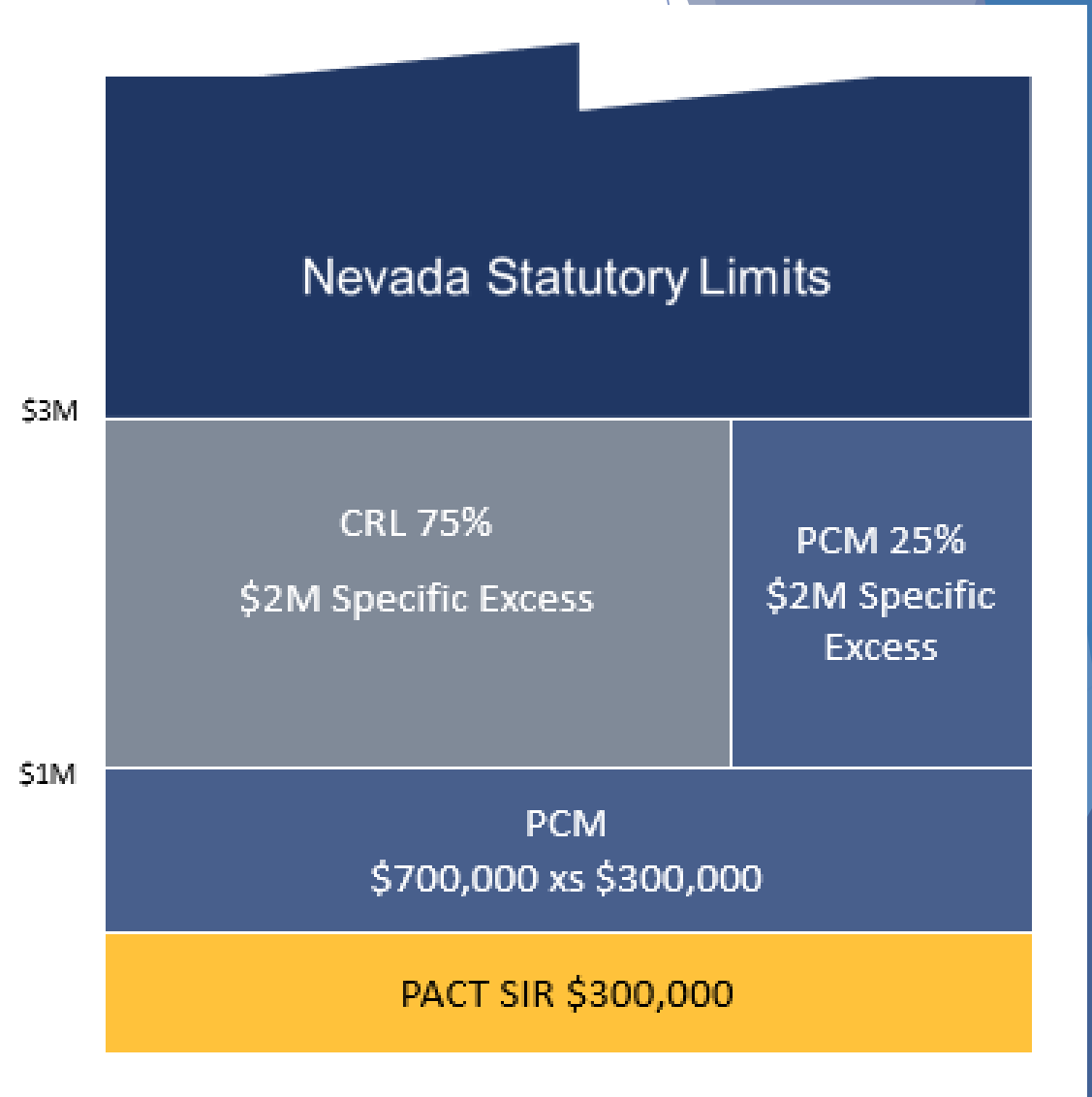
- **PACT** will pay the first \$300,000

- **PCM** will pay the next \$700,000

- **Markets** will pay the remaining \$1,500,000

(CRL paying \$1,125,000 and **PCM** paying \$375,000)

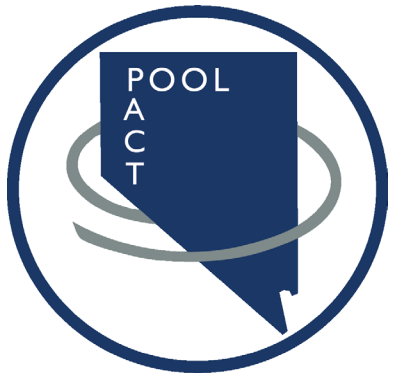
- Note that **PCM** total payment is \$1,075,000



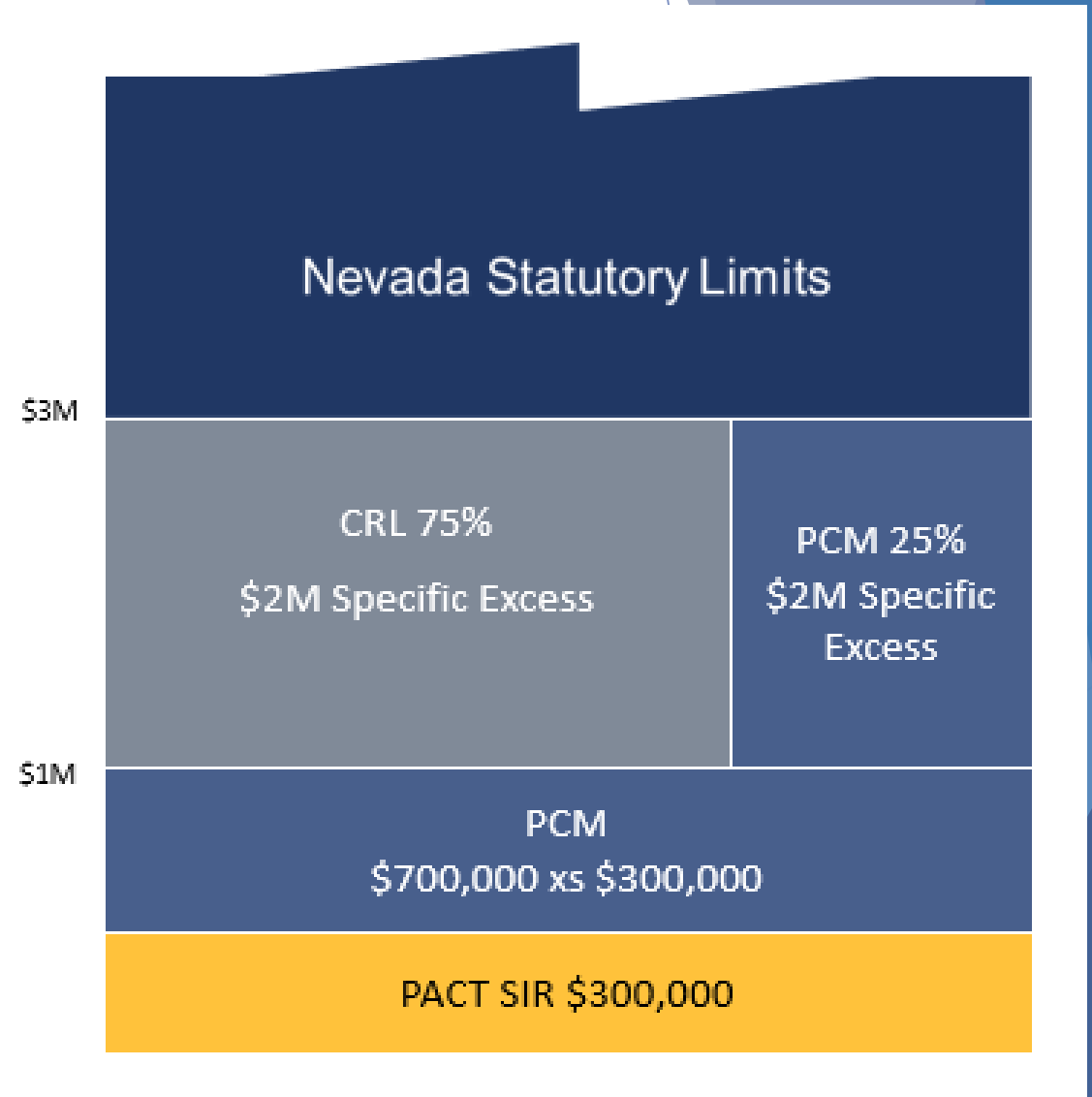
## Loss Scenario – Who Pays What

- ▶ A member's Building Maintenance Worker is spreading ice melt, slips and falls causing head injury. After spending time in hospital, worked passes. Total Incurred Loss is valued at \$938,000 (Total Incurred = Amount Paid plus Open Reserves). Who Pays What?





- **As the loss develops it will be paid out as follows:**
- **Claim: \$938,000**
- **PACT** will pay the first \$300,000
- **PCM** will pay the next \$638,000



# Claims Happen - Large Losses

- ▶ **Heart Claim:** Duty Belt pressed on right thigh groin: DVT: HA \$2.8M
- ▶ **COVID Claim:** Contact with inmate with COVID: Death \$2.6M
- ▶ **COVID Claim:** LE : Died Lung Disease: \$2.5M
- ▶ **Head/Lung/Heart:** LE struck by car while directing traffic \$2.8M
- ▶ **Shot in Line of Duty:** LE responding to Casino Call Death \$2.2M
- ▶ **Fire Fighter:** Heart Myocardial infarction \$1.8M
- ▶ **Fire Fighter:** Exposed to toxic fumes, cancer lungs \$1.1M
- ▶ **Fire Fighter:** Heart, A Fib, Brain \$1.1M
- ▶ **Fire Fighters:** Major burns, fire caused by downed aircraft \$2.5M
- ▶ **Fire Fighter:** Exposed to toxic fumes, cancer, dead \$1.4M
- ▶ **Fire Fighter:** Exposed to toxic fumes \$710K
- ▶ **Building Inspector:** Slip, trip, fall multiple body parts \$787K
- ▶ **Building Maintenance:** Slip, Trip, Fall off roof, multiple body parts \$722K
- ▶ **Fire Fighter:** Strain, lifting patient, multiple body parts \$973K
- ▶ **LE:** Shot in line of Duty: Survived \$900K
- ▶ **Building Maintenance:** Spreading ice melt, slipped, fell on head, death \$938K



Questions?





**Partnership at Work®**

## Investment Education Session *Fixed Income*



April 20, 2023

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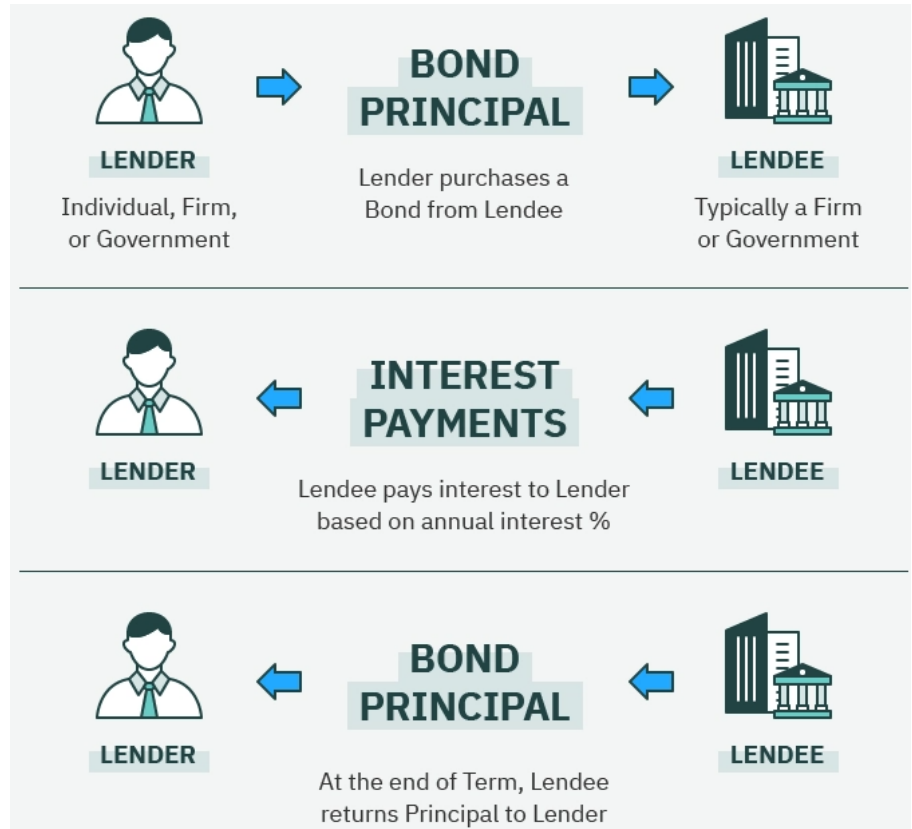
# What is a Bond?

## Bond

A bond is a **loan that an investor makes to a government, company, or municipality** obligating them to repay, on a specified date, money loaned to it by the bondholder. The bondholder also receives interest for the life of the bond.

- Companies sell bonds to finance ongoing operations, new projects, acquisitions, or to refinance existing debt outstanding.
- U.S. states, cities, counties, or local governments sell bonds to finance public services or infrastructure projects including roads, bridges, highways, mass-transit, water and sewer systems, airports, schools, and hospitals.

**Bonds are also referred to as debt or fixed income** because they generally make regular, fixed interest payments to the bondholder at set intervals over the life of the bond.



# Key Bond Terms

Principal	Price	Market Value	Bond is Trading at
\$1,000	\$100	\$1,000	Par
\$1,000	\$102	\$1,020	Premium to Par
\$1,000	\$97	\$970	Discount to Par

- **Coupon Rate** = annual interest rate the issuer pays to bondholders
- **Current Yield** = coupon rate / market price
- **Principal** = amount borrowed; what the issuer has to pay back at maturity
- **Market Value** = principal \* current price of the bond
- **Maturity** = specified date the principal is to be repaid to bondholders

# Bonds Provide a Stable Cash Flow Stream

The **defined cash flow stream** of a bond (i.e., regular semi-annual interest payments made over the life of the bond) **provides stability and regular income** to the bondholder.

## Example

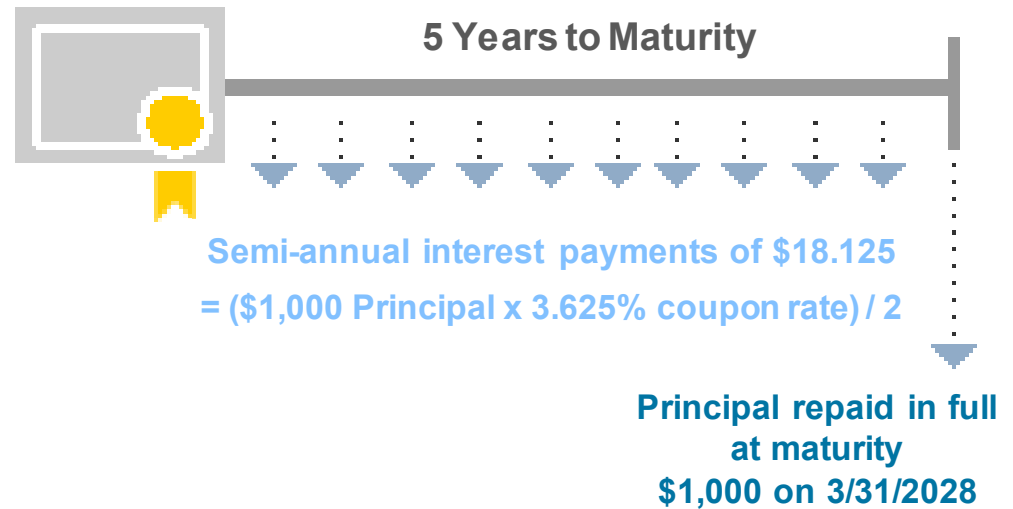
Issuer: U.S. Treasury

Coupon: 3.625%, fixed rate

Pays: semiannually

Maturity: 3/31/2028

Non-callable



Figures are for illustrative purposes only

# Maximizing POOL/PACT's Risk-Adjusted Return

Investing in bonds requires managing the 3 key fixed income risks:

## 1. Interest rate risk

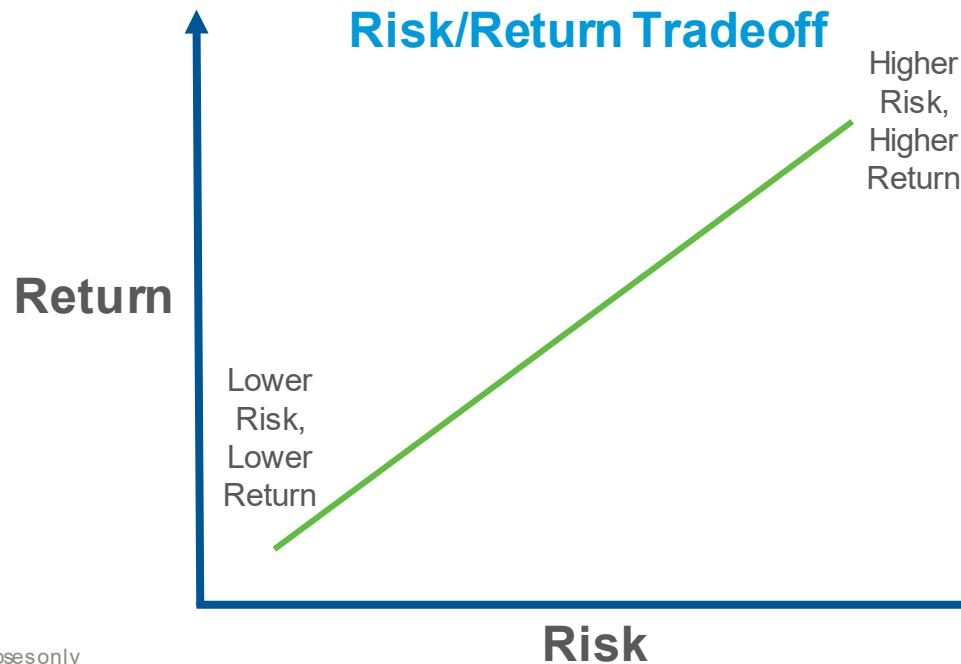
- The sensitivity of a bond's price to changes in interest rates

## 2. Credit risk

- The risk that a bond's issuer fails to make contractual principal or interest payments

## 3. Liquidity risk

- How easily/quickly a bond can be sold without having to reduce its price significantly



Figures are for illustrative purposes only

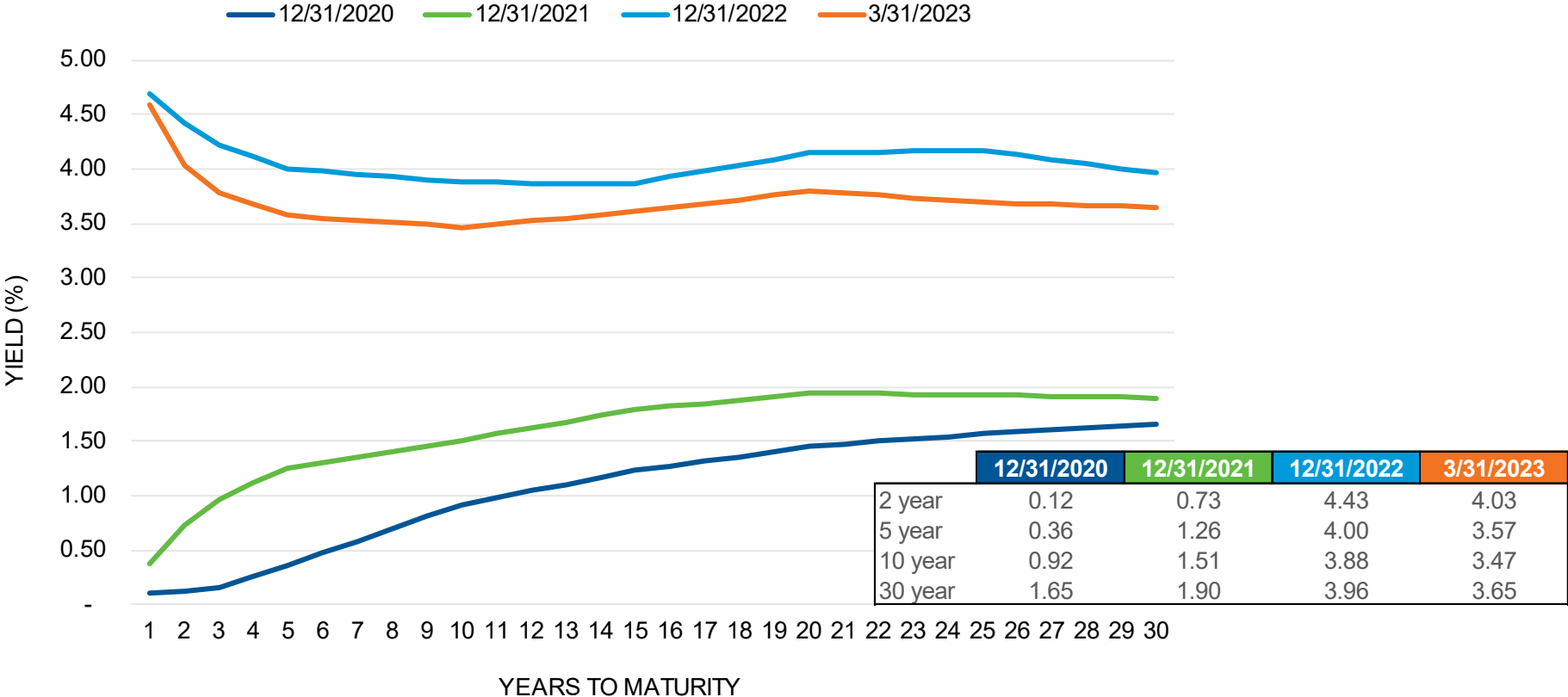
# Treasury Yield Curve – The Current Level of Interest Rates at Different Maturities



## Treasury Yield Curve

A depiction of yields, at a specific point in time, of U.S. Treasury securities with different maturities.

It is considered the risk-free rate – backed by full faith and support of U.S. government – and is often used as a benchmark for valuing other securities.

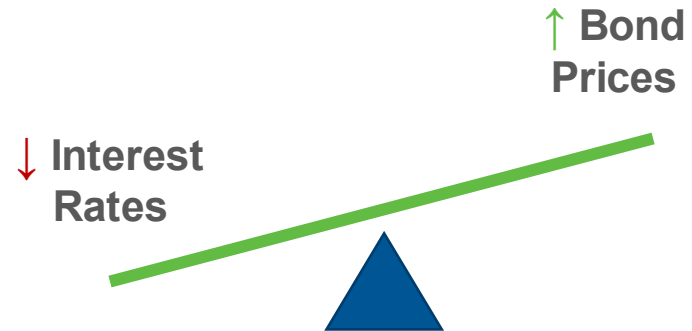


Source: NEAM. Figures are for illustrative purposes only

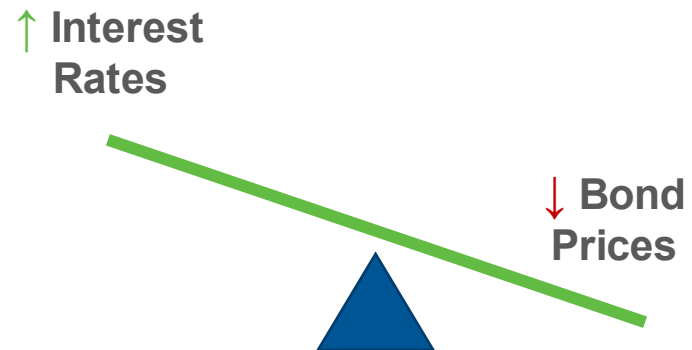
# The Impact of Interest Rates on Bond Prices

Bond prices have an inverse relationship to interest rates

- When interest rates **decline**:
  - the price of a bond rises



- When interest rates **rise**:
  - the price of a bond declines



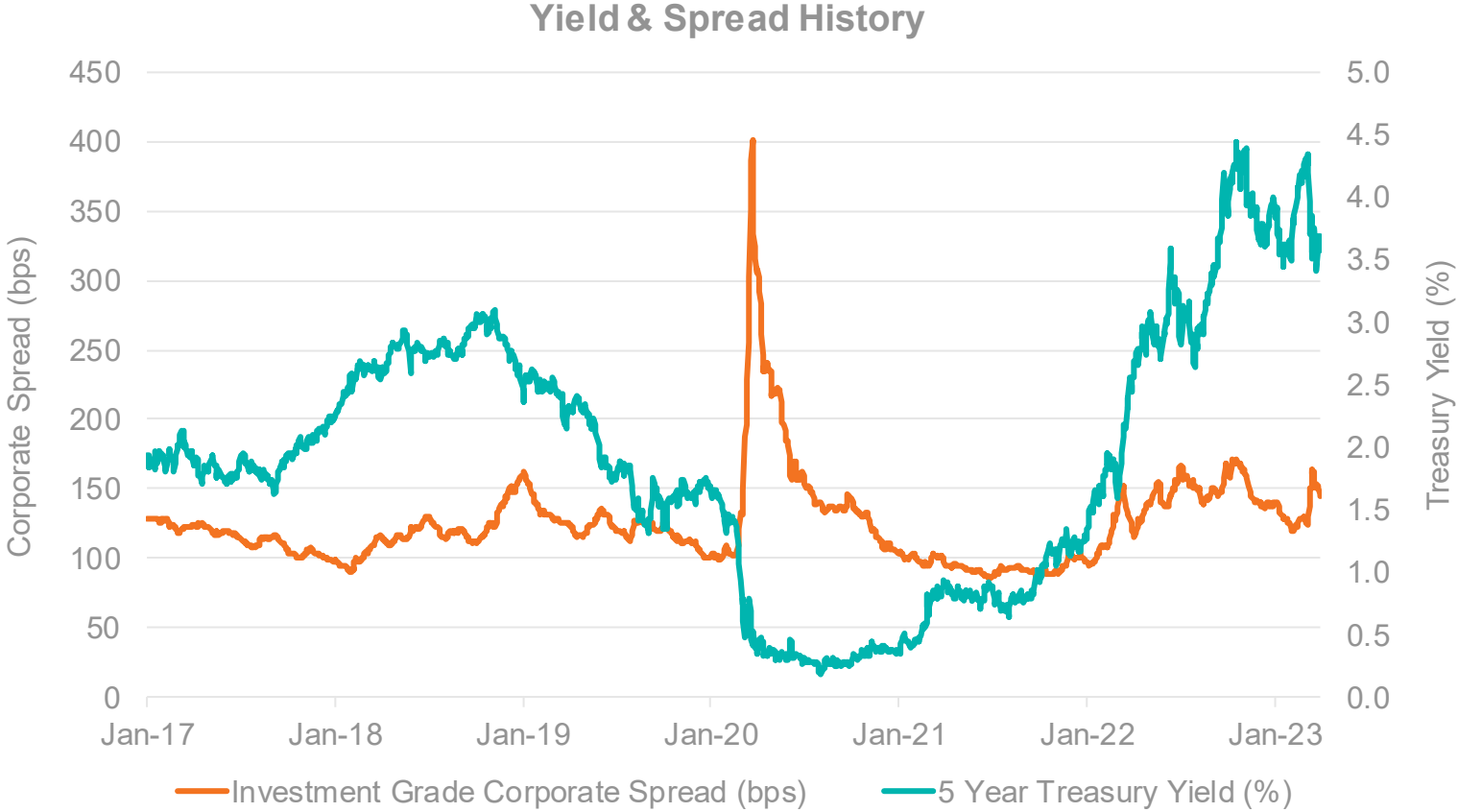
# 2 Components of Return: Price & Income

Total Return	Price Return	Income Return
<p>The rate of return on a portfolio reflecting the <b>income earned</b> as well as the <b>price change</b> (appreciation or depreciation) for a given time period</p> <p><b>Total Return = Price Return + Income Return</b></p>	<p>The return on a portfolio reflecting the <b>price change</b> (appreciation or depreciation) for a given time period</p> <p>Bond prices fluctuate due <b>movements in interest rates and/or credit spreads</b></p>	<p>The return on a portfolio from the <b>coupon or interest payments</b> received from holding a security</p>

- Given POOL/PACT's focus on income generation, **NEAM's yield-driven total return investment strategy** is meant to achieve stable & rising levels of investment income while generating competitive rates of total return over time
- **Emphasis on the income component of return** as the primary driver of portfolio total return
- While **total return can be volatile** due to changes in Treasury rates and/or credit spreads (price return volatility), an emphasis on investment income has contributed to **stability of POOL/PACT's income return**

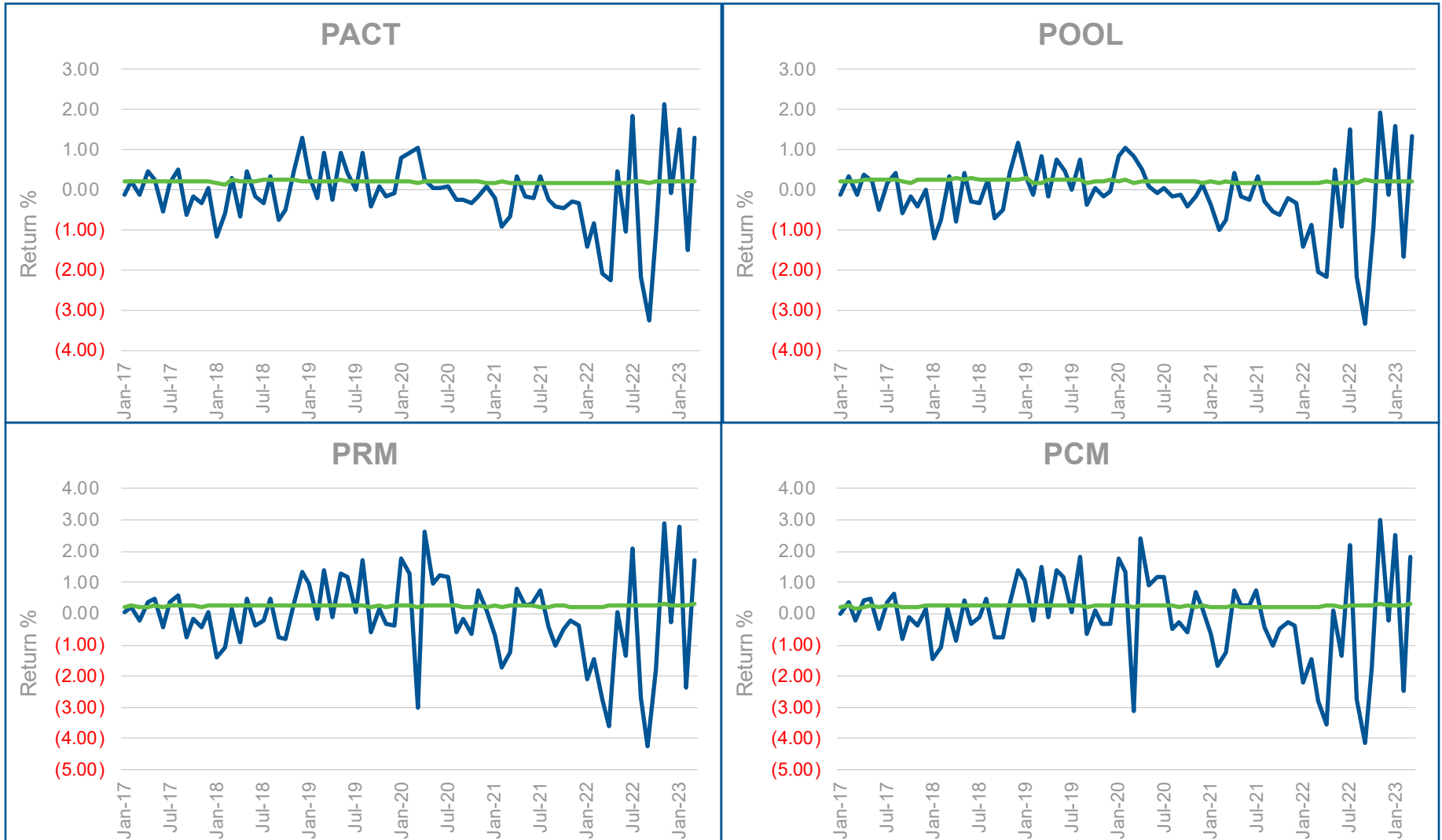


# Price Return Volatility Driven by Yield & Spread Changes



Source: Bloomberg, NEAM.

# Volatility of Price Return vs. Stability of Income Return

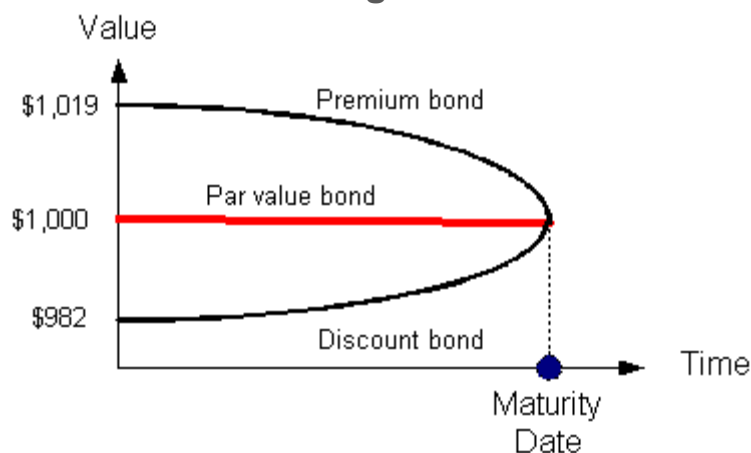


Source: NEAM Analytics.

— Price Return — Income Return

- Historically, POOL/PACT's fixed income **total returns have been almost entirely generated by income return** (i.e., the yield earned on investments).
- The interest rate environment in 2022 has been highly unusual (a massive increase in rates over a short period of time) causing **negative price returns to overwhelm positive income returns**.
- Barring a need to liquidate bonds for operational cash requirements (which would most likely result in realizing a loss), **a bond's unrealized loss position will slowly evaporate as it moves closer to maturity (its price "pulls to par")** leaving only the return from its embedded yield behind.

Visualizing a Bond's Price  
"Pulling to Par"



Source: NEAM Analytics.

# Fixed Income Portfolio – By the Numbers



5 Year Treasury Yield (%)	1.93%	2.21%	2.51%	1.69%	0.36%	1.26%	4.00%	3.37%
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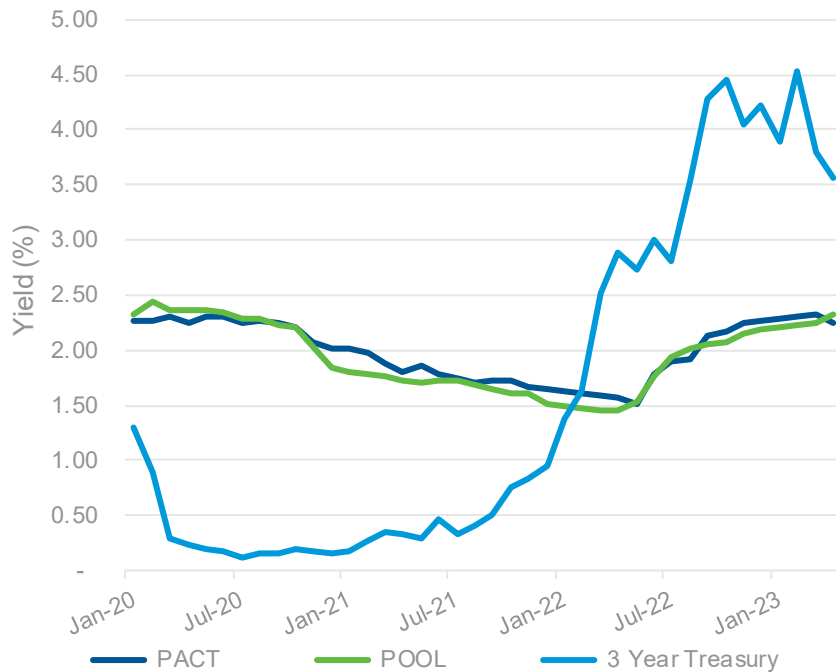
<u>POOL &amp; PACT</u>	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Apr 2023
Market Value (\$mm)	111.6	80.6	78.5	82.6	89.0	83.6	77.3	79.5
Unrealized Gain/(Loss) (\$mm)	(1.3)	(1.1)	(1.9)	0.3	2.8	0.3	(7.5)	(5.8)
Book Yield (%)	2.07	2.23	2.53	2.36	1.96	1.60	2.24	2.30
Annualized Income (\$mm)	2.3	1.8	2.0	1.9	1.7	1.3	1.9	2.0

<u>PRM &amp; PCM</u>	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Apr 2023
Market Value (\$mm)	48.5	81.0	81.9	90.7	94.1	91.6	78.5	81.7
Unrealized Gain/(Loss) (\$mm)	(1.1)	(0.7)	(2.5)	2.3	7.3	3.5	(9.6)	(7.1)
Book Yield (%)	2.00	2.59	2.77	2.85	2.81	2.68	2.96	3.00
Annualized Income (\$mm)	1.0	2.1	2.3	2.5	2.4	2.3	2.6	2.7

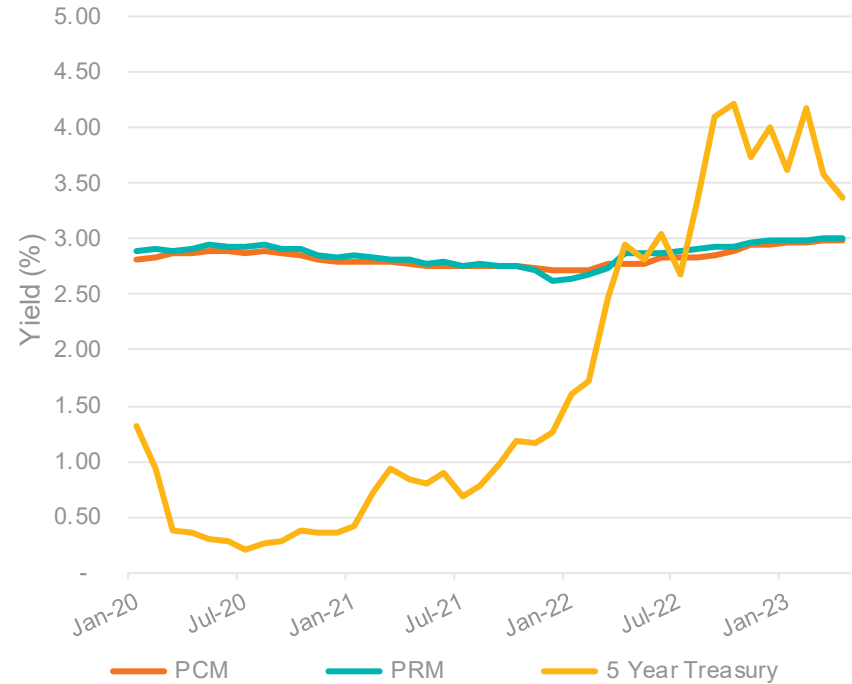
Source: NEAM Analytics. Apr 2023 holdings as of 4/5/2023.

# Book Yield History

## POOL & PACT



## PRM & PCM



- **POOL/PACT's portfolios benefitted from the rise in interest rates** due to higher yields earned on new bonds purchased, resulting in **rising book yields and higher levels of investment income generation**

Source: NEAM Analytics.



Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
Telephone (775) 885-7475  
Facsimile (775) 883-7398

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**Notice of Meetings and Agendas for the Joint Meeting of  
the Board of Directors/Trustees and of the Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: April 21, 2023 Time: 8:00 a.m.  
Location: Grand Sierra Resort, Grand Sierra Resort  
500 E 2nd St,  
Reno, NV 89595**

**JOINT BOARDS and EXECUTIVE COMMITTEES' AGENDA**

**Notices:**

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
  - a. Approval of Minutes of Board:**
    - 1) Joint Board Meeting April 21, 2022**
  - b. Acceptance of Minutes of Committee Meetings**
    - 1) Joint Executive Committee: July 29, 2022; October 11, 2022; February 17, 2023; March 20, 2023, April 7, 2023**
    - 2) Loss Control Committee: July 12, 2022, November 2, 2022, March 14, 2023**
    - 3) HR Oversight Committee: September 9, 2022, December 5, 2022; March 10, 2023**
- 4. For Possible Action: Acceptance of Investment Reports and Action on Recommendations:**
  - a. NEAM Investment Advisor Report**
  - b. Strategic Asset Alliance Investment Advisor Report**

5. **For Possible Action: Review and Approval of Changes to Investment Guidelines**
  - a. POOL Investment Guidelines
  - b. PACT Investment Guidelines
  
6. **For Possible Action: Employee Assistance Program Review and Approval of Extension of Contract**
  
7. **For Possible Action: Acceptance of Reports:**
  - 1) Executive Director
  - 2) Chief Financial Officer
    - a. Public Risk Mutual Audit
    - b. Public Compensation Mutual Audit
    - c. Pooling Resources, Inc. Audit
    - d. Nevada Risk Pooling, Inc. Audit
  - 3) POOL/PACT HR General Manager
  - 4) Risk Management
  - 5) ELearning
  - 6) Member Relations Manager
  - 7) Davies Claims Solutions Report and Claims Overview
  
8. Public Comment
  
9. Adjournment

**This Agenda was posted at the following locations and on the State's Website [notice.nv.gov](http://notice.nv.gov):**

**N.P.A.I.P. / P.A.C.T.  
201 S. Roop Street, Suite 102  
Carson City, NV 89701**

**Carson City Courthouse  
885 E. Musser Street  
Carson City, NV 89701**

**Eureka County Courthouse  
10 S. Main Street  
Eureka, NV 89316**

**Churchill County Administration  
155 North Taylor Street  
Fallon, NV 89406**

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**Minutes of the Joint Meeting of  
the Board of Directors/Trustees and of the Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: April 21, 2022 Time: 8:00 a.m.**

**Virtual Only**

Join Zoom Meeting

<https://us02web.zoom.us/j/85892154845?pwd=MXgyNOJwMC93eVlxTEV1c3pBd29EUT09>

Meeting ID: 858 9215 4845

Passcode: 554718

One tap mobile

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**1. Introductions and Roll**

Chair Johnson called the meeting to order after it was determined that a quorum was present. Wayne Carlson introduced Jennifer Turner as the newest member of the Nevada Risk Pooling Team as our Administrative Data Analyst. Noting that she started this week and is a welcomed addition to the team.

**2. Public Comment**

Chair Johnson opened the public comment period. There were no public comments.

**3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved from Consent Agenda**

**a. Approval of Minutes of Board:**

**1) Joint Board Meeting April 22, 2021**

**b. Acceptance of Minutes of Committee Meetings**

**1) Joint Executive Committee April 12, 2022, March 22, 2022, January 5, 2022, October 7, 2021, August 24, 2021**

**2) Loss Control Committee March 15, 2022, December 13, 2021, September 16, 2021**



**3) HR Oversight Committee March 4, 2022, December 20, 2021, September 17, 2021**

On motion by Josh Foli to approve and accept the minutes, second by Elizabeth Frances, the motion carried.

**4. For Possible Action: Acceptance of Investment Reports and Action on Recommendations:**

- a. NEAM Enterprise Risk Report**
- b. NEAM Investment Manager Report**
- c. Strategic Asset Alliance Investment Advisor Report**

Kelly Sullivan, NEAM Investment Manager, went over the investment report. She highlighted information about inflation, Fed have been more aggressive in raising rates and the impact of the Russian-Ukraine war impact. She reviewed the Fixed Income Portfolio results included in the packet. NEAM completed their annual Enterprise Based Asset Allocation (EBAA) work. The results show that Pool/PACT portfolios are very efficient.

Dan Smereck, Managing Director for Strategic Asset Alliance (SAA), reviewed his presentation packet noting the performance review for the calendar year 2021 on a combined basis including the risk assets. Held within the captives. He noted the positive returns from the portfolios for 2020 and 2021. He pointed out that the consolidated real income for all programs was \$5.3M in 2020 and \$5.9M in 2021. Yields are up in Q1 of 2022 with real income at \$1.5M to higher fixed income yields, however, returns are in the negative at 4.17, total income down by \$10 M due to rising rates where the market rate is higher than the book yields. He noted that the new purchases are at a higher rate which will increase the real income.

After a brief question and answer period, on motion to accept the reports and recommendations by the investment advisors by Elizabeth Frances, second by Josh Foli, the motion carried.

**5. For Possible Action: Review and Approval of Changes to Investment Guidelines**

- a. POOL Investment Guidelines**
- b. PACT Investment Guidelines**

Alan Kalt, CFO, reviewed the recommended changes in the investment policy where the maximum duration was changed from +/- 20% of the benchmark to +/- one year of the benchmark. The other change was in the naming of the fixed income benchmark. On motion to approve the changes to the investment guidelines for POOL and PACT by Josh Foli, second by Geof Stark, motion approved.

**6. For Possible Action: Employee Assistance Program Review and Approval of Extension of Joinder onto State of Nevada Contract with KEPRO**

Wayne Carlson, Executive Director noted that the State contract with KEPRO was going to renew at the current rates and service levels. We are able to continue to use the program as a joiner on the State contract.

On motion to approve the extension of Joinder onto State of Nevada contract with KEPRO by Josh Foli, second by Elizabeth Frances, the motion carried.

**7. For Possible Action: Acceptance of Reports:**

- 1) Executive Director**

Wayne Carlson noted that there are vacancies on the executive committee that need to be filled, elections will be later for the various positions. Staff additions include Stephen Romero as Member Relations Manager, Jarrod Hickman as Risk Management Specialist to support existing efforts of Risk Manager Marshall Smith, and Jennifer Turner as Administrative Data Analyst to assist with spreadsheet work. The captives agreed to transfer funds from PCM back to PACT. His complete report was included in the board packet.

- 2) Chief Financial Officer**

- a. **Public Risk Mutual Audit**
- b. **Public Compensation Mutual Audit**
- c. **Pooling Resources, Inc. Audit**
- d. **Nevada Risk Pooling, Inc. Audit**

Alan Kalt reviewed financial audits and results of operations the past year for Public Risk Mutual, Public Compensation Mutual, Pooling Resources and Nevada Risk Pooling in the PowerPoint presentation. He noted the financial strength of PCM and its ability to return some money to provide financial strength to PACT due to thin margins within PACT's operations. All entities presented are in a great financial position as noted in the financial statements and related notes.

### **3) POOL/PACT HR General Manager**

Stacey Norbeck walked the board through her extensive report. She spoke about two new classes, two new ELearning courses, updated 7 courses due to legislative changes, created an HR video briefing and regular HR briefing, conducted 101 instructor led trainings, 10 regional trainings scheduled this year, hosted 6 regional trainings, put on a new series called Bridging the Gap, 10 scheduled webinars – conducted 7 already, round tables hosted every year at conference – so far 14 scheduled and 12 sessions have been conducted, 114 participants attended HR briefings, overall rating for conference was 4.7 out of 5.

### **4) Risk Management Report**

Marshall Smith reviewed the report submitted to executive committee going over updates that Marshall and Jarrod have been working on during the past year. Jarrod commenting on fire extinguisher training – completed 5 of the training courses across the state and the Open Gate Weapons detection program with Douglas County School District preparing for implementation., point of MVP review is to reinforce the understanding that all members of POOL are POOL/PACT, members are owners, Dynamics 365 is CRM tool to efficiently manage our data as it pertains to each member and interaction with members, we are in the design phase and should be up and running by end of next week.

### **5) ELearning Report**

Mike Van Houten reported on numbers for past year and year to date on our eLearning program. HR Briefings and Ethics training was high on list of popular courses in 2022. 424 new users added in the last 90 days, updated bullying course to make it current, added 250+ safe school courses, working on reporting tool called Absorb Analyze, post monthly Roll Call law enforcement videos for members to watch if can't attend in person. There have been several updates to website: member portal link on website and split up resource libraries, HR working on new Safe and Sober Workplace, Mike working on new harassment course, Insulin Resistance course, Stress in the workplace class. He noted he is always looking at new course technology to keep the training engaging and beneficial to the members.

### **6) Member Relations Manager Report**

Stephen Romero stated that he has hit the ground running since coming on board in September to provide broker services. He held a virtual meeting in December to review how to complete the renewal applications and walk them through the POOL/PACT website. The London property meetings were held virtually in February. Several markets have been approached to prepare for this years' renewal for the various lines of coverage.

### **7) Davies Claims Solutions Report and Claims Overview**

Donna Squires went through their presentation noting there are a lot of changes within the Davies company. She showed the allocation of the 350+ claims for property and casualty, large property losses, largest liability loss occurred on March 27, 2021 – head on collision. Davies will resume member visits to assist members in understanding the claims submittal, processing and impacts.

Margaret Malzahn went over the workers comp claims information noting– current claim count 416 open claims, uptick in slip and falls due to ice and snow, COVID claims have trickled off as far as exposure claims, number of outstanding COVID death claims that are being worked through, and resuming

member visits to discuss Workers' Compensation 101 taking the confusion out of the collaborative claims experience.

At the end of all the reports, on motion to accept all the reports by Josh Foli, second by Elizabeth Frances, motion carried.

**8. Public Comment**

No comments

**9. Adjournment**

Chair Johnson adjourned the meeting at 10:49 AM.

DRAFT



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201 S. Roop Street, Suite 102  
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**Minutes of Joint Meeting of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: February 17, 2023  
1:30 PM VIRTUAL ONLY**

**1. Roll**

POOL Members Present: Josh Foli, Geof Stark, Gina Rackley, Scott Lindgren  
POOL Members Absent: Amanda Osborne, Dan Murphy, Ann Cyr  
PACT Members Present: Mike Giles, Josh Foli, Joe Westerlund, Craif Roissum  
PACT Members Absent: Amanda Osborne, Robyn Dunckhorst, Paul Johnson

**2. Public Comment**

Chair Foli opened public comment and hearing none, closed the comment period.

**3. For Possible Action: Approval of Minutes of October 11, 2022**

On motion by Gina Rackley, second by Geof Stark, to approve the minutes, the motion carried.

**4. For Possible Action: Approval of Prospective Members of NPAIP and PACT**

- a. **Central Nevada Health District (NPAIP)**
- b. **Community Chest (NPAIP and PACT)**
- c. **Mason Valley Fire Protection District (NPAIP)**
- d. **Consolidated Agencies of Human Services (NPAIP)**
- e. **Logan Creek Estates GID (PACT)**

Chair Foli opened this item for discussion and questions. Wayne Carlson commented that Central Nevada Health District's bill was heard yesterday and passed out of the first house committee.

Chair Foli called for a motion on all of the NPAIP prospective members a-d. On motion to approve prospective NPAIP members a through d by Gina Rackley, second by Scott Lindgren, the motion carried.

Chair Giles opened this item for the prospective PACT Members b and e. On motion by Josh Foli, second by Mike Giles to approve prospective PACT members b and e, the motion carried.

**5. Public Comment**

Chair Foli opened public comment and hearing none, closed the comment period

**6. For Possible Action: Adjournment**

Chair Foli adjourned the meeting at 1:37 p.m.

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**Eureka County Courthouse  
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**Churchill County Courthouse  
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Fallon, NV 89406**



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**Notice of Joint Meeting and Agenda of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: Friday, July 29, 2022  
Time: 11:00 AM  
Virtual Meeting**

**1. Roll**

POOL Members present: Josh Foli, Geof Stark, Gina Rackley, Scott Lindgren

POOL Members absent: Amanda Osborne, Dan Murphy, Ann Cyr

PACT Members present: Josh Foli, Craig Roissum

PACT Members absent: Mike Giles, Amanda ZOsborne, Joe Westerlund, Robyn Dunckhorst, Paul Johnson

Others Present: Wayne Carlson, Stephen Romero, Jarrod Hickman, Jennifer Turner

A quorum being present for POOL only, Chair Foli called the meeting to order at 11:12 a.m. for POOL items only.

**2. Public Comment**

Chair Foli opened Public Comment and hearing none, closed the comment period.

**3. For Possible Action: Approval of Consent Agenda**

- a. **Approval of Minutes of Joint Executive Committee Meeting of May 18, 2022**
- b. **Approval of May 2022 Financial Statements for POOL, PACT, PRM, PCM, NRP and PRI**

Due to lack of a quorum of both POOL and PACT, on motion and second to table these items, the motion carried.

**4. For Possible Action: Approval of Prospective Members**

- a. **POOL: Nevada Volunteers**

Wayne Carlson reviewed the Prospective Members Underwriting Review and responded to questions.

On motion by Gina Rackley and second by Geof Stark, the motion carried.

**5. For Possible Action:**

- a. **Renewal Review and Feedback**
- b. **Appraisals Upcoming from AssetWorks**

Stephen reviewed his written report about the renewal process results. He then review the upcoming appraisals by AssetWorks for the northwestern region. He indicated that he will be working with AssetWorks to provide a training for members on the appraisal process. He emphasized the importance of also reviewing equipment valuations as those costs have been

rising. Wayne added emphasis about the importance of proper valuations as the reinsurance underwriters are quite concerned about undervaluation when losses occur.

No action was taken on this item.

## **6. Public Comment**

Chair Foli opened Public Comment and hearing none, closed the comment period.

## **7. For Possible Action: Adjournment**

Chair Foli adjourned the meeting at approximately 11:24 a.m.

The Agenda was posted at the following locations and linked to the Official State Website <https://notice.nv.gov>:

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10 S. Main Street  
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**Minutes of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: October 11, 2022  
9:30 AM VIRTUAL ONLY**

**1. Roll**

POOL Members present: Josh Foli, Geof Stark, Gina Rackley, Ann Cyr, Scott Lindgren, Amanda Osborne  
POOL Members absent: Dan Murphy  
PACT Members present: Paul Johnson, Josh Foli, Mike Giles, Amanda Osborne, Joe Westerlund, Craig Roissum  
PACT Members absent: Robyn Dunckhorst  
Others Present: Wayne Carlson, Alan Kalt, Michael Bertrand

A quorum being present, PACT Chair Paul Johnson called the meeting to order at 9:43 am.

**2. Public Comment**

Chair Johnson opened the Public Comment hearing, there were none.

**3. For Possible Action:**

- a. **Approval of minutes of Joint Executive Committees Meeting of May 18, 2022**
- b. **Approval of minutes of Joint Executive Committees Meeting of July 29, 2022**

Josh Foli made a motion to approve the minutes as submitted. A second was by Mike Giles.  
Motion carried.

**4. For Possible Action: Acceptance of Financial Audit for PACT**

**a. Acceptance of Auditors Report and Recommendations for PACT**

Michael Bertrand, the independent auditor, went over the letter to the Board of Directors. He noted the required communications with those in charge of governance and the recommendations and related information in the letter. He noted that he provided a letter to the Audit Committee dated September 30, 2022 which included the finding and recommendations. He noted that audit went smoothly and acknowledged the hard work of management and staff. Noting that we were able to complete the audit by the September 30, 2022 target date. A motion was made by Josh Foli to accept the Auditor's Report and Recommendations regarding PACT. Mike Giles seconded the motion. The motion carried.

**b. Staff Reports: PACT Audit Overview and Actuary Report Review**

**c. Acceptance of the Audit for PACT**

Alan Kalt reviewed PACT's financial statements with a PowerPoint presentation. He noted that Cash increased from \$4,679,886 to \$12,513,078 at June 30, 2022. Noting this would be invested at higher yields subsequent to year end. The investment balances reduced due to the mark to market reflecting the unrealized loss in investments due to the book yield being lower than the



market yield as a result of the Fed's aggressive increases in the Fed Funds rate during the year. Total Assets were \$66,665,348 which were down 1.7% from the prior year. The total claim reserves increased \$67,000 or 0.1% during the year as calculated by our independent actuary using the 75% confidence level. As approved by the Board, there was a \$2.5M capital contribution from PCM to PACT during the fiscal year. The Net Position was \$5,941,966 which was a decrease of \$1,513,117. This was the result of a net operating loss of (\$342,855), non-operating net investment loss of (\$3,670,262) and the capital contribution on \$2,500,000.

Kalt reviewed the Statement of Revenues, Expenses and Change in Net Position with the Committee. It was noted that the assessments decreased from \$16,848,464 to \$15,055,750 or 10.6% due to Nye County going self-insured. The Loss Fund & Program expenses decreased from \$18,202,512 to \$13,610,889 a reduction of \$4,591,623 or 25.2%. This was primarily due to the reduction in claims expense of \$4,550,369 or -34.9% due to Nye County no longer in the program. Administrative expense increased \$201,974 due to the significant increase of \$439,510 in the Division of Insurance Fees charged to PACT during the year. It was noted that the DOI Fees are based on a formula that uses 3 years of claims paid. It is expected that our DOI fees will slowly reduce as the claims cost go down due to Nye County no longer in our program. Kalt noted that our decrease in Operating Net Position for 2022 was a loss of \$342,855 compared to a loss of \$2,939,099 in 2021. He noted positive progress is being made to improve the financial operations. The non-operating net investment loss of \$3,670,262 was due to an overall total return on the investment portfolio of -6.31% during the year. The price return was -8.26% offset by the income return of 1.95% on the fixed income investments.

It was noted that PACT has 100% ownership interest in the Public Compensation Mutual (PCM) captive. Since inception, PACT's net contributions to PCM have been \$51,200,939. At 12-31-2021, the audited Total Surplus for PCM is \$88,508,108. Kalt noted that the Boards have approved an additional capital contribution of \$2.0M to PACT by December 31, 2022. He indicated that an analysis will be done to determine the amount of future capital contributions needed to PACT to assure financial and rate stability for PACT.

Kalt presented the Actuarial Review of Self-insured Workers' Compensation program for PACT based on the actuarial report by Bickmore Actuary and lead actuary Derek Burkhalter. The report provides the independent valuation of the outstanding claims liabilities as of June 30, 2022. He noted that Board policy was to value the liabilities at the 75% confidence level. Kalt reviewed the historical trends for frequency and severity over the past ten years. The valuation of the claims liability at the 75% confidence level is \$58,367,000 which was up \$67,000 from the prior year. It was noted that no discounting factor is used in the calculation of this long-term liability.

After a brief discussion, Josh Foli made a motion to accept the Public Agency Compensation Trust audit. The motion was seconded by Mike Giles. Motion carried.

**5. For Possible Action: Acceptance of Financial Audit for NPAIP**

**a. Acceptance of Auditors Report and Recommendations for NPAIP**

Michael Bertrand reviewed the Auditor's report and recommendations noted in the letter to the Board of Directors. He reviewed the summary of disbursements, findings, audit adjustments, and thanked management and staff for their hard work throughout the audit.

**b. Staff Reports: NPAIP Audit Overview and Actuary Report Review**

**c. Acceptance of Audit for NPAIP**

Alan Kalt reviewed POOL's financial statements with a PowerPoint presentation. He noted that Cash increased from \$983,799 to \$4,482,628 at June 30, 2022. Noting this would be invested at higher yields subsequent to year end. The investment balances reduced due to the mark to market reflecting the unrealized loss in investments due to the book yield being lower than the market yield as a result of the Fed's aggressive increases in the Fed Funds rate during the year. Total Assets were \$33,659,438 which were up from the prior year amount of \$31,873,728. The total claim reserves increased \$784,000 or 6.6% during the year as calculated by our independent actuary using the 75% confidence level. The Net Position was \$20,250,068 which was an increase of \$840,452. This was the result of a net operating income of \$2,575,303 offset by non-operating net investment loss of (\$1,734,881). It was noted that we implemented GASB 87 accounting for lease assets which added \$300,005 as a non-current asset and a deferred inflow of the same amount.

Kalt reviewed the Statement of Revenues, Expenses and Change in Net Position with the Committee. It was noted that the premium written increased from \$18,306,983 to \$20,536,646 during the year. Program expenses increased from \$15,911,499 to \$17,425,012 an increase of 9.5%. This increase was primarily due to the increase of \$490,691 in the loss and loss adjustment expense, \$428,965 in excess insurance premium expense and \$487,110 in special insurance programs for environmental and student accident coverage. Administrative expense of \$1,286,070 reflects 6.9% of the total expenses. Kalt noted that our increase in Operating Net Position for 2022 was \$2,575,303 compared to \$2,039,797 in 2021 prior to the non-operating investment results. He noted positive progress is being made to improve the financial operations. The non-operating net investment loss of \$1,734,881 was due to an overall total return on the investment portfolio of -6.15% during the year. The price return was -8.17% offset by the income return of 2.02% on the fixed income investments.

It was noted that POOL has 100% ownership interest in the Public Risk Mutual (PRM) captive. Since inception, POOL's net contributions to PRM have been \$29,477,263. At 12-31-2021, the audited Total Surplus for PRM is \$50,082,077.

Kalt presented the Actuarial Review of Self-insured Liability and Property program for POOL based on the actuarial report by Bickmore Actuary and lead actuary Derek Burkhalter. The report provides the independent valuation of the outstanding claims liabilities as of June 30, 2022. He noted that Board policy was to value the liabilities at the 75% confidence level. Kalt reviewed the historical trends for frequency and severity over the past ten years. The valuation of the claims liability at the 75% confidence level is \$12,575,982 which was up \$784,000 from the prior year. It was noted that no discounting factor is used in the calculation of this long-term liability.

After a discussion on the financial statements and actuarial presentation, Josh Foli made a motion to accept the Auditors report and recommendations for NPAIP and accept the Audit report for fiscal year ending June 30, 2022 for Nevada Public Agency Insurance Pool. Second by Ann Cyr. Motion carried.

## **6. Information Only: Interim Financial Report**

- a. PACT August 2022 Financial Reports**
- b. POOL August 2022 Financial Reports**

Alan Kalt noted that the interim financial reports are presented at all Joint Committee meetings as an informational item. He asked if there were any questions. There were none.

## **7. Information Only: Staff Updates**

Wayne Carlson gave an update on the activities of staff and noted he looks forward to seeing the members at the HR Leadership Conference.

**8. Public Comment**

Chair Johnson asked for Public Comments. There were none.

**9. For Possible Action: Adjournment**

The meeting was adjourned at 10:36 am.



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**Minutes of Joint Meeting and Agenda of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: Tuesday, March 20, 2023  
1:30 PM  
Virtual Meeting**

**1. Roll**

POOL Chair Josh Foli called the meeting to order at 1:32 pm.  
POOL Members Present: Josh Foli, Geof Stark, Gina Rackley, Amanda Osborne, Dan Murphy  
POOL Members Absent: Scott Lindgren, Ann Cyr  
PACT Members Present: Paul Johnson, Mike Giles, Josh Foli, Amanda Osborne, Joe Westerlund,  
Craig Roissum and Robyn Dunckhorst  
PACT Members Absent: None  
Others Present: Wayne Carlson, Alan Kalt, Stephen Romero, Jarrod Hickman, Deb Connally,  
Stacy Norbeck

**2. Public Comment**

Alan Kalt asked Mike Giles to pick a number between 1 and 52. Mr. Giles picked number 45 which was Palomino Valley. There were the winner of the \$150 Amazon Gift Card on the PACT Payroll Audit Incentive Program. Alan noted that Eureka County was the winner of the \$200 Gift Card. The next drawing will be on April 3<sup>rd</sup> for those PACT entities that have completed their Payroll Audit submittal by March 31, 2023. There was no other public comment.

**3. For Possible Action: Approval of Consent Agenda**

- a. **Approval of minutes of Joint Executive Committee Meeting of February 17, 2023**
- b. **Acceptance of Interim Financial Statements for POOL PACT, PRM, PCM, NRP, PRI.**
- c. **Acceptance of Investment Advisors Report**
- d. **Report on PRM and PCM 2022 Annual Audits**

Mike Giles made a motion to approve the Consent Agenda as submitted. Dan Murphy second the motion which carried.

**4. For Possible Action: Review of Risk Management Programs, Insurance/Reinsurance Coverage:**

**a. Executive Director's Report**

Wayne Carlson reviewed the Executive Director's report in the packet, noting the market conditions, renewal issues with POOL and PACT due to loss experience and the answers on the CRL Cyber application. It was noted that Carson City put notice in to withdraw from POOL and North Lake Tahoe Fire Protection District and East Fork Fire Protection District for PACT. It was noted that staff will be working with the entities and agents to understand the coverages, services and benefits of being in POOL/PACT. Wayne noted that Davies had a claims Practices Review performed on PACT claims. He provided a Legislative tracking

sheet for the Board and noted that CRL is hosting a board governance conference in July in Boise and encourage board members to attend and participate.

- b. Review of POOL/PACT insurance/reinsurance coverage and risk management programs to determine what coverages and programs to offer for 2023/2024:**
  - i. Review of POOL and PACT Rate Indications**
  - ii. Review of POOL, PACT, PRM and PCM Loss Fund Contribution Rate Indications by Actuary**
  - iii. Selection of Retention Options for NPAIP and PACT Renewal and Reinsurance Strategies.**
  - iv. Consider Changes in Cyber Limits of Liability and Coverage**
  - v. Review of Ancillary Programs Including Student Accident, Pollution Legal Liability, Employee Assistance Program, TULIP (GatherGard), and Airports Program.**

Stephen Romero walked through a chart of the Year over Year comparison for POOL and PACT. He walked through each quote and line of coverage received. The red numbers indicated estimates as firm numbers have not been received by the markets. He noted that the trip to London to present to the property underwriters was successful as the Nevada Pool was in a different position on losses compared to the coastal, storm, and wildfire exposed markets. During the AGRIP Conference, he met with over 12 carriers to discuss pricing challenges and our renewals. The preliminary POOL renewal appears to be over 10%. He is waiting on the London pricing as that has a significant impact on the overall pricing given our Total Insured Values (TIV). There were discussions on the pricing and coverage limits.

Stephen then spoke of the renewal on PACT. He noted that the largest increase was with the CRL level. He explained that CRL uses 10 years of data in the underwriting. It was noted that the oldest year dropping off did not have any claims whereas the new year had over \$2M in claims posted. Alan and Stephen walked through the CRL renewal presentation and showed the 16 large losses that affect the CRL and PCM Layers.

**c. Review Proposed 2023-2024 Draft Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards**

Alan Kalt reviewed the PACT budget PowerPoint presentation. He reviewed the Assessments/Revenues for PACT. Noting that assessments are based on covered payroll times classification rates times the entity mod factors for the year. It was noted that the Actuary had completed the Mod-Rate study for the new policy period. It was noted that the lowest mod rate was 0.64 and the highest at 1.53. There were 76 entities with mod-rates decreasing during the upcoming year. He noted that only 7 entities had mod-rates over 1.1 and three of them were decreasing on July 1<sup>st</sup>. Kalt noted that the budget had investment income from interest earned on fixed income investments but no provisions were made in the budget for unrealized gains or losses during the year. A considerable amount of time was spent on the PACT Loss Fund and Insurance Expense level over the past 6 years. The goal is to have these costs account for 60 to 65% of the assessments. However, the actual costs have been FY 17 68.2%, FY 18 92.4%, FY 19 96.7%, FY 20 94.4%, FY 21 at 95.1%. This resulted in underwriting losses which have been consuming our Net Position over the past 6 years, hence the need for the \$4.5M transfer of capital back to PACT from PCM in 2022. He went over the Bickmore Actuarial study for PACT noting that the 75% funding level needed is \$8,864,000 for PACT's \$300,00 SIR level. Slides showing the 10 year trend data from the actuarial report were reviewed. The actuarial report comparison with the prior year report indicated that the actual development was \$1,148,000 higher than the projected levels due to unfavorable claim development during the year. Alan noted that CRL uses a 10-year claims window in their pricing and we have 4 of the 5 oldest years with 0 claims but the most recent 6 years have large claims with net incurred over \$2M in each year. Alan reviewed his concerns on PACT noted that the Division of Insurance has a regulatory review

performed every three years and we are going on five years without the review. He is concerned that our financial benchmarks are not being met and the regulator may force a rate increase greater than that recommended by Staff or the Executive Committee. Alan noted that our actuary performed a rate relativity analysis on our FY 22-23 rates noting that our Police and Fire rates are underfunded by at least 10%. He is recommending this year's rate percentage increases need to be separated and a larger percentage allocated to the Police and Fire classification to cover their claims load.

Alan gave an update on the PACT Payroll Audits being conducted by SPR. The calculation of covered payroll in 2022 will assist in the rate setting for 2023-24. The goal is to set the assessments at a level to pay the claims without having to impose a special assessment in the future. Josh Foli led the discussion of the implementation of the new rates and the need to move away from the retroactive assessment of the new rates back to the January 1, 2023 payroll. He is recommending the Board consider setting a rate for July 1<sup>st</sup> that goes back to January 1<sup>st</sup> and compute a new rate to be effective on January 1, 2024 that would take place on the January 1<sup>st</sup>, 2024 payroll rates. A discussion was held on the white paper and the task force that worked on this issue. It is recommended to develop this as an option for the Executive Committee to discuss and for full board consideration at the Annual Meeting. Alan indicated that he will work on developing the proposal and the information from the white paper and task force will be helpful. It was noted that the new rate to be implemented in January would not be known until after the actuary did his projection based on the claims data from January 1, 2023 to September 30<sup>th</sup>. Discussions will need to take place with the actuary to determine if the work could be completed timely so the January rate could be calculated and approved in time for the January adjustment.

Kalt went over the POOL budget as presented in the packet noting that the numbers from the renewal proposals as discussed by Stephen were updated in the spreadsheet. No formal action was taken on these items as we are still pending updates from the markets. A subsequent meeting will need to be held prior to the Annual Meeting to finalize the recommendations.

5. **For Possible Action: Review of Candidates for Executive Committee for Election at the Annual Meeting**

Wayne reviewed the Executive Committee members up for re-election at the Annual Meeting as well as the Chair and Vice Chair positions. Each member was willing to continue to serve on the Executive Committee is approved by the Board at the Annual Meeting. It was noted that the current Chairs and Vice Chairs are doing a great job and they are willing to continue to serve is that is the will of the total membership. Wayne and Alan thanked them for their dedicated service and support of our programs.

6. **For Possible Action: Approve Date for Next Joint Executive Committee Meeting**

After discussion, it was determined that the next Joint Executive Committee meeting will be on Friday, April 7<sup>th</sup> at 8:30am.

7. **Public Comment:** There was no public comments.

8. **For Possible Action: Adjournment:** Chair Foli adjourned the meeting at 3:45 pm



**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
Telephone (775) 885-7475  
Facsimile (775) 883-7398

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**Minutes of Joint Meeting of  
Executive Committees of  
Nevada Public Agency Insurance Pool and  
Public Agency Compensation Trust  
Date: Friday, April 7, 2023  
8:30 AM  
Virtual Meeting  
Minutes**

**Roll**

PACT Chair Paul Johnson called the meeting to order at 8:35 am

POOL Members Present: Josh Foli, Geof Stark, Gina Rackley, Scott Lindgren, Ann Cyr

POOL Members Absent: Amanda Osborne, Dan Murphy

PACT Members Present: Paul Johnson, Mike Giles, Josh Foli, and Joe Westerlund

PACT Members Absent: Craig Roissum, Amanda Osborne, Robyn Dunckhorst

Others Present: Wayne Carlson, Alan Kalt, Stephen Romero, Marshall Smith, Stacy Norbeck

**1. Public Comment**

There were no public comments.

**2. For Possible Action: Approval of Consent Agenda**

**a. Approval of minutes of Joint Executive Committee Meeting of March 20, 2023**

Josh Foli made a motion to approve the Consent Agenda as submitted. Gina Rackley second the motion which carried.

**3. For Possible Action: Review of Risk Management Programs, Insurance/Reinsurance Coverage:**

- a. Review of POOL/PACT insurance/reinsurance coverage and risk management programs to determine what coverages and programs to offer for 2023/2024:**
- i. Review of POOL and PACT Rate Indications**
  - ii. Review of POOL, PACT, PRM and PCM Loss Fund Contribution Rate Indications by Actuary**
  - iii. Selection of Retention Options for NPAIP and PACT Renewal and Reinsurance Strategies for Recommendations to the Boards**
  - iv. Consider Changes in Cyber Limits of Liability and Coverage**
  - v. Review of Ancillary Programs Including Student Accident, Pollution Legal Liability, Employee Assistance Program and Airports Program.**

Stephen Romero walked through the structure graphs and coverage layers. He indicated that the property renewal continues to be difficult due to world-wide issues. He updated Year over Year comparison for POOL and PACT. He noted the changes from the prior meeting. He indicated that the Property coverage from London is set at a not to exceed figure of \$6,000,000. PRM is retaining a portion of that coverage consistent with prior years. The Liability coverage and rates remain consistent with data provided at the last meeting. The GEM layer remains constant as there has not been any claims hit their layer. The Cyber coverage includes CRL coverage of \$750K above the POOL's \$250K SIR with a \$10M annual aggregate for POOL. PRM will pick up an additional \$5M Annual Aggregate for losses after CRL's \$10M aggregate for the POOL is exhausted.

**b. Recommend to PACT Board Regarding PACT Payroll Assessment Methodology**

Alan Kalt went over the proposed Methodology consensus from the March 20, 2023 meeting as included in the meeting packet. It was recommended to develop a renewal based on the following items: 1. Use actuarial determined rates and experience modifications effective July 1, 2023. 2. Continue to use the calendar year payroll. 3. Continue quarterly ACH payments on same basis as currently used. 4. Make an additional rate and experience modification adjustments effective January 1, 2024 and 5. Make future rate and experience modification changes effective January 1 for subsequent years.

They noted that to implement the proposed changes, claims data as of 6/30 would be needed and we could use four years as of 6/30 and for the transition use 4.5 years by adding the additional 6 months to the current as of date. It was emphasized that there would be two rate and experience modifications in the upcoming fiscal year. The first on July 1, 2023 and the second effective January 1, 2024 to December 31, 2024. Because funding approval is part of the annual budget that is presented to the Board in April, the Board will need to delegate to the Executive Committee to approve future budgets and funding levels timed to meet the revised January 1<sup>st</sup> effective dates. The PACT annual meeting would approve the coverage program to be effective July 1<sup>st</sup> each year as presented. It was noted that each Fiscal Year for the member would have two rates, the rate established in January for the July to December period and the new rate effective the following January for the next calendar year.

Alan wanted to thank Josh Foli and the working group for the work on this project. He noted that meeting the needs and assisting members is a goal of the management team at POOL/PACT. This new process should assist in accounting for grant positions and year end close for various members. Josh Foli was pleased with the proposed methodology and thanked staff and the working group for coming up with these recommended changes. Gina Rackley and Paul Johnson thanked Josh for his work and stated they are comfortable with these changes as Josh is pleased with the proposal.

Josh Foli made a motion to approve the PACT Payroll Assessment Methodology as outlined in the packet as a recommendation to the PACT Board at the Annual Meeting. Mike Giles seconded the motion which carried.

**c. Review Proposed 2023-2024 Draft Budgets for POOL and PACT for Recommendation to the POOL and PACT Boards**

Alan Kalt reviewed the budget information in the packet starting with the POOL/PRM budgets. It was noted that the projected POOL written premiums will increase by 13.8% on an aggregate basis. He noted that the member's actual increase will depend on each



entity's exposures, payroll, and loss ratings. The budget uses the 75% confidence level (CL) for the Loss Fund contributions for POOL and PRM as determined by the independent actuary. The budget allocation is as follows: Loss Fund & Insurance cost 76.2%, Agent Compensation 6.1%, TPA expense 3.0%, Member Services 8.0%, Administrative expenses of 4.7% and Contingency/Net Investment Income 2.1%. Kalt noted this continues to be a "Very Basic Budget" that addresses the needs of the POOL and Members for the upcoming year. The 'hard market' continues and our long-term commitment in the property market provided favorable rates and stability not seen in the broader market.

Alan Kalt reviewed the PACT/PCM budgets. As noted in the packet, the increase needed in the assessments is 10.05%. The PACT budget allocation is as follows: Loss Fund & Insurance expense of 64.97%, Program Expenses 16.24%, Administrative Expenses of 12.98% and Contingency/Net Operating Income of 5.81%. The budget was built upon the 75% confidence level of the actuarial funding estimate for PACT and PCM. Using a higher confidence level would increase the cost and corresponding classification rates. It was noted that the current year classification rates were increased by a flat rate of 8% for all classifications. The actuary in his annual rate relativity study noted that the Police Fire rate should have been increased by 15% rather than the 8% as such is going to be underfunded in the current year. He is recommending split rate adjustments in the upcoming year as the Police Fire rate needs to be increased more than the General Government rate. Management staff is recommending a flat rate adjustment of 6% for the general government classifications and a 12% for police/fire related classifications.

Based on the Executive Committee recommendation of going to the new methodology on the PACT assessment, a rate adjustment for the July 1, 2023 period should be made and a new rate and x-mods calculated with the actuary using the additional six months of loss data to be implemented on January 1, 2024 for the next twelve months. The expectation would be these changes would not be as significant as the rates needed for July 1<sup>st</sup>.

Kalt went over the Loss Fund and reinsurance options with 75% CL. He noted that given the underwriting losses in the past five years, it may be prudent to consider moving to a higher confidence level to reach an underwriting gain. Moving to the 80% CL for PACT Loss Fund contribution would be an additional \$336,000 and an additional \$311,137 for PRM. He recognized that these are large increases and not recommended. However, looking at a strategy to move 1% closer each year might be prudent and in 5 years we would be at the 80%. He noted the FY 2022-2023 is still very green but appears to be trending positive but too early to tell as claims can have significant unfavorable development in a short period of time.

A review of PACT's Program and Administration expenses were noted. An increase is projected in the investment income due to the increase in the investment yields on the fixed income portfolio.

After discussions, Josh Foli made a motion to approve the POOL and PACT budgets and recommend approval to the full board at the Annual Meeting. Noting the POOL increase would be 13.8% on average and the PACT general government classification rates will increase by a fixed rate of 6% and the police/fire classifications having a flat rate increase of 12% effective July 1, 2023. Mike Giles seconded the motion which carried.

4. **Public Comment**

There were no Public Comments

5. **For Possible Action: Adjournment**

The Chairman adjourned the meeting at 9:18 am.

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**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**  
201 South Roop, Suite 102  
Carson City, Nevada 89701-4779  
Toll Free: (877) 883-7665  
Telephone: (775) 885-7475

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## **MINUTES**

### **Minutes of Meeting of the Loss Control Committee of Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**

**Date: March 14, 2023**

**Time: 9:00 A.M.**

**Place: Churchill County Commission Chambers,  
155 N Taylor St, Conference Room 102, Fallon, NV 89406, teleconference, and zoom**

#### **1. Roll**

Members Present: Dan Murphy (Chair), Geof Stark, Alicia Heiser, Paul Sikora, Curtis Trujillo, Darren Wagner, Shannon Harris, Ann Cyr

Others Present: Donna Squires, Margaret Malzahn: Alan Kalt, Jarrod Hickman, Jennifer Turner, Mike Van Houten, Hope Blinco, Stephen Romero, Jeff Coulam, Marshall Smith

#### **2. Public Comment**

No public comment

3. **For Possible Action:** Approval of the Minutes of Committee Meeting of November 22, 2022.

Ann Cyr made a motion to approve the Minutes, Shannon Harris seconded, the motion carried.

4. **For Discussion:** Highlights/Happenings in Churchill County from Geof Stark.

Geof provided an overview of the impressive *Rafter 3C Arena and Complex* (it should be noted that following the meeting, Jorge Guerrero (Director of Parks and Recreation) and Geof) provided a tour of the facility. He outlined the steps the county was taking in preparation of possible flooding. He presented information on the Central Nevada Health District and anticipates it will be operational by July 1, 2023. This is the third District approved in the State of Nevada and the first to serve rural communities. It should be noted that the Central Nevada Health District has also recently become a member of POOL/PACT (**SEE 2/17 Joint Executive Committee Meeting**)

5. **For Discussion: Risk Management Report**
  - A. **Webinars/Seminars/Training Since Last Meeting**

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Jarrold Hickman and Marshall Smith summarized:

- the webinars/seminars/trainings that POOL/PACT Risk Management presented since the last meeting and those planned in the next 3 months.
  - new applicants to the Enterprise Risk Management Excellence Program
  - updates regarding the Nevada Detention Workers Administrators Group (which held its quarterly meeting in Fallon on 3/14/23 at the Churchill County Sheriff's Office).
  - Risk Management Grant Program FY2022-2023 Review
6. **For Possible Action:** Discussion and possible approval of requirement that a member which receives a Risk Management Grant in excess of \$50,000.00 in POOL/PACT funding, must complete the relevant section of the Enterprise Risk Management Program ("In Place and Operational").

Marshall Smith proposed the requirement. He noted that, although the objective of the Risk Management Grant Program is to assist members with funding for those projects which mitigate or eliminate risk, those projects tend to have significant but limited impact on the member as a whole. Therefore, the requirement that a member complete the relevant section of the ERMEP would have a more comprehensive impact on the member. After discussion, Shannon Harris made a motion to approve, Ann Cyr seconded, the motion carried.

7. **For Discussion Only:** Recognition of John Dollar's many years of dedicated service to the Loss Control Committee and congratulations on retirement. Welcome Curtis Trujillo, who will be taking John's place as the Incline General Improvement District's

representative on the Committee.

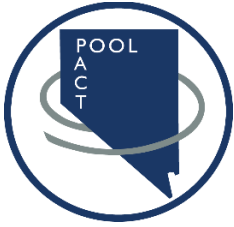
Chairman Murphy shared Committee's appreciation of John's dedication and professionalism he has shown to IVGID, but also to the advancements made by the Loss Control Committee's mission and objectives. He also welcomed Curtis Trujillo, who will take John's place on the Committee.

**8. Public Comment.**

Chair Murphy indicated that the location of the next meeting needs to be determined. Curtis Trujillo invited the Committee to IVGID for **its** meeting in June. Staff was instructed to work with Chair Murphy and Curtis Trujillo to determine the specific location and date of next meeting.

**9. For Possible Action: Adjournment**

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Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
Telephone (775) 885-7475  
Facsimile (775) 883-7398

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**Minutes of Meeting of the Loss Control Committee of  
Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**

**Date: July 12, 2022**

**Time: 9:00 A.M.**

**Place: Winnemucca City Hall, 90 W. 4<sup>th</sup> St, Winnemucca, NV 89445 via Zoom, and teleconference**

**1. Roll:**

Members Present: Dan Murphy (Chair), Geof Stark, Alicia Heizer, Paul Sikora, John Dollar,  
Darren Wagner, Shannon Harris

Absent: Ann Cyr

Others Present: Wayne Carlson, Alan Kalt, Jarrod Hickman, Jerry Allen and Erik Blondheim  
(Pershing County Sheriff's Department), Marshall Smith

**2. Public Comment:**

No public Comment

**3. For Possible Action: Approval of Minutes of Committee Meeting of March 15, 2022**

John Dollar moved, and Paul Sikora seconded the Motion to approve the minutes. After discussion, the Motion carried.

**4. For Discussion: Highlights/Happenings in the City of Winnemucca from Alicia Heizer, City Manager.**

Alicia Heizer provided a summary, including a new well being drilled on east side of town and building pump house for it; working with BLM on expansion of their seat base at the airport. The largest water storage tank had to be drained and repainted on the interior, waiting for tests, will then be put back into service.

**5. For Discussion:**

**A. Risk Management Report**

Marshall Smith provided a summary and review of the 2022 Swimming Pool Assessments, June 22, 2022 Aquatics Risk Management Seminar.

**B. Review of Loss Control Committee Member LCEP Status**

Pershing County School District: Dan Murphy said that he is actively working on the program and involving multiple district departments. Churchill County: Geof Stark said that he has a new person who will be working on the program. Boulder City: Paul Sikora said that this has been project for the Safety Committee and will be submitting the survey soon. City of Yerington:

Darren Wagner said that he will be working with Sheema Shaw on the program. City of Winnemucca: Alicia Heizer said that she is actively working on the program. Carson City School District : Ann Cyr not present. Incline Village General Improvement District – John Dollar (*awarded 12/2020*) Carson Valley Swim Center – Shannon Harris (*awarded 03/2022*).

**B. Risk Management Grant LCEP Follow-up Status**

Marshall Smith reviewed and summarized the LCEP status of member grant recipients.

**D. LCEP Member Participation Review**

Marshall Smith reviewed and summarized member LCEP program status

**E. Member Value and Performance (MVP) Presentation and Member Service Summaries (MSS) Reports**

Jarrold Hickman reviewed the status of and summarized the MVP program.

**F. Upcoming Risk Management Webinars/Seminars/Training**

Marshall Smith reviewed and summarized the PP webinars/seminars/trainings planned.

**G. Risk Management Grant Program FY2021-2022 Budget Review**

The FY2021-2022 budget and funding status was included in the Agenda.

- 6. For Possible Action:** Discussion and possible approval of Risk Management Grant Applications 0205-RM-2022 and 0206-RM-2022 submitted by the Pershing County Sheriff's Office. Sheriff Jerry Allen will present the grants to the Committee.

0205-RM-2022 Sheriff Jerry Allen and Undersheriff Eric Blondheim summarized the need and basis for the surveillance system, noting the Detention Facility Assessment completed by LLRMI recommended upgrading the surveillance system. Darren Wagner made a motion to approve which was seconded by Alicia Heizer. After discussion, the Motion carried.

0206-RM-2022 Sheriff Jerry Allen withdrew this grant request as further study and construction analysis was required. Sheriff Allen said that he would update and likely resubmit the application. No further consideration was made based upon the withdrawal of the application.

- 7. For Possible Action:** Discussion and possible approval of Risk Management Grant Application submitted by Boulder City regarding the purchase of AEDs.

Paul Sikora summarized the application noting that this was a project of the Boulder City Safety Committee which is seeking to update and centralize all AEDs for the City. He noted that the funding was for the initial purchase and all future funding requirements would be borne by Boulder City. Geof

Stark questioned whether this funding is a typical budget item and concerned about setting a precedent. It was agreed that this project be funded as an initial funding source; all future costs for repair, software upgrades, equipment needed in the future be borne by the applicant. Alicia Heizer moved to approve the grant. Paul Sikora abstained from the vote. Geof Stark seconded. After discussion the motion carried.

Dan Murphy requested that staff prepare a report regarding the feasibility and cost of developing a one-time member wide AED program.

**8. Public Comment:**

Dan Murphy inquired about the location of the next meeting. Paul Sikora volunteered to host the November meeting in Boulder City.

**9. For Possible Action: Adjournment.**

Dan Murphy adjourned the meeting.





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201 South Roop, Suite 102  
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Toll Free: (877) 883-7665  
Telephone: (775) 885-7475

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**MINUTES**

**Minutes of Meeting of the Loss Control Committee of  
Nevada Public Agency Insurance Pool and Public Agency Compensation Trust**

**Date: November 2, 2022**

**Time: 9:00 A.M.**

**Place: City Hall, Boulder City, via Zoom, and teleconference**

**1. Roll**

Members Present: Dan Murphy (Chair), Geof Stark, Alicia Heiser, Paul Sikora, John Dollar, Darren Wagner, Shannon Harris, Ann Cyr

Others Present: Mike Giles (City of Lovelock), Cheryl Haas (Pershing County), Tabatha Hamilton (White Pine County), Ronique Tatum-Penegar (Southern Nevada Health District), Shawn Heusser (Nevada Rural Housing Authority), Ed May and Mike Means (Eighth Judicial District Court), Curtis Trujillo (IVGID), Taylour Tedder (Boulder City) POOL/PACT staff: Wayne Carlson, Alan Kalt, Jarrod Hickman, Marshall Smith, Stephen Romero, Stacy Norbeck

**2. Public Comment**

No public comment

3. **For Possible Action:** Approval of the Minutes of Committee Meeting of July 12, 2022 ([Attachment 1](#)).

Paul Sikora made a motion to approve the Minutes, Alicia Heiser seconded, the motion carried.

4. **For Discussion:** Highlights/Happenings in the Boulder City from Taylour Tedder, City Manager, Paul Sikora, Purchasing, Risk, and Grants Manager.

Taylour Tedder thanked the Loss Control Committee for selecting Boulder City as the location for this meeting. He gave an overview of Boulder City's and Hoover Dam's history. Boulder City's economy relies on tourism, however, COVID had a significant impact on tourism. [impacted that, and they are also, like many others,] *Further, Boulder City* is suffering from a severe drought which threatens the drinking water shared by several states. Boulder City was the recipient of \$21M in ARPA funding. Some of these funds were used for local businesses, first responders, and residents. City employees worked hard to ensure residents didn't lose any services. Paul Sikora was responsible for leading multiple donation drives for the community. Large local investments and wastewater reclamation projects. Boulder City is working with the Chamber of Commerce following a \$1.9M grant received to help retrofit outdoor lighting throughout the City. Boulder City also received two grants from POOL/PACT, one for AED replacement, another for iPads to support their MSDSONline project.

5. **For Discussion: Risk Management Report**  
A. **Webinars/Seminars/Training Since Last Meeting**

Jarrold Hickman summarized the webinars/seminars/trainings that POOL/PACT Risk Management *presented* since the last LCC Meeting.

- B. **Loss Control Excellence Program Status**  
1. Risk Management Grant LCEP Follow-up Status

Marshall Smith provided updates on the status of members that have completed the required sections for Risk Management Grants, and members who are actively seeking the Program Award.

- C. **Member Value and Performance (MVP) Presentation and Member Service**

Jarrold Hickman summarized the MVP presentations since the last meeting. He also noted that Kayla Woods (A&H Insurance) will be working with her clients to receive the presentation.

- D. **Upcoming Risk Management Webinars/Seminars/Training**

Marshall Smith reviewed upcoming webinars/seminars/trainings.

**E. Risk Management Grant Program FY2022-2023 Review**

Jarrod Hickman summarized the grant budget, and the amounts funded this fiscal year; both Risk Management Grants and Risk Management Education Grants.

6. **For Discussion:** Staff report on Chairman Dan Murphy’s request that staff prepare a report regarding the feasibility and cost of developing a one-time member wide AED program. ([Attachment 3](#))

Jarrod Hickman summarized the available grant funding for members for AED projects. He noted that there is now a requirement in the risk management grant application that requires applicants to list efforts taken to obtain funding from alternative sources prior to applying for a POOL/PACT risk management grant.

7. **For Discussion:** Ann Cyr (Risk Manager, Carson City School District) and/or Dan Saddler (Associate Superintendent of Human Resources) will present summary of new Title 9 requirements which incorporate all LGBTQ+ categories and how such changes may impact Districts and ideas to address.

Ann Cyr provided a summary of the grant Carson City School District received for Title IX Administrators (ATIXA) training, case law, regulations, and regulatory guidance with emphasis on sexual harassment policy and procedures as required by Federal Title IX regulations, including 2023 Title IX regulatory changes. This also included a “Super Membership,” which allows this training to be available all POOL/PACT member school districts. Dan Saddler (CSSD) will be [is currently] working with other member school district human resource directors to inform them of the training opportunity.

8. **For Possible Action:** Discussion and Possible approval of requirement that any member which receives an assessment from a POOL/PACT business vendor (i.e., Passive Network Assessment, Aquatic Facility Assessment, EOPs for School Districts, Detention Facility Assessment, etc.), will be required to submit responses to the Loss Control Excellence Program.

Marshall Smith suggested to the Committee that if one of POOL/PACT's business vendors provides an assessment for a member, the member will review the relevant section(s) of the LCEP with POOL/PACT risk management, i.e. Detention, School District, Aquatic's Facility, CyberSecurity. This is the same requirement for members who receive a risk management grant. This provides POOL/PACT risk management staff to inform members about programs and services available as a benefit of membership. However, to achieve the LCEP Award, all questions must be answered and verified as "In Place and Operational."

Geof Stark expressed concern that this requirement may be an impediment to some members. Marshall stated that POOL/PACT is sensitive to this concern and uses the requirement to inform members of programs and services that they were likely unaware of. Jarrod added that there has not been any decrease [in the amount of] grant requests since adding the LCEP requirement to risk management grants. Cheryl Haas (currently managing Pershing County's LCEP application) noted that the LCEP process has informed her of many programs, services, policies, that she was previously unaware of. Alicia Heiser suggested that an explanation of the requirement be sent along with that portion of the LCEP to the member when the assessment is being scheduled. Shannon Harris made a motion to approve, Geof Stark seconded, the motion carried.

9. **For Possible Action:** Discussion and possible approval of Risk Management Grant Application submitted by City of Lovelock for funding of installation of video camera system for City Hall. Mayor Mike Giles will present the grant to the Committee. ([Attachment 4](#))

Mayor Mike Giles provided an overview of the City of Lovelock grant application. He summarized the basis for the grant. The City of Lovelock would like to install a video camera system that would monitor activities of City buildings. Alan Kalt asked if there were other funds the City of Lovelock could pursue and secure before POOL/PACT grant funds were used (similar to AED Program discussion). Mayor Giles summarized the work the City conducted to obtain outside funding. Lovelock's ARPA funds are already allocated for more pressing City needs. Alicia Heiser made a motion to approve, Paul Sikora seconded, the motion carried.

LCEP Contact: Terri Wilcox

10. **For Possible Action:** Discussion and possible approval of Risk Management Grant Application submitted by White Pine County for installation of video camera system for

county facilities prone to vandalism and destruction. Tabitha Hamilton and Delaney Marich will present the grant to the Committee. ([Attachment 5](#))

Tabatha Hamilton summarized White Pine County's request for funding for installation of a video camera system for several County facilities. She explained that several acts of vandalism had occurred at several locations within the county. The goal is to deter vandals with the presence of cameras, and if needed, will use the surveillance footage as evidence in the prosecution of vandalism. Chair Dan Murphy asked if there was an attempt to secure funding from another source? Tabatha Hamilton responded that their specific need did not meet the criteria for smaller grant funding, so the *County Commission* suggested POOL/PACT as a funding source. Alicia Heiser made a motion to approve, Ann Cyr seconded, the motion carried.

LCEP Contact: Tabatha Hamilton

- 11. For Possible Action:** Discussion and possible approval of Risk Management Grant Application submitted by Nevada Rural Housing Authority for OSHA required elevator upgrades. Shawn Heusser will present the grant to the Committee. ([Attachment 6](#))

Shawn Heusser summarized the grant request from Nevada Rural Housing Authority. He stated that pursuing and securing other funding was not an option. Their budget is already in a deficit due to the housing market and high interest rates which significantly impact revenues. Jarrod Hickman noted that the attached letter from NV OSHA specifically denotes the deficiencies with their elevator as violations. Ann Cyr made a motion to approve, Shannon Harris seconded, the motion carried.

LCEP Contact: Shawn Heusser

- 12. For Possible Action:** Discussion and possible approval of awarding Pooling Resources Inc., The *Loss Control Excellence Control Excellence Program Award*. POOL/PACT's Risk Management Assessment was independently audited by Curtis Trujillo (IVGID HR Director). ([Attachment 7](#))

PRI completed the Program and was audited by POOL/PACT Risk Management. That Audit was independently audited and approved by Curtis Trujillo (IVGID HR Director) to ensure transparency. Shannon Harris made a motion to approve, Geof Stark seconded, the motion carried.

- 13. For Possible Action:** Discussion and possible name change: The Loss Control Excellence Program to The Enterprise Risk Management Excellence Program. ([Attachment 8](#))

Marshall Smith presented the rationale behind the request. The LCEP is in a constant state of evolution. The goal of the program is to transition from traditional loss control to

overall entity performance. That is the objective of Enterprise Risk Management, and the name of the program should reflect that objective. Ann Cyr made a motion to approve, John Dollar seconded, the motion carried.

**14. Public Comment.**

Marshall Smith indicated that the location of the next meeting should be determined. Chair Dan Murphy said that he would host is Lovelock if no one else offered. Geof Stark said it could be held in Fallon as well. Staff was instructed to work with Chair Murphy and Geof Stark to determine location of next meeting.

**15. For Possible Action: Adjournment**

Meeting adjourned at 10:25 AM.



**APPROVED MINUTES OF THE  
POOLING RESOURCES, INC  
OVERSIGHT COMMITTEE MEETING  
Date: September 9, 2022                      Time: 10:00 a.m.  
Place: Virtual Meeting via Zoom and In Person**

**1. Oversight Committee (OSC) Roll Call**

Members participating in person: Daniel Sadler. Members participating via Zoom: Chair Curtis Calder; Abel del Real-Nava; Erin Feore; Dawn Huckaby; Austin Osborne; Robert Quick; Geof Stark; Lourdes Martin; Jonalee Roberts. Member(s) not participating: Scott Lindgren. Pooling Resources, Inc. (PRI) Staff participating in person: Stacy Norbeck; Ashley Creel. Staff participating via Zoom: Jeff Coulam; Neal Freitas; Lessly Monroy; Sandra Schooler. Called to order at 10:04 a.m.

**2. Item: Public Comment**

Chairman Curtis Calder opened public comment. Curtis announced the December 2022 OSC meeting would be his final meeting since he is officially retiring from the City of Elko effective January 31, 2023. He will also be stepping down from the Pooling Resources, Inc. (PRI) Board and has made a recommendation for that vacancy to Wayne.

Curtis closed the public comment period.

**3. For Possible Action: Approval of Minutes of Meeting June 3, 2022**

Stacy Norbeck, POOL/PACT HR General Manager, reported one instance of a misspelling of the word "Oversight"; Curtis noted the revision. On motion and second to approve the revised minutes of June 3, 2022, the motion carried.

**4. For Possible Action: Appointment to Open Oversight Committee Seats**

Stacy stated there were two open OSC seats. She indicated the OSC charter states the committee will include at least one representative from a county, a city, a hospital, a school district, and two HR Specialists from member agencies. One of the open seats belonged to Elona Goldner, Nye County (no longer part of the POOL or PACT), and one to Cindy Hixenbaugh, who is no longer at Pershing General Hospital.

**a. One representative from a hospital**

During the last meeting in June, Jonalee Roberts was recommended. Stacy introduced Jonalee who has been the HR Manager for Mt. Grant General Hospital (MGGH) for the past 16 years and is a huge supporter of POOL/PACT HR.

**b. One representative from a county or city**

Stacy stated the Committee has been heavily weighted with counties the last few years and recommended a city or town be considered. She also suggested to include representation from Southern Nevada. After conferring with Curtis, she reached out to Boulder City and spoke with Bryce Boldt who recommended HR

Manager Lourdes Martin. Lourdes has been with Boulder City since 2013, has a master's degree, a PHR, and is very interested in serving on the committee.

On motion and second to approve the appointment of Jonalee Roberts and Lourdes Martin to the OSC membership, the motion carried.

## 5. For Possible Action: Report on Activities

### a. 22/23 Strategic Plan to date

Stacy reviewed the 22/23 Strategic Plan as follows:

**New Trainings** — Four new classes are scheduled to be developed this year: *Online Management Module 1: Introduction to Supervising, Managing and Leading in the Public Sector* is 50% complete, *Online Management Module 2: Buddy to Boss* is in process, *Harassment eLearning* is 90% complete, and a new *Safe and Sober eLearning* will soon be in process.

**Revisions** — *Human Resources Representative (HRR) Sessions 1-5* is being reformatted and updated as needed: Session 1 is 75% and Session 2 is 50%.

**Regional Trainings** — Twelve regional trainings are scheduled this year: *Essential Management Skills in the Public Sector (EMS)* is scheduled five times, one is complete; *Advanced Essential Management Skills in the Public Sector* is scheduled for November 2022, in Carson City and April 2023, in Elko; *Dear HR (Virtual)* is scheduled for December 2022; *HRR* is scheduled for February 2023; *Influential Leadership* is scheduled for April 2023; *Advanced Human Resources Representative* is scheduled for April 2023; and *So You Want to be a Supervisor?* is scheduled for May 2023.

**Regional Workshops or State-wide Virtual Workshops Utilizing Outside Resources** — The annual preconference, *Risk Management Roundup* is scheduled for October 12, 2022. Other workshops to be determined.

**2022 HR Leadership Conference** — The annual leadership conference will be conducted on October 13-14, 2022, with a preconference session on October 12, 2022.

**New Briefings** — To be determined.

**Review/Update Existing Briefings** — Twenty-five HR briefings will be updated this year; four are completed.

**HR Briefing Videos** — One new video on adopting and implementing the new color-coded policies is scheduled to be complete by October 1, 2022.

**Webinars** — Twelve webinars are scheduled. Eleven are Employee Assistance Program (EAP) sessions. One HR webinar, *POOL/PACT 101*, is scheduled for January 5, 2023. One EAP webinar, *Sustaining a Respectful Work Environment*, was rescheduled for September 14, 2022, due to technical difficulties.

**Round tables** — Five sessions completed in July 2022.



**Post Member Pay Plan/Scale on Website** — These are being added as received. Three cities/towns, one county, and one special district have been added to date.

**Sample Personnel Policy Update** — The sample policy manuals will be updated by the end of the fiscal year. Stacy noted the new Sample Color-Coded Policies will be out by October 2022. A new Sample COVID-19/Contagious Disease Policy was released this week, added to the website, and sent to members. Stacy thanked Austin Osborne for the suggestion.

**Alerts** — No alerts have been issued to date.

**Notices** — No notices have been issued to date.

**Trainings** — As of August 31, 2022, 20 trainings have been conducted with 346 participants, with 4.52 course content average; and 4.8 instructor evaluation average. No HR Briefings have been conducted to date.

**Phase I HR Compliance Assessment Program** — There are 12 interested members this FY; four are in process. There are seven rollovers from previous years.

**Phase II HR Compliance Assessment Program** — There are three interested members this FY (Carson City, Douglas County Lake Tahoe Sewer Authority, and Pershing County). There are three rollovers from previous years; one is complete (Nye County School District), and one is scheduled to be done by October 1, 2022 (City of Winnemucca).

#### **b. Member Contact Tracking**

Stacy reported 597 total contacts as of August 31, 2022. The bulk of the contacts were spent in General Contact at 37% and Program Planning/Service Plans at 21%. The top categories not including General Contact and Program Planning/Services were Employee Relations/Fair Employment Practices (e.g., Title VII, ADA) at 26%; Personnel Administration (e.g., policies, job descriptions, records) at 22%; Discipline at 9%. To note, COVID-19 reduced to 3%.

#### **c. Report on Employment-Related Claims**

As of August 31, 2022, for FY 21/22, there were four claims, four of which are open. Claims may have multiple charges. Of the four claims, one is defamation/slander; one bullying; one harassment/discrimination; one race; two retaliation; and two ADA. Of the four, one is from a city/town; two from a school; and one from a special district.

#### **d. HR Problem-Solving Reports**

Stacy presented the HR Problem-Solving Report reflecting unique member issues addressed in the last quarter and invited any questions.

Curtis remarked that the problem-solving reports continue to be very valuable to member organizations and thanked POOL/PACT HR staff for putting them together. No action required.

## 6. For Possible Action: General Manager Report

**a. Virtual Essential Management Skills** — Stacy reviewed the previous decision to recommend (rather than require) participants to use microphones and cameras to increase engagement and knowledge retention. A script was written by Ashley Creel, Senior HR Business Partner, and used at the beginning of each class to encourage participants to use cameras. Approximately 25% elected to not turn cameras on, and a few did not have microphones. As a result, the registration forms for regional trainings will now include a specific question about having a camera and a microphone. If a participant indicates they do not have one, they will be contacted about grant availability. However, POOL/PACT HR believes having a microphone should be a non-negotiable; and would like to implement a time frame such as 10 minutes for participants who do not have a microphone to call-in or be removed from class. Geof Stark said the virtual trainings are offered as a convenience to the member and should be required. A discussion ensued, and it was agreed a microphone is essential and needs to be a requirement for the virtual trainings, and that 15 minutes was a reasonable time frame to allow participants to connect prior to being removed from the class. No action needed.

**b. Virtual Round Tables Minimum Participants** — Stacy reported the Schools, Counties, and Special Districts round tables have been successful, but Cities/Towns and Public Safety have been less so. Of 15 active cities/towns, five people enrolled, but only one showed up for the July session. The April round table for that group had seven enrolled, and three showed up. This has been ongoing for Cities/Towns. The Public Safety round tables started out strong, but attendance has been down lately. The January round table had two attendees; April was canceled due to low registration. A survey was sent out to Public Safety members but received only four responses. It was decided to continue but require at least four different entities be represented in order to make it worthwhile. During the last session, four people attended, but it required a lot of outreach. She asked the Committee for input on whether Cities/Towns and Public Safety should continue as is or combine with other entity types. A discussion followed, and it was agreed it made sense to combine Cities/Towns with the County round tables. Robert Quick would like Public Safety to be combined with the Counties because more people will provide feedback. Geof agreed. Robert would like to keep the option of public-safety-specific round tables should their numbers go up in the future. Stacy suggested trying again in January before combining with counties.

On motion and second to combine cities/towns in with the counties for the virtual round tables, the motion carried.

**c. Sample Color-coded Personnel Policy Update** — Stacy reviewed the new color-coded policies which will be released in October for all size non-school members. Stacy explained that the policies are formatted so that the black font applies to all employers; employers with 50 or more employees would adopt policies in black, blue, and purple and eliminate verbiage in green and orange font; employers with 15 to 49 employees will include green and purple, and eliminate blue and orange; and employers with less than 15 will include green and orange, and eliminate blue and purple. She demonstrated using some examples from the color-coded policies. Stacy shared the email that will be sent out to members to introduce the new policy format, how to use it, and where to get assistance. An HR Briefing video link will also be included.

Abel del Real-Nava thanked Stacy for the new format as it centralizes everything, and agencies can choose what fits their needs. Robert mirrored Abel's comments, as did Dawn Huckaby, Austin, and Jonalee. Curtis asked if adding the color coding still creates formatting issues. Stacy indicated Support Staff is ensuring the

color coding is correct and the formatting works. Curtis said it sounds like a great change and will be helpful to the membership. Curtis asked if the policy would be less verbose. Stacy said that was part of the recently completed three-year review, and a review is conducted each year to make sure efforts are not duplicated. No action needed.

**d. Annual HR Leadership Conference Format** — The annual HR Leadership conference was planned as a hybrid event, but only 6 of the 79 registered virtually (4 of them are local); POOL/PACT HR would like to consider holding it in-person only, with no Zoom option. Ashley Creel reported the 2020 conference was virtual due to the pandemic and continued as hybrid last year as the pandemic was still an issue and members seemed to like having the option. This year's conference was planned to be hybrid, but registration is low for virtual. Ashley's main concerns are: not many people are registered for the virtual option; it takes time, effort, and equipment on staff's part; and whether the members attending virtually receive value (e.g., the keynote speaker feels his presentation is so interactive that virtual attendees will not receive the same value as in person). Curtis stated the hybrid format should not be offered unless the pandemic forces it. Abel, Dawn, Geof, Austin, and Erin Feore agreed. Daniel Sadler asked if it was advertised as hybrid. Stacy said it was advertised as "live streamed." Robert indicated he is registered for the live stream because he must attend another conference at the same time but agreed with the comments made and would attend in person if possible. Curtis said since this will have an impact on some people who have already registered and should be brought to a vote. On motion and second to remove hybrid format from conference, the motion carried.

**e. August Newsletter** — Stacy reviewed the articles in the quarterly newsletter that was published in August 2022: *Employee Engagement; Taking Steps to Avoid Those Unwelcome Surprises; Bring Your Own Device: Privacy Concerns; COVID-19 Prevention & Protocols; Dear POOL/PACT HR: Chronic Attendance Issues; Upcoming HR Event: HR Conference;* and an article in memory of John Bates (former POOL/PACT HR Senior Business Partner).

**f. Employee Assistance Plan** — Stacy reviewed the quarterly and annual Kepro EAP reports. Individual Utilization was 1.6% for the quarter, down from 1.7% the previous quarter. The Overall Utilization was 9.2%, down from 13.2% the previous quarter. The annual overall rate for the year was 1.6% individual and 11.1% overall. Nearly 85% were resolved within the EAP, meaning they did not need to refer them to an outside source. Highest utilizations were Storey County, Douglas Schools, and Lyon County Schools. The top assessed problems for the 4th quarter at intake were emotional wellbeing and relationships, while work life and occupational were tied for third. The top assessed problems for the year at intake were emotional wellbeing, work life, and relationships. There were five financial consultations and 35 legal consultations for the year. Ninety-eight percent of calls in the fourth quarter were by employees and 26% of the people who called got EAP information from HR. There was one Critical Incidence Response (CIR) last year that used two hours. For the quarter, there were 1337 pages viewed on their website using POOL/PACT's login and nearly 6000 for the year. The utilization report contains more detailed information.

Members were surveyed regarding what they would like to see for the EAP webinars in FY 22/23; the top webinars are listed on the Strategic Plan. Once conducted, they are made available on the website to members who were unable to attend on the scheduled date.

There are 91 counseling service providers available through Kepro to members throughout the state, an increase of one from last quarter.

Curtis asked Robert if someone was brought out in person to the CIR in Lander County or was it virtual. Robert said someone was sent out to them from Reno. Curtis said that was a positive that they sent someone out to the location.

Curtis inquired if percentages for POOL/PACT as a group are comparable to the participation levels for the state of Nevada. Lessly Monroy, POOL/PACT HR Business Partner, said she would look up that information and share it at the next OSC meeting. Geof said he appreciates Kepro sending out the monthly notices and reminders. Both he and Jonalee forward the emails to their staff. Robert agreed and said they have handed out Kepro information to several employees in the last few months and other than a management referral, cannot force an employee to call and get assistance. Dawn said they put it in any notice letter, support and disciplinary letters, and similar communications, so employees know the resources are there.

## **7. For Possible Action: Review HR Assessment Requirements**

Stacy said reassessments may apply when the organization has either completed an assessment previously, received the full grant amount, and wants to do it again for various reasons or an organization never finished, and it was closed out. It was decided a few years ago that the reassessments for those who had completed and received a grant would be eligible for half a grant if completed a second time. The program has been in place for approximately 10 years, so it has been 10 years since some members last completed it. She wants to clarify at what point they should be eligible for a full grant again. Curtis asked if a time period is required after the assessment in order to do the reassessment. Stacy said there have not been strict rules on that. Curtis suggested eight years before receiving a full grant again due to four legislative cycles passing as there could be a lot of changes in that time period. He said the full amount is justified then but if something comes up during 0-8 years, then the partial grant would apply. Stacy asked whether the eight years would be from the time an assessment is conducted or finished. Curtis clarified the eight years would be from the time they receive their check. Daniel would like his organization to go through the process again since he is new to the HR role. Stacy clarified those who fail to complete the assessment and do a reassessment are still eligible for the full grant. Stacy asked whether there would be exceptions for organizations that have received a full grant and have new HR staff, and whether the grant amount should be based on the quality and quantity of recommendations accepted and completed.

Neal Freitas, POOL/PACT HR Senior Business Partner, said one purpose of the program is to complete a report with recommendations, review the report with the member at which time they can agree to complete the recommendation or state they will not complete it. There have been a few organizations who selected only to complete four or five of 10 recommendations, and once those were complete, they received a plaque and were eligible for the grant. Neal stated he would like to require the organization be held accountable to completing all of the recommendations before they receive an award. If they do not, they have the report to become more successful in their practices.

Curtis stated he was under the impression that to qualify for the certificate and the payment, they were to complete all of the recommendations. A discussion ensued regarding what should qualify an organization to receive a Phase I Assessment award. Robert had some concern with the topic and suggested putting

together a small working group to go through all the different aspects and then bring back their best ideas to present to the full committee. Curtis asked Stacy if she and Neal could meet with a couple of the OSC members. She requested a work group that is not necessarily committee members; Curtis agreed not to create another formal committee to address this one issue and would leave it up to her to speak with a representative who would have some good insight on the issue. Stacy said the Phase II Assessment could be included as part of the working group. Curtis suggested tabling the item until a working group can meet and revisit the item on the December agenda. On motion and second to table the discussion and revisit at the December meeting, the motion carried.

**8. For Possible Action: Review HR Recognition Program Survey and Authorize Staff to Pilot Program**

Stacy said the HR Recognition Program Survey was previously referred to as the HR Excellence Program but was changed because the goal of the program is to recognize members who not only have an excellent HR program but have that program because they are utilizing POOL/PACT HR. She stated staff identified survey components they thought were important in recognizing membership for their HR programs and suggested creating a work group to provide input on the components that were included, the scales that were selected, and how to weigh each section to determine if the member qualifies for recognition. Curtis saw no issue with a pilot program. On motion and second to approve staff to have a pilot program on this item, the motion carried.

**9. For Possible Action: Review and Approve Biannual Member Satisfaction Survey**

Stacy directed the Committee to the member satisfaction survey that Jeff Coulam, POOL/PACT HR Senior Business Partner & Training Manager, creates and sends to member organizations biannually. She said it had to be recreated due to changes in Constant Contact. It looks a bit different, but the basic components about quality of service, value of services, accessibility of web-based services, training topics were maintained. She stated the survey is also requesting suggestions on new training topics (e.g., overtime/regular rate webinar, investigation, employee engagement, recruitment). Stacy asked whether the committee has suggestions as well. Curtis asked if it is similar enough to compare to past survey results to track trends: Stacy confirmed. On motion and second to approve the Biannual Member Satisfaction Survey, the motion carried.

**10. For Possible Action: Review HR Scholarships Program**

Stacy provided updates and proposed changes to the HR Scholarship Program. Since its inception in 2013, the HR Scholarship Program has awarded 62 scholarships (including six OSC members) for a total of \$80,853 awarded; \$1917 was returned reducing the actual total amount provided to \$78,936. Ten of those scholarships are currently active. Of the 52 that have been closed out, 34 passed the exam and 3 did not. There were 15 that did not go further: Two of those individuals returned their funds while 13 of the original 52 did not. Two were removed, one left HR entirely, one is no longer a member, and 11 (of the 13) resigned their positions before taking the tests. A rule was implemented a couple of years ago that recipients had one year to complete the certification, or they would be required to return the funds. Curtis said the overall good the program provides far outweighs the negative. He said it is a great program and as an employer paying into the fund, they expect there will be little losses here and there. He appreciates Stacy bringing it to their attention and trying to keep the program tight, but he would be more concerned if the rate for those not passing was 50%. He feels that any major changes to the program as it is now would be counterproductive.

Robert agreed but did not see a downside to setting standards for length of employment, and/or they have to successfully complete some of the POOL/PACT HR trainings such as EMS or HRR. Geof agreed and also liked the requirement of one-year minimum employment. Lourdes shared that it was very important to obtain her certification and receiving the HR scholarship enabled her to do so. Jonalee said she was able to get her SPHR originally and now has an assistant who got her aPHR and plans to apply for further assistance to get her PHR or the SHRM equivalent. A discussion ensued regarding minimum employment time, POOL/PACT HR training requirements, and agreements with member entities vs. employers. Curtis, after hearing all of the comments, agreed and said a one-year employment minimum seems reasonable and wise. Abel suggested an exit survey to collect data on why an employee left prior to attaining the certification (e.g., Why did they fail? Did they find another job or were they fired?) to help better target the scholarship requirements. Curtis asked if repayment if the employee resigned would be enforceable. Jonalee said that MGGH has something similar to that for education assistance and sign-on bonuses which was reviewed by their lawyer; she feels confident they would be able to enforce it. Robert said they do a similar contract with officers they send to academies because of the cost involved in it. Curtis suggested since a supervisor needs to sign off and approve these scholarships, there can be a clause in there that states if the scholarship recipient leaves the employ of a POOL entity that the cost the insurance pool has incurred will be added to the next year's premium for that member. Robert was not sure if that specific clause was going to be viable, since in his case, he as a supervisor can sign off on an employee attending but the county is the one that is going to fund the insurance fees. Without them agreeing to it, he did not know if that can be enforced. He said that might hinder the ability to get people trained as well because the entity does not want to take that liability on. Abel suggested a hybrid of Robert's suggestions, wherein the liability is split, maybe by half. Robert was open to discussing any of those options. Curtis asked Stacy if she had any conversations with Wayne over the years on this subject. Stacy said she had not, and indicated the check is provided directly to the employee to their entity. She suggested sending the check to the employer. Austin said if the onus is switched from the employee to the entities submitting it for the employee, then it comes down to the entity being responsible for that employee. Curtis agreed and said he liked the minimum employment time, the requirement to complete some POOL/PACT HR training, and dealing with the employer vs. the employee directly. He suggested tabling the item, bring it back in December after vetting these ideas, and get a recommendation from Stacy after she has reviewed all the options and talked to Wayne. On motion and second to table the discussion, the motion carried.

(Erin left meeting at approximately 12:15 pm due to prior commitment.)

#### **11. For Possible Action: HR Scholarship Application Approval**

Stacy reported Annette Cooper, HR Manager at Churchill County School District (CCSD) is requesting \$1310 (class \$865, app/exam fee \$400, practice exam \$45 - not covered). Annette has been with CCSD 2.5 months, but there had not yet been a decision made on required length of employment. Lessly said Annette has taken on all aspects of HR and wants to learn everything necessary. She does not have a strong HR background but is definitely working hard to fill that void. She attended EMS and is waiting to sign up for HRR. Annette is asking for \$1310 which includes \$45 for the practice exam, which is not usually covered, so the request amount is for \$1265. On motion and second to approve the scholarship application for \$1265 without the practice exam, the motion carried.

(Abel left the meeting and said he will join via phone to vote. Stacy confirmed there was still a quorum.)

Stacy reported Amy Elmer, Recorder/Auditor at Lincoln County is requesting \$1256 for her IPMA-CP. She has been with Lincoln County for 18 years. On motion and second to approve the scholarship application as discussed for \$1256, the motion carried.

Stacy reported Kristina Reyna, HR Generalist at Carson City is requesting \$1713 for her SHRM-CP (includes test and application testing fee). She has been with Carson City for 2.5 years. Curtis asked if the scholarship normally covers the membership portion; Stacy confirmed. On motion and second to approve the scholarship application as discussed for \$1713, the motion carried.

Stacy reported Tina Schmidt, Assistant Manager at Stagecoach General Improvement District (SGID) is requesting \$799 for her aPHR (includes class and application fee). Tina has been with SGID for almost 11 years. Lessly said Tina is coordinating HR trainings and is the HR person even though they do not have a designated HR. She was also included in the verification of their new HR policies. On motion and second to approve the scholarship application as discussed for \$799, the motion carried.

**12. For Possible Action: HR Assessment Grant Application Approval**

Stacy reported that Nye County School District completed their Phase II and is requesting a grant of \$1250 for ordering swag and other items for their new employee orientation and teacher mentor program. They are only requesting the organizational grant and not an individual grant since so many individuals worked on it. On motion and second to approve the Phase II Assessment Grant as submitted for \$1250, the motion carried.

**13. For Possible Action: Schedule Next Regular Meeting for PRI Oversight Committee**

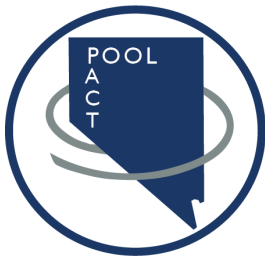
Next meeting is scheduled for Friday, December 9, 2022, at 10 a.m. via Zoom and in person (Carson City).

**14. Item: Public Comment**

Chair Curtis Calder opened public comment and hearing none, closed the public comment period.

**15. For Possible Action: Adjournment**

Meeting adjourned at 12:39 p.m.



**UNAPPROVED MINUTES OF THE  
POOLING RESOURCES, INC  
OVERSIGHT COMMITTEE MEETING**  
**Date: December 9, 2022                      Time: 10:00 a.m.**  
**Place: Virtual Meeting via Zoom and In Person**

**1. Oversight Committee (OSC) Roll Call**

Members participating in person: Chair Curtis Calder; Geof Stark. Members participating via Zoom: Abel Del Real-Nava; Erin Feore; Dawn Huckaby; Scott Lindgren; Austin Osborne; Robert Quick; Jonalee Roberts. Member(s) not participating: Lourdes Martin. Pooling Resources, Inc. (PRI) Staff participating in person: Stacy Norbeck. Staff participating via Zoom: Jeff Coulam; Ashley Creel; Neal Freitas; Sandra Schooler. Guest(s) participating in person: Shannon Harris. Guest(s) participating virtually: Susie Shurtz. Called to order at 10:00 a.m.

**2. Item: Public Comment**

Chairman Curtis Calder opened public comment. Curtis closed the public comment period.

**3. For Possible Action: Approval of Minutes of Meeting September 9, 2022**

On motion and second to approve the minutes of September 9, 2022, the motion carried.

**4. For Possible Action: Report on Activities**

**a. 22/23 Strategic Plan to date**

Stacy reviewed the 22/23 Strategic Plan as follows:

**New Trainings** — Five new classes are scheduled to be developed this year: Both the *Online Management Module 1: Introduction to Supervising, Managing, and Leading in the Public Sector* and *Online Management Module 2: Buddy to Boss* are 100% complete (not 75% as indicated on the handout), *Harassment eLearning* is 95% complete, and a new *Safe and Sober eLearning* is in process. *Building Blocks to Effective Leadership*, a high-level overview of the core concepts of *Influential Leadership* is 100%.

**Revisions** — *Human Resources Representative (HRR)* Sessions 1-5 are being reformatted and updated as needed: Sessions 1, 2, and 3 are 75%, and Sessions 4 and 5 are 50%.

**Regional Trainings** — Fifteen regional trainings are scheduled this year: *Essential Management Skills in the Public Sector (EMS)* is scheduled five times, two are complete; *Advanced Essential Management Skills in the Public Sector (AEMS)* is scheduled two times, one is complete; *Dear HR (Virtual)* is complete; *HRR* is scheduled for February 2023; *Taking Control of Conflict* and *Techniques for Effective Recruitment* are scheduled for March 2023; *Document, Discipline, Due Process* and *Influential Leadership* are scheduled for April 2023; *Advanced Human Resources Representative (AHRR)* and *So You Want to be a Supervisor?* are scheduled for May 2023.



**Regional Workshops or State-wide Virtual Workshops Utilizing Outside Resources** — The preconference, *Risk Management Roundup*, was conducted at the POOL/PACT HR (PPHR) Conference on October 12, 2022. In talks with Joel Locke to present an interactive scenario-based investigation workshop.

**2022 HR Leadership Conference** — The annual leadership conference was conducted on October 13-14, 2022.

**New Briefings** — To be determined.

**Review/Update Existing Briefings** — Twenty-five HR briefings will be updated this year; five are complete.

**HR Briefing Videos** — One new HR Briefing video on adopting and implementing the new color-coded policies was completed on September 20, 2022.

**Webinars** — Twelve webinars are scheduled. Four are complete. Eleven are Employee Assistance Program (EAP) sessions. One HR webinar for new board members, *POOL/PACT 101*, is scheduled for January 5, 2023.

**Round Tables** — Five sessions completed in July 2022. Ten sessions completed at the PPHR Conference in October 2022. Three sessions, one each for schools, special districts, and cities/counties/towns are scheduled in January 2023; a public safety round table may also be scheduled.

**Post Member Pay Plan/Scale on Website** — These are being added as received.

**Sample Personnel Policy Update** — The sample policy manuals will be updated by the end of the fiscal year. Stacy noted the new Sample Color-Coded Policies were released on October 11, 2022. A new Sample COVID-19/Contagious Disease Policy was released on September 2, 2022.

**Coaching and Problem Solving** — This is an ongoing process currently at 50% complete.

**Alerts** — One Alert has been issued to date, *Release Time to Vote (10/24/22)*.

**Notices** — One Notice has been issued to date, *Know Your Rights: Workplace Discrimination is Illegal Poster, revised 10-20-22 (October 25, 2022)*.

**Trainings** — As of December 1, 2022, 49 trainings have been conducted with 995 participants, with 4.5 course content average and 4.8 instructor evaluation average. One HR Briefing has been conducted with 16 participants.

**Phase I HR Compliance Assessment Program** — There are 13 interested members this FY; seven are in process. There are eight rollovers from previous years; one is complete (Tahoe Transportation District).

**Phase II HR Compliance Assessment Program** — There are two interested members this FY (Carson City and Douglas County Lake Tahoe Sewer Authority) (Pershing County removed due to noncompletion of Phase I). There are three rollovers from previous years; two are complete (Nye County School District and City of Winnemucca).

## **b. Member Contact Tracking**

Stacy reported 1,072 total contacts this fiscal year as of November 30, 2022. The bulk of the contacts were spent in General Contact at 34% and Program Planning/Service Plans at 22%. The top categories not including General Contact and Program Planning/Services were Employee Relations/Fair Employment Practices (e.g., Title VII, ADA) at 28%; Personnel Administration (e.g., policies, job descriptions, personnel files) at 23%; Discipline at 10%; Leave Plans at 9%; and Hiring at 8%. To note, COVID-19 reduced to 1%.

## **c. Report on Employment-Related Claims**

As of November 30, 2022, for FY 22/23, there were 17 claims, 14 of which are open. Claims may have multiple charges. Of the 17 claims, one is defamation/slander; two bullying; four harassment/discrimination; one race; two age; one sex; one sexual orientation; five ADA; four retaliation; five wrongful termination/constructive discharge; three administrative related; and one investigation. Of the 17, four are from a county; six are from a city/town; six from a school; and one from a special district.

## **d. HR Problem-Solving Reports**

Stacy presented the HR Problem-Solving Reports reflecting unique member issues addressed in the last quarter and invited any questions.

No action required.

## **5. For Possible Action: General Manager Report**

**Loss Control Excellence Program (LCEP) Award** — Marshall Smith, NRP Risk Manager, reviewed the new, completely revamped Enterprise Risk Management Excellence Program (ERMEP) and acknowledged another award recipient, Shannon Harris, in attendance. PRI submitted their application in January 2022. Jarrod Hickman worked together with Stacy Norbeck and Lessly Monroy to complete it. A comprehensive internal audit was conducted to ensure all responses were appropriate, in place, and operational. They checked to ensure a best practices policy is in place, that all staff is trained to that policy, and the training is documented. In addition, Curtis Trujillo, Senior Human Resources Analyst/Risk Management from Incline Village General Improvement District, audited it. The award is for three years after which time the process can be repeated. Marshall appreciates what Stacy and PRI are doing with the ERMEP in that they are taking control of the HR section. Marshall presented the ERMEP award to Stacy Norbeck for demonstrated commitment to excellence on behalf of its employees and the public it serves. Curtis clarified that the ERMEP award program replaces the LCEP Award program.

**Website Updates** — Stacy reported website changes are underway to make a new way to restrict access to certain documents. The website developer is working on Phase I which includes combining both resource libraries on the website into one. Phase II will allow people to have access to the website, but only certain people will have access to the documents identified as restricted.

## **6. For Possible Action: Biannual Member Survey Report**

Jeff Coulam, PPHR Senior Business Partner and Training Manager, reported the highlights of the biannual survey results and referred members to the report in their packet. The survey was sent to 290 contacts on

September 16, 2022, and a reminder was sent on September 28, 2022. Members were also given an opportunity to complete the survey during the annual HR Leadership Conference on October 12-14, 2022. Sixty-six contacts responded which is a response rate of 22.78%. This was the highest response rate received in the last several years. In 2020, the response rate was 13.67%, and in 2018, the response rate was 21.13%. Contacts were asked to rate the quality and value of primary HR services, accessibility of web-based services, training topics, PPHR Staff, and to suggest any HR services they would like to see provided that are not already provided. The respondents rated current services at 3.6 out of 4.0 on the rating scale used. The Consultation with BP rated the highest at 3.9 out of 4.0. The onsite and virtual trainings, outside resource trainings, and virtual round tables rated the lowest at 3.4 out of 4.0. Jeff reviewed several comments worth noting under Quality of Services. The Value of Services section was new this year. HR Alerts & Notices rated the highest at 3.8 out of 4.0, and Virtual Round Tables rated 3.0 out of 4.0. Jeff noted that the virtual round tables started only last year. He reviewed several comments worth noting under Value of Services. Under Accessibility of Web-Based Services, the average rating was 3.5 out of 4.0, Website & Virtual Trainings was the highest at 3.6 out of 4.0, and eLearning had the lowest at 3.4 out of 4.0 (up from 3.2 in 2020). He reviewed comments worth noting under Accessibility of Web-Based Services. Under Training Topics, Compliance & Management Trainings rated 3.8 out of 4.0 and EMS, HRR, and all employee trainings rated 3.7 out of 4.0. Stacy noted that even though EMS, HRR, and all employee trainings rated the “lowest,” they still rated a 3.7 out of 4.0. Curtis noted those classes are probably the most highly attended. Ratings for Additional HR Services Not Currently Provided were employee engagement trainings at 3.4 out of 4.0, investigation workshop at 3.3 out of 4.0, and Webinar about overtime & regular rate at 3.0 out of 4.0. PPHR Staff rated highly in all areas, 3.9 to 4.0 out of 4.0. He noted all comments regarding the PPHR Staff were positive.

Of those who responded, a majority were from special districts, a good number from school districts and cities/towns, and some counties, public safety, and hospitals. Most were from organizations that had 50 or more employees.

Jeff said the majority were HR representatives, some executive directors and department heads, and individuals in finance.

Curtis noted the 22.87% response rate is more indicative that people are relatively satisfied and do not want to fill out the survey. He does not think too much should be read into it. He also believes the people receiving the survey now may not understand how far PRI has come since its inception. Geof said they are happy to have it, but they do not know what it was like when they did not have it, or it was not at the level it is now. Austin agreed and thanked Stacy for the high-quality program.

## **7. For Possible Action: Annual HR Leadership Conference Recap**

Ashley Creel, PPHR Senior Business Partner, provided a review of the 2022 HR Leadership Conference which took place October 12-14, 2022. The Risk Management preconference was held on Wednesday, October 12, 2022, with 53 attendees in person and 6 virtually. Session ratings out of 5.0 for the preconference were 4.66 for Tony Rucci (cybersecurity), 4.55 for Mike Van Houten (eLearning), 4.52 for Marshall Smith (safety plans), and Donna Squires, Margaret Malzahn (workers' compensation), and Marshall Smith/Jarrold Hickman (LCE program) all received 4.41. Virtual participants had some difficulty hearing due to technical issues and some speakers not consistently using the microphone. All in-person participants rated the conference highly and found it informative and helpful.

The main conference sessions on Thursday and Friday had 98 total registrants. A virtual option was not offered in the main conference. At the event, Day 1 had 109 attendees including 85 members and 24 non-members, and Day 2 had 95 attendees including 81 members and 14 non-members. Compared year-to-year, it was above average for the past five years (between 70-80 people). Round tables by Entity Type for Day 1: Special Districts had 25; School Districts 20; Counties 18; Cities/Towns 15; and Public Safety 7. Round tables by Topic for Day 2: EAP 22; Employee Engagement 16; School Legal Topics 15; Workers' Comp 12; and eLearning 7. Curtis asked if the EAP number was related to how happy people are with the service. Shannon Harris was in the round table and said the majority of people in that session were very happy with Kepro. Austin said he thinks Storey County is the number one user of the EAP and has received numerous complaints the last two years. He does not know what is causing it, but maybe they are not using it correctly. Stacy said Lessly would contact him to discuss further. Session ratings out of 5.0 for Day 1: Jeffrey Benjamin was highest rated with a 4.85, Dora Lane and Jordan Walsh received a 4.78, Round Tables by Entity was third with a 4.56, the Recruiter Panel had 4.44, and Cheri Hill received a 4.41. For Day 2 session ratings: Round Tables by Topic was first with 4.71, Stump the Attorneys had 4.7, Homa Sayyar received third with a 4.44, and Alison Gaulden received 3.97. The overall conference rating for this year was a 4.84 which is the highest in the last five years. Ashley briefly reviewed some of the daily comment trends which indicated Day 1 was more engaging than Day 2. Nineteen participants said their main priority for attending the event was fulfilled. These were just the respondents who specifically commented yes, their objectives were met. Some respondents only described their priorities without specifying whether they were fulfilled, but no respondents stated specifically that their objectives were not met. Notable comments and suggestions for future topics were reviewed.

A discussion ensued about future possible topics including Relations and Public Employees Retirement System (PERS). Dawn said she loved the conference and said PRI did an excellent job.

Ashley stated next year's conference will be an in-person event held on October 18-20, 2023, at the Atlantis, pending a signed contract.

Curtis inquired if the Eureka retreat was still being held. Stacy was unaware of any conversation about an upcoming retreat, but said there will be a full-day POOL/PACT Overview on January 20, 2023, at the Atlantis in addition to the POOL/PACT 101 webinar on January 5, 2023. Stacy also stated the annual meeting will be in person this year, April 20-21, 2023. Curtis stated that is a good opportunity to engage elected officials who attend.

## **8. For Possible Action: Employee Assistance Program Quarterly Report**

Stacy reviewed the quarterly and annual Kepro EAP reports. The total number of POOL/PACT members covered is 15,127; there were 50 Individual Cases, 1 Management Consultation, 51 total training participants in the webinars, 266 Unique Web Logins, and 368 Total Overall Lives Touched. Individual Utilization was 1.3% for the quarter, down from 1.6% the previous quarter. The Overall Utilization was 9.7%, up from 9.2% the previous quarter. Highest utilizations were from Storey County at 14%, Pershing General Hospital with 13.2%, and North Lake Tahoe Fire Protection District at 7.9%. Shannon asked if it is lower than last year. Stacy said it is low as compared by quarter. The top assessed problems for the first quarter at intake were emotional wellbeing, work life, and relationships. Emotional Wellbeing includes adjustment, anger management, grief/loss, eating disorders, mental health concerns, and stress. Work Life highlights were Legal Consultations (real estate and identity theft), Financial Consultations (credit cards), and

Convenience/Daily Living (apartment locators). User Information indicated 100% were employees, 28% got their information from posters, 26% from HR, and 14% from the intranet, and 96% were self-referred. Two training hours provided with 51 participants. For the quarter, there were 1422 pages viewed on their website using POOL/PACT's login. The utilization report contains more detailed information.

Stacy reported a request was received from a member for a Critical Incidence Stress Debriefing (CISD). Because they were more than 50 miles from a town with a population of at least 40,000 people, Kepro indicated PPHR would be billed \$300 for travel outside of Kepro's 50-mile limit. POOL/PACT is working with Kepro to resolve this issue. In addition to this extra cost, Kepro has indicated the cost of promotional items is not part of the contract. It is quite costly to have Kepro print additional brochures and wallet cards. PPHR will be working closely with Kepro on next year's contract to make sure everything is addressed. In the meantime, Larry DeVincenzi is working on a design so that PPHR can print promotional items at a more cost-effective rate.

Stacy said Lessly will be reaching out to a contact at the State to see if they are having some of the same frustrations. Curtis asked if POOL/PACT is getting the same program as the State; Stacy confirmed. If the State changes providers, POOL/PACT will either go with the new provider or work out a different deal with Kepro.

#### **9. For Possible Action: HR Assessment Workgroup Update**

Stacy reviewed that at the last meeting a workgroup was created to address how to proceed with assessments. The work group includes Robert Quick, Abel, Shannon Harris (East Fork Swimming Pool District), Kim Todd (Eureka County), Stacy, and Neal. They have been very dedicated to the process, meeting three times. Throughout the three meetings, an agreement between the entity and PPHR to clearly state expectations and timelines was created; terms were defined; components of each assessment were expanded (e.g., Phase I will now include key policies as determined by PPHR, not just employee relations policies); and eligibility, time frames, and grant award eligibility were clarified. At future meetings, the workgroup will consider weights for each section of the assessments and grant awards. Shannon added the definition of terms was included so anyone reading the document would understand what the requirements are regarding what is a partial completion versus full completion. She said understanding the terms and commitment involved will assist members in planning best time of year to begin the process. She clarified that sometimes a "good reason" for not completing a recommendation in the assessment is due to legal counsel advising against it based on a member's structure. She also clarified that the committee does not want to control everything and has placed it on PPHR as the experts in the field to use their discretion. She noted Stacy is receiving a lot of feedback and perspectives and is doing a great job making sense of it all and organizing it in written form. Robert agreed with Shannon. Abel thanked Stacy for coordinating the effort. Curtis asked if key policies as determined by HR would expand into possibly police department policy use or fire department policy use since so many departments have their own policy manuals and/or CBAs. Stacy said it has not yet been considered in the Phase I, but she noted it. Other OSC members said they appreciated the time and effort put into this workgroup. A discussion ensued regarding the positive benefits of completing the assessments. Stacy drew their attention to the Request Form at the end of the application where the member organization indicates what they are requesting which helps PPHR know they understand what will be required. No action needed.

## **10. For Possible Action: HR Recognition Program Workgroup Update and Clarification of Objectives**

Stacy reported this workgroup was approved during the September 9, 2022, meeting to create a human resources excellence program based on the old LCEP idea but would be based on best practices resulting from working with PPHR. Because of this focus, the name was changed to the HR Recognition Program (HHRP). The new work group includes Robert, Abel, Shani Dues (NRHA), Brooke Thompson (IHGID), Stacy, and Jeff. Marshall has also participated. The workgroup has met twice so far and will meet again on December 12, 2022. They are seeking clear direction on what to do with this program. At the first meeting, overlap with the LCEP (ERMEP) was discussed with Marshall. The LCEP looks at legal compliance and best practices while the HRRP intent is to consider legal compliance and best practices “because of PPHR.” It was decided that the HRRP survey could replace the HR portion of the ERMEP even with the “because of PPHR” focus. The workgroup then reviewed the draft HRRP and original LCEP surveys to confirm the topics and questions, identify weights for each question/topic to determine eligibility for recognition, and to determine levels of recognition. However, during this review, it became clear that it was difficult to overlap the two programs with the different focuses (legal compliance and best practices only versus “because of PPHR”). As such, Stacy asked for direction from the OSC suggesting to not move forward with the separate HR Recognition program, and focus solely on the HR section of the new ERMEP program. She suggested instead to expand the recognition portion of the annual conference, to possibly include recognizing members who sent staff to EMS, AEMS, HRR, and AHRR; top eLearning users, and HR Assessment completions, amongst others. She asked Robert and Abel to comment as members of the workgroup. Robert said Stacy covered everything well. He stated in the working group they were torn to the point of not knowing if the group wanted to move forward or put it to the side and use the existing methods already in place, or whether the program was creating more work for Stacy and her staff than what actually needs to be. Curtis offered it is a duplication of effort and probably not a good use of time. Geof agreed. Stacy stated she would like to keep the workgroup intact but shift the focus to creating the HR portion of the ERMEP. After discussion, it was agreed to shift the focus away from the “because of PPHR” but keep the workgroup intact to create the HR portion of the ERMEP. On motion and second to keep the workgroup intact but shift the focus away from “because of PPHR,” the motion carried.

## **11. For Possible Action: Review HR Scholarship Program and Revised Application**

Stacy stated that at the last OSC meeting the success rate of the HR Scholarship program was reviewed, including 25% of funds over the last decade have been lost for different reasons, and that a discussion had ensued on tightening some of the restrictions on the program. Stacy stated due to that discussion, she updated the HR Scholarship application to reflect changes to the length of employment requirement, adding a requirement that applicants must attend one of PPHR certificate programs, sending the funds to the organization rather than the scholarship recipient, and requiring the organization (not the scholarship recipient) to reimburse PPHR if the recipient does not complete their certification within the designated time frame. Stacy also reported Curtis had asked about possibly adding that reimbursement to the organization’s premium instead of having the organization reimburse PPHR, but Wayne said it was not feasible. Curtis questioned whether sending the check to the organization was best, because then the organization has to deposit the money and get money to the scholarship recipient. He is in favor of still giving the applicants the check with the understanding that should they fail to complete the program, the organization pays it back. Shannon asked if he would be open to asking what the organization would prefer. She would normally pay for her own certification process using a credit card as part of their own policies and education agreement, so

she would want the check sent to her organization because it would go to pay that credit card bill. Geof said he likes the new application. On motion and second to make the revisions and finalize the application for further use, the motion carried.

#### **12. For Possible Action: HR Scholarship Application Approval**

Stacy reported Mitzi Carter, HR Director at Storey County is requesting \$1249.72 (class \$999, membership \$156, textbook \$94.64) for her IPMA-CP. Mitzi has been with Storey County for two weeks and has about 25 years of experience as an HR Generalist. She originally requested \$1155, but Stacy noticed there is a required textbook that is currently \$94.64 on Amazon, making the requested amount \$1249.72. Discussion ensued regarding the short duration of the applicant's employment at Storey County. Austin believes the certification will be a benefit for the County. Curtis said since the new application form has not been finalized, it is not applicable here but the length of employment and experience is a consideration. A discussion ensued on whether Storey County would be willing to commit to reimbursing PPHR if Mitzi does not complete the certification. On motion and second to approve the scholarship application for \$1249.72 as a one-time exception under the old program and under the condition that Storey County will reimburse PPHR for \$1,249.72 if the applicant does not complete the program, the motion carried.

#### **13. For Possible Action: HR Assessment Grant Application Approval**

Stacy reported that Tahoe Transportation District completed their Phase I and is requesting a grant of \$1000 towards a FireKing Patriot 31-5/8" Deep Vertical 4-Drawer Legal Size file cabinet used for active personnel files to include the health insurance folder and the background information folder. In addition, DeDe Aspero is requesting a Phase I Individual Excellence Award Grant of \$500. On motion and second to approve the Phase I Organization Assessment Grant as submitted for \$1000, and the Individual Grant of \$500, the motion carried.

#### **14. For Possible Action: Appointment to Open Oversight Committee Seat**

Stacy reported since Curtis is retiring his position on the OSC Committee, he suggested Susie Shurtz as a possible choice to fill the open seat. Susie has served as the Human Resources Manager for the City of Elko since 2018. Previously, she worked for a mining support company in Elko for 9 years, where she served as the Director of Human Resources for 7 of those years. She was born and raised in Winnemucca and earned a Bachelor of Science degree in Health Sciences from the University of Nevada, Reno. Abel agreed she would be an excellent choice. On motion and second to approve Susie Shurtz as a new member on the OSC, the motion carried.

#### **15. For Possible Action: Election of Oversight Committee Chair**

Stacy said Curtis has served as committee chair since 2005. Geof has indicated interest and has served on the committee since 2004. Abel said Geof is an excellent choice. Curtis agreed. On motion and second to approve Geof Stark as the next OSC Committee chair. Motion carried.

#### **16. For Possible Action: Schedule Next Meeting for PRI Oversight Committee**

Next meeting is scheduled for Friday, March 10, 2023, at 10 a.m. via Zoom and in person (Carson City).

**17. Item: Public Comment**

Stacy thanked Curtis for his long dedication to leadership and helping PPHR move from a small, unknown service to what they are now. She presented him with a plaque and a kudos card of appreciation.

**18. For Possible Action: Adjournment**

Meeting adjourned at 12:30 p.m.





**UNAPPROVED MINUTES OF THE  
POOLING RESOURCES, INC  
OVERSIGHT COMMITTEE MEETING**  
**Date: March 10, 2023**                      **Time: 10:00 a.m.**  
**Place: Virtual Meeting via Zoom and In Person**

**1. Oversight Committee (OSC) Roll Call**

Members participating in person: Chair Geof Stark. Members participating via Zoom: Abel Del Real-Nava; Scott Lindgren; Lourdes Martin; Robert Quick; Jonalee Roberts; Dan Sadler; Susie Shurtz. Member(s) not participating: Erin Feore; Dawn Huckaby; Austin Osborne. Pooling Resources, Inc. (PRI) Staff participating in person: Stacy Norbeck; Sandra Schooler. Staff participating via Zoom: Jeff Coulam; Ashley Creel; Neal Freitas; Lessly Monroy. Guest(s) participating virtually: Shani Dues; Kim Todd. Called to order at 10:00 a.m.

**2. Item: Public Comment**

Chair Geof Stark opened public comment. Geof closed the public comment period.

**3. For Possible Action: Approval of Minutes of Meeting December 9, 2022**

On motion and second to approve the minutes of December 9, 2022, the motion carried.

**4. For Possible Action: Report on Activities**

**a. 22/23 Strategic Plan to date**

Stacy Norbeck, General Manager, POOL/PACT HR (PPHR), reviewed the 22/23 Strategic Plan as follows:

**New Trainings** — Seven new classes are being developed this year: *Online Management Module 1: Introduction to Supervising, Managing, and Leading in the Public Sector*, *Online Management Module 2: Buddy to Boss*, *Online Management Module 3: Leadership Styles*, and *Online Management Module 4: Person-Based Leadership* are 90% complete, *Harassment eLearning* is 100% complete, and a new *Safe and Sober eLearning* is 50% complete. *Building Blocks to Effective Leadership*, a high-level overview of the core concepts of *Influential Leadership (IL)* is 100% complete.

**Revisions** — *Human Resources Representative (HRR)* Sessions 1-5 are being reformatted and updated as needed and are 75% complete. Updates to *HRR* (in person) Sessions 1 and 4 are 100% complete.

**Regional Trainings** — Eighteen regional trainings are scheduled this year: *Essential Management Skills in the Public Sector (EMS)* is scheduled six times, three are complete; *Advanced Essential Management Skills in the Public Sector (AEMS)* is scheduled two times, one is complete; *Dear HR* is complete; *HRR* is complete; *Taking Control of Conflict (TCC)* and *Techniques for Effective Recruitment* are complete; *Document, Discipline, Due Process* is scheduled two times for April 2023; *IL* is scheduled one time for April 2023; and *Advanced Human Resources Representative (AHRR)*, *Customer Service in the Public Sector*, and *So You Want to be a Supervisor? (SYWTBAS)* are scheduled for May 2023.

**Regional Workshops or State-wide Virtual Workshops Utilizing Outside Resources** — The preconference, *Risk Management Roundup*, was conducted at the POOL/PACT HR Conference on October 12, 2022. Joel Locke will present an interactive scenario-based *Internal Investigation Workshop Series* scheduled for three 90-minute sessions on April 11, April 18, and April 26, 2023. These sessions were “sold out” within one hour and there is a wait list.

**2022 HR Leadership Conference** — The annual leadership conference was conducted on October 13-14, 2022.

**New Briefings** — To be determined.

**Review/Update Existing Briefings** — Twenty-five HR briefings will be updated this year; 12 are complete; two are in process.

**HR Briefing Videos** — One new HR Briefing video on adopting and implementing the new color-coded policies was completed on September 20, 2022.

**Webinars** — Twelve webinars are scheduled. Eight are complete. Eleven are Employee Assistance Program (EAP) sessions. One HR webinar for new board members, *POOL/PACT 101*, was presented on January 5, 2023.

**Round Tables** — Nine virtual sessions by entity types completed. Ten sessions completed at the PPHR Conference in October 2022. Next sessions are scheduled for April 2023.

**Post Member Pay Plan/Scale on Website** — These are being added as received.

**Sample Personnel Policy Update** — The sample policy manuals will be updated by the end of the fiscal year. Stacy noted the new Sample Color-Coded Policies were released on October 11, 2022. A new Sample COVID-19/Contagious Disease Policy was released on September 2, 2022.

**Coaching and Problem Solving** — This is an ongoing process currently at 75% complete.

**Alerts** — Two Alerts have been issued to date, *Release Time to Vote (10/24/22)* and *2023 HR-Related Legislation Tracking (2/6/23)*.

**Notices** — One Notice has been issued to date, *Know Your Rights: Workplace Discrimination is Illegal Poster, revised 10-20-22 (10/25/22)*.

**Trainings** — As of March 3, 2023, 76 trainings have been conducted with 1435 participants, with 4.5 course content average and 4.8 instructor evaluation average. Five HR Briefings have been conducted with 57 participants.

**Phase I HR Compliance Assessment Program** — There are 13 interested members this FY; eight are in process; one is complete (City of Carlin). There are eight rollovers from previous years; one is complete (Tahoe Transportation District).

**Phase II HR Compliance Assessment Program** — There are two interested members this FY (Carson City and Douglas County Lake Tahoe Sewer Authority) but neither have committed. There are three rollovers from previous years; two are complete (Nye County School District and City of Winnemucca).

**b. Member Contact Tracking**

Stacy reported 1,722 total contacts this fiscal year as of February 28, 2023. The bulk of the contacts were spent in General Contact at 34% and Program Planning/Service Plans at 22%. The top categories not including General Contact and Program Planning/Services were Employee Relations/Fair Employment Practices (e.g., Title VII, ADA) at 24%; Personnel Administration (e.g., policies, job descriptions, personnel files) at 23%; Discipline at 10%; Leave Plans at 9%; and Hiring at 8%. To note, COVID-19 reduced to 1%.

**c. Report on Employment-Related Claims**

As of January 31, 2023, for FY 22/23, there were 24 claims, 17 of which are open. Claims may have multiple charges. Of the 17 claims, one is defamation/slander; two bullying; seven harassment/discrimination; one race; two age; one sex; one sexual orientation; seven ADA; four retaliation; seven wrongful termination/constructive discharge; six administrative related; and one investigation. Of the 24, six are from counties; eight from cities/towns; seven from school districts; and three from special districts.

**d. HR Problem-Solving Reports**

Stacy presented the HR Problem-Solving Reports reflecting unique member issues addressed in the last quarter and invited questions.

No action required.

**5. For Possible Action: Approval of FY 23/24 Strategic Plan**

Stacy reviewed the 23/24 Strategic Plan as follows:

**New Trainings** — Two additional online management modules and an Investigations Workshop will be developed.

**Update and revise three courses annually** — *HRR Sessions 1 – 5* are scheduled to be reformatted. *Addressing Inappropriate Conduct in a School Environment*, *Ethics in the Workplace*, and *TCC* are scheduled for revision.

**Regional Trainings** — Thirteen regional trainings to be scheduled: *EMS* - four times (three in person and one virtually); *AEMS* – two times (in person); *HRR* – one time (in person); *AHRR* – one time (in person); *IL* – one time (in person); *SYWTBAS* – one time (in person); *TCC* – one time (in person); and two classes to be determined after service plan meetings are concluded.

**Regional Training Workshops Utilizing Outside Resources** — *Title IX with Ann Alexander* will be scheduled once the new regulations are released.

**2023 HR Leadership Conference** — The annual leadership conference is scheduled for October 19-20, 2023, with the preconference session scheduled for October 18, 2023.

**New Briefings** — Two new briefings, *Documentation*, and *Open Meeting Law Recruitments* are scheduled. New Legislation-related briefings are to be determined.

**Updated Briefings** — 37 HR briefings are scheduled to be updated.

**HR Briefing Videos** — To be determined.

**Webinars** — One HR-related legislative summary is tentatively scheduled. Others to be determined.

**Virtual Round Tables** — To be held quarterly in addition to the HR Leadership Conference sessions.

**Post Member Pay Plan/Scale on Website** — These will be added as received.

**Sample Personnel Policy Update** — The sample policy manuals will be updated by June 30, 2024.

**Coaching and Problem Solving** — This is an ongoing process.

**Alerts** — As needed.

**Phase I HR Compliance Assessment Program** — Interested members to be determined during the service plan meetings.

**Phase II HR Compliance Assessment Program** — Interested members to be determined during the service plan meetings.

Stacy reported that as part of our annual Strategic Planning meeting POOL/PACT HR's mission statement was reviewed. After a lengthy discussion, it was decided to remove wording relating to reducing employment liability since it is not possible to measure something that did not happen, but the tools and resources provided, and the implementation and use of those tools can be. With the committee's approval, Stacy asked to change it to read:

***“POOL/PACT Human Resources provides the resources and education for POOL/PACT members to build strong foundations for effective Human Resources practices within their organizations.***

*We are committed to:*

- *Providing relevant, timely, accurate, and consistent guidance.*
- *Delivering high-value, high-quality services and training tailored to members' needs.*

Geof agreed with the change as it is measurable. Chief Lindgren agreed and supported the change. On motion and second to approve the mission statement as revised, the motion carried.

Geof asked if there were any comments or questions regarding the 23/24 Strategic Plan. Hearing none, he noted he liked that the Investigations Workshops will be offered. On motion and second to approve the SP 23/24, the motion carried.

## **6. For Possible Action: General Manager Report**

### **a. Website Resource Library and Utilization**

Stacy updated on the continuing merge of the HR Resource Library and the Risk Management Library into one library. Staff worked with Mike Van Houten to identify topics and types which have since been added to the risk management page. The next step is to move all the documents from the HR Resource library. Once they are moved, access to certain documents will be restricted. This will also give staff an opportunity to clean up documents and remove anything that is outdated.

In addition, Stacy worked with Mike to select a new web stat software called Matamo. This will allow staff to run reports on specific files to see when people are accessing documents such as policies, legislative updates, and briefings; this information can assist with strategic planning.

Geof agreed it is a good idea to restrict access to certain documents in the HR Resource Library and at the same time give access to trainings.

**b. HRBP Recruitment** — Stacy reported an HR Business Partner (BP) position has been open since August 2020. It has not been filled because there has not been the need to do so until recently due to the increase of in-person trainings as well as Neal Freitas, Senior HR Business Partner, PPHR, plans on retiring in July 2024. Stacy decided to begin the recruitment now rather than wait until early 2024 so that someone with school administration experience can be found. She opened recruitment on Friday, February 24, 2023, and has received 23 applications of which one has the required K-12 public school experience. The recruitment was posted on Indeed, LinkedIn, and the POOL/PACT website. She will be interviewing that applicant next week. If hired before the end of this fiscal year, the new employee will have plenty of time to get up and running. If Neal does indeed retire, the sixth BP position will be reevaluated at that time to determine if it is still needed.

**c. Virtual Training Registration Changes** — Stacy reported due to issues with participants accessing virtual trainings via a personalized Zoom link, registration is now being conducted through Constant Contact like in-person classes. Once registration is approved, an Outlook invitation with a generic link to the class is sent. This change has cleared up the problem but created a new issue: there have been a few instances of people logging into a training that were not registered. This issue was due to the link being shareable but has since been corrected. In addition, staff will utilize the waiting room in Zoom to ensure only registered participants are permitted into the class. As for the prior classes where non-registered people showed up, a private message was sent letting them know they would not be eligible for credit nor a certificate for the class.

Lourdes Martin asked about registering participants through Absorb. Jeff Coulam, Senior HR Business Partner, PPHR, said he looked into using Absorb previously but had complications with it and plans to investigate it again down the road. Lourdes said it would be great if they could track and update PPHR trainings through Absorb as the City of Boulder is now utilizing it and likes the way transcripts are generated.

Stacy also shared some unsolicited positive feedback from members including Abel Del Real-Nava, Jonalee Roberts, Dawn Huckaby, and others. Geof said PPHR is doing a fantastic job, and it is nice to get some pats on the back.

#### **7. For Possible Action: 2023 HR-Related Legislative Tracking**

Stacy directed the committee's attention to the HR-related Assembly and Senate bills being tracked as of March 6, 2023. A summary spreadsheet with links to each bill was included in the packet for reference. The report is updated and posted to the PPHR website each week. Ashley Creel, Senior HR Business Partner, PPHR, reported on Assembly bills AB139, AB163, AB52, AB211, and AB219. Robert Quick said AB211 is a huge one for them because it has been really hard to recruit and retain good dispatchers. Jeff Coulam reported on five Senate bills including SB66, SB142, SB155, SB166, and SB225. Neal Freitas reported on 20 school-related Assembly and Senate bills, including AB65, AB73, AB81, AB187, AB269, SB38, SB64, SB65, SB151, and SB206.

Geof thanked Ashley, Jeff, and Neal for the updates.

#### **8. For Possible Action: Employee Assistance Program Quarterly Report**

Stacy reviewed the quarterly and annual Kepro EAP reports. The total number of POOL/PACT members covered is 15,098; there were 53 Individual Cases, 7 Management Consultations, 111 total training participants in the webinars, 216 Unique Web Logins, and 387 Total Overall Lives Touched. Individual Utilization was 1.6% for the quarter, up from 1.3% the previous quarter. Overall Utilization was 10.3% (annualized), up from 9.7% the previous quarter. Geof confirmed that 1.6% is annualized for individual access as well. The 10.3% includes web access and general inquiries, and it is the quarterly average multiplied by four quarters. Legal has remained the most utilized Work Life service. Eighty-five percent of the cases opened this quarter were new cases as compared to 90% last quarter. Seventy-three percent of employees felt their presenting issues had an impact on their job performance with 63.5% indicating moderate to significant impact. Last quarter, 73% felt their issue had an impact and 53% indicated moderate impact. Highest utilizations were from Storey County at 11%, Pershing General Hospital with 9%, and North Lake Tahoe Fire Protection District at 8%. The top assessed problems at intake were emotional wellbeing, relationships, work/life balance, anxiety, and occupational.

User Information indicated 93% were employees, 35% received information from HR, 27% got their information from posters, 10% from a manager/supervisor, and 85% were self-referred. There were eight hours used and 8 attendees for one Critical Incident Stress Debriefing (CISD) for Humboldt County from the first quarter. For the quarter, there were 1084 pages viewed on their website using POOL/PACT's login. The utilization report contains more detailed information.

Stacy reported Kepro will not be charging POOL/PACT \$300 to travel to a region 50 miles from a town with a population of at least 40,000 people for Critical Incident Stress Debriefings, as reported at the last meeting. Lessly Monroy, HR Business Partner, PPHR, worked closely with Alex Rosa, Senior Account Executive with Kepro, on that issue in addition to the cost of promotional items. Lessly was able to identify that neither of those expenses are in the contract so they will not charge for them.

Stacy reported POOL/PACT piggybacks off the State's EAP contract with Kepro and the State is out for RFP right now. The contract ends on June 30, 2023. If the State ends its relationship with Kepro, POOL/PACT will

have three options: go to whichever EAP the state contracts with, continue with Kepro on a separate contract, or reconsider having an EAP altogether. Stacy spoke with Alex about the renewal and stated her concerns about low utilization, and asked Alex for ideas to report back to the OSC on how the utilization number can be increased. Alex suggested Quarterly EAP Orientations/refreshers, Lunch-n-Learns or trainings, a new EAP Orientation recording that can be placed on our internal website, website education familiarizing employees with all their resources, and quarterly calls with key stakeholders within each agency to discuss ways to promote the EAP. Stacy inquired about the costs but has not yet heard back from Alex.

Based on that conversation with Alex, Lessly and Stacy, along with Wayne Carlson, Executive Director, POOL/PACT, discussed sending out a survey to members asking their thoughts on EAP utilization. Stacy sent out a two-question survey and received 34 responses. The number one response to select the reason they believe their staff does not access EAP benefits was stigma at 54% with confidentiality and bad experience following. The number one response to what could improve EAP utilization was "better access to provider" followed by "more follow up from the EAP."

Stacy stated she asked Lessly to look at alternatives available if EAP services were discontinued. Lessly presented the possible options for outside resources. Stacy thanked Lessly for her research.

Stacy reported POOL/PACT pays \$0.66 per employee per month for a monthly cost of \$9900, quarterly cost of \$30,000 and an annual cost of \$120,000. But with such low utilization, the actual cost per use is \$500 per case. Geof thanked her for all the work put into gathering the information. Geof asked what our utilization was with Resources for Living. Stacy said it was about the same. Stacy reached out to one of POOL/PACT's brokers and asked if members had an EAP through their health insurance. She learned many of them have it through life insurance. If the Board decided to discontinue contracting with an EAP, PPHR could instead provide a list of alternative resources to our members as is done for investigators. Stacy also expressed concern that an EAP having a bad reputation reflects poorly on POOL/PACT, even though PPHR has no control over what they are doing. Geof and Robert each expressed concerns about confidentiality as well as the additional work it will create if a list of resources was provided rather than contracting with an EAP. Robert also suggested POOL/PACT provide an EAP to only those entities who want it. Stacy thought that had been taken into consideration previously. Robert anticipated no participation by the employees if they have to do the footwork themselves. Abel said he sees Better Help advertisements everywhere on social media, thinks they have good brand recognition, and may be more attractive to certain age groups. He agrees with Robert that it could be cumbersome. A discussion ensued about the non-counseling services available through the EAP, waiting to see what the State decides to do, and the total costs of the EAP.

Stacy reiterated the options again are to continue Kepro on our own, piggyback on the State's contract, or to discontinue the EAP. Stacy asked for direction from the committee to provide a recommendation to the full board. Hearing no motion, Geof said to continue with the EAP as is.

#### **9. For Possible Action: Update of HR Assessment Program Work Group Update and Approval of HR Assessment Program Agreement**

Stacy asked to combine Items 9 and 10 because they now overlap. Geof obliged.

Stacy presented a quick review of the HR Assessment Program Work Group which includes Robert, Abel, Shannon Harris (East Fork Swimming Pool District), Kim Todd (Eureka County), Neal, and Stacy. The intent of this work group was to revamp the assessment program. After several meetings, a draft agreement and request form (which was previously provided to the Committee) was created. This document included an overview of the program along with definitions of terms, eligibility requirements, time frames, grant amount, etc. Stacy said it is a fantastic idea by the work group and a more strategic way to implement the program. The work group also created a weighted system for award grants based on recommendation completions.

Stacy then reviewed the Enterprise Risk Management Excellence Program (ERMEP) survey work group which includes Robert, Abel, Shani Dues (Nevada Rural Housing), Brooke Thompson (Indian Hills GID), and Jeff noting the original intent of this work group was to create an HR Excellence Recognition Program. The focus was changed due to Marshall asking if HR staff could review the HR section of ERMEP. As such, at the last OSC meeting Stacy requested the stand-alone HR Recognition Program be canceled, and the workgroup be refocused on creating the HR section for ERMEP. The OSC agreed. That survey is complete and being finalized by staff, and Shani agreed to pilot the program. In the meantime, it has come to light that this survey is broader than Risk Management wants for ERMEP, rather ERMEP is looking for a compliance assessment, not an “excellence” survey. As such, it was determined that the PPHR Compliance Assessment Phase I may better fill the gap. To do so, however, the Phase I assessment will need to be re-revamped to meet the goals of ERMEP. Stacy also stated the now defunct survey is a great tool and she would like to use it in some form, perhaps resurrecting the HR Excellence Recognition Program.

Geof appreciated the work groups for all the time put in on both of these programs and to Stacy for heading it up. He is on the Loss Control Committee and is familiar with the ERMEP program, and it is a correct assessment that they are looking for a compliance program. He stated what has been developed here is truly an excellence program, and he would like to see it brought back as the HR Excellence Recognition Program. He thinks it is necessary to acknowledge those members who are not just complying but are excelling, going above and beyond, and that is what the HR Excellence Recognition Program will do. The ERMEP will not do that because that is not its goal. He thinks it will be great to bring the HR Excellence Recognition back into play and at the same time he likes the work done on the HR Assessment and would want to integrate those changes as well. Stacy invited Robert, Abel, and Shani to add their experiences. Robert stated he could not give enough kudos to Stacy for all the work she put into these two work groups; she did a great job. He is very pleased with what was accomplished in both working groups and the documents produced. He is in agreement with looking again at the HR Excellence Recognition Program because what was developed will show the entities that are doing an excellent job at what they need to be doing. Stacy thanked Robert for the kudos. Robert also said there was concern during their work groups that the ERMEP is more of a Phase I program and how that would affect the HR side of that. Stacy thinks they are pretty close. She wrote an email to Marshall and copied the others involved about the proposals for using the Phase I to fill the gap. Basically, the ERMEP HR section would be one question, “Have you successfully completed a Phase I Assessment in the last two years?” If the answer is yes, then the member will complete a supplemental questionnaire until the Phase I program is updated. If the answer is no, then they will be directed back to PPHR. Marshall agreed to the idea as long as some key components were included in the Phase I. These components will expand the Phase I a little broader than it already is, but it is doable. In addition, two BPs will be assigned to the program (Neal and Lessly) as there will be two paths to access the



Phase I (either through PPHR or through ERMEP). Historically, only one BP has run the program to ensure consistency, but with the anticipated increase in requests, two BPs will be assigned. Stacy also suggested the members' grant eligibility would be dependent on the route they take to access the assessment (PPHR or ERMEP). Robert wants to make sure there will not be a huge impact on the HR side. Stacy said that impact will be lessened by using two BPs for the process. Stacy asked for a motion approving the agreement so this can be put in place and operational. She would also like a motion giving PPHR an opportunity to do something with the survey. On motion and second to approve the PPHR Compliance Assessment Agreement and move forward as discussed, the motion carried.

#### **10. For Possible Action: Enterprise Risk Management Excellence Program – HR Section Survey Update**

Stacy requested a motion to consider utilizing the survey that was created but will not be used for ERMEP. On motion and second to use the ERMEP questionnaire to further investigate utilization for other purposes, the motion carried.

#### **11. For Possible Action: HR Scholarship Application Approval**

Stacy reported Alana Mills, HR Generalist at Carson City is requesting \$1374 (class \$795, membership \$244, exam \$335) for her SHRM-CP. Stacy reported that Carson City has given notice to the POOL. (They are required to send out for RFP's every two years.) Geof said since Carson City was happy to return to the POOL, he did not want to hold up a scholarship and is in support of it. Abel agreed since they are currently members in good standing. Chief Lindgren was in agreement. On motion and second to approve the scholarship application for \$1374 as presented, the motion carried.

Stacy reported Desiree Ramirez, Assistant HR at the City of Ely is requesting \$1519.44 (class \$999, membership \$175, book \$245.44, study guide \$100) for her IPMA-CP. The study guide is not normally covered but that would be up to the committee. On motion to approve the application as presented with the study guide, the motion carried.

Stacy reported Joe Girdner, Executive Director of Human Resources at Douglas County School District is requesting \$1950 (\$1595 class, \$355 exam) for his SHRM-SCP. He did not submit the cost of the exam which is \$355 dollars and has not yet resubmitted his application with the exam amount. On motion and second to approve the request for the application plus the additional amount for the exam pending receipt of an updated application for the correct amount, the motion carried.

#### **12. For Possible Action: HR Assessment Grant Application Approval**

Stacy reported that Madison Aviles, City Manager for the City of Carlin submitted a Phase I Re-Assessment Grant Application requesting \$500 for the Organizational Excellence Award Grant to attend the HR Conference in October and \$250 for the Individual Excellence Award Grant. On motion to approve the application as presented and recommended by staff, the motion carried.

#### **13. For Possible Action: Schedule Next Meeting for PRI Oversight Committee**

Next meeting is scheduled for Friday, June 9, 2023, at 9:30 a.m. via Zoom and in person (Carson City).

**14. Item: Public Comment**

Chair Geof Stark opened public comment. Geof closed the public comment period.

**15. For Possible Action: Adjournment**

The meeting adjourned at 12:37 p.m.



Partnership at Work®

## Economic Outlook & Investment Review



April 21, 2023

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The image features a decorative background with two large, overlapping, wavy shapes. The left shape is dark blue and curves downwards from the left edge. The right shape is green and curves upwards from the left edge, overlapping the blue shape. The text 'Economic Outlook' is centered between the two shapes.

# **Economic Outlook**

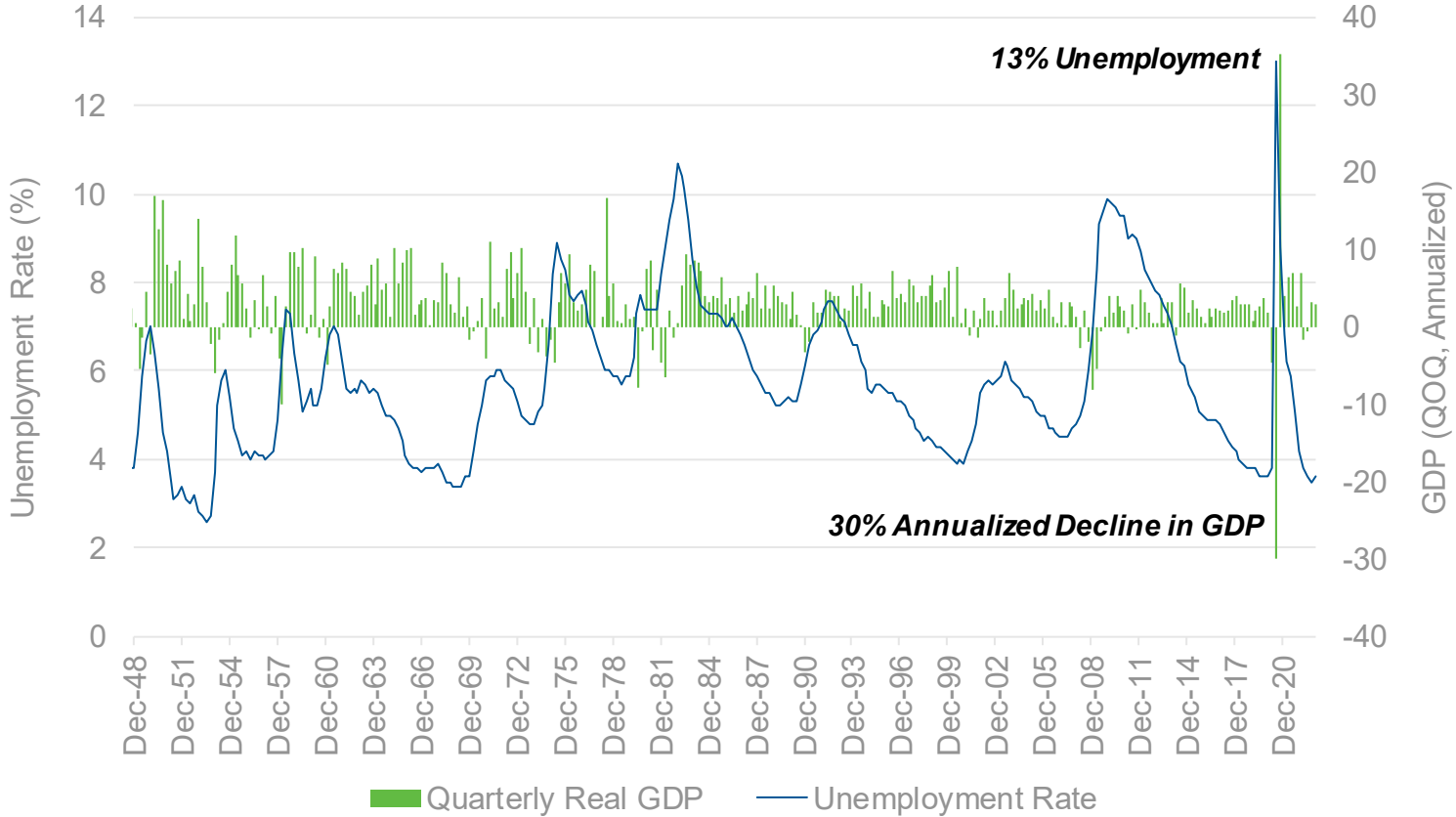


# **Pandemic Shock and Economic Distortions**

# Pandemic Delivered Extreme Abrupt Shock



## Historic Level of Economic Shock



Source: Bureau of Labor Statistics, Bloomberg, NEAM

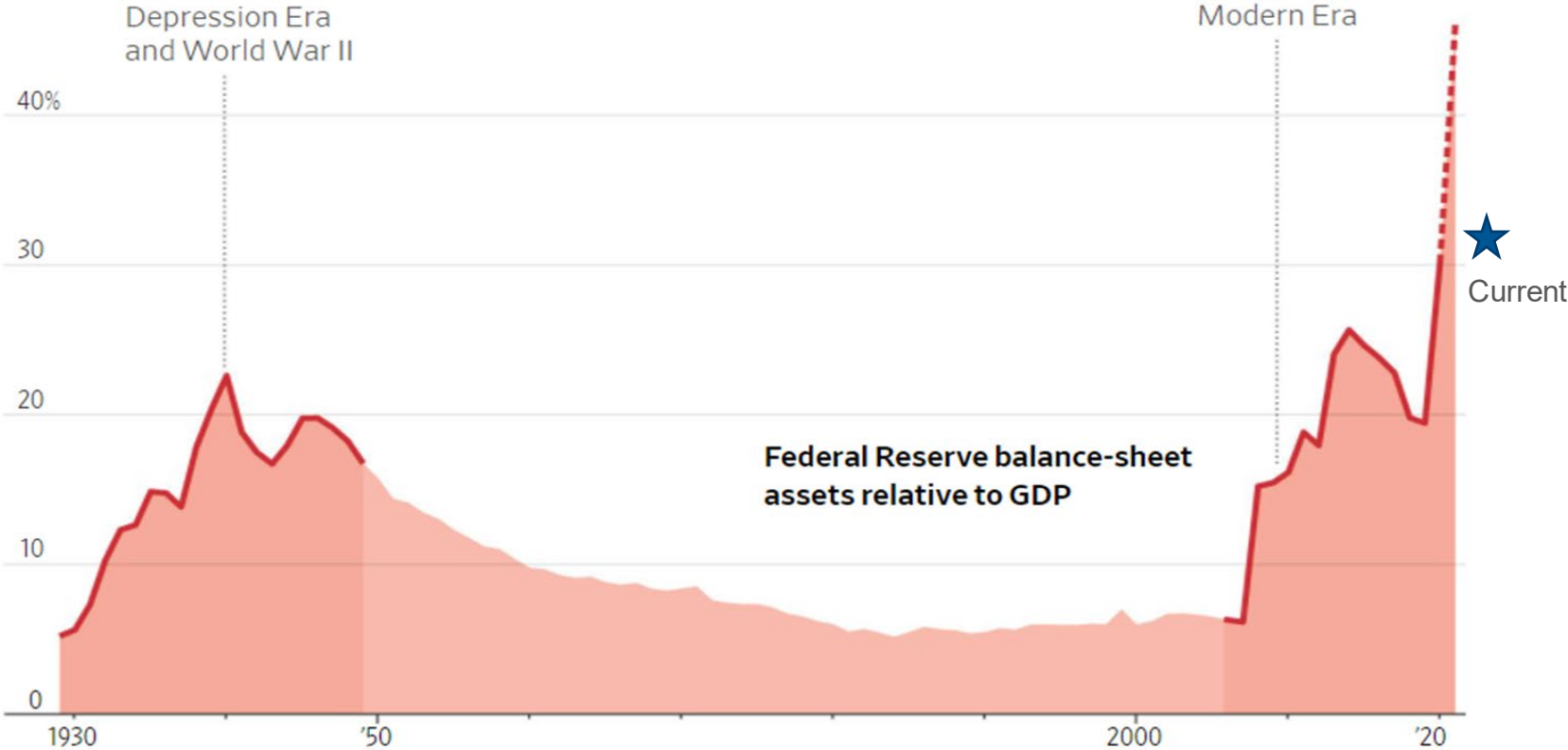
## Initial Federal Measures in Response to COVID-19



Source: Federal Reserve, NEAM

# Massive Monetary Response

## Fed Balance Sheet Assets as a % of GDP



Source: Federal Reserve, WSJ, NEAM



# What has changed?

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- Persistence in **Elevated Inflation**
- Supply Demand **Imbalance in Labor Market**
- Supply Demand **Imbalance in Housing**
- Reversal in Downward **Secular Shift in Interest Rates**

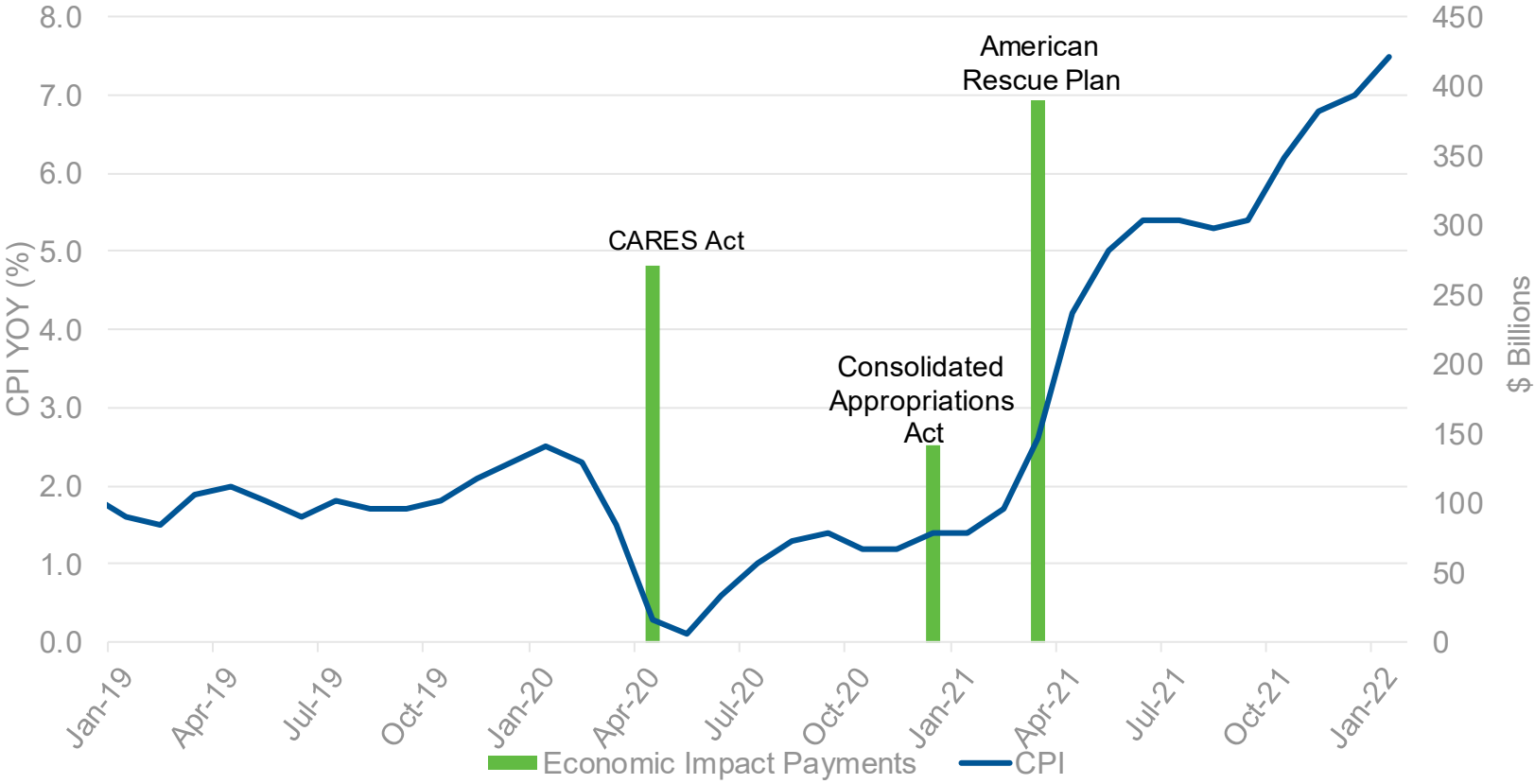


**Inflation**

# Leg Higher in Inflation Followed ARP in Early 2021



## Inflation and Stimulus

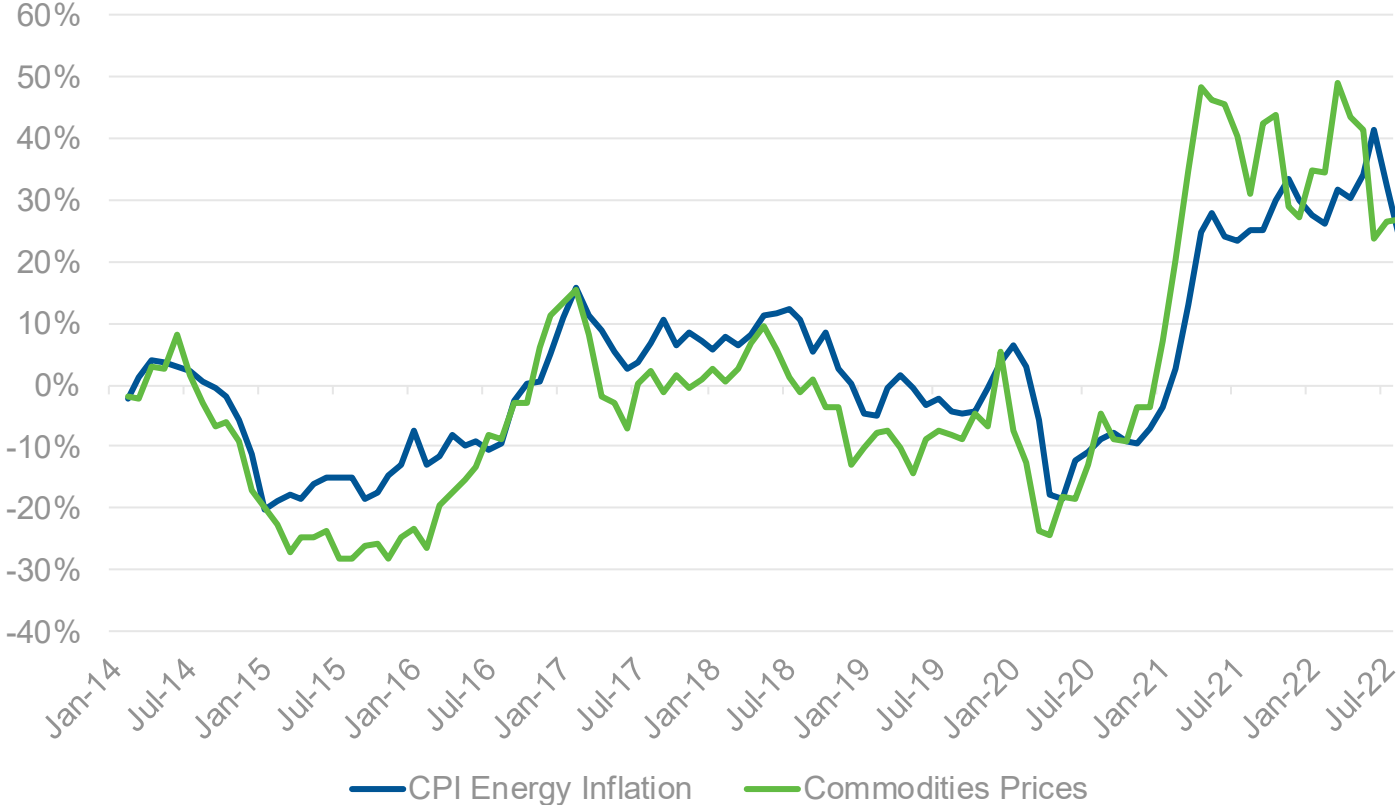


Source: Treasury Department, Bloomberg, NEAM

# Impact of Ukraine War on Commodities

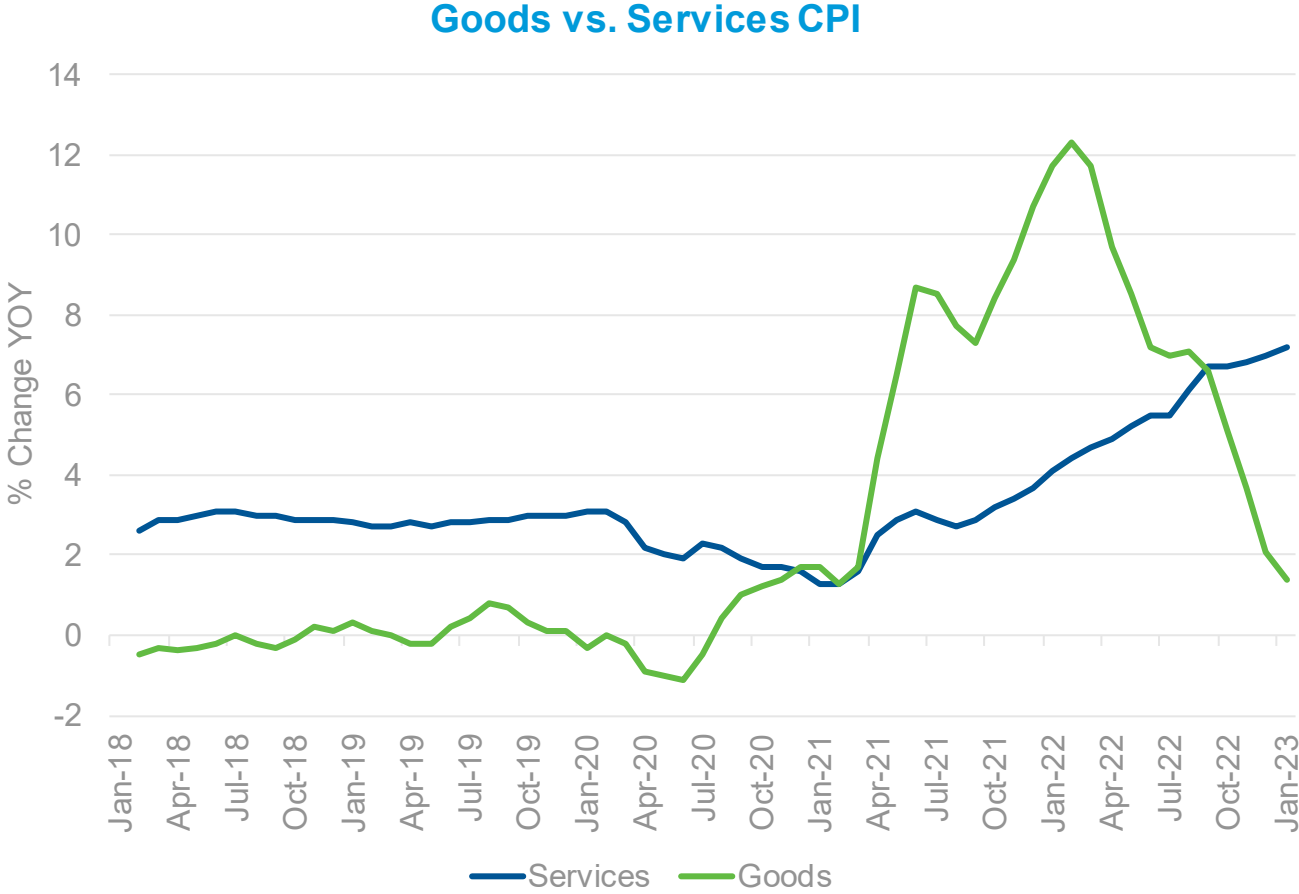


### Energy and Commodities



Source: Bureau of Labor Statistics, Bloomberg, NEAM

# Handoff From Goods to Services Inflation

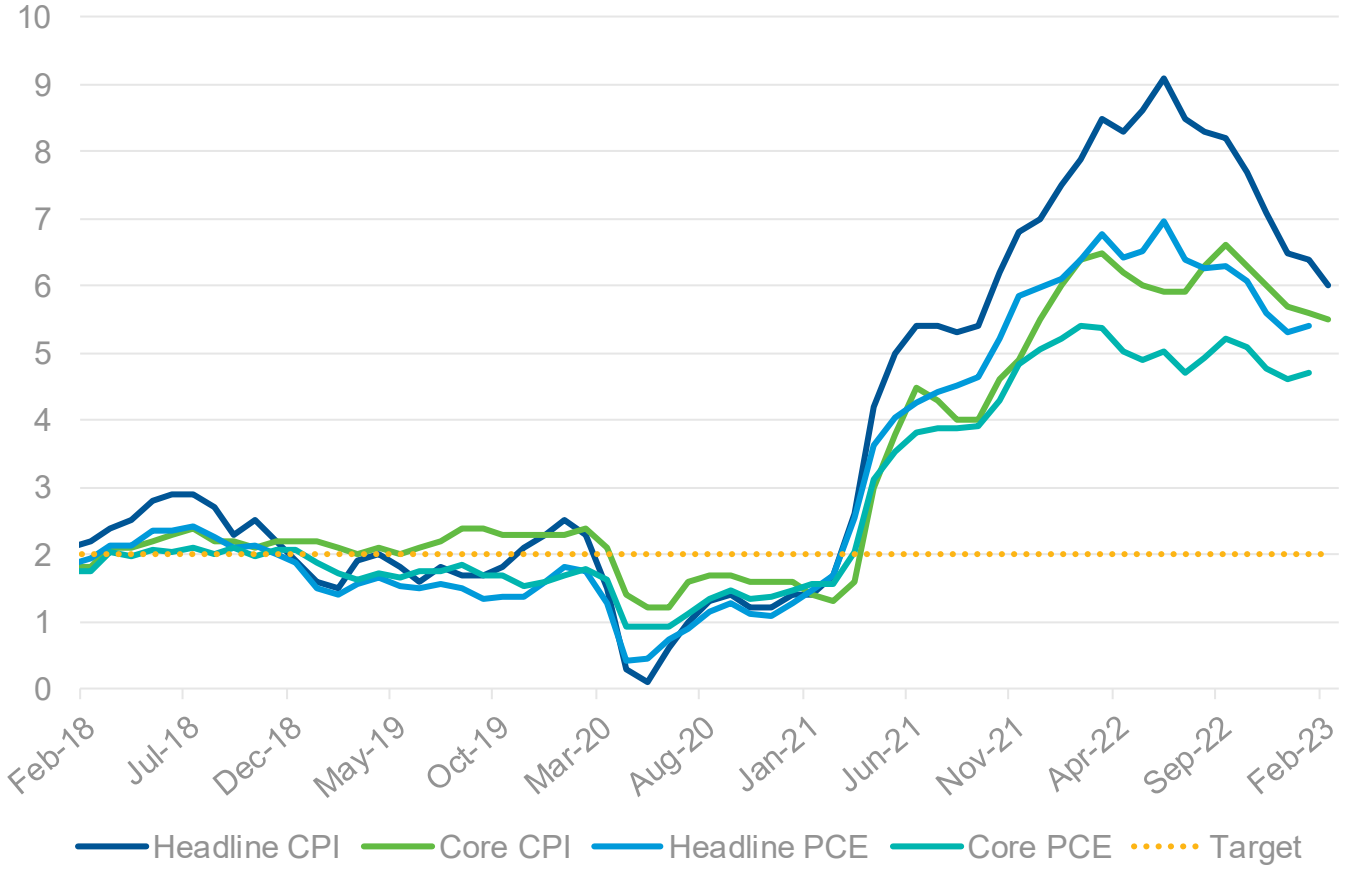


Source: Bureau of Labor Statistics, Bloomberg, NEAM

# Inflation Remains Well Above Target



### Headline and Core Inflation Measures (% Year over Year)



Source: BEA, BLS, Bloomberg, NEAM

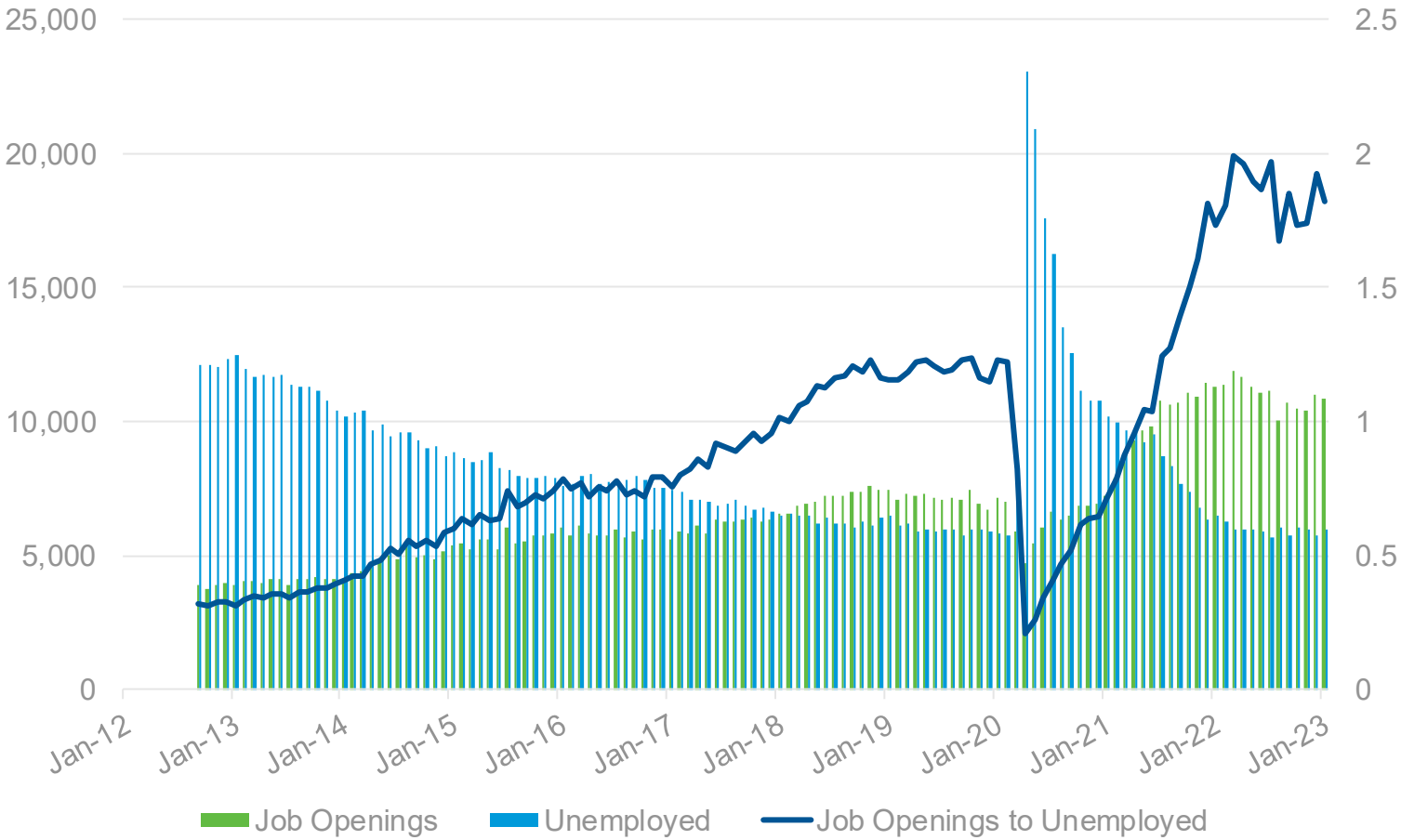


## Labor Market

# U.S. Labor Market Imbalance



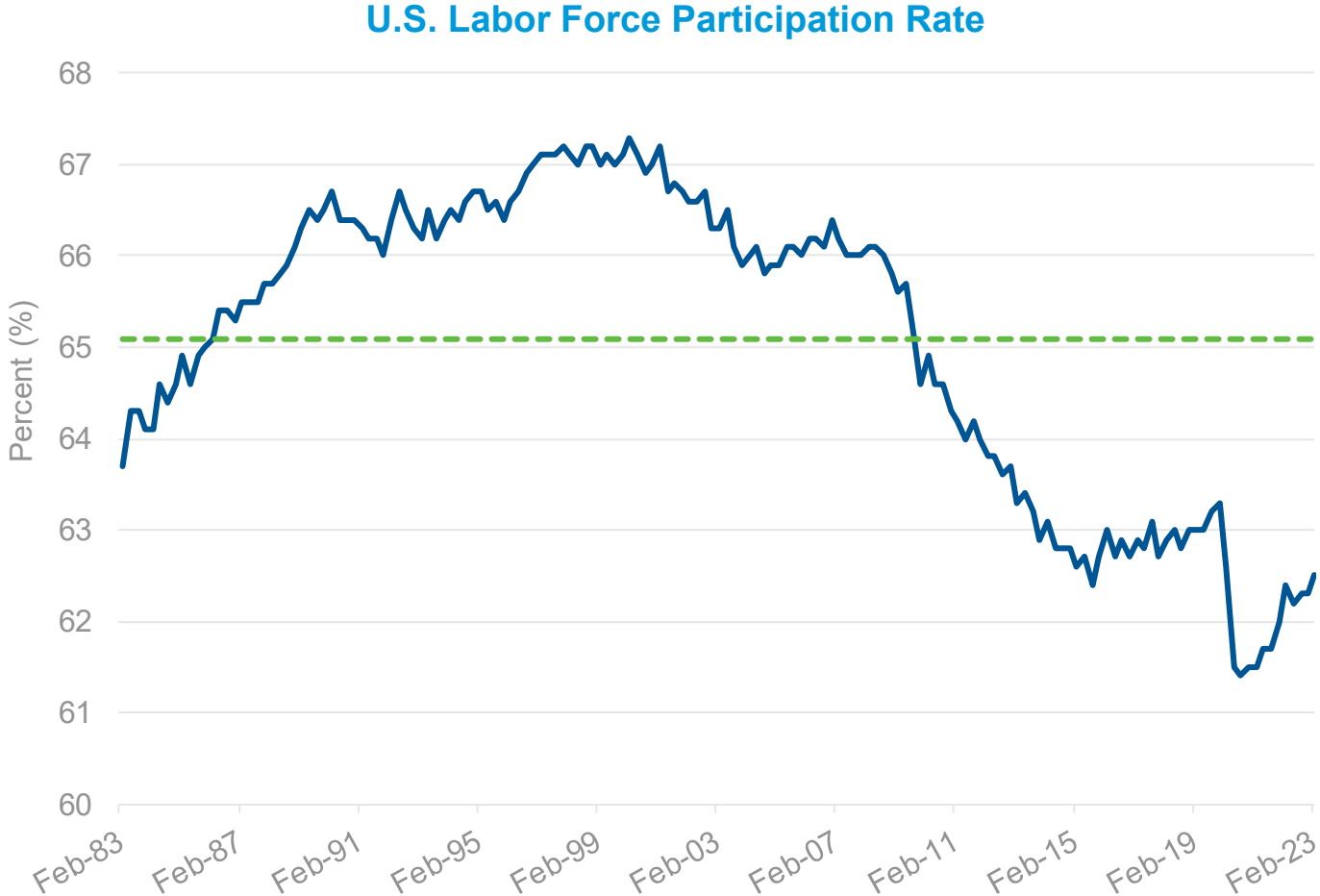
### Job Vacancies to Number of Unemployed



Source: BLS, Bloomberg, NEAM

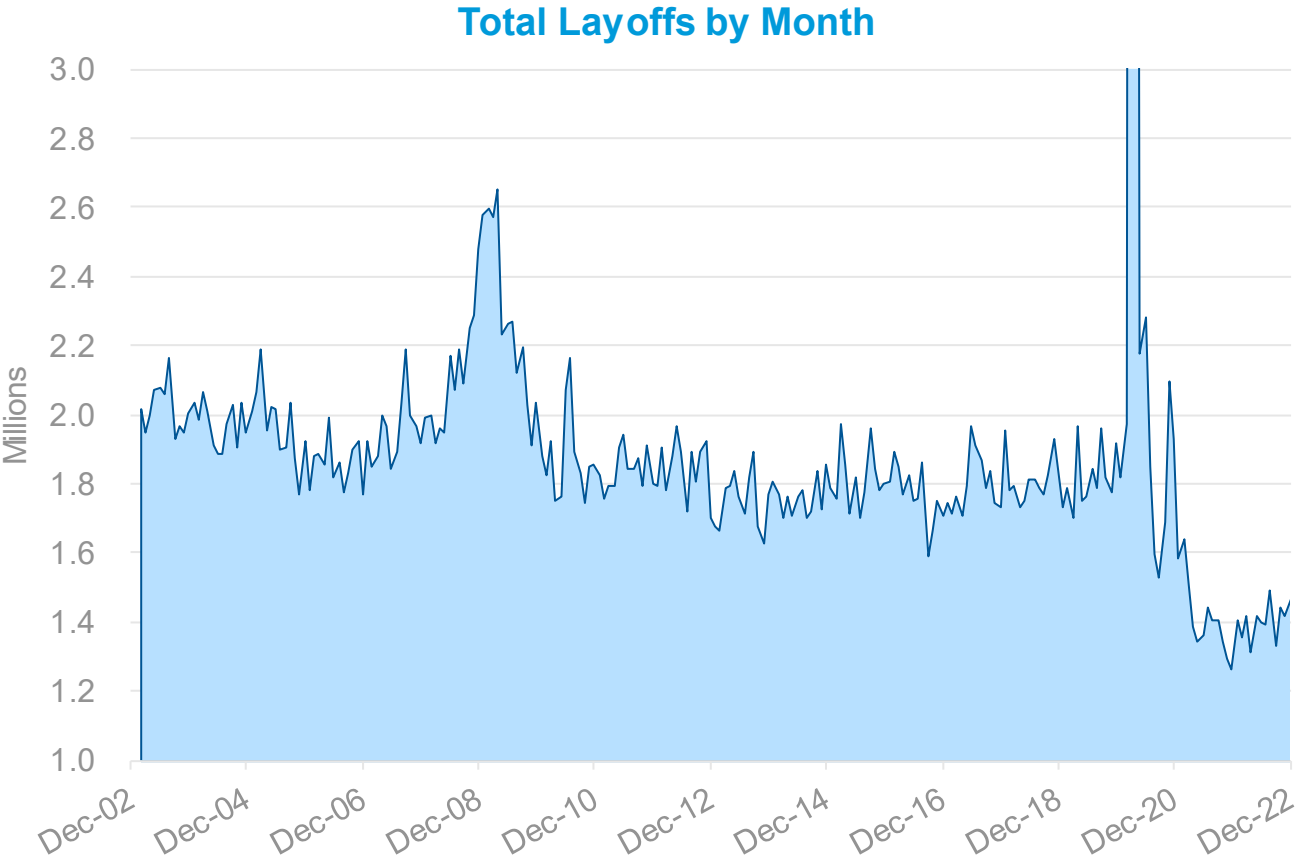


# Step Down in Labor Force Participation



Source: Bureau of Labor Statistics

# Employers Less Inclined to Lay Off Workers



Source: LBS, Bloomberg, NEAM

# Wages Pressuring Services Inflation Higher



### Employment Cost Index



Source: Bureau of Labor Statistics



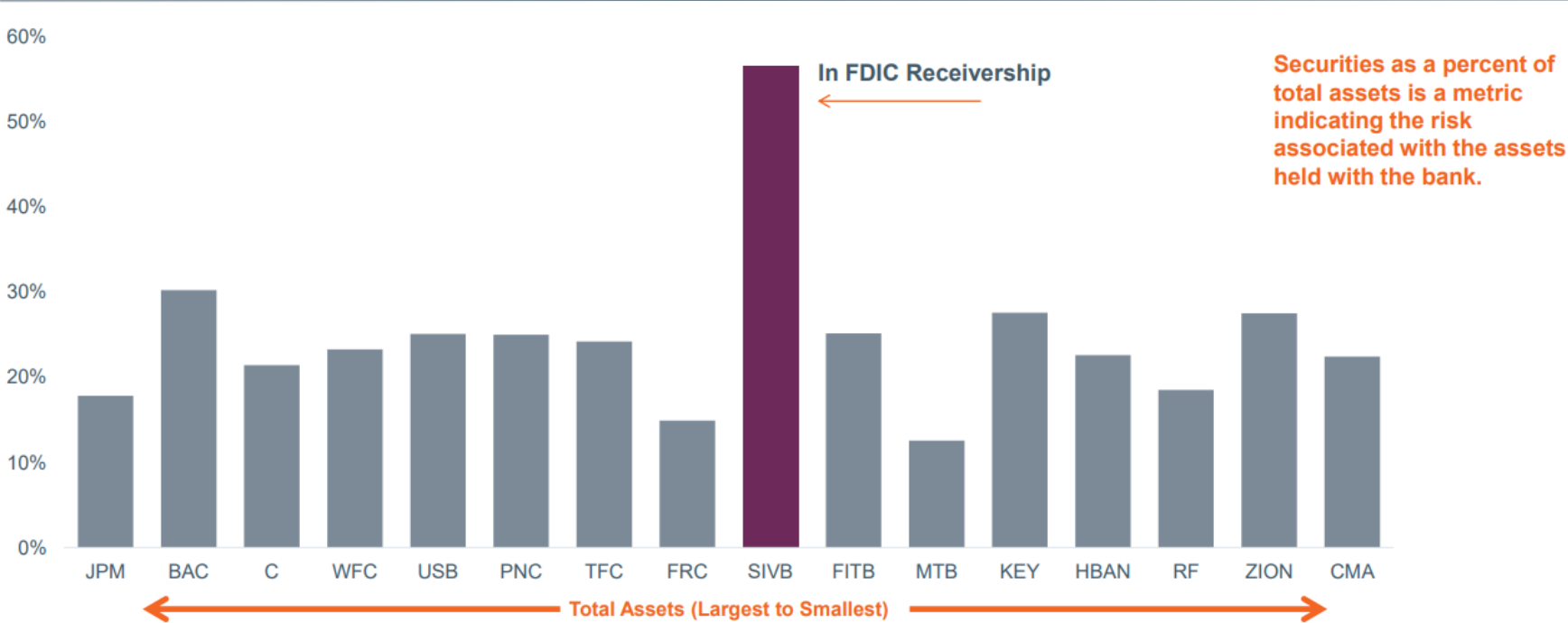
## The Bank Crisis of 2023

# Unique Risk Factors Contributed to SVB's Demise



## Securities as a Percent of Total Assets

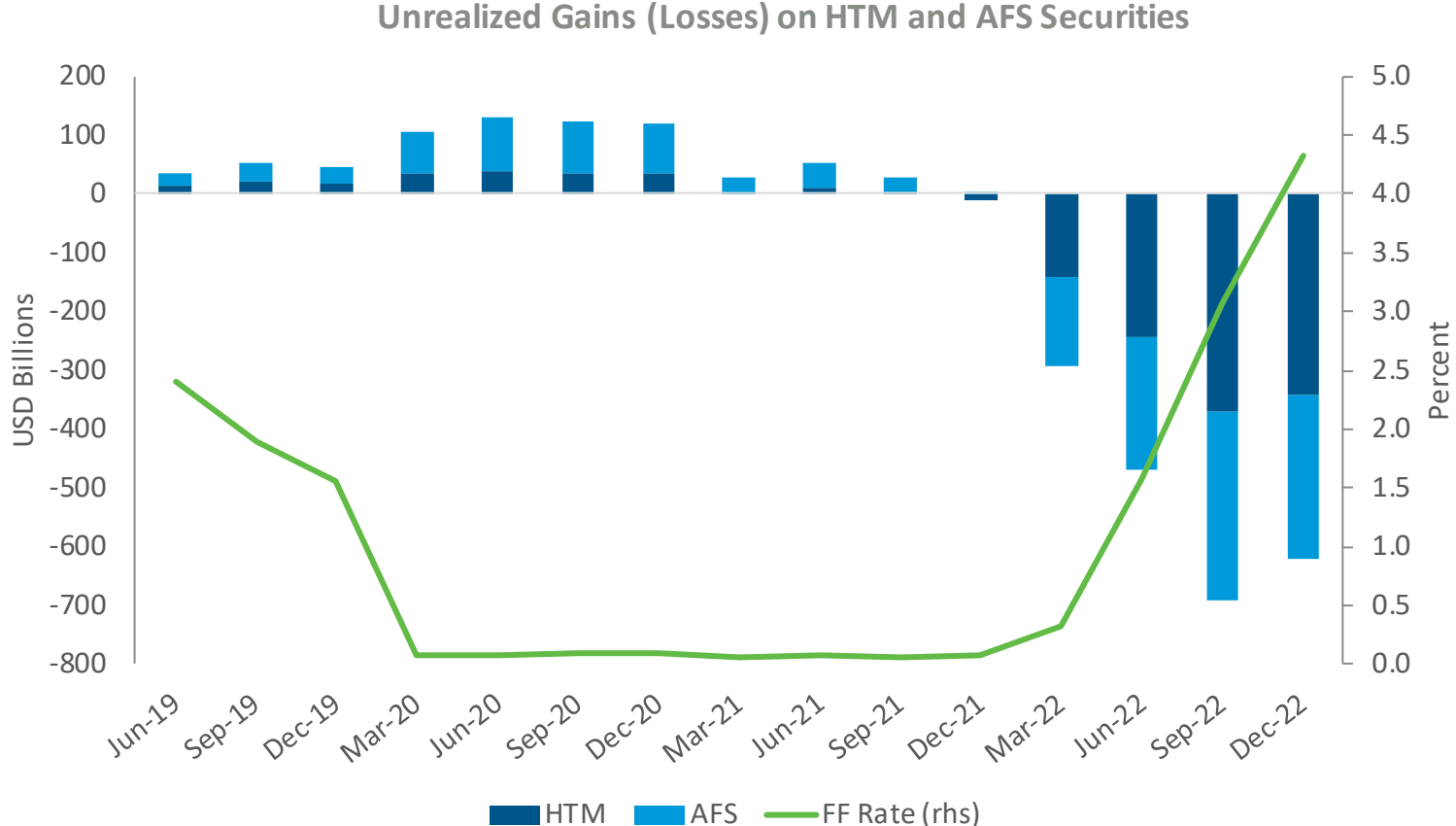
Securities as a percent of total assets



Data as of December 31, 2022. Source: Bloomberg, WTIA. The banks that are represented consist of the 11 stocks in the S&P Regional Bank Index and the 5 stocks in the S&P Diversified Bank Index.

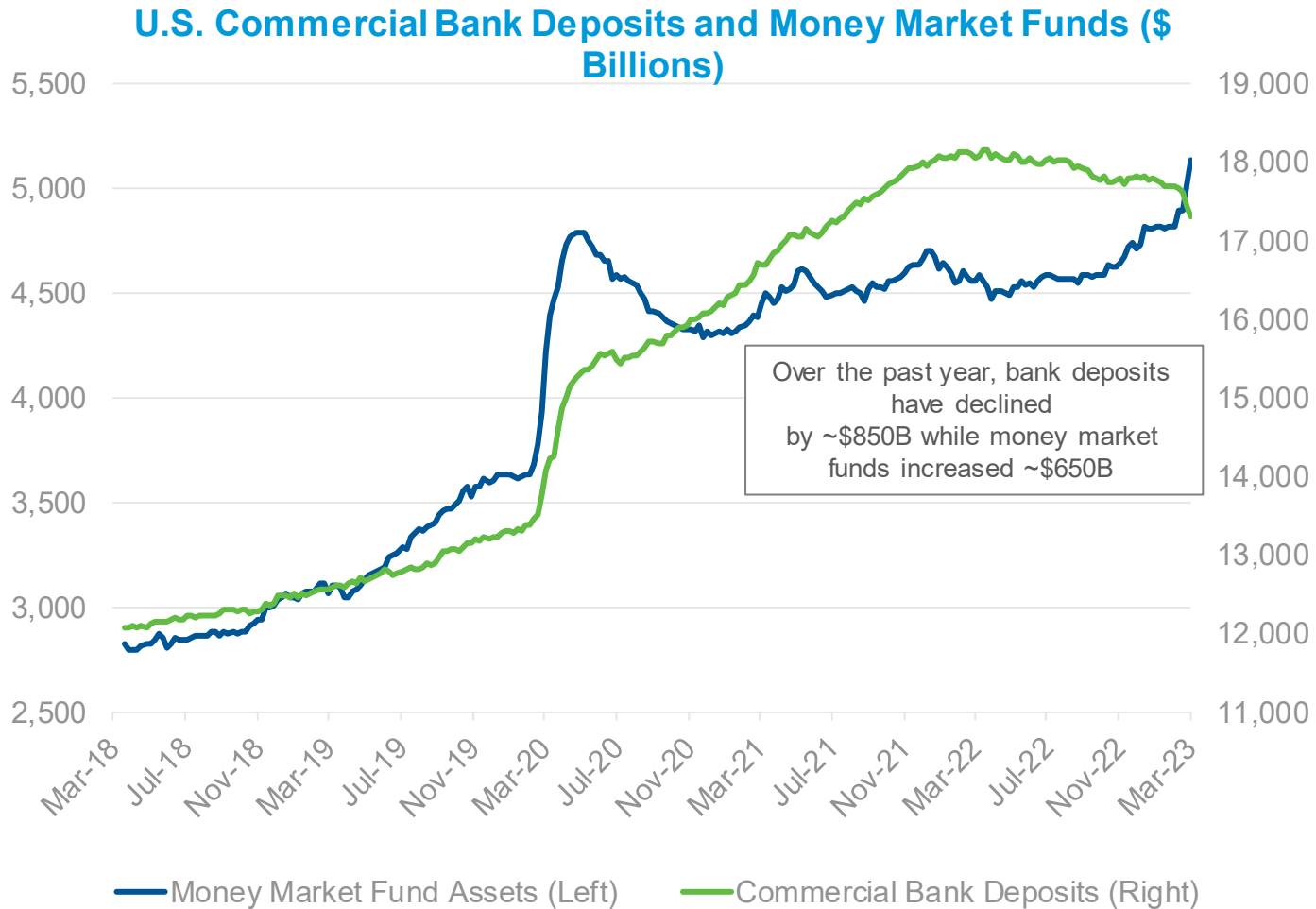
Source: Financial Times

# Bank Investment Securities Respond to Higher Rates



Source: FDIC, Haver, NEAM

# Banks Losing Deposits to Money Market Funds

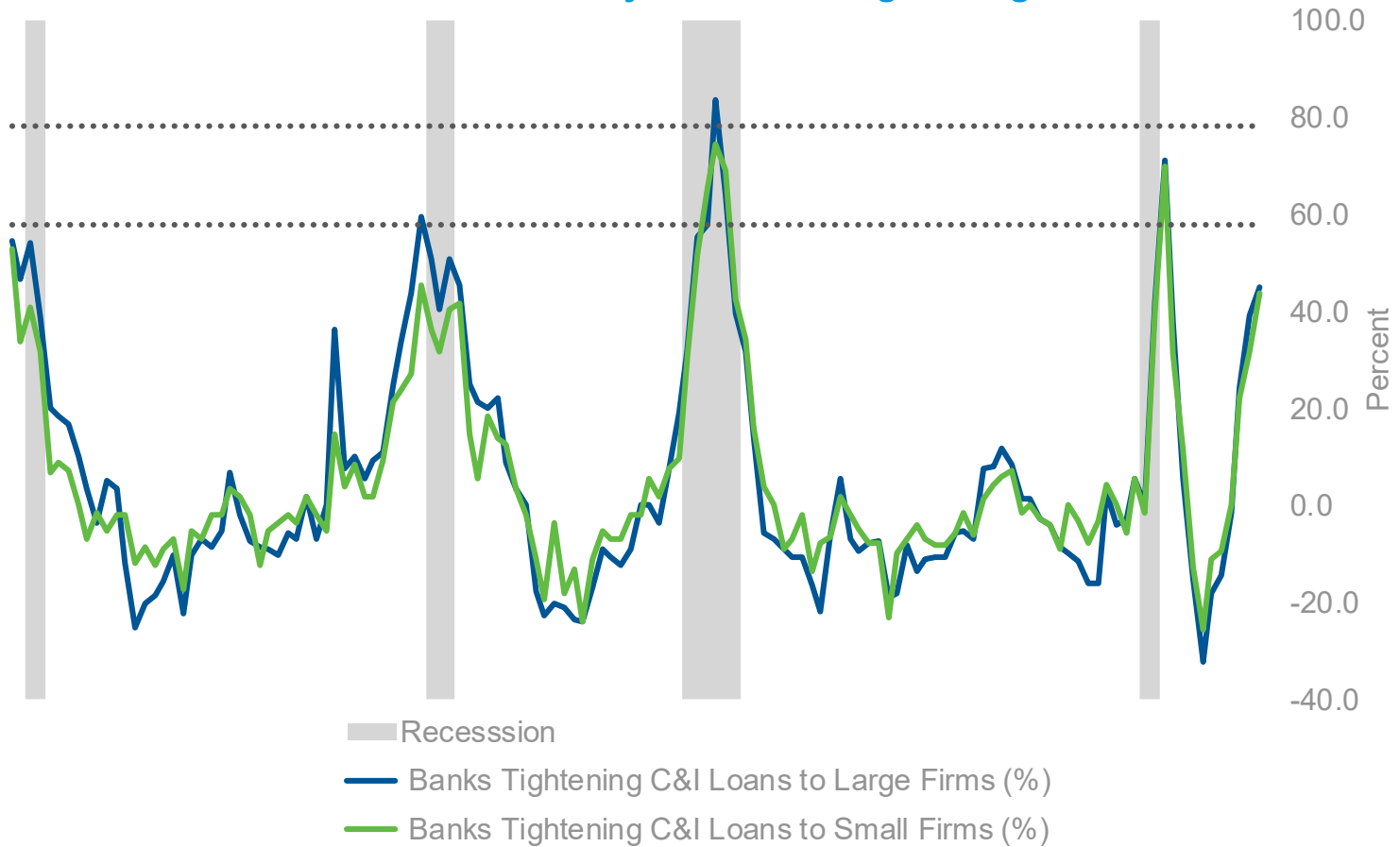


Source: Federal Reserve, ICI Investment Company Institute, Bloomberg

# Tightening Credit Standards Already in the Pipeline

## And Likely Headed Tighter

### Senior Loan Officer Survey - C&I Bank Tightening Standards



Source: Federal Reserve, Haver, NEAM



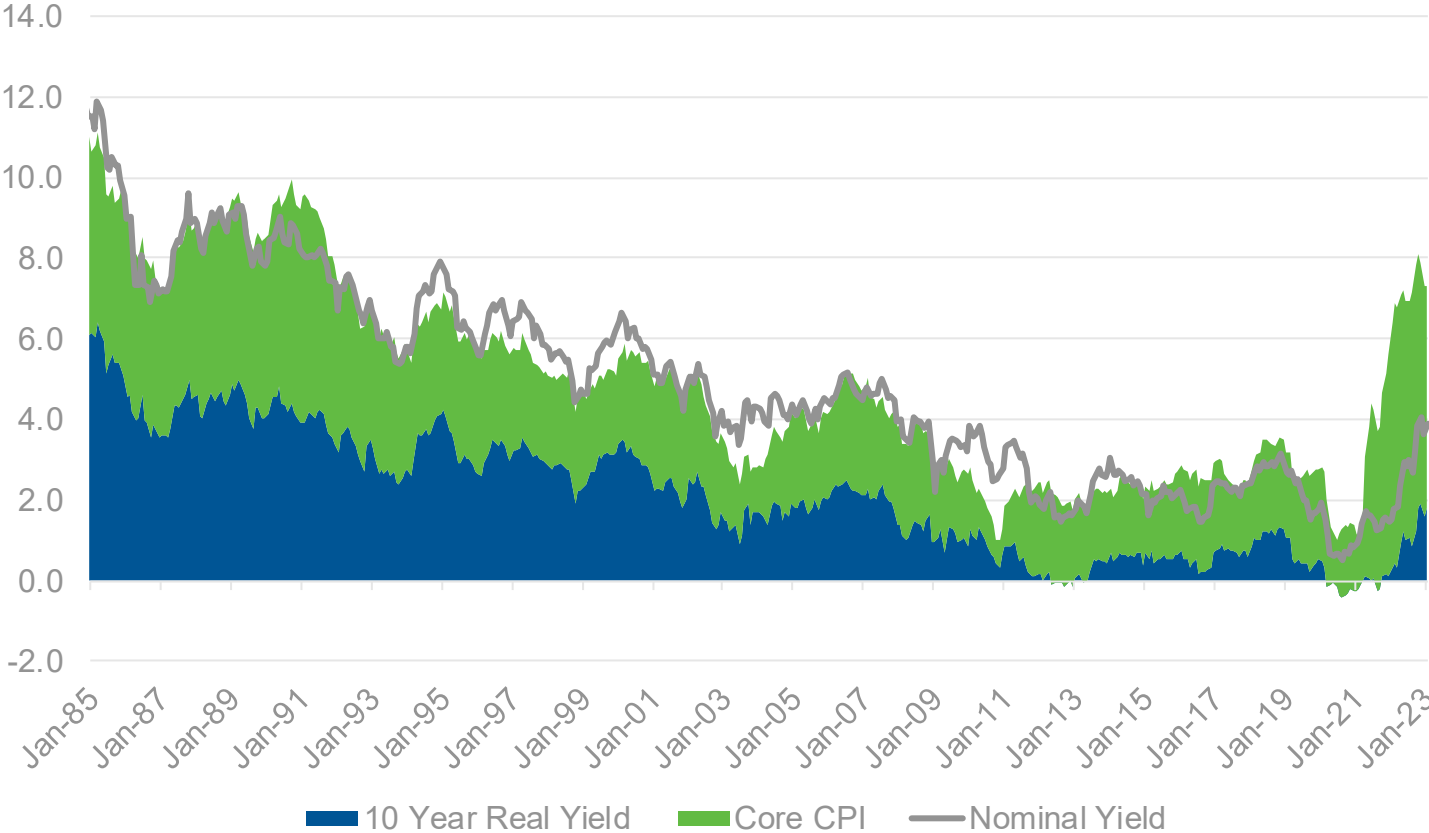


## **Economic Conclusions**

# Growth and Inflation Outlook Drive Rates



### Components of Nominal Yield

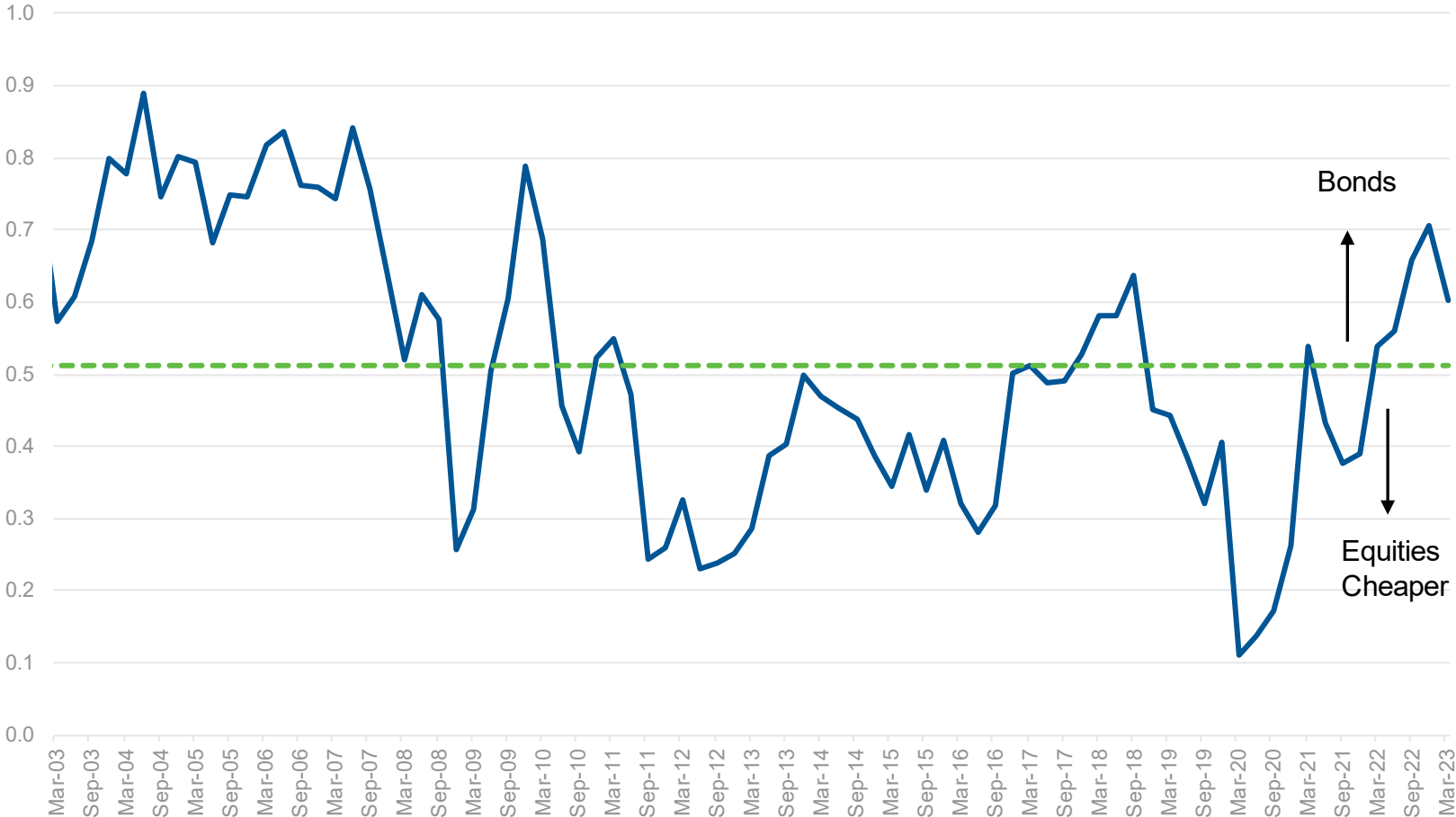


Source: Bloomberg

# Valuations Favor Bonds



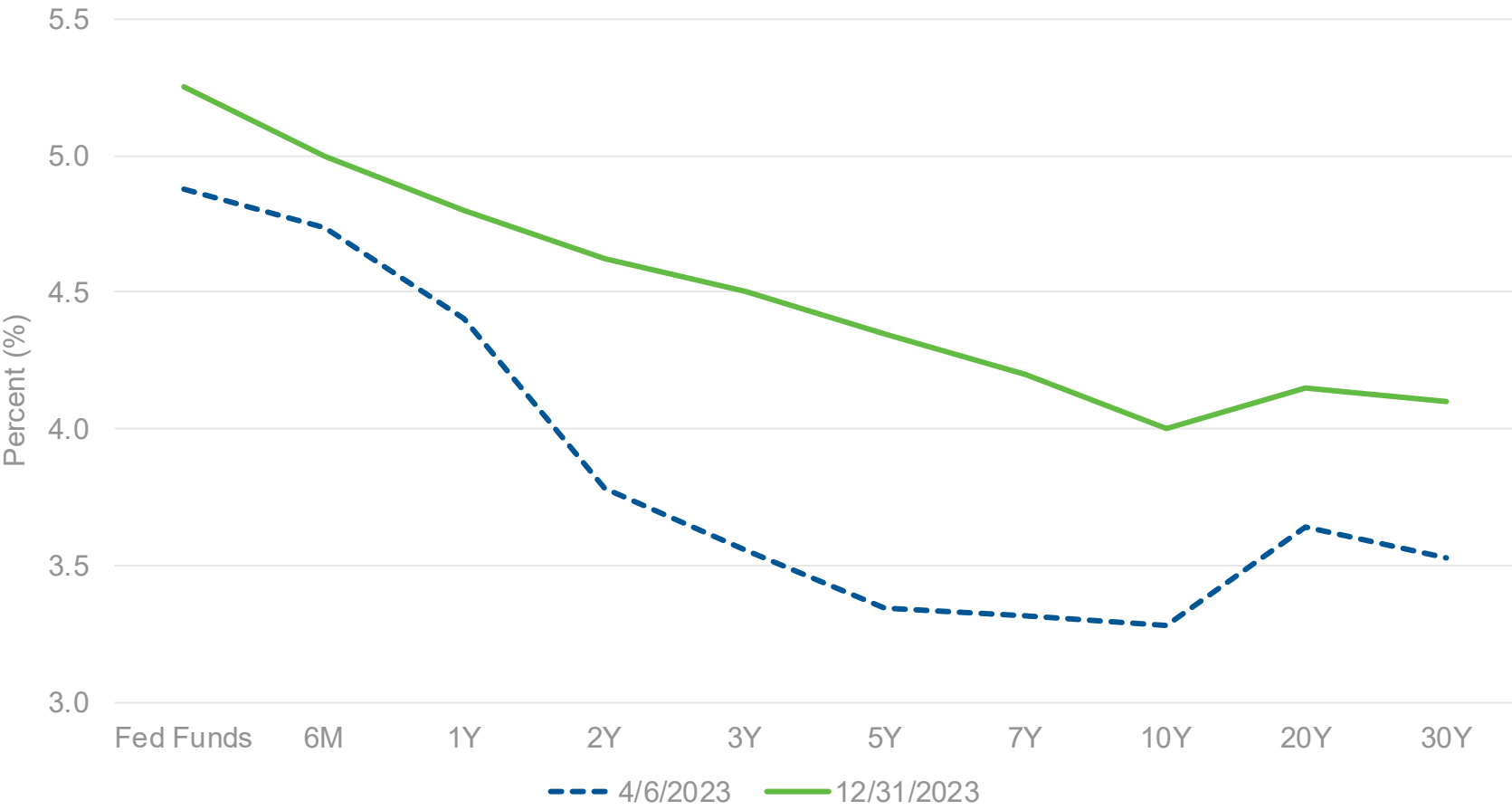
### 10 Year Treasury Yield vs. SPX 500 Earnings Yield



Source: Bloomberg, NEAM

## Current vs. Year End 2023 Midpoint Interest Rate Forecast

(Forecast Range: +/-0.25% to Midpoint)



- The pandemic period unleashed dramatic shifts in key macroeconomic variables and trends.
- Years of exceedingly easy monetary policy combined with outsized fiscal stimulus have “come home to roost”.
- Potential contributors to higher long-term inflation:
  - Continued labor and housing market imbalances
  - Reshoring/onshoring
  - Climate transition costs
  - Rising budget deficits
- Interest rates can shift out of the secular downtrend (negative real rates) if inflationary pressures and tighter monetary policy regime persist.



**POOL/PACT Fixed Income  
Investment Review**

## POOL/PACT's Investment Objectives:

- Safety of principal / Capital preservation
- Diversification
- Liquidity to meet operating needs
- Provide a balanced return of current income & modest growth of principal

## NEAM's Investment Strategy for POOL/PACT:

- **Realize the highest possible levels of investment income while generating competitive rates of total return over time**
- Emphasize spread product (i.e., non-Treasuries) to earn incremental income
- **Generate stable and rising levels of investment income in support of the programs and services that POOL/PACT offers for the benefit of its members**

# Fixed Income Portfolio – By the Numbers



5 Year Treasury Yield (%)	1.93%	2.21%	2.51%	1.69%	0.36%	1.26%	4.00%	3.37%
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<u>POOL &amp; PACT</u>	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Apr 2023
Market Value (\$mm)	111.6	80.6	78.5	82.6	89.0	83.6	77.3	79.5
Unrealized Gain/(Loss) (\$mm)	(1.3)	(1.1)	(1.9)	0.3	2.8	0.3	(7.5)	(5.8)
Book Yield (%)	2.07	2.23	2.53	2.36	1.96	1.60	2.24	2.30
Annualized Income (\$mm)	2.3	1.8	2.0	1.9	1.7	1.3	1.9	2.0

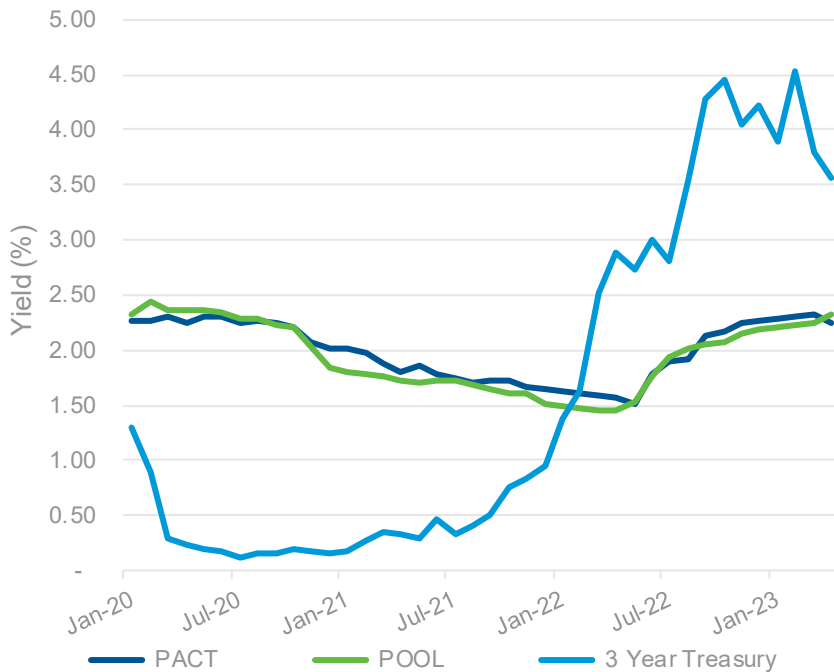
<u>PRM &amp; PCM</u>	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Apr 2023
Market Value (\$mm)	48.5	81.0	81.9	90.7	94.1	91.6	78.5	81.7
Unrealized Gain/(Loss) (\$mm)	(1.1)	(0.7)	(2.5)	2.3	7.3	3.5	(9.6)	(7.1)
Book Yield (%)	2.00	2.59	2.77	2.85	2.81	2.68	2.96	3.00
Annualized Income (\$mm)	1.0	2.1	2.3	2.5	2.4	2.3	2.6	2.7

Source: NEAM Analytics. Apr 2023 holdings as of 4/5/2023.

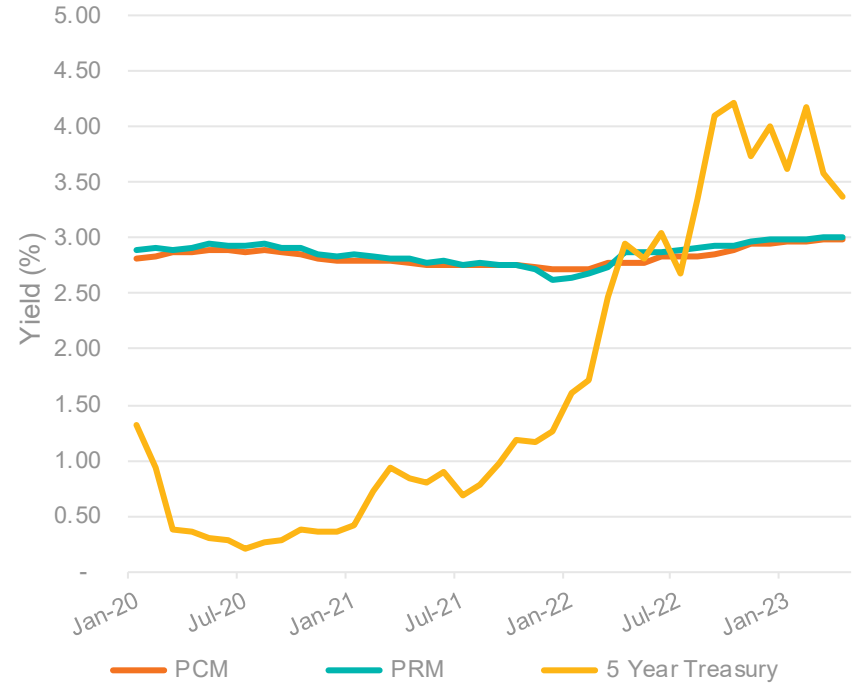


# Book Yield History

## POOL & PACT



## PRM & PCM



- POOL/PACT's portfolios benefitted from the rise in interest rates** due to higher yields earned on new bonds purchased, resulting in **rising book yields and higher levels of investment income generation**

Source: NEAM Analytics.

# Fixed Income Performance



2022	Total Return	Price Return	Income Return
PACT	-7.35%	-9.49%	+2.14%
POOL	-7.42%	-9.65%	+2.23%
PCM	-11.38%	-14.10%	+2.72%
PRM	-11.66%	-14.40%	+2.74%

## 2022

- Higher interest rates and wider credit spreads drove negative price returns, overwhelming positive income returns

2023 YTD*	Total Return	Price Return	Income Return
PACT	+1.91%	+1.27%	+0.64%
POOL	+1.92%	+1.25%	+0.67%
PCM	+2.70%	+1.83%	+0.87%
PRM	+2.95%	+2.06%	+0.89%

## 2023 YTD

- Lower interest rates and slightly wider credit spreads led to positive price returns
- Expect income return to drive overall portfolio return in 2023

- Stability of income returns overtime** ties back to POOL/PACT's primary investment objective of maximizing investment income

Source: NEAM Analytics. \* 2023 YTD returns through 3/31/2023.

- Revisit asset allocation in response to the changed risk-reward profiles of bonds and other risk assets. You do not need to take as much risk to earn targeted returns.
- Higher Treasury rates and wider credit spreads have led to attractive reinvestment rates in high quality fixed income securities
- Emphasize the “durability” of the book yields being added to the fixed income portfolio
- Focus on spread sectors to support investment income
  - Structured Securities
  - Taxable Municipals
  - Corporates
- Maintain high credit quality bias
- Be prepared for additional volatility which may present attractive investment opportunities



# Investment Program Annual Review

April 21, 2023

Alton Cogert

President & CEO



STRATEGIC ASSET ALLIANCE  
THE INSURANCE INVESTMENT SPECIALIST



**Member Contributions (\$)**



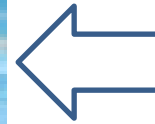
**FLOAT**

**Investment Portfolio (\$)**  
**INVEST & PROTECT**

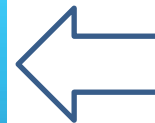


**Claims Payments (\$)**





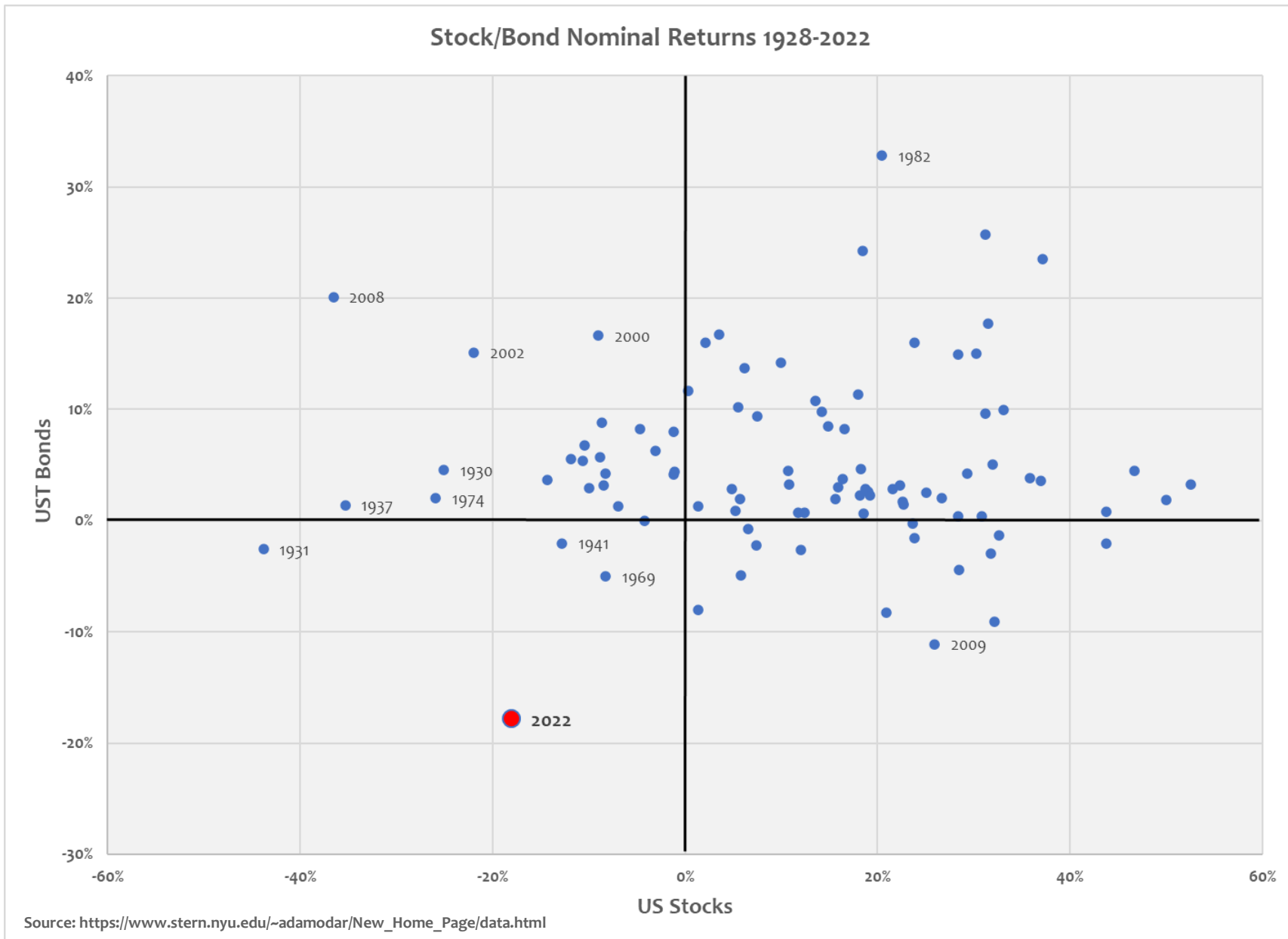
**Risks of which we are aware and actively measure and monitor.**



**Risks of which we are currently unaware or aware of and underestimate.**



# PERSPECTIVE: Stock/Bond Nominal Returns – 1928 to 2022



Source: [https://www.stern.nyu.edu/~adamodar/New\\_Home\\_Page/data.html](https://www.stern.nyu.edu/~adamodar/New_Home_Page/data.html)





## PERFORMANCE REVIEW – YEAR 2022







	<u>2021</u>	<u>2022</u>
● POOL	-1.63%	-7.56%
● PRM	<u>+5.37%</u>	<u>-10.38%</u>
● TOTAL	+2.81%	-9.41%





	<u>2021</u>	<u>2022</u>
● PACT	-1.27%	-7.46%
● PCM	<u>+5.18%</u>	<u>-10.18%</u>
● TOTAL	+2.69%	-9.21%





2021

2022

● RETURN

+2.75%

-9.26%

● TOTAL INCOME

+\$6.6M

-\$21.6M

● REAL INCOME

+\$6.1M

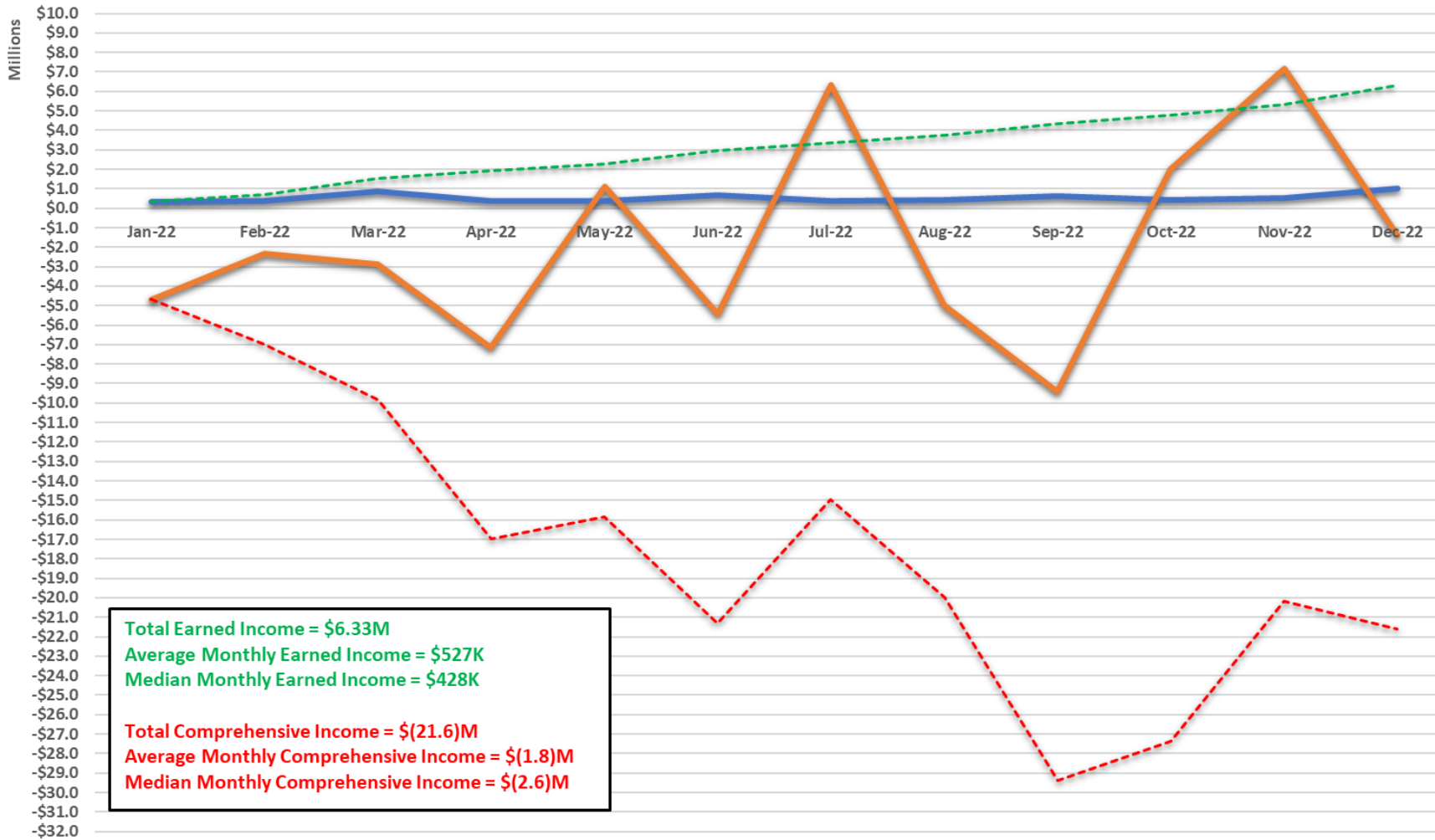
+\$6.3M



# CONSOLIDATED PROGRAM – INVESTMENT INCOME



POOL/PACT/PCM/PRM Consolidated Investment Income - Year 2022



— Realized Income (MTH)    
 — Comprehensive Income (MTH)    
 - - - Cumulative Realized Income    
 - - - Cumulative Comprehensive Income





## STRATEGIC OUTLOOK

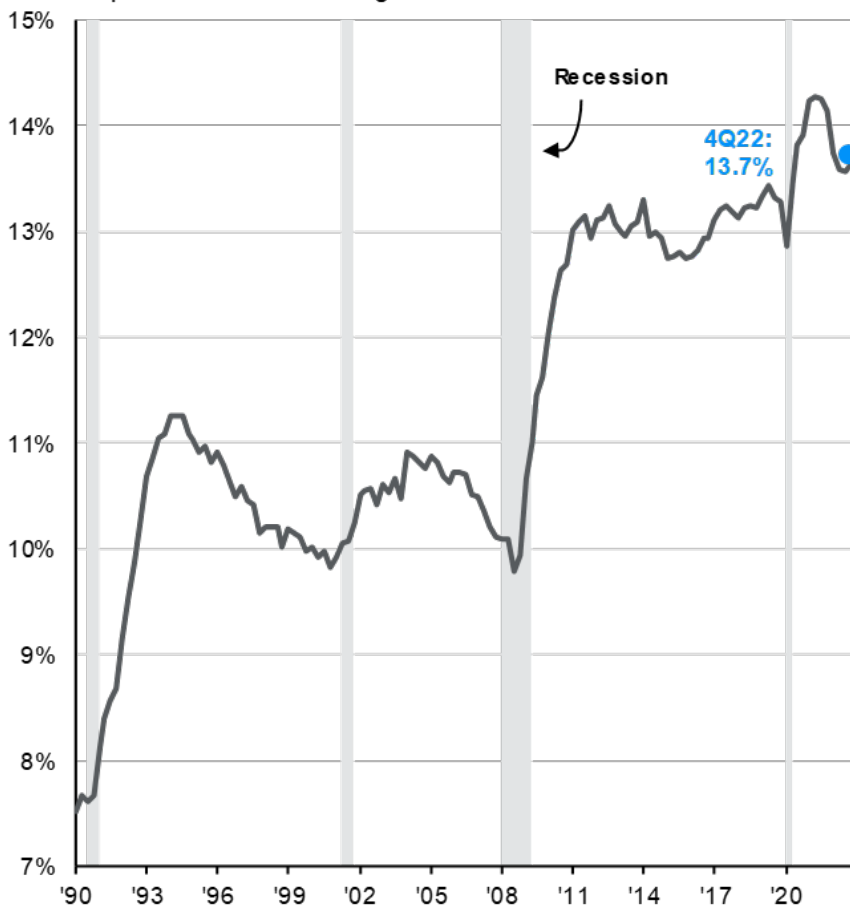


# SVB Fallout - Bank Capitalization & Lending Sentiment



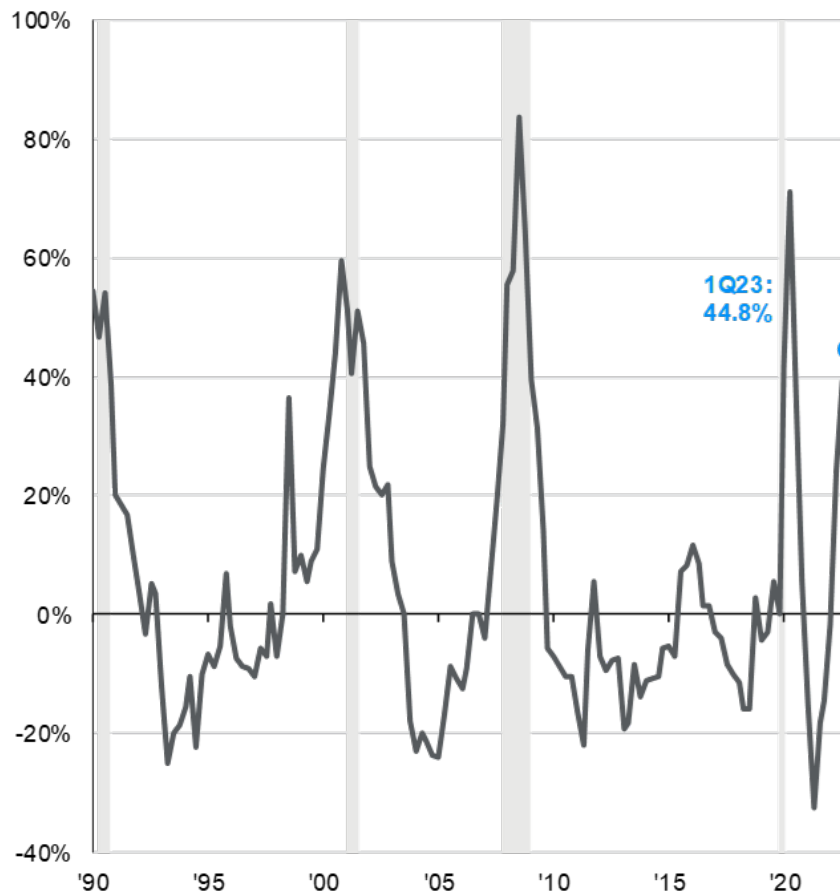
## U.S. bank tier 1 capital ratio

Tier 1 capital as a % of risk-weighted assets



## Net percentage of banks tightening lending standards

Commercial and industrial loans for large and middle-market firms



### Key Take Aways:

- Despite the Silicon Valley Bank failure and contagion, bank capitalization still looks healthy overall and has improved significantly since 2008 due to the impact of stricter bank regulations following the Global Financial Crisis (Left Chart).
- However, lending conditions have tightened meaningfully since the second quarter of 2022, and the banking turmoil may cause them to tighten further. This will drag on overall economic growth by reducing capital available for business spending and investment (Right Chart)

Source: Bloomberg, FDIC, Federal Reserve, J.P. Morgan Asset Management. The tier 1 capital ratio is the ratio of a bank's core tier 1 capital (equity capital and disclosed reserves) to its total risk-weighted assets. It is a key measure of a bank's financial strength that has been adopted as part of the Basel III Accord on bank regulation.  
Guide to the Markets - U.S. Data are as of March 31, 2023

# Inflation Heatmap - Components

## Consumer Price Index, components

m/m % change, seasonally adjusted

	Weight	2021												2022											
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Headline CPI, y/y	100.0	2.6%	4.1%	4.9%	5.3%	5.2%	5.2%	5.4%	6.2%	6.9%	7.2%	7.6%	8.0%	8.5%	8.2%	8.5%	8.9%	8.4%	8.2%	8.2%	7.8%	7.1%	6.4%	6.3%	6.0%
Core CPI, y/y	79.5	1.7%	3.0%	3.8%	4.4%	4.2%	3.9%	4.0%	4.6%	5.0%	5.5%	6.1%	6.4%	6.5%	6.1%	6.0%	5.9%	5.9%	6.3%	6.6%	6.3%	6.0%	5.7%	5.5%	5.5%
Core svcs. ex-housing PCE, y/y*	-	2.9%	4.3%	4.3%	4.2%	4.4%	4.4%	4.3%	4.4%	5.0%	5.0%	4.9%	4.8%	4.7%	4.5%	4.5%	4.6%	4.0%	4.2%	4.5%	4.7%	4.4%	4.3%	4.7%	4.7%
Headline CPI, m/m	100.0	0.5%	0.7%	0.7%	0.8%	0.4%	0.4%	0.4%	0.9%	0.8%	0.8%	0.6%	0.7%	1.0%	0.4%	0.9%	1.2%	0.0%	0.2%	0.4%	0.5%	0.2%	0.1%	0.5%	0.4%
Core CPI, m/m	79.5	0.3%	0.8%	0.7%	0.7%	0.3%	0.2%	0.3%	0.7%	0.6%	0.7%	0.6%	0.5%	0.3%	0.5%	0.6%	0.6%	0.3%	0.6%	0.6%	0.3%	0.3%	0.4%	0.4%	0.5%
Core svcs. ex-housing PCE, m/m*	-	0.6%	0.5%	0.4%	0.4%	0.5%	0.3%	0.2%	0.2%	0.6%	0.5%	0.2%	0.3%	0.5%	0.3%	0.3%	0.6%	-0.1%	0.5%	0.5%	0.4%	0.3%	0.4%	0.5%	0.3%
<b>Energy</b>	6.9	3.5%	0.2%	0.3%	1.5%	1.7%	2.8%	1.5%	3.6%	2.6%	2.4%	0.8%	2.7%	8.2%	-1.0%	3.4%	6.9%	-4.7%	-3.9%	-1.7%	1.7%	-1.4%	-3.1%	2.0%	-0.6%
Gasoline	3.2	6.3%	-0.6%	-0.1%	2.5%	2.5%	4.5%	1.5%	4.1%	4.2%	3.8%	-0.3%	4.7%	13.2%	-3.1%	3.2%	10.3%	-8.1%	-8.4%	-4.2%	3.4%	-2.3%	-7.0%	2.4%	1.0%
Electricity	2.5	-0.1%	0.9%	0.4%	0.0%	0.2%	0.7%	1.0%	1.6%	0.7%	0.9%	2.7%	-0.3%	1.7%	0.9%	1.3%	1.5%	1.5%	1.2%	0.8%	0.5%	0.5%	1.3%	0.5%	0.5%
Utility Gas	0.9	2.4%	1.6%	1.1%	1.2%	2.0%	1.6%	2.2%	6.7%	0.5%	0.1%	0.5%	2.0%	0.6%	2.5%	7.2%	7.5%	-3.8%	3.5%	2.2%	-3.7%	-3.4%	3.5%	6.7%	-8.0%
<b>Food</b>	13.5	0.1%	0.3%	0.4%	0.7%	0.6%	0.4%	0.9%	0.9%	0.8%	0.6%	0.8%	1.0%	0.9%	0.8%	1.1%	1.0%	1.1%	0.8%	0.8%	0.7%	0.6%	0.4%	0.5%	0.4%
Food at home	8.7	0.1%	0.3%	0.3%	0.8%	0.5%	0.4%	1.2%	1.0%	1.0%	0.6%	0.9%	1.3%	1.3%	0.9%	1.3%	1.0%	1.3%	0.8%	0.7%	0.5%	0.6%	0.5%	0.4%	0.3%
Food away from home	4.8	0.1%	0.3%	0.6%	0.7%	0.8%	0.4%	0.5%	0.8%	0.6%	0.6%	0.7%	0.4%	0.3%	0.6%	0.7%	0.9%	0.7%	0.9%	0.9%	0.9%	0.5%	0.4%	0.6%	0.6%
<b>Core goods</b>	21.4	0.1%	1.9%	1.7%	1.9%	0.3%	0.3%	0.3%	1.3%	1.1%	1.4%	0.9%	0.3%	-0.4%	0.1%	0.6%	0.6%	0.1%	0.4%	0.0%	-0.1%	-0.2%	-0.1%	0.1%	0.0%
Apparel	2.5	0.1%	1.0%	0.8%	0.6%	0.0%	0.3%	-0.5%	1.0%	0.7%	0.9%	0.7%	0.6%	0.3%	-0.1%	0.4%	0.7%	-0.1%	0.3%	0.0%	-0.2%	0.1%	0.2%	0.8%	0.8%
New vehicles	4.3	0.0%	-0.1%	1.1%	1.6%	1.4%	1.2%	1.3%	1.5%	1.6%	1.8%	0.3%	0.1%	0.1%	0.4%	0.6%	0.5%	0.5%	0.8%	0.7%	0.6%	0.5%	0.6%	0.2%	0.2%
Used cars	2.7	0.6%	9.6%	7.7%	9.1%	-0.4%	-1.3%	-0.5%	3.1%	3.2%	3.9%	1.4%	-0.6%	-3.6%	-0.7%	1.9%	0.5%	-0.8%	-0.2%	-1.1%	-1.7%	-2.0%	-2.0%	-1.9%	-2.8%
Medical care commod	1.5	0.1%	0.6%	0.0%	-0.4%	0.2%	-0.2%	0.3%	0.6%	0.1%	0.0%	0.9%	0.3%	0.2%	0.1%	0.3%	0.4%	0.6%	0.2%	-0.1%	0.0%	0.2%	0.1%	1.1%	0.1%
<b>Core services</b>	58.2	0.3%	0.4%	0.4%	0.3%	0.3%	0.1%	0.2%	0.4%	0.4%	0.4%	0.4%	0.5%	0.6%	0.6%	0.6%	0.6%	0.4%	0.6%	0.8%	0.5%	0.5%	0.6%	0.5%	0.6%
Shelter	34.4	0.3%	0.4%	0.3%	0.4%	0.5%	0.2%	0.4%	0.4%	0.5%	0.4%	0.3%	0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.6%	0.8%	0.7%	0.8%
Rent of primary res.	7.5	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%	0.4%	0.5%	0.6%	0.4%	0.6%	0.6%	0.8%	0.7%	0.7%	0.8%	0.7%	0.8%	0.8%	0.7%	0.8%
OER	25.4	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.6%	0.7%	0.6%	0.7%	0.8%	0.6%	0.7%	0.8%	0.7%	0.7%
Medical care services	6.7	0.1%	0.0%	-0.1%	-0.1%	0.1%	0.2%	0.0%	0.6%	0.5%	0.5%	0.5%	0.1%	0.6%	0.5%	0.4%	0.7%	0.4%	0.7%	0.8%	-0.4%	-0.5%	0.3%	-0.7%	-0.7%
Transportation services	5.8	1.1%	1.3%	1.9%	0.9%	-0.8%	-0.7%	-0.9%	0.0%	1.2%	0.5%	0.7%	1.1%	2.1%	2.2%	1.6%	1.8%	-0.4%	1.0%	1.9%	0.6%	0.3%	0.6%	0.9%	1.1%

### Key Take Aways:

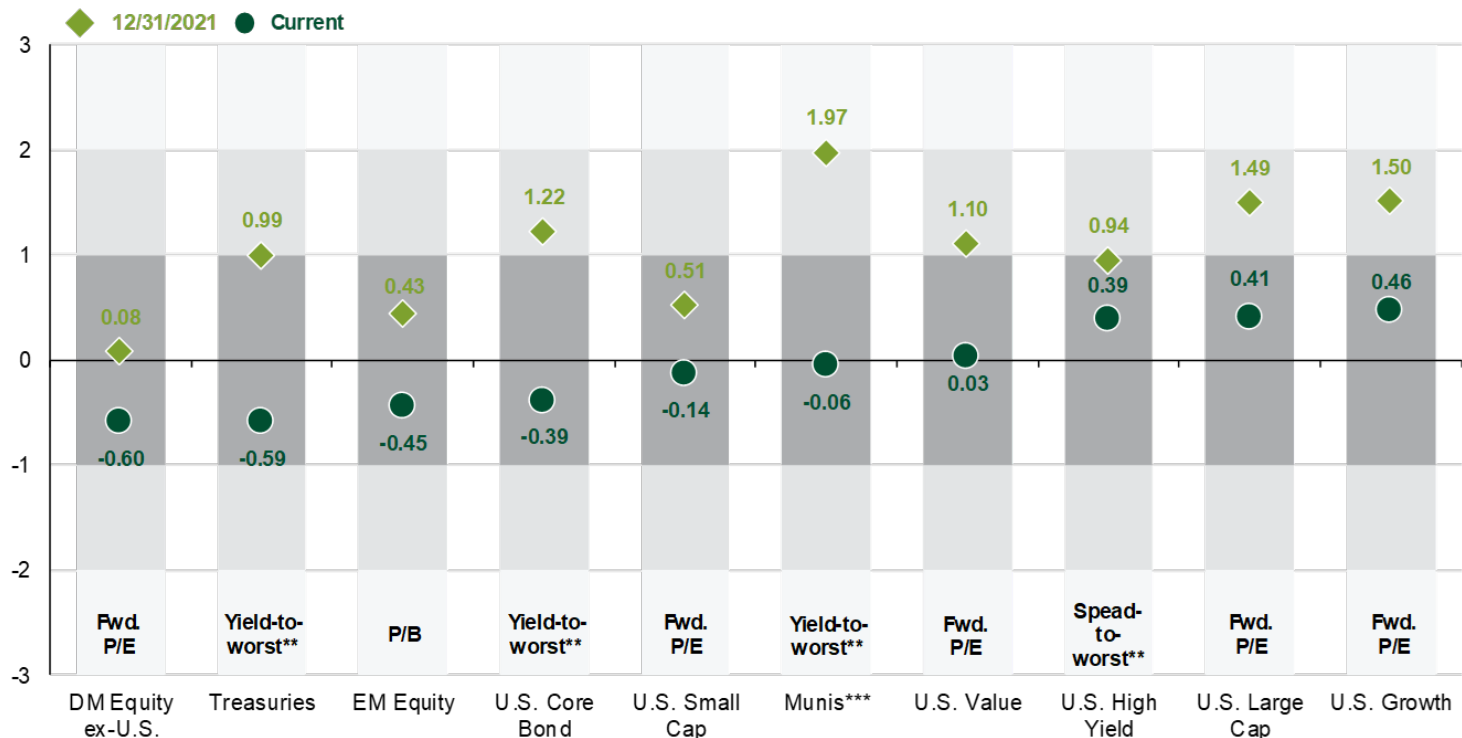
- Overall inflation is trending downward after high inflation squeezed consumer balance sheets for the better part of the last two years and contributed to a swift rise in interest rates. However, the Fed remains concerned as core services inflation ex-housing remains problematic due to tight labor conditions and the lagged effect of the same supply issues that impacted core goods prices.

# Valuations Monitor (Latest 25 Years)



## Asset class valuations

Z-scores based on 25-year average valuation measures\*



### Key Take Aways:

- ❑ Elevated inflation and tighter financial conditions across the globe sparked a global reset in valuations that spared few asset classes.
- ❑ The above exhibit shows 10 major asset classes and styles and their valuations, expressed as z-scores versus their respective 25-year history. Using z-scores allows us to illustrate how normal, or abnormal, current valuations are compared to history. Most asset classes are much cheaper today compared to the end of 2021. In particular, the sharp rise in yields have left U.S. Treasuries and core fixed income about 1 standard deviation below their average valuation levels.
- ❑ With fixed income reinvestment yields double or triple what they were just a year ago, the opportunity cost of holding cash and cash equivalents has been significantly diminished. With rising claims payments and reinsurance premiums, having additional liquidity may be prudent in 2023 with minimal opportunity cost as short-term yields move toward 4%-5%.

Source: Bloomberg, BLS, CME, FactSet, MSCI, Russell, Standard & Poor's, J.P. Morgan Asset Management.

U.S. Large Cap: S&P 500, U.S. Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, U.S. Value: Russell 1000 Value, U.S. Growth: Russell 1000 Growth, U.S. High Yield: J.P. Morgan Domestic High Yield Index, U.S. Core Bond: Bloomberg US Aggregate, Treasuries: Bloomberg U.S. Aggregate Government – Treasury, Munis: Bloomberg Municipal Bond. \*Averages for U.S. High Yield and U.S. Small Cap are since January 1999 and November 1998, respectively, due to limited data availability. \*\*Yield-to-worst and spread-to-worst are inversely related to fixed income prices. \*\*\*Munis yield-to-worst is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%. Guide to the Markets – U.S. Data are as of March 31, 2023.



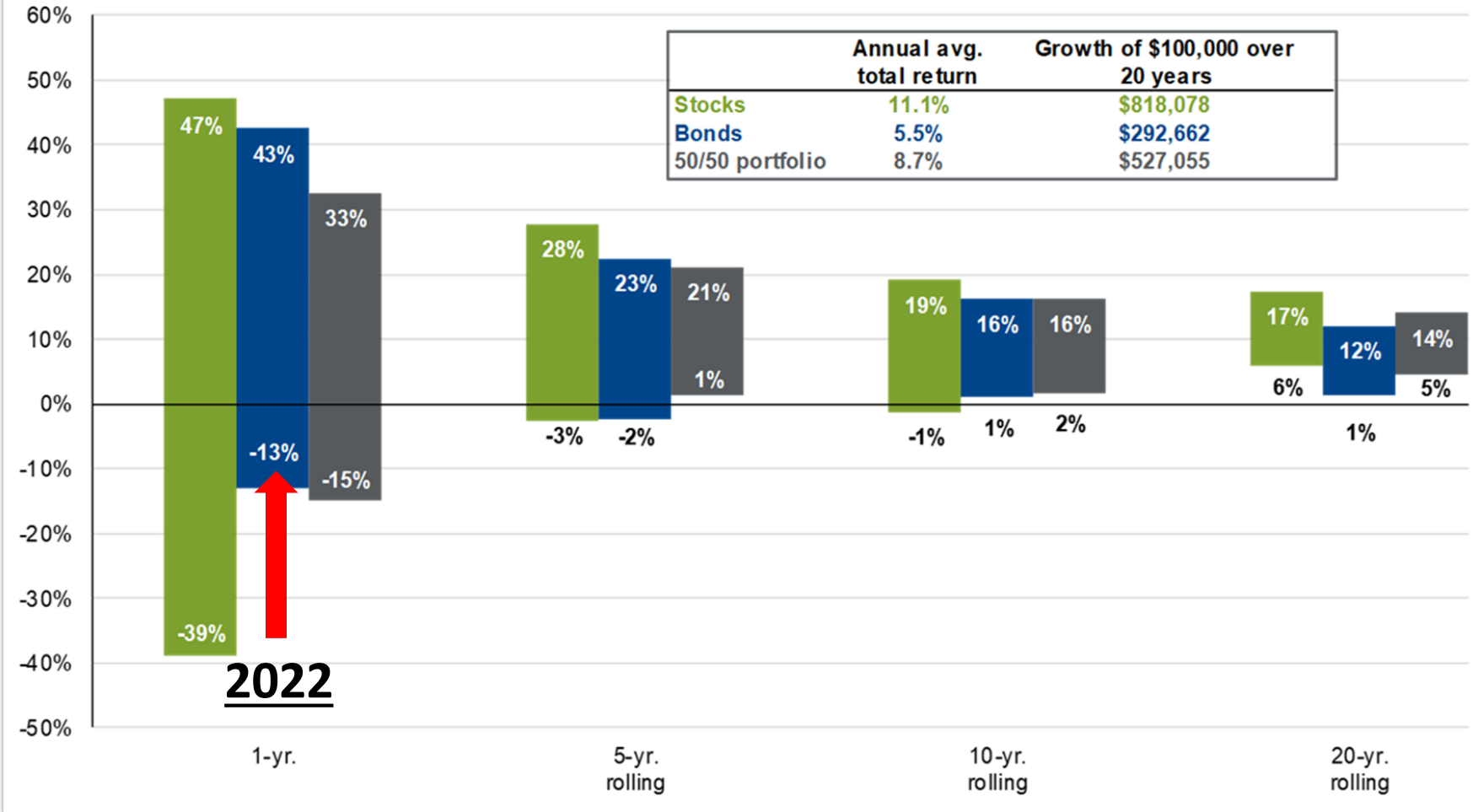


# Time, Diversification and the Volatility of Returns



## Range of stock, bond and blended total returns

Annual total returns, 1950-2022



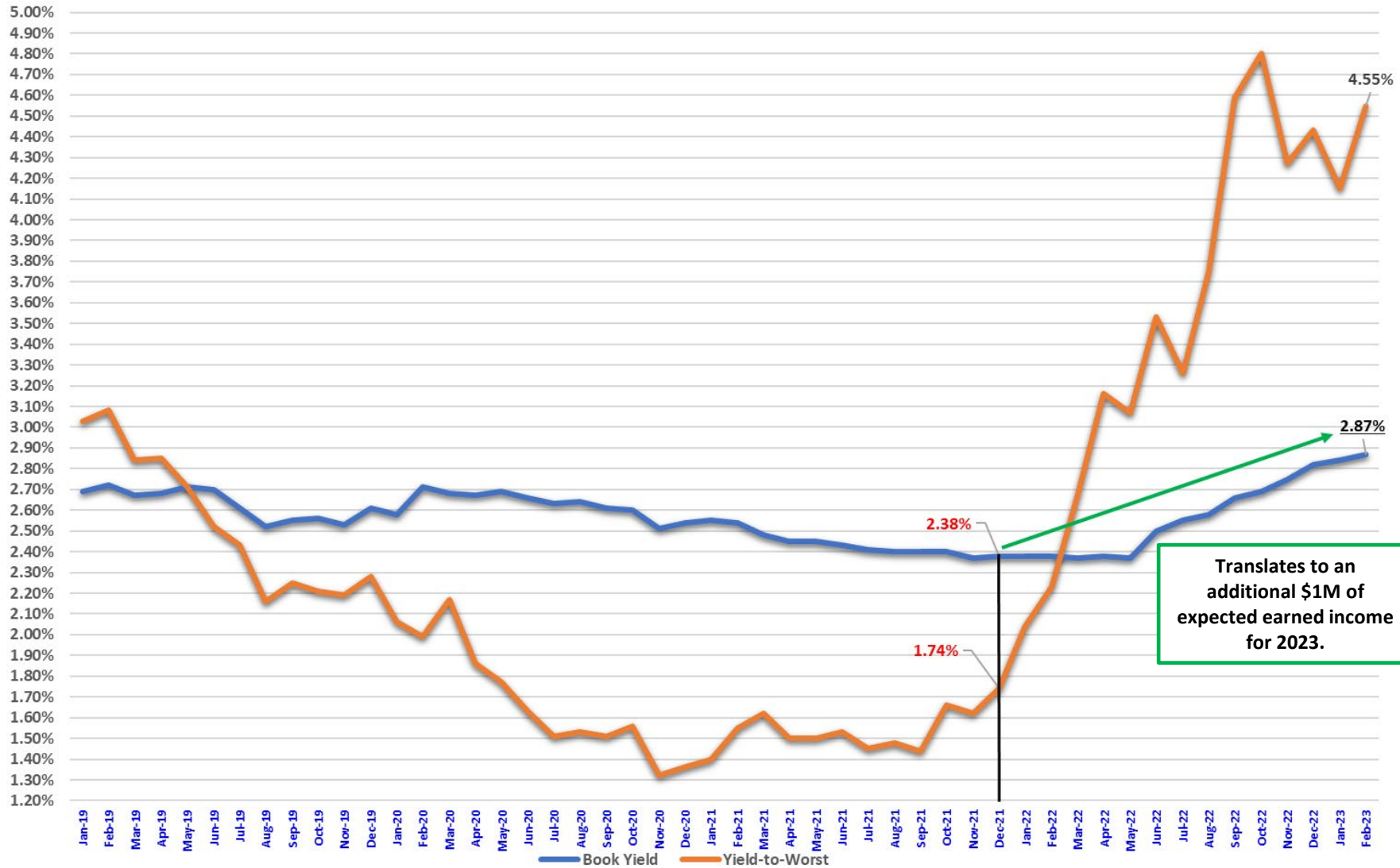
Source: JP Morgan Asset Management



# CONSOLIDATED PROGRAMS - EXPECTED EARNED INCOME



## POOL/PACT/PCM/PRM Consolidated - Yield Trends



Translates to an additional \$1M of expected earned income for 2023.



# NEVADA PUBLIC AGENCY INSURANCE POOL

## INVESTMENT GUIDELINES

### 1. Scope

This investment policy applies to all financial assets of the POOL. These funds are accounted for in the POOL's annual financial report.

### 2. Statement of Purpose

- A. Safety of principal is an important objective of the investment program. To ensure that investment of funds is accomplished in a safe and secure manner, particularly with respect to limiting the exposure of the POOL to unnecessary risk, investments shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, diversification is required in accordance with these guidelines. Further, it is becoming increasingly important to consider environmental, social and governance risks within the investment decision process.
- B. To provide adequate liquidity to meet all operating obligations which reasonably may be anticipated.
- C. To structure an investment portfolio which is designed to attain a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and cash flow characteristics of the portfolio. A balanced return of current income and modest growth of principal is an important objective. In addition, a related objective is to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of POOL.
- D. To assure that the investment allocation does not impair the maintenance of capital in accordance with the POOL Capitalization Policy Statement.

### 3. Investment Strategy

- A. POOL generally will adhere to the concept of matching amounts and maturities to uses of funds.
- B. Investment officers acting in accordance with written procedures and exercising due diligence will not have personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officials will adhere to the Prudent Investor Rules that state that a fiduciary must:

1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.
3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary's central concern.
4. Provide for the reasonable diversification of investments.
5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

- C. Investment strategy will facilitate an appropriate balance of these investment objectives:
- 1) capital preservation;
  - 2) diversification among types of investments, issuers and credit ratings; and
  - 3) allocation of investments in a manner consistent with principles of prudent investment management;
  - 4) liquidity to meet operating obligations.
- D. The investment strategy will conform to state statutes governing investment of public funds per NRS 377.170 & 377.171.

#### 4. Investment Risk

- A. It is the policy of the POOL that safety of principal is an important objective of the investment program and seeks to mitigate risks to the extent possible. Four types are recognized:
1. Credit Risk - is the risk that the issuer of a security will default on the principal and interest. POOL will not assume significant credit risk to enhance return. Acceptable credit ratings for securities shall be AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization (“NRSRO”) pursuant to statutory limitations. In addition, POOL will diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
  2. Liquidity Risk - is the risk that an investment may not be converted into cash if a need for cash arises. POOL will minimize liquidity risk to the extent possible through planning investment maturities to ensure that funds are available to meet cash flow needs (static liquidity) and maintain a portion of the funds in money market mutual funds which offer same-day liquidity for short-term funds. In addition, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).
  3. Maturity Risk - is the risk that an investment may yield poor results if the length of maturity or maturity structure is inappropriate for the market conditions. The POOL will minimize this risk by actively managing the maturity structure to enable holding securities to maturity unless 1) the security has declining credit and needs to be sold early to minimize loss of principal, 2) a security swap would improve the quality, yield or target duration of the portfolio, or 3) liquidity needs of the portfolio require that the security be sold.
  4. Market Risk - arises from the change in the value of the investment as economic conditions and interest rates change. POOL will, to the extent possible, minimize market risk by matching investments with its liabilities, making it possible to hold investments to maturity if appropriate. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles consistent with investment risk constraints and liquidity needs.

## 5. Investment Responsibility

- A. Investment authority for POOL rests with the Board of Directors. This authority may be delegated to the Executive Committee and the Executive Director.
- B. The Board of Directors may contract with investment advisor(s) to advise and manage the POOL's investments. Such advisor(s) shall provide a comprehensive report at least annually to the Board of Directors or its designee of all transactions and the investment performance of funds under management. The report shall suggest changes in policies or improvements that might be made in the investment program.
- C. The Executive Director will manage all investment activity as closely as is practicable. The Executive Director will make day-to-day investments. In all cases, the Executive Director will:
  - 1. Ensure that all investments are made in accordance with POOL policies;
  - 2. Make recommendations to the Board of Directors concerning investment policy and strategy;
  - 3. Inventory all securities held by POOL (This shall be done in conjunction with the annual CPA audit);
  - 4. Provide quarterly reports to the Executive Committee and annually reports to the Board of Directors of all investment activity. The reports shall include a listing of all securities bought, sold and matured. The reports will also include a status of all investments held;
  - 5. The Board of Directors will review the investment report, and shall make the review a matter of record in the minutes;
  - 6. The Board of Directors may appoint a Fiscal Officer. The Fiscal Officer will, at the direction of the Board of Directors, make investments and execute transactions in cooperation with the Executive Director.
  - 7. Officers, the Executive Director and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Such persons shall disclose to the Executive Director or to the Chairman of the Board any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the POOL.
  - 8. The Board of Directors will review this investment policy and the asset allocation, diversification and risks at least annually and at any other time as needed to fulfill its fiduciary responsibility.

## 6. Authorized Investments

- A. The following types of securities are eligible investments subject to asset allocation:
  - 1) U.S. Treasury Securities;
  - 2) Federal Agency Securities;
  - 3) Federal Funds;
  - 4) Bank Certificates of Deposit insured;
  - 5) Savings and Loan Certificates of Deposit insured;

- 6) Repurchase Agreements;
- 7) Money Market Mutual Funds
- 8) U.S. Corporate Bonds (rated A or better; maturity not more than 5 years)
- 9) Such other securities as authorized under Nevada laws applicable to the POOL.

Not more than ten percent (10%) of the fixed income portfolio should be to any one issuer, other than securities of the U.S. government or agencies. Corporate bond allocation cannot exceed 20% of the total par value of the portfolio.

- B. A Master Repurchase Agreement must be signed with the bank or dealer.
- C. If governmental sponsored pools and/or mutual funds are to be utilized, a thorough investigation of the pool/fund is required prior to investing, and on a continual basis. The following general information must be addressed:
  1. A description of the eligible investment securities, and a written statement of investment policy and objectives
  2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
  3. A description of how the securities are safeguarded (including the settlement processes) and how often the securities are priced, and the program audited.
  4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
  5. A schedule for receiving statements and portfolio listings.
  6. A statement regarding utilization by the pool/funds of reserves or retained earnings.
  7. A fee schedule and when and how it is assessed.
  8. A statement regarding whether the pool/fund is eligible for bond proceeds and/or whether it will accept such proceeds.

## **7. Authorized Financial Dealers and Institutions**

The Executive Director will maintain a list of financial institutions authorized by the Board or the Executive Committee to provide investment services. No public deposit shall be made except in a qualified public depository as established by Nevada law. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Executive Director with the following evidence of qualifications:

- a. audited financial statements
- b. proof of National Association of Security Dealers certification
- c. trading resolution
- d. proof of Nevada registration
- e. completed broker/dealer questionnaire
- f. certification as having read the POOL's Investment Guidelines and depository contracts

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Fiscal Officer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the POOL invests.

## 8. Investment Guidelines and Limitations

- A. **Diversity.** There will be sufficient diversity in the authorized instruments to allow for variety in the makeup of the portfolio. The Board of Directors will review investment activity reports to assure appropriate diversity exists. The POOL will diversify its investments by maturity, security type and issuer. Maturities selected shall provide for stability of income and reasonable liquidity. For cash management funds, the following guidelines shall apply: Liquidity shall be assured through practices ensuring that the next disbursement date is covered through maturing investments or marketable U.S. Treasury bills
- Risks of market price volatility shall be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.
- B. **Maximum Duration.** To the extent possible, the POOL will attempt to match its investments with anticipated cash flow requirements. The Pool will not directly invest in securities that have a weighted average life of more than ten (10) years from the date of purchase, except as permitted by law. The average duration of the portfolio will not exceed +/- one year of the benchmark duration.
- C. **Return on Investment.** The POOL's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the POOL's investment risk constraints and the cash flow characteristics of the portfolio.
- D. **Performance Standards.** The investment portfolio results will be compared to reasonably comparable indexes reflective of the investment goals and benchmarks listed below:
1. Goal - to outperform over a 4-to-5-year period the risk free return from short-term U.S. Treasury bills by at least 100 to 200 basis points per year.
  2. Goal - to outperform the Consumer Price Index over a 4-to-5-year period by at least 200 basis points per year.
  3. Goal - to perform in line with the BB US Government-Credit 1-5 Index (currently trading as BC1031) over a 1 to 5-year period.

## 9. Safekeeping and Custody

Securities purchased by the POOL will be held by a professionally qualified institution that has the necessary specialization to provide accurate and timely safekeeping of the assets of POOL. If securities are purchased from outside dealers, then trades will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

The Executive Director shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Audit Committee and with the independent auditor. The controls shall be designed to prevent the loss of POOL funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees, service providers and officers of POOL.

## 10. Collateralization

Collateralization will be required on two types of investments: certificates of deposit in excess of current FDIC insurance limits and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest.

Collateral always will be held by an independent third party with which the POOL has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the POOL and retained.

The right of collateral substitution is granted.

## 11. Selection and Performance Review of Investment Managers

The POOL Board of Directors will select appropriate investment managers to manage POOL assets. A qualifying investment manager must meet the following minimum criteria:

- Be a registered investment advisor under the Registered Investment Advisors Act of 1940 or be a bank, insurance company or investment management company.
- Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of like investment style.
- Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel.
- Clearly articulate the investment strategy that will be followed and document that the strategy successfully has been adhered to over time.
- Have no outstanding legal judgments or past judgments that may reflect negatively on the firm.
- Provide in writing acknowledgement of fiduciary responsibility to POOL Board.

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration will be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this investment policy statement.

The Board of Directors intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason, including the following:

- Investment performance that significantly is less than anticipated given the discipline employed and the risk parameters established or unacceptable justification of poor results.
- Failure to adhere to any aspect of this investment policy statement including communication and reporting requirements.
- Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.



## **12. Reporting**

The Executive Director will include a market report on investment activity and returns in the POOL's Financial Report, which will be distributed quarterly to the Executive Committee and at each Board meeting.

## **12. Investment Policy Adoption**

The POOL's investment policy will be adopted by the Board of Directors. The policy will be reviewed on an annual basis by the Executive Committee and any modifications made thereto must be approved by the Board.

**Adopted 9/91**  
**Revised 10/95**  
**Revised 4/98**  
**Revised 5/1/2000**  
**Revised 9/13/2006**  
**Revised 5/1/2009**  
**Revised 5/1/2015**  
**Revised 2/23/2018**  
**Revised 9/28/2020**  
**Revised 4/22/2021**  
**Revised 4/21/2022**

# PUBLIC AGENCY COMPENSATION TRUST

## INVESTMENT GUIDELINES

### 1. Scope

This investment policy applies to all financial assets of PACT. These funds are accounted for in PACT's annual financial report.

### 2. Statement of Purpose

- A. Safety of principal is an important objective of the investment program. To ensure that investment of funds is accomplished in a safe and secure manner, particularly with respect to limiting the exposure of the PACT to unnecessary risk investments shall be undertaken in a manner that seeks to ensure the preservation of capital. To attain this objective, diversification is required in accordance with these guidelines. Further, it is becoming increasingly important to consider environmental, social and governance risks within the investment decision process.
- B. To provide adequate liquidity to meet all operating obligations which reasonably may be anticipated.
- C. To structure an investment portfolio which is designed to attain a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and cash flow characteristics of the portfolio. A balanced return of current income and modest growth of principal is an important objective. In addition, a related objective is to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve the purchasing power of PACT.
- D. To assure that the investment allocation does not impair the maintenance of capital in accordance with the PACT Capitalization Policy Statement.

### 3. Investment Strategy

- A. PACT generally will adhere to the concept of matching amounts and maturities to uses of funds.
- B. Investment officers acting in accordance with written procedures and exercising due diligence will not have personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officials will adhere to the Prudent Investor Rules that state that a fiduciary must:

- 1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
- 2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.
- 3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary's central concern.
- 4. Provide for the reasonable diversification of investments.
- 5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

- C. Investment strategy will facilitate an appropriate balance of these investment objectives:

- 1) capital preservation;
- 2) diversification among types of investments, issuers and credit ratings; and
- 3) allocation of investments in a manner consistent with principles of prudent investment management; and
- 4) liquidity to meet operating obligations.

D. The investment strategy will conform to state statutes governing investment of public funds per NRS 355.170 & 355.171.

#### **4. Investment Risk**

A. It is the policy of PACT that safety of principal is an important objective of the investment program and seeks to mitigate to mitigate risks to the extent possible. Four types are recognized:

1. Credit Risk - is the risk that the issuer of a security will default on the principal and interest. PACT will not assume significant credit risk in an attempt to enhance return. Acceptable credit ratings for securities shall be AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization (“NRSRO”) pursuant to statutory limitations. In addition, PACT will diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

2. Liquidity Risk - is the risk that an investment may not be converted into cash if a need for cash arises. PACT will minimize liquidity risk to the extent possible through planning investment maturities to ensure that funds are available to meet cash flow needs (static liquidity) and maintain a portion of the funds in money market mutual funds which offer same-day liquidity for short-term funds. In addition, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

3. Maturity Risk - is the risk that an investment may yield poor results if the length of maturity or maturity structure is inappropriate for the market conditions. The PACT will minimize this risk by actively managing the maturity structure to enable holding securities to maturity unless 1) the security has declining credit and needs to be sold early to minimize loss of principal, 2) a security swap would improve the quality, yield or target duration of the portfolio, or 3) liquidity needs of the portfolio require that the security be sold.

4. Market Risk - arises from the change in the value of the investment as economic conditions and interest rates change. PACT will, to the extent possible, minimize market risk by matching investments with its liabilities, making it possible to hold investments to maturity if appropriate. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles consistent with investment risk constraints and liquidity needs.

#### **5. Investment Responsibility**

A. Investment authority for PACT rests with the Board of Trustees. This authority may be delegated to the Executive Committee and the Executive Director.

B. The Board of Trustees may contract with investment advisor(s) to advise and manage the PACT's investments. Such advisor(s) shall provide a comprehensive report at least annually to the Board of Directors or its designee of all transactions and the investment performance of funds under management. The report shall suggest changes in policies or improvements that might be made in the investment program.

C. The Executive Director will manage all investment activity as closely as is practicable. The Executive Director will make day-to-day investments. In all cases, the Executive Director will:

1. Ensure that all investments are made in accordance with PACT policies;
2. Make recommendations to the Board of Trustees concerning investment policy and strategy;
3. Inventory all securities held by PACT (This shall be done in conjunction with the annual CPA audit);
4. Provide quarterly reports to the Executive Committee and annually to the Board of Trustees of all investment activity. The report shall include a listing of all securities bought, sold and matured. The report will also include a status of all investments held;
5. The Board of Trustees will review the investment report, and shall make the review a matter of record in the minutes;
6. The Board of Trustees may appoint a Fiscal Officer. The Fiscal Officer will, at the direction of the Board of Trustees, make investments and execute transactions in cooperation with the Executive Director.
7. Officers, the Executive Director and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Such persons shall disclose to the Executive Director or to the Chairman of the Board any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the PACT.
8. The Board of Directors will review this investment policy and the asset allocation, diversification and risks at least annually and at any other time as needed to fulfill its fiduciary responsibility.

## **6. Authorized Investments**

A. The following types of securities are eligible investments subject to asset allocation:

- 1) U.S. Treasury Securities;
- 2) Federal Agency Securities;
- 3) Federal Funds;
- 4) Bank Certificates of Deposit insured ;
- 5) Savings and Loan Certificates of Deposit insured ;
- 6) Repurchase Agreements;
- 7) Money Market Mutual Funds
- 8) U.S. Corporate Bonds (rated A or better; maturity not more than 5 years)
- 9) Such other securities as authorized under Nevada laws applicable to the PACT.

Not more than ten percent (10%) of the fixed income portfolio should be to any one issuer, other than securities of the U.S. government or agencies. Corporate bond allocation cannot exceed 20% of the total par value of the portfolio.

B. A Master Repurchase Agreement must be signed with the bank or dealer.

- C. If governmental sponsored pools and/or mutual funds are to be utilized, a thorough investigation of the pool/fund is required prior to investing, and on a continual basis. The following general information must be addressed:
1. A description of the eligible investment securities, and a written statement of investment policy and objectives
  2. A description of interest calculations and how its is distributed, and how gains and losses are treated.
  3. A description of how the securities are safeguarded (including the settlement processes) and how often the securities are priced and the program audited.
  4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
  5. A schedule for receiving statements and portfolio listings.
  6. A statement regarding utilization by the pool/funds of reserves or retained earnings.
  7. A fee schedule and when and how it is assessed.
  8. A statement regarding whether the pool/fund is eligible for bond proceeds and/or whether it will accept such proceeds.

## **7. Authorized Financial Dealers and Institutions**

The Executive Director will maintain a list of financial institutions authorized by the Board or the Executive Committee to provide investment services. No public deposit shall be made except in a qualified public depository as established by Nevada law. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Executive Director with the following evidence of qualifications:

- a. audited financial statements
- b. proof of National Association of Security Dealers certification
- c. trading resolution
- d. proof of Nevada registration
- e. completed broker/dealer questionnaire
- f. certification as having read the PACT's Investment Guidelines and depository contracts

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Executive Director. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the PACT invests.

## **8. Investment Guidelines and Limitations**

A. Diversity. There will be sufficient diversity in the authorized instruments to allow for variety in the makeup of the portfolio. The Board of Trustees will review investment activity reports to assure appropriate diversity exists. PACT will diversify its investments by maturity, security type and issuer. Maturities selected shall provide for stability of income and reasonable liquidity. For cash management funds, the following guidelines shall apply: Liquidity shall be assured through practices ensuring that the next disbursement date is covered through maturing investments or marketable U.S. Treasury bills

Risks of market price volatility shall be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

B. Maximum Duration. To the extent possible, the PACT will attempt to match its investments with anticipated cash flow requirements. The PACT will not directly invest in securities that have a weighted average life of more than ten (10) years from the date of purchase, except as permitted by law. The average duration of the portfolio will not exceed +/- one year of the benchmark duration.

C. Return on Investment. The PACT's investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the PACT's investment risk constraints and the cash flow characteristics of the portfolio.

D. Performance Standards. The investment portfolio results will be compared to reasonably comparable indexes reflective of the investment goals and benchmarks listed below:

1. Goal - to outperform over a 4-to-5-year period the risk-free return from short-term U.S. Treasury bills by at least 100 to 200 basis points per year.
2. Goal - to outperform the Consumer Price Index over a 4-to-5-year period by at least 200 basis points per year.
3. Goal - to perform in line with the BB US Government Credit 1-5 Year Index (currently trading as BC1031) over a 1 to 5-year period.

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 Revised 5/1/2015  
 Revised 2/23/2018  
 Revised 9/28/2020  
 Revised 4/22/2021  
 Revised 04/21/2022



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# POOL/PACT QUARTERLY PROGRAM REVIEW

2022-2023

2nd Quarter – October 1- December 31, 2022



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January 2023



# Executive Summary

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## Q2 2023

- 15,098 POOL/PACT Members Covered
  - 53 Individual Cases
  - 7 Management Consultations
  - 111 Training & CISD Participants
  - 216 Unique Web Logins
  - 387 Total Overall Lives Touched
- Utilization Rate (annualized)
  - Individual – 1.6%
  - Overall – 10.3%

# Utilization Highlights

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Quarter	Employee Count	Individual Cases	Mgmts. Cases	Training hours	Training participants	CISD Hours	CISD Participants	Website Logins	Lives Touched	Individual Utilization Rate	Overall Utilization Rate
Q1	15,127	50	1	2	51	0	0	266	368	1.3%	9.7%
Q2	15,098	53	7	5.5	103	8	8	216	387	1.6%	10.3%
<b>Annual</b>	<b>15,113</b>	<b>103</b>	<b>8</b>	<b>7.5</b>	<b>154</b>	<b>8</b>	<b>8</b>	<b>482</b>	<b>755</b>	<b>1.5%</b>	<b>5.0%</b>

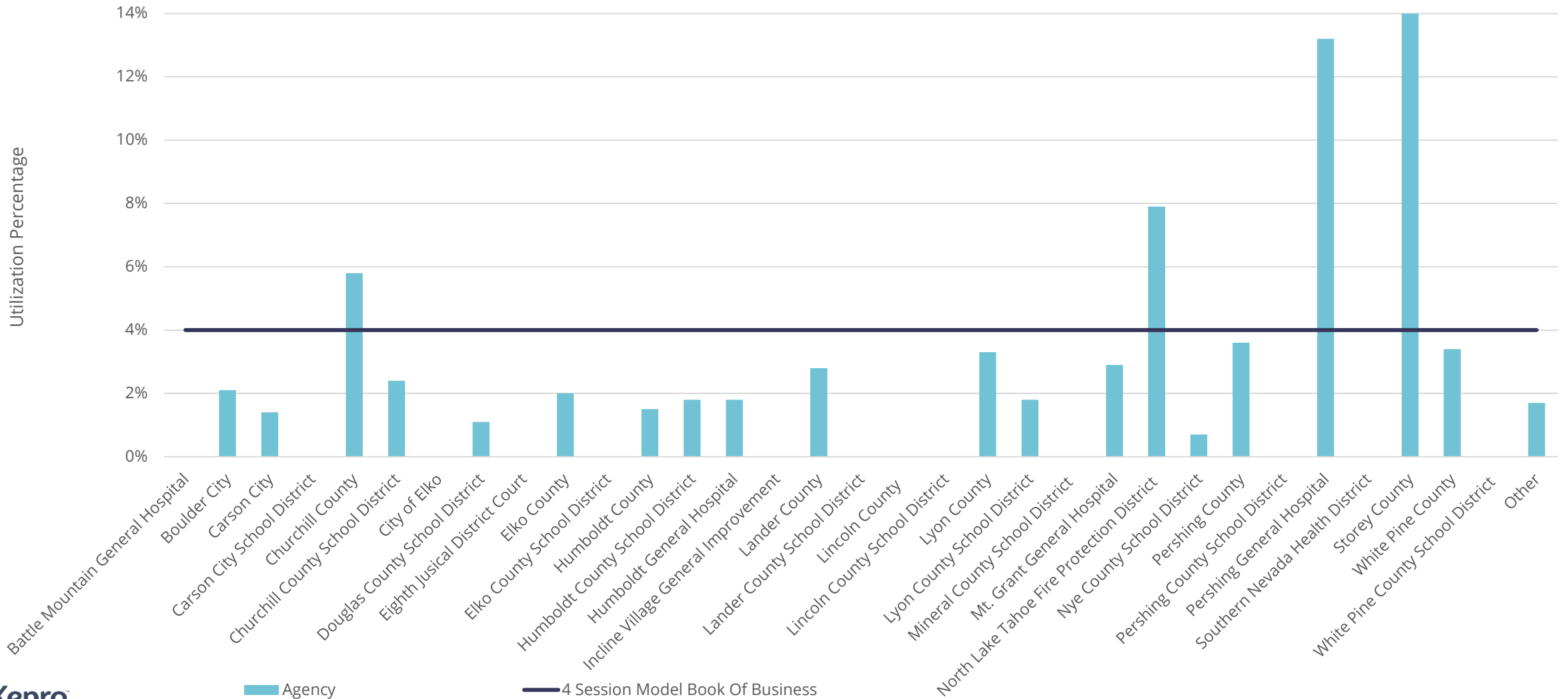
- Legal remained the highest utilized work life service
- 85% of the cases opened in Q2 were new cases
- 72.7% of employees felt their presenting issues had an impact on their job performance, with 63.6% indicating moderate to significant impact

# Utilization by Site

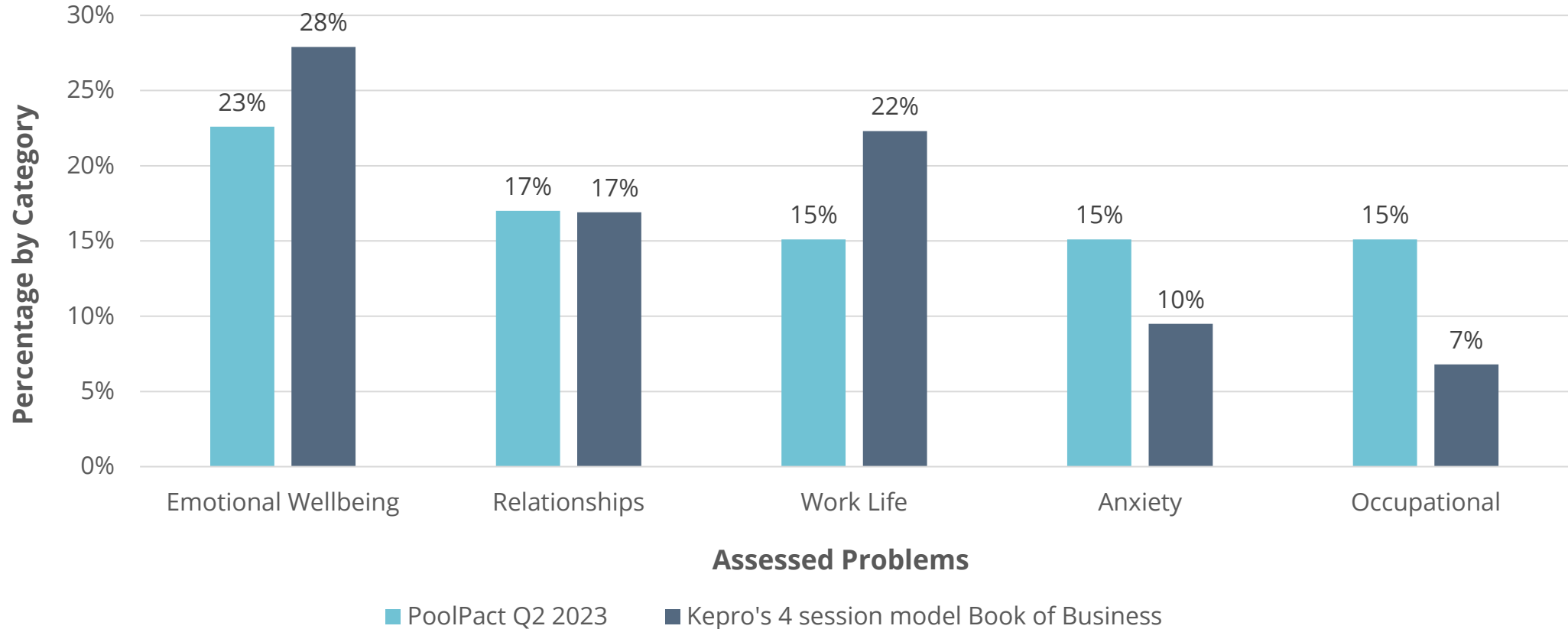
Site Name	Q2 2023	YTD 2023
Battle Mountain General Hospital	0.0%	0.0%
Boulder City	0.0%	1.0%
Carson City	2.7%	2.0%
Carson City School District	0.0%	0.0%
Churchill County	3.9%	4.8%
Churchill County School District	7.0%	4.5%
City of Elko	4.0%	2.0%
Douglas County School District	0.6%	0.8%
Eighth Judicial District Court	0.0%	0.0%
Elko County	1.8%	1.9%
Elko County School District	0.0%	0.0%
Humboldt County	3.9%	2.6%
Humboldt County School District	0.9%	1.3%
Humboldt General Hospital	0.0%	0.9%
Incline Village General Improvement	0.0%	0.0%
Lander County	0.0%	1.4%
Lander County School District	2.8%	1.4%

Site Name	Q2 2023	YTD 2023
Lincoln County	0.0%	0.0%
Lincoln County School District	0.0%	0.0%
Lyon County	3.3%	3.3%
Lyon County School District	3.3%	2.6%
Mineral County School District	0.0%	0.0%
Mt. Grant General Hospital	3.0%	2.9%
North Lake Tahoe Fire Protection District	8.0%	8.0%
Nye County School District	0.5%	1.0%
Pershing County	0.0%	1.8%
Pershing County School District	0.0%	0.0%
Pershing General Hospital	9.5%	11.4%
Southern Nevada Health District	0.0%	0.0%
Storey County	11.2%	12.6%
White Pine County	3.5%	3.4%
White Pine County School District	2.4%	1.2%
Other (Sites less than 100 employees)	2.5%	2.2%

# Utilization Comparison by Site



# Q2 Top Assessed Problems at Intake



*Emotional wellbeing includes adjustment, anger management, grief/loss, eating disorders, mental health concerns, and stress.*

# Work Life Consultation Highlights

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## Legal Consultations

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- FAMILY LAW - CUSTODY
- FAMILY LAW - DIVORCE/SEPARATION

## Financial Consultations

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- FINANCIAL HARDSHIP

## Convenience/ Daily Living

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- OTHER (CAREER BUILDING, PREPAID FUNERAL)

# User Information

Client Demographics		
Category	Q2 2023	YTD 2023
Employee	93.4%	96.4%
1 to 4 years of service	42.1%	40.6%
5 to 14 years of service	39.5%	39.1%

Information Source		
Category	Q2 2023	YTD 2023
Human Resources	35.0%	30.6%
Literature/Poster	26.7%	27.0%
Manager/Supervisor	10.0%	9.0%

Referral Source		
Category	Q2 2023	YTD 2023
Self Referral	85.0%	90.1%
Employer	13.3%	8.1%

# Q2 Onsite Hours Summary

Q2 2023 Onsite Services	Date	Participants
HR Conference	10/13/2022	20
Roundtable Discussion on Mental Health	10/14/2022	35
Effective Stress Management	10/21/2022	17
Sustaining Resilience During Ongoing Exposure to Trauma	11/16/2022	19
Why Inclusion Matters	12/15/2022	12
<b>Totals</b>		<b>103</b>



# Critical Incident Response Hours

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Location	Topic	Hours Used	Attendees
Humboldt County	Death of Employee	4	6
Humboldt County	Death of Employee	4	2
<b>Totals</b>		<b>8</b>	<b>8</b>

# Website Usage

Page Views by Content Area/Feature		
Page	Q2 2023	YTD 2023
Homepage	601	1,345
Balancing	280	627
Living	63	206
Working	15	50
Webinars	42	88
Thriving	16	48
Homepage Centers	14	43
Parenting	19	53
Aging	22	31
International	12	15
<b>Total</b>	<b>1,084</b>	<b>2,506</b>

# Your Kepto EAP

- EAP Services available to employees and their household members
- Confidential
- EAP Counselors available 24/7/365 via 833-430-6028
- Up to 4 counseling sessions
- Management consultations
- Financial/Legal consultation and referral service
- Daily Living/Convenience Services
- [www.EAPhelplink.com](http://www.EAPhelplink.com) Company code: POOLPACTEAP

# Kepro Contact

- Alex Rosa, LCPC
- Senior EAP Account Executive
- [aros@kepro.com](mailto:aros@kepro.com)
- 667-274-0001



### Individual Program Utilization

Individual Utilization includes all individuals accessing services during this reporting period. This number of individuals is divided by the number of eligible employees. For quarterly reports, the result is multiplied by four to produce an annualized rate. The year-to-date utilization rate is calculated by dividing the total number of cases by the number of eligible employees.

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	YTD
<b>Employee Count</b>	15017	15017	14877	15127	15098	15113
<b>EAP Cases</b>	52	62	51	50	53	103
<b>MC Cases</b>	8	2	7	1	7	8
<b>Total New Cases</b>	60	64	58	51	60	111
<b>Individual Utilization</b>	1.6%	1.7%	1.6%	1.3%	1.6%	1.5%

### Session Count

The session count represents the number of unique sessions delivered within the quarter.

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	YTD
<b>Session Count</b>	75	73	97	65	37	102

### Overall Program Utilization

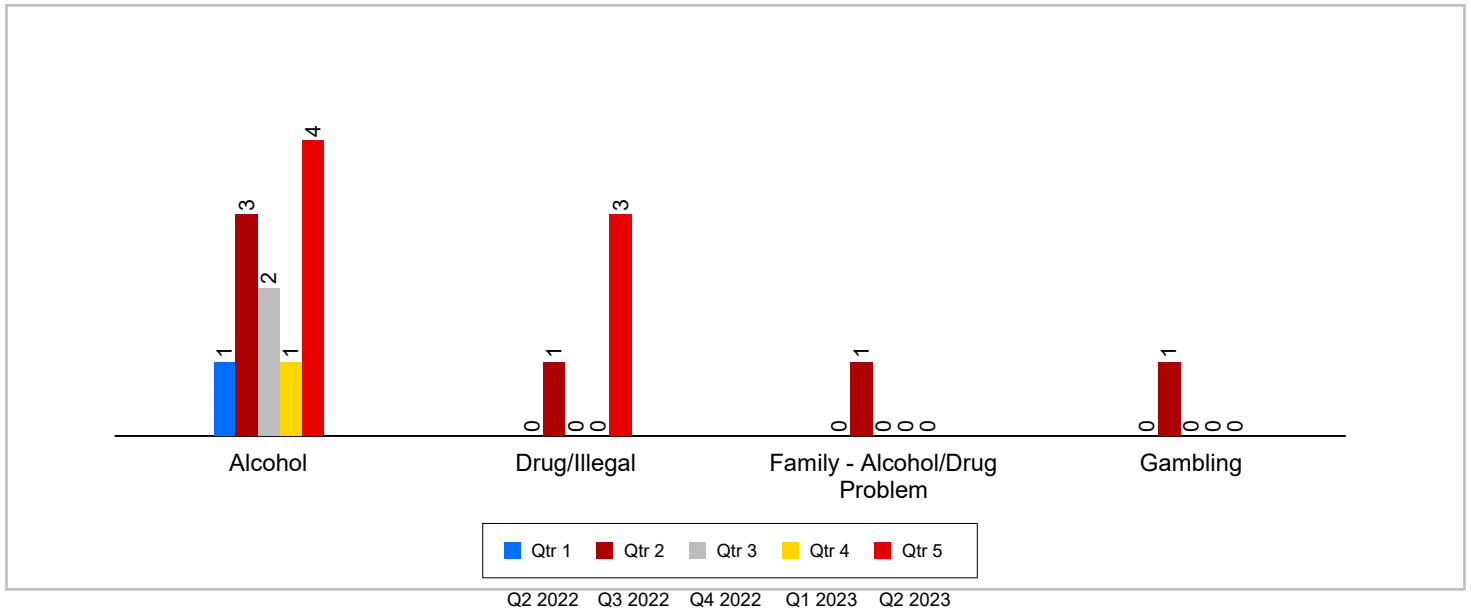
The Overall Service Utilization includes each service accessed by individuals during this reporting period. An individual may have received one or more services. The number of services is divided by the number of eligible employees. For quarterly reports, the result is multiplied by four to produce an annualized rate. Year to Date utilization is calculated by dividing the total number of services by the number of eligible employees.

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	YTD
<b>Employee Count</b>	15017	15017	14877	15127	15098	15113
<b>Total New Services</b>	96	110	97	87	93	180
<b>Overall Utilization</b>	2.6%	2.9%	2.6%	2.3%	2.5%	2.4%

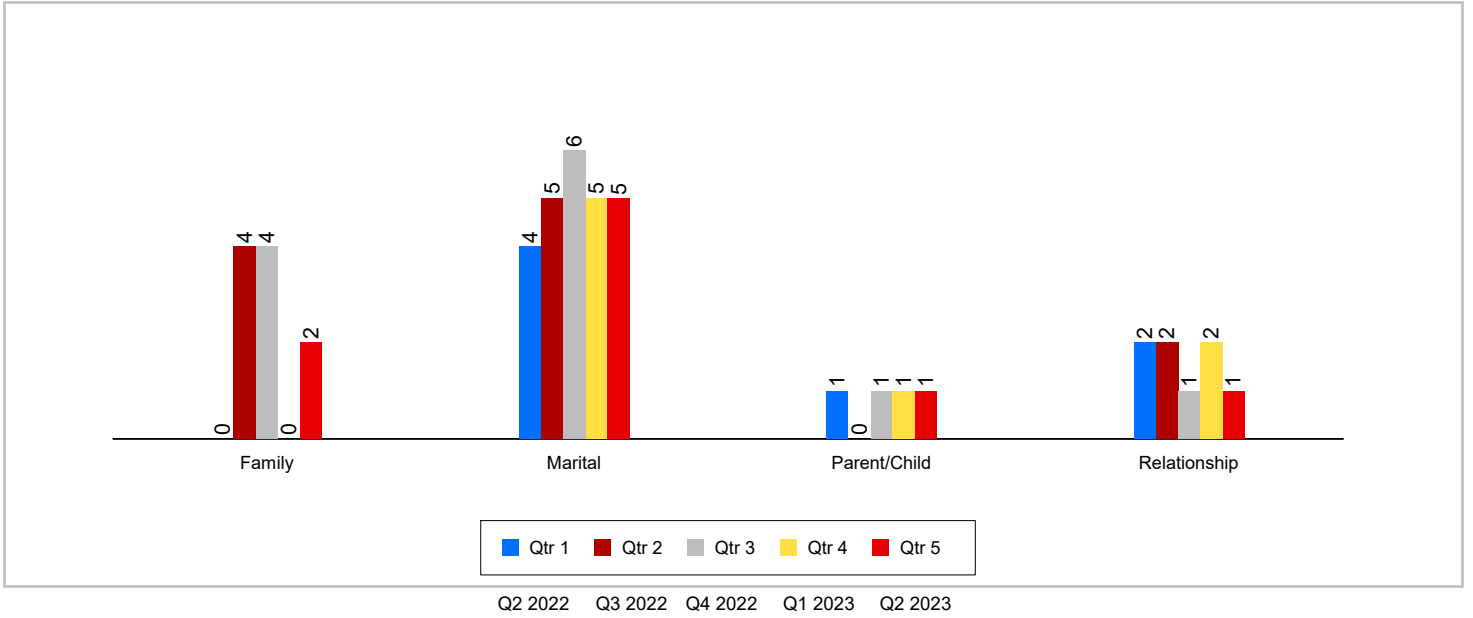
**Primary Assessed Problem at Intake**

Category	Count										YTD	
	Q2 2022		Q3 2022		Q4 2022		Q1 2023		Q2 2023			
	#	%	#	%	#	%	#	%	#	%	#	%
Addictions	1	1.9%	6	9.7%	2	3.9%	1	2.0%	7	13.2%	8	7.8%
Anxiety	6	11.5%	7	11.3%	4	7.8%	1	2.0%	8	15.1%	9	8.7%
Depression	3	5.8%	2	3.2%	4	7.8%	4	8.0%	0	0.0%	4	3.9%
Emotional Wellbeing	17	32.7%	19	30.6%	15	29.4%	17	34.0%	12	22.6%	29	28.2%
Occupational	6	11.5%	2	3.2%	7	13.7%	6	12.0%	8	15.1%	14	13.6%
Other	0	0.0%	1	1.6%	0	0.0%	0	0.0%	1	1.9%	1	1.0%
Physical Health	1	1.9%	0	0.0%	0	0.0%	1	2.0%	0	0.0%	1	1.0%
Relationships	7	13.5%	11	17.7%	12	23.5%	8	16.0%	9	17.0%	17	16.5%
Violence	1	1.9%	1	1.6%	0	0.0%	1	2.0%	0	0.0%	1	1.0%
Work Life	10	19.2%	13	21.0%	7	13.7%	11	22.0%	8	15.1%	19	18.4%

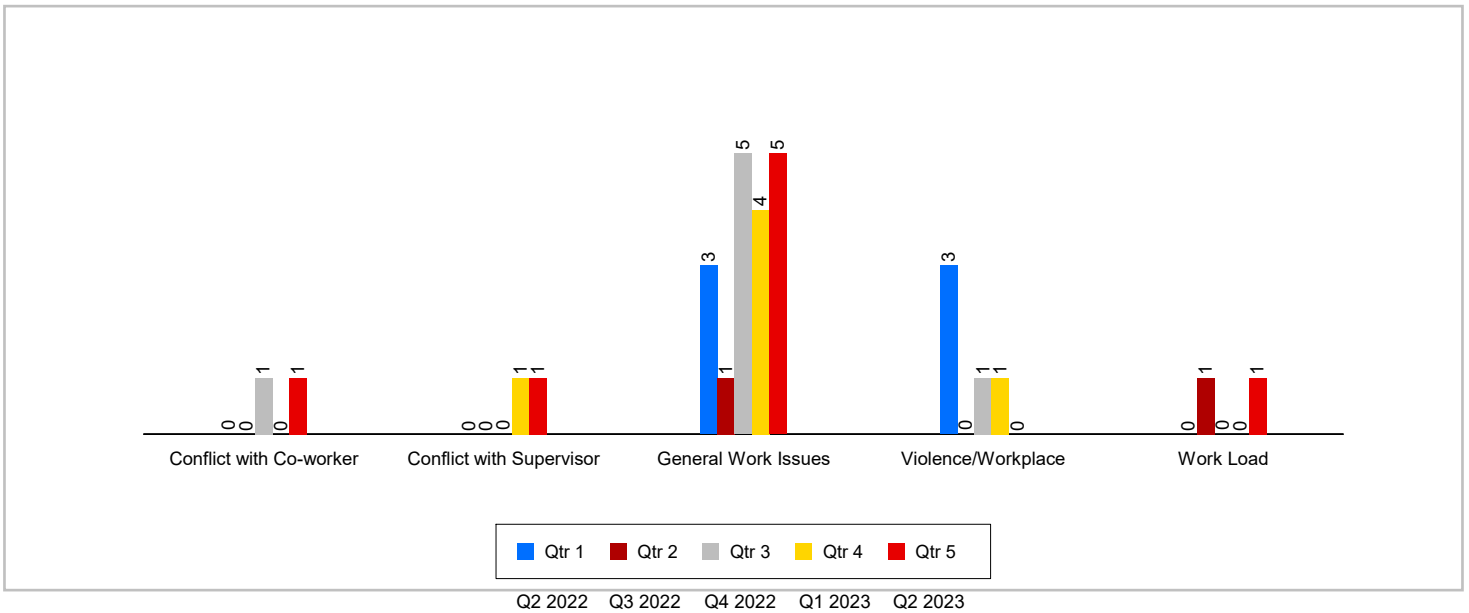
**Addictions Detail**



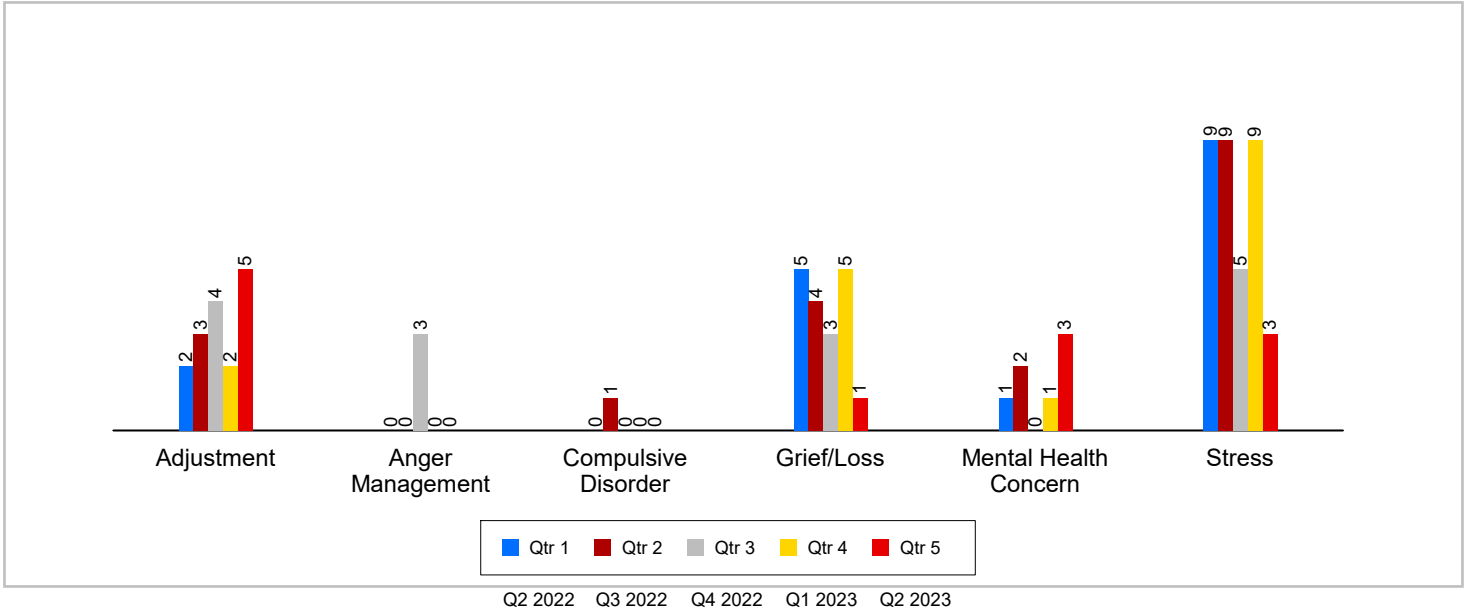
Relationship Detail



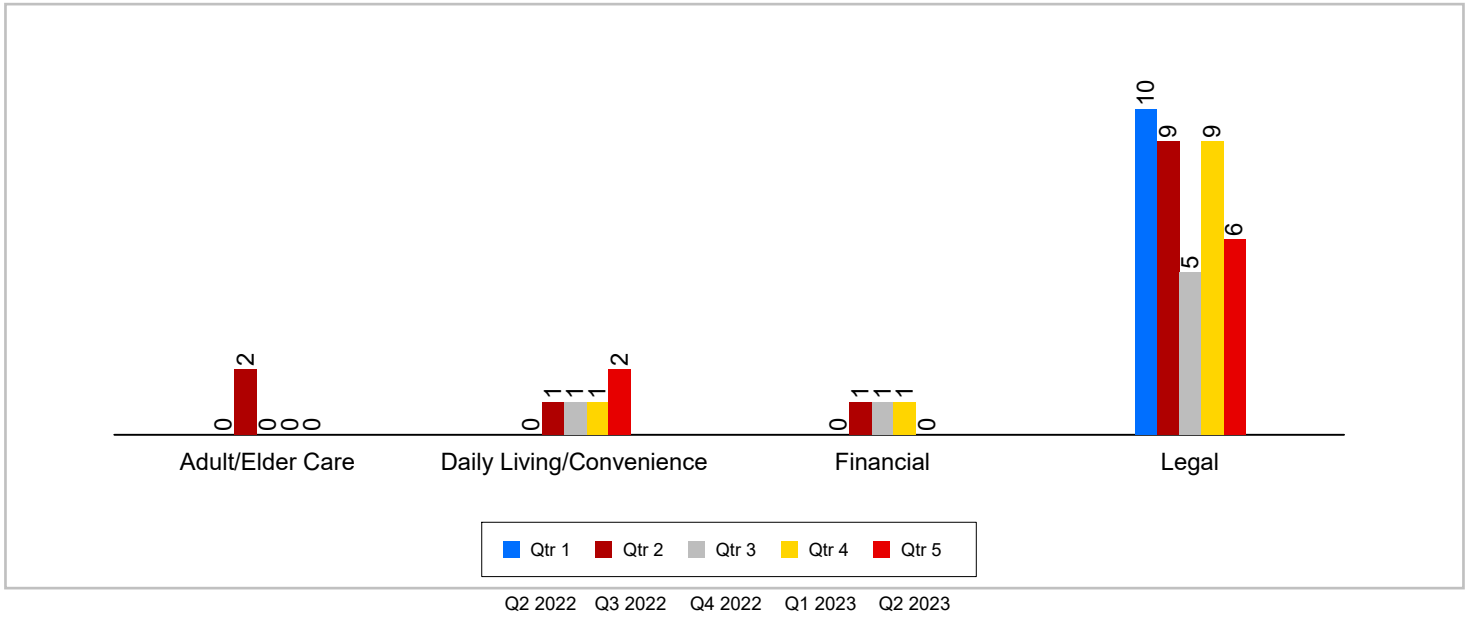
Occupational Detail



Emotional Wellbeing Detail



Work Life Detail





**Legal and Financial Program Activity**

**Legal and Financial Program Activity:** Includes consultation and referral for financial and non-employer related legal concerns.

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	YTD
<b>Financial</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>
Budget Help	0	2	1	0	0	0
Credit Cards	0	0	0	1	0	1
Financial Hardship	0	0	0	0	1	1
IRS Tax Information	0	0	1	0	0	0
<b>Legal</b>	<b>10</b>	<b>9</b>	<b>4</b>	<b>7</b>	<b>8</b>	<b>15</b>
Consumer Issues	0	0	1	0	0	0
Criminal Law - Traffic Law	0	1	0	0	0	0
Elder Law - Probate & Estates	2	2	0	0	1	1
Family Law - Child Support	0	1	0	0	0	0
Family Law - Custody	2	1	1	0	3	3
Family Law - Divorce/Separation	3	1	1	1	2	3
General Legal	1	0	0	1	0	1
Identity Theft	0	0	1	2	0	2
Other	0	0	0	0	1	1
Real Estate	1	1	0	2	0	2
Social Security	0	1	0	0	0	0
Wills/Trusts	1	1	0	1	1	2

### Worklife Program Activity

**Worklife Program Activity:** Includes consultation and referral for select Worklife programs.

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	YTD
<b>Adult/Eldercare</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Aids to Daily Living	0	1	0	0	0	0
Assisted Living	0	1	0	0	0	0
<b>Convenience/Daily Living</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>5</b>
Apartment Locators	0	0	1	1	0	1
House Cleaners	0	0	0	0	1	1
Other	0	1	0	1	2	3
<b>WebAssist</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adult	1	0	0	0	0	0

### Additional Resources

During this reporting period, the following resources for additional assistance were recommended to our clients. It is important to note that an individual may receive one or more resources.

Category	Count					YTD
	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	
<b>Community Resource</b>	1	6	0	3	7	10
<b>Crisis Response</b>	0	0	0	0	1	1

### Disposition of Cases

The Disposition of Cases represents the number of closed cases during the reporting period.

Category	Number of Cases					YTD % of Cases
	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	
<b>EAP</b>	52	51	37	33	14	83.9%
<b>IOP</b>	2	4	0	2	0	3.6%
<b>IP</b>	0	0	0	0	1	1.8%
<b>Medical/PCP</b>	0	0	0	0	1	1.8%
<b>OP</b>	1	5	6	3	1	7.1%
<b>Other</b>	1	3	7	1	0	1.8%

**Utilization by State**

Category	Count					YTD
	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	
Nevada	60	64	58	51	60	111

**EAP Worksite Services**

**EAP Worksite Services:** Includes a variety of educational, health and wellness seminars as well as employee and management trainings to promote EAP utilization. CISDs and wellness fairs are also represented.

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	YTD
Critical Incident Services	1	0	0	0	2	2
Promotional Mailing	0	2	0	1	0	1
Wellness Fair	0	0	0	0	1	1
Wellness/Topical Training	1	0	0	2	4	6

**Management Services**

**Management Consultation Type**

Category	Q2 2022		Q3 2022		Q4 2022		Q1 2023		Q2 2023		YTD	
	#	%	#	%	#	%	#	%	#	%	#	%
<b>AOD DOT</b>	<b>1</b>	<b>12.5%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Positive Drug	1	12.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>AOD Non-DOT</b>	<b>4</b>	<b>50.0%</b>	<b>1</b>	<b>50.0%</b>	<b>2</b>	<b>28.6%</b>	<b>1</b>	<b>100.0%</b>	<b>2</b>	<b>28.6%</b>	<b>3</b>	<b>37.5%</b>
Other	1	12.5%	0	0.0%	0	0.0%	0	0.0%	1	14.3%	1	12.5%
Positive Drug	1	12.5%	0	0.0%	0	0.0%	1	100.0%	0	0.0%	1	12.5%
Reasonable Suspicion	1	12.5%	0	0.0%	1	14.3%	0	0.0%	0	0.0%	0	0.0%
Self-Identified Use/Abuse	1	12.5%	1	50.0%	1	14.3%	0	0.0%	1	14.3%	1	12.5%
<b>Behavioral/Appearance Concerns</b>	<b>1</b>	<b>12.5%</b>	<b>0</b>	<b>0.0%</b>	<b>4</b>	<b>57.1%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>28.6%</b>	<b>2</b>	<b>25.0%</b>
Aberrant Behavior	1	12.5%	0	0.0%	2	28.6%	0	0.0%	1	14.3%	1	12.5%
Emotional Wellness	0	0.0%	0	0.0%	2	28.6%	0	0.0%	0	0.0%	0	0.0%
Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	14.3%	1	12.5%
<b>Professional Conduct/Performance</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>14.3%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>14.3%</b>	<b>1</b>	<b>12.5%</b>
Inappropriate Conduct	0	0.0%	0	0.0%	1	14.3%	0	0.0%	1	14.3%	1	12.5%
<b>Service Inquiry</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>50.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Service Inquiry	0	0.0%	1	50.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Workplace /Organizational</b>	<b>1</b>	<b>12.5%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
Other	1	12.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Workplace Trauma</b>	<b>1</b>	<b>12.5%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>28.6%</b>	<b>2</b>	<b>25.0%</b>
Death of Employee	1	12.5%	0	0.0%	0	0.0%	0	0.0%	2	28.6%	2	25.0%
<b>Total</b>	<b>8</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>7</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>7</b>	<b>100.0%</b>	<b>8</b>	<b>100.0%</b>

**Management Services**

**Management Consultation Outcome**

Category	Q2 2022		Q3 2022		Q4 2022		Q1 2023		Q2 2023		YTD	
	#	%	#	%	#	%	#	%	#	%	#	%
Consultation and Education Only	4	50.0%	1	50.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Formal Referral	0	0.0%	0	0.0%	2	28.6%	0	0.0%	1	14.3%	1	12.5%
Mandatory Referral	3	37.5%	1	50.0%	5	71.4%	1	100.0%	4	57.1%	5	62.5%
Support Services	1	12.5%	0	0.0%	0	0.0%	0	0.0%	2	28.6%	2	25.0%
<b>Total</b>	<b>8</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>7</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>7</b>	<b>100.0%</b>	<b>8</b>	<b>100.0%</b>

**Management Services**

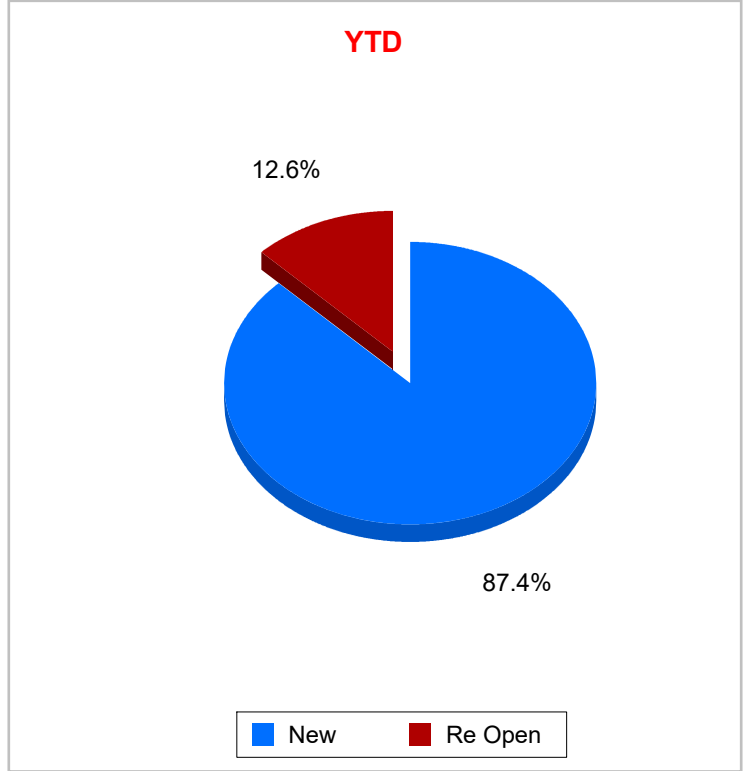
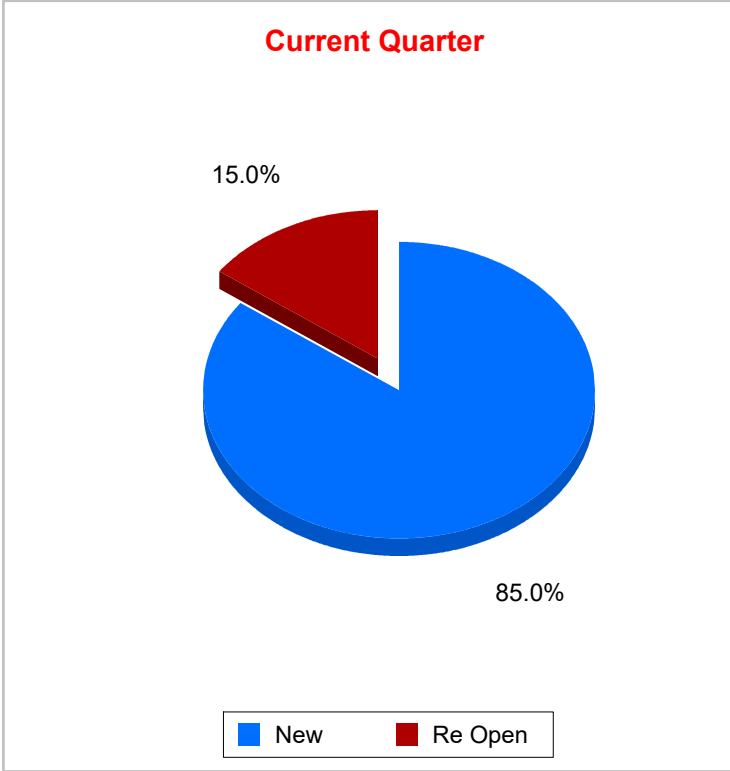
**Formal and Mandatory Referral Reasons**

Category	Q2 2022		Q3 2022		Q4 2022		Q1 2023		Q2 2023		YTD	
	#	%	#	%	#	%	#	%	#	%	#	%
<b>Formal Referral</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>28.6%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>20.0%</b>	<b>1</b>	<b>16.7%</b>
AOD Non-DOT	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	20.0%	1	16.7%
Behavioral/Appearance Concerns	0	0.0%	0	0.0%	2	28.6%	0	0.0%	0	0.0%	0	0.0%
<b>Mandatory Referral</b>	<b>3</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>5</b>	<b>71.4%</b>	<b>1</b>	<b>100.0%</b>	<b>4</b>	<b>80.0%</b>	<b>5</b>	<b>83.3%</b>
AOD Non-DOT	3	100.0%	1	100.0%	2	28.6%	1	100.0%	1	20.0%	2	33.3%
Behavioral/Appearance Concerns	0	0.0%	0	0.0%	2	28.6%	0	0.0%	2	40.0%	2	33.3%
Professional Conduct/Performance	0	0.0%	0	0.0%	1	14.3%	0	0.0%	1	20.0%	1	16.7%
<b>Total</b>	<b>3</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>7</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>5</b>	<b>100.0%</b>	<b>6</b>	<b>100.0%</b>

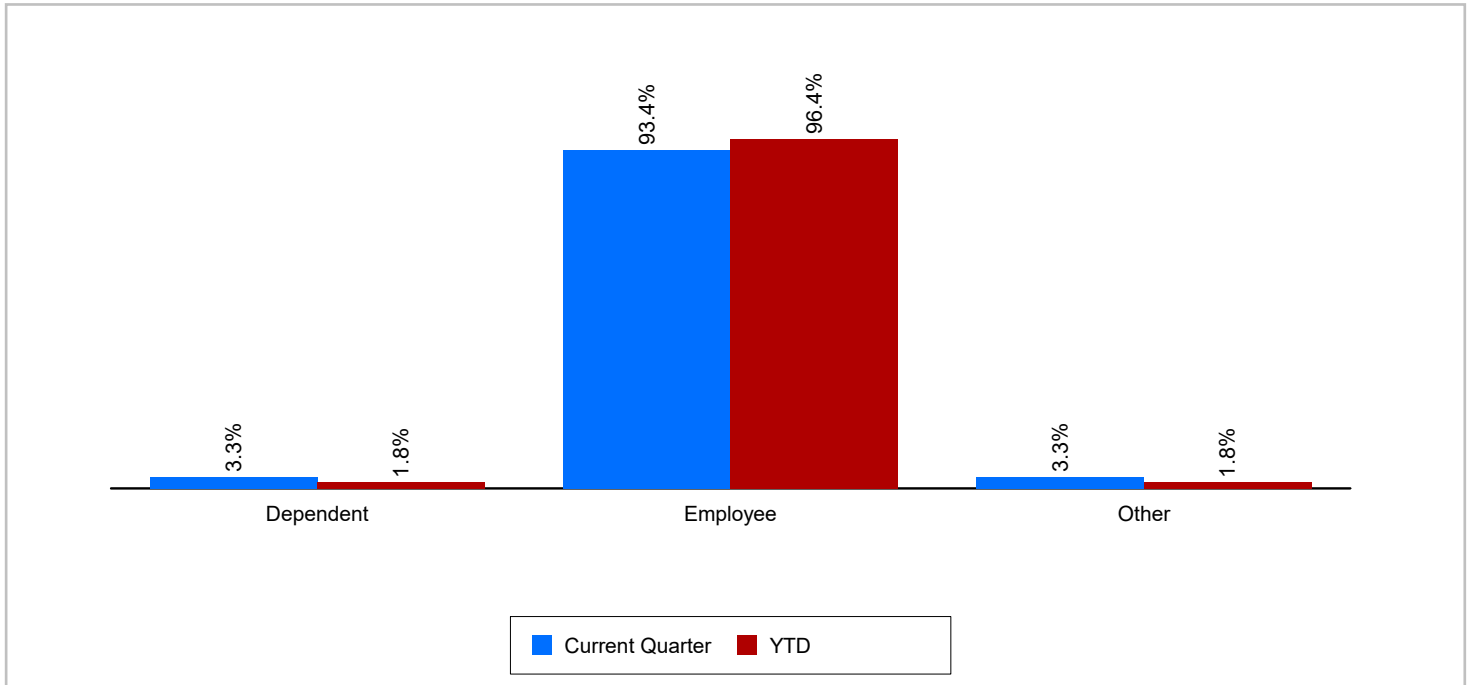
**Participant/Case Status**

**Reactivated** : Reactivated Cases are cases in which a client is served again for the same problem.

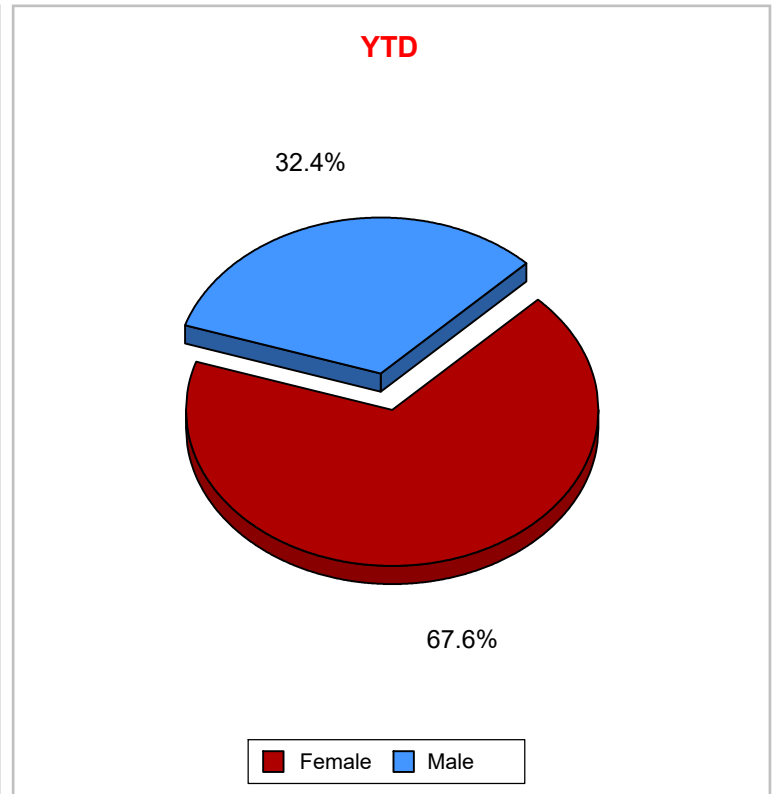
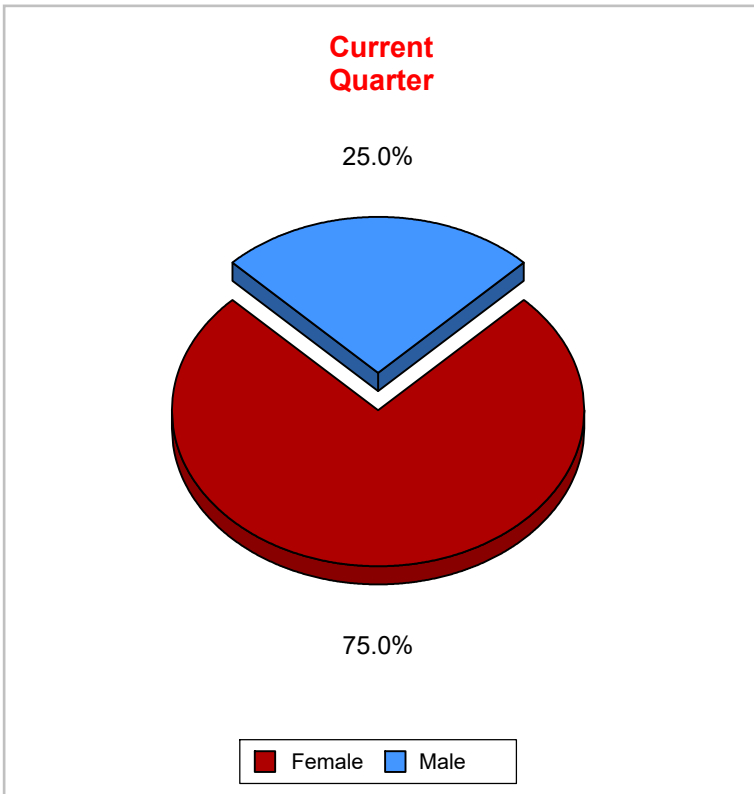
**Reopened** : Reopened Cases are cases in which a previously served client receives service for a new problem.



Relationship to Employee

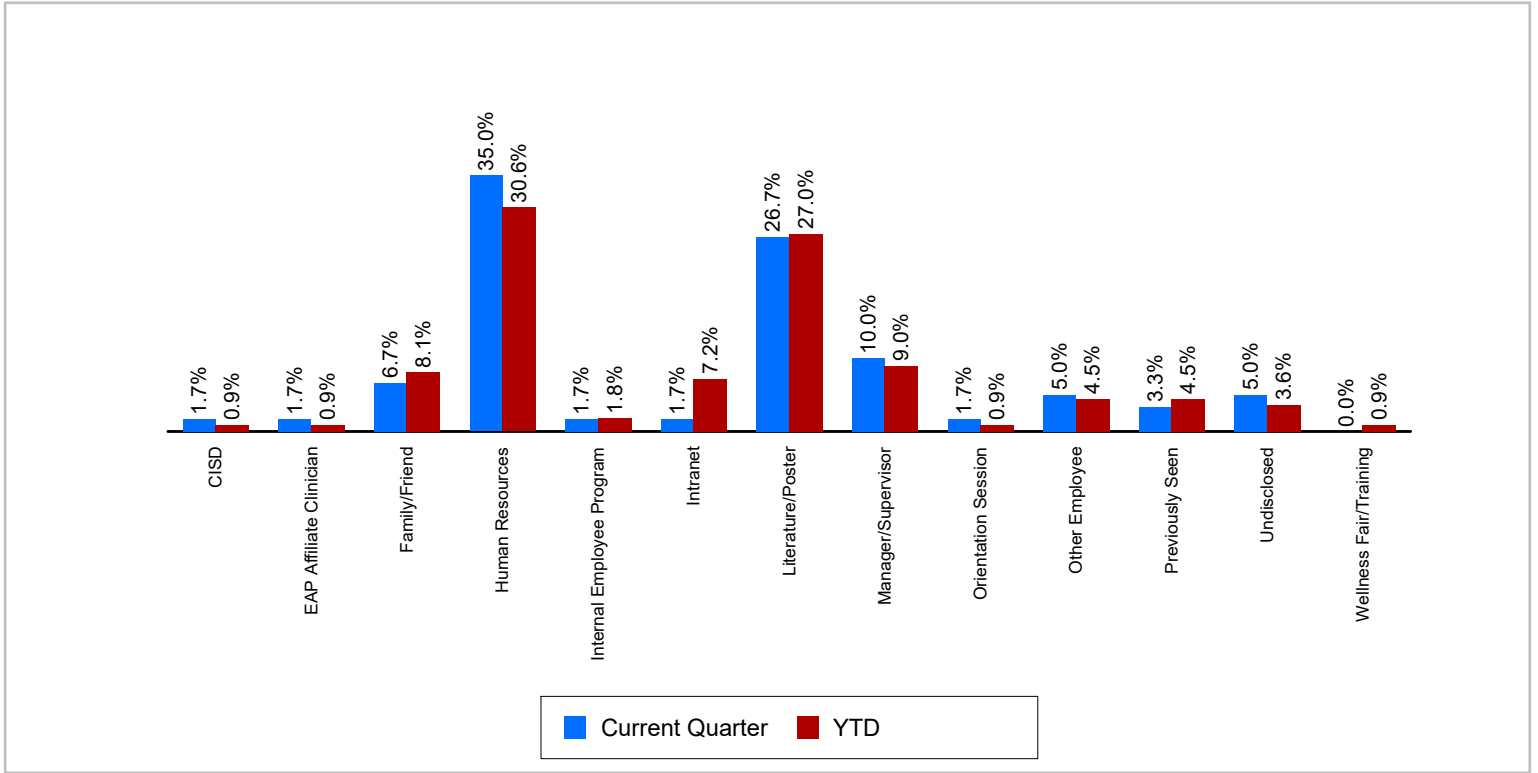


Gender



**Information Source**

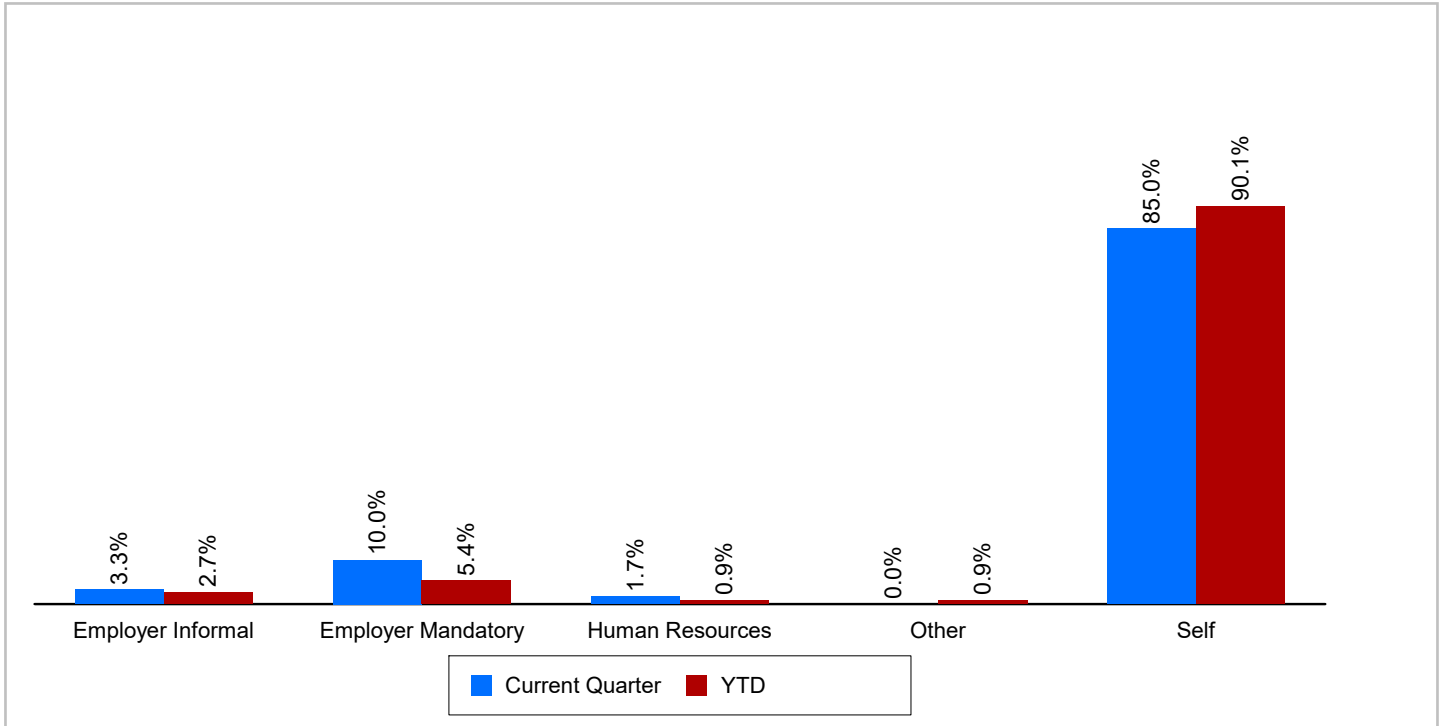
**Information Source:** Describes how the client knew/learned about services.





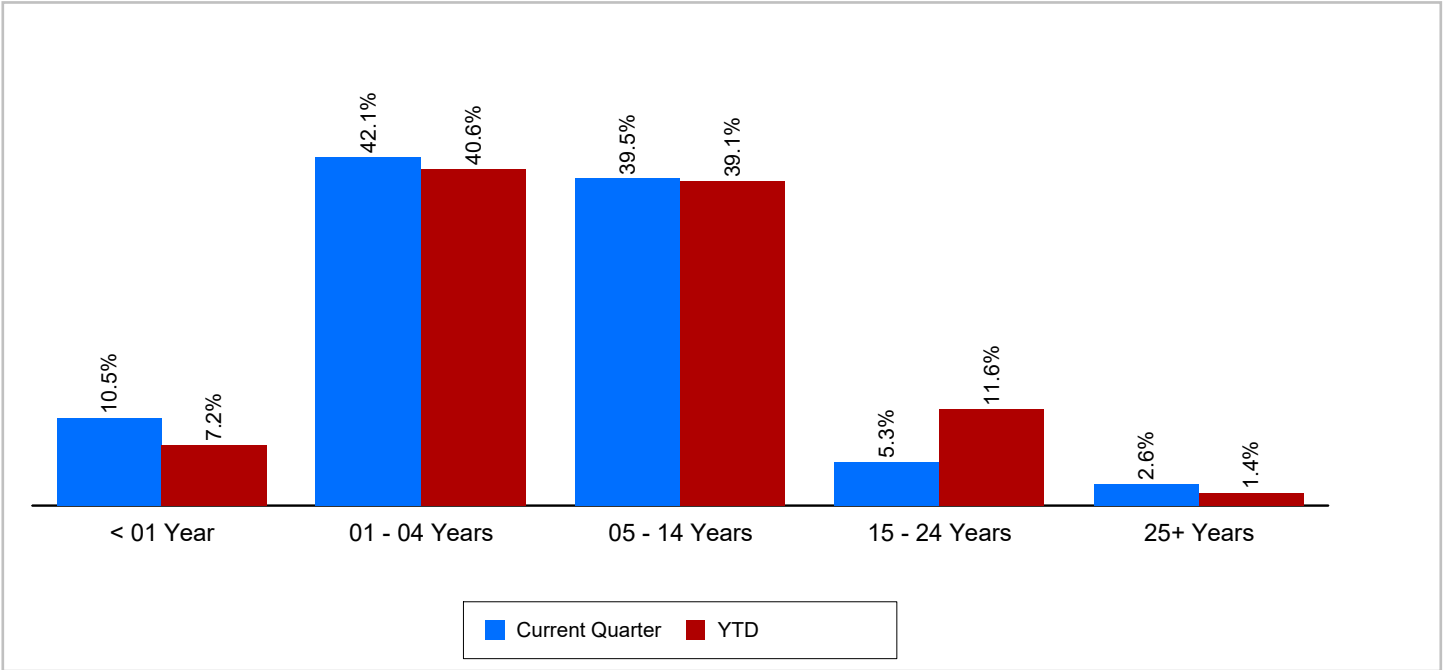
### Referral Sources

**Referral Sources:** Describes how the client was guided/directed to services.



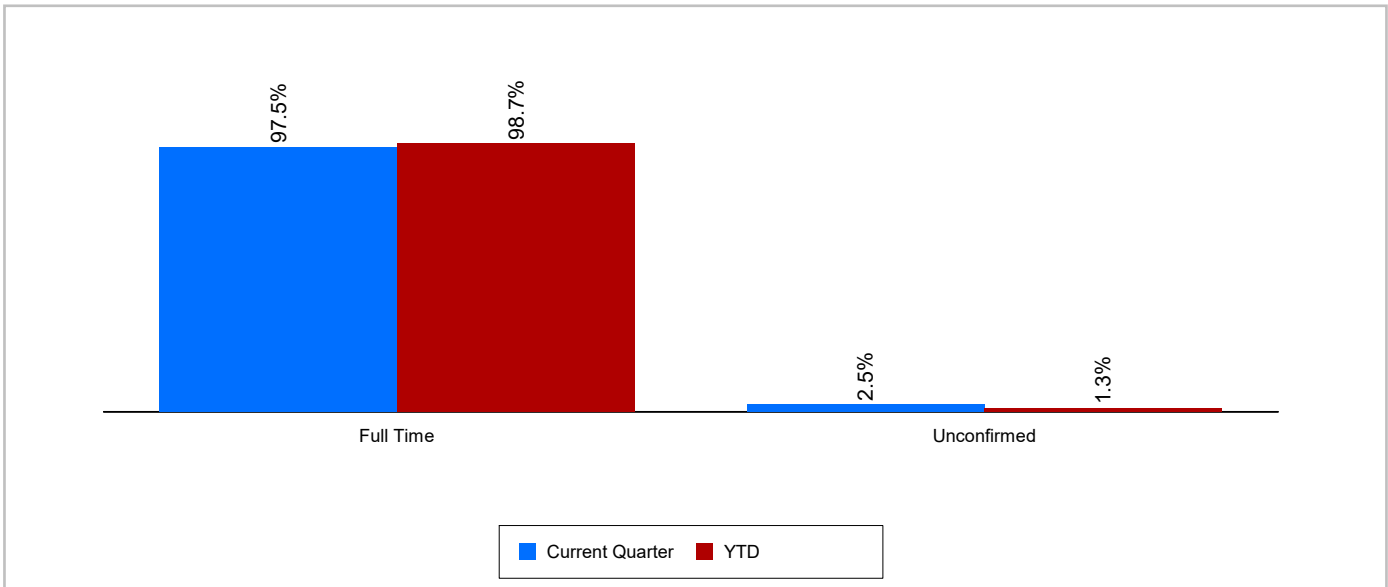
### Years of Service

This category is employee specific.



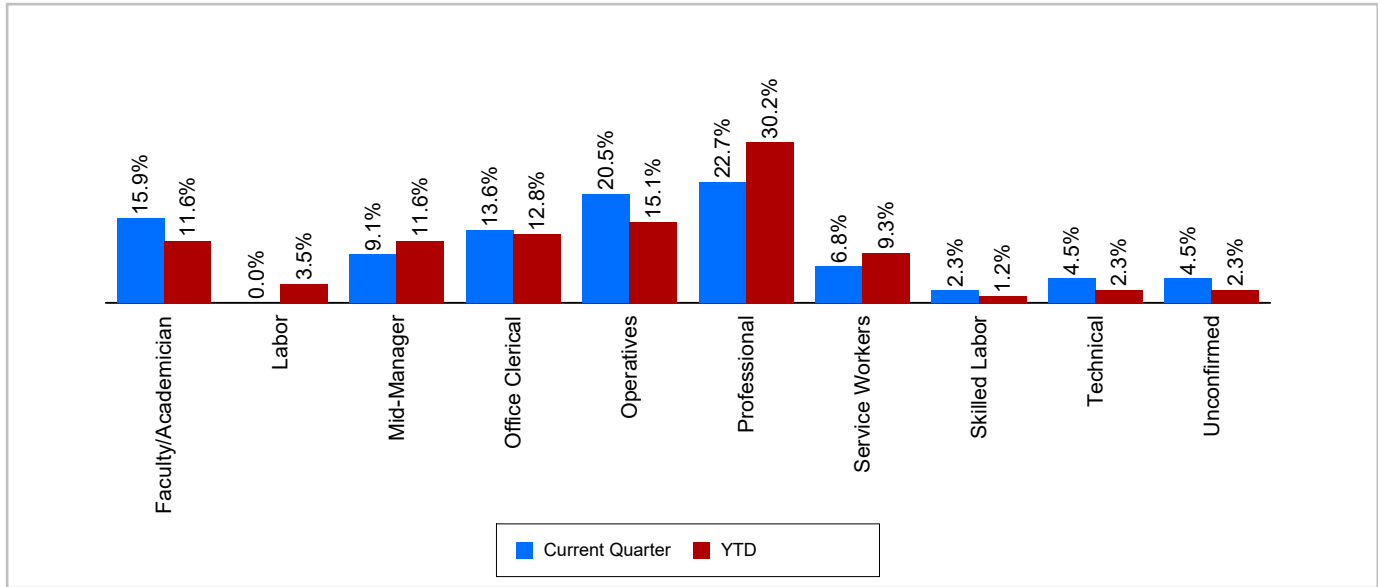
### Employment Status

This category is employee specific.



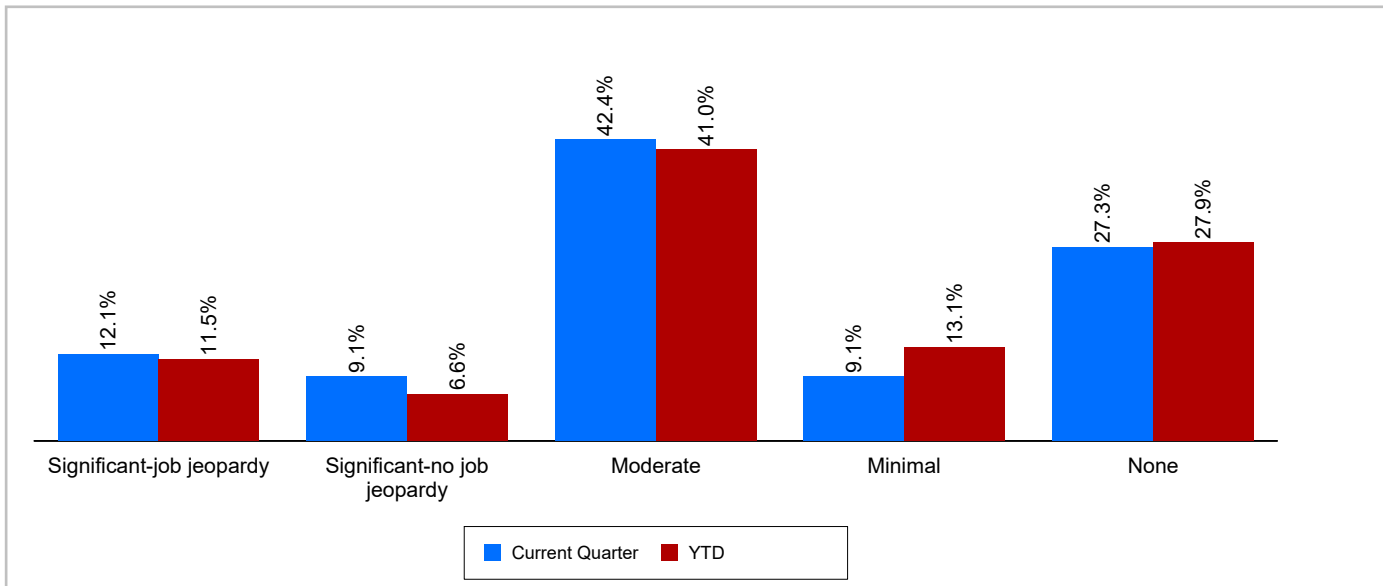
### Job Classification

This category is employee specific.



### Impact on Job Performance

**Impact on Job:** This category is employee specific. Refers to employee's perception of the degree of impact the presenting issue has on overall job performance.





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# POOL/PACT QUARTERLY PROGRAM REVIEW

2022-2023

3rd Quarter – January 1- March 31, 2023



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April 2023

# Executive Summary

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## Q3 2023

- 15,098 POOL/PACT Members Covered
  - 61 Individual Cases
  - 3 Management Consultations
  - 58 Training Participants
  - 298 Unique Web Logins
  - 420 Total Overall Lives Touched
- Utilization Rate (annualized)
  - Individual – 1.7%
  - Overall – 11.1%

# Utilization Highlights

Quarter	Employee Count	Individual Cases	Mgmts. Cases	Training hours	Training participants	CISD Hours	CISD Participants	Website Logins	Lives Touched	Individual Utilization Rate	Overall Utilization Rate
Q1	15,127	50	1	2	51	0	0	266	368	1.3%	9.7%
Q2	15,098	53	7	5.5	103	8	8	216	387	1.6%	10.3%
Q3	15,098	61	3	3	58	0	0	298	420	1.7%	11.1%
<b>Annual</b>	<b>15,108</b>	<b>164</b>	<b>11</b>	<b>10.5</b>	<b>212</b>	<b>8</b>	<b>8</b>	<b>780</b>	<b>1,175</b>	<b>1.5%</b>	<b>7.7%</b>

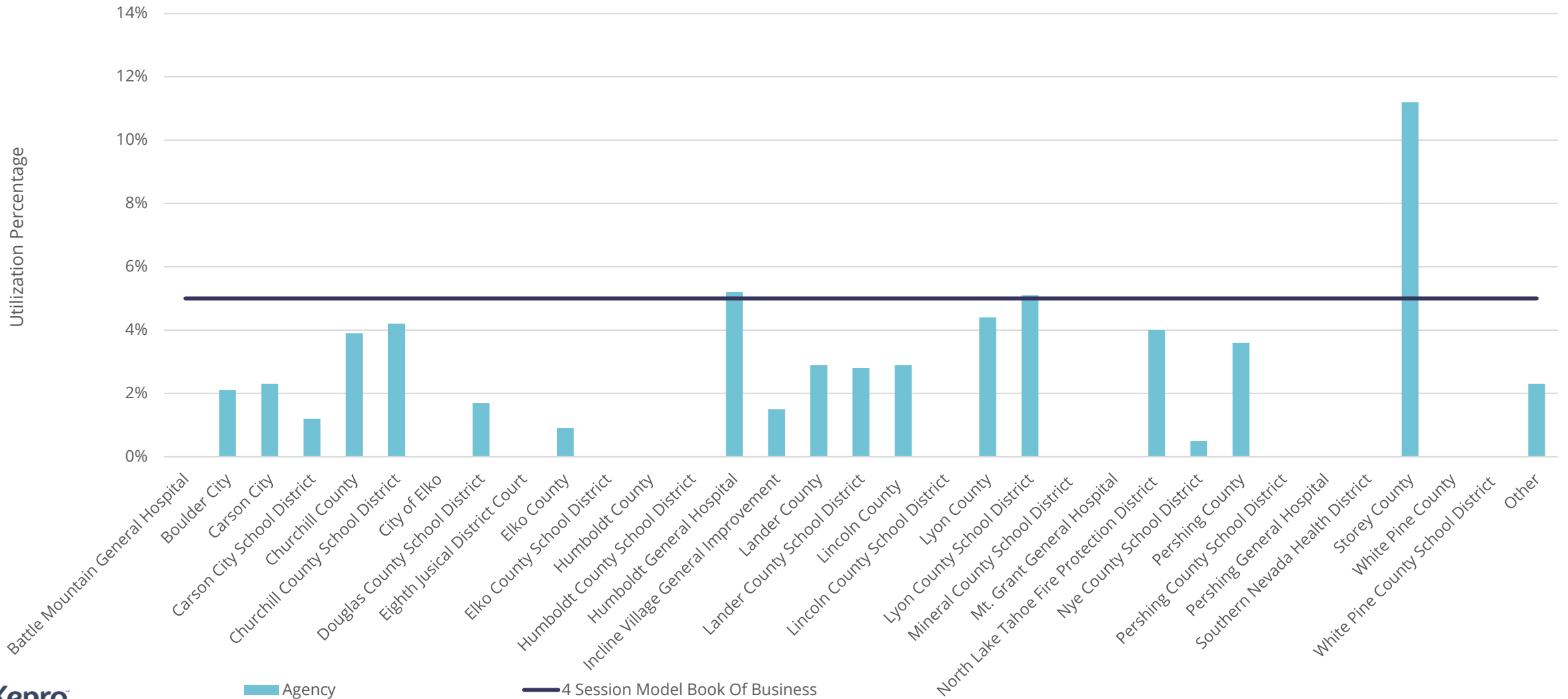
- Legal remained the highest utilized work life service
- 78.1% of the cases opened in Q3 were new cases
- 63.6% of employees felt their presenting issues had an impact on their job performance, with 51.6% indicating moderate to significant impact

# Utilization by Site

Site Name	Q3 2023	YTD 2023
Battle Mountain General Hospital	0.0%	0.0%
Boulder City	2.1%	1.4%
Carson City	2.3%	2.1%
Carson City School District	1.2%	0.4%
Churchill County	3.9%	4.5%
Churchill County School District	4.2%	4.4%
City of Elko	0.0%	1.3%
Douglas County School District	1.7%	1.1%
Eighth Judicial District Court	0.0%	0.0%
Elko County	0.9%	1.6%
Elko County School District	0.0%	0.0%
Humboldt County	0.0%	1.8%
Humboldt County School District	0.0%	0.9%
Humboldt General Hospital	5.2%	2.3%
Incline Village General Improvement	1.5%	0.5%
Lander County	2.9%	1.9%
Lander County School District	2.8%	1.9%

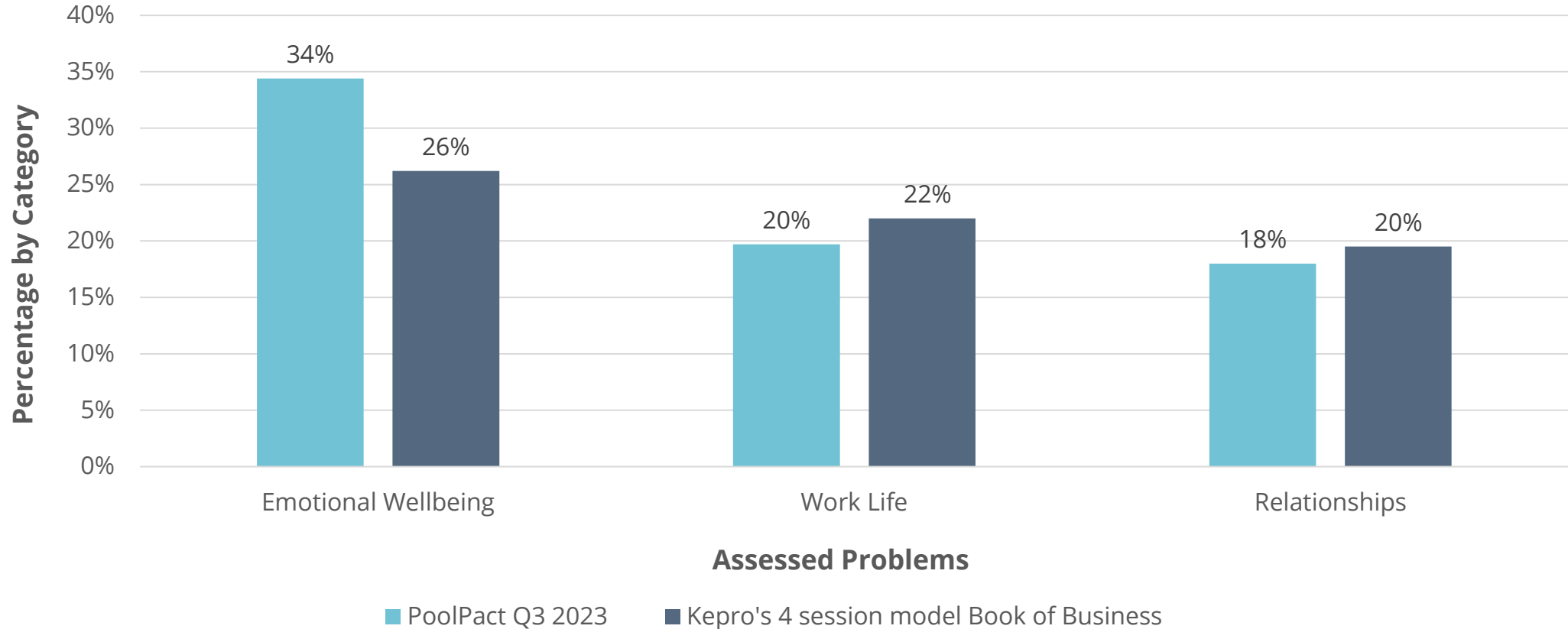
Site Name	Q3 2023	YTD 2023
Lincoln County	2.9%	0.9%
Lincoln County School District	0.0%	0.0%
Lyon County	4.4%	3.7%
Lyon County School District	5.1%	3.4%
Mineral County School District	0.0%	0.0%
Mt. Grant General Hospital	0.0%	2.0%
North Lake Tahoe Fire Protection District	4.0%	6.6%
Nye County School District	1.0%	1.0%
Pershing County	3.6%	2.4%
Pershing County School District	0.0%	0.0%
Pershing General Hospital	0.0%	7.7%
Southern Nevada Health District	0.0%	0.0%
Storey County	11.2%	12.1%
White Pine County	0.0%	2.3%
White Pine County School District	0.0%	0.8%
Other (Sites less than 100 employees)	2.3%	2.2%

# Utilization Comparison by Site





# Q3 Top Assessed Problems at Intake



*Emotional wellbeing includes adjustment, anger management, grief/loss, eating disorders, mental health concerns, and stress.*

# Work Life Consultation Highlights

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## Legal Consultations

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- ELDER LAW – PROBATE & ESTATES
- REAL ESTATE

## Financial Consultations

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- BUDGET HELP
- INVESTMENTS

## Convenience/ Daily Living

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- MOVING/RELOCATION SERVICES

# User Information

Client Demographics		
Category	Q3 2023	YTD 2023
Employee	89.1%	93.8%
1 to 4 years of service	42.2%	41.2%
5 to 14 years of service	31.1%	36.0%

Information Source		
Category	Q3 2023	YTD 2023
Human Resources	31.3%	30.9%
Literature/Poster	21.9%	25.1%
Previously Seen	17.2%	9.1%

Referral Source		
Category	Q3 2023	YTD 2023
Self Referral	85.9%	88.6%
Employer	3.2%	6.3%

# Q3 Onsite Hours Summary

Q3 2023 Onsite Services	Date	Participants
How to Lead a Hybrid High Performing Team	1/10/2023	6
People Centric Leadership	2/16/2023	26
Battling Burnout	3/13/2023	26
<b>Totals</b>		<b>58</b>



# Your Kepto EAP

- EAP Services available to employees and their household members
- Confidential
- EAP Counselors available 24/7/365 via 833-430-6028
- Up to 4 counseling sessions
- Management consultations
- Financial/Legal consultation and referral service
- Daily Living/Convenience Services
- [www.EAPhelplink.com](http://www.EAPhelplink.com) Company code: POOLPACTEAP

# Kepro Contact

- Alex Rosa, LCPC
- Senior EAP Account Executive
- [aros@kepro.com](mailto:aros@kepro.com)
- 667-274-0001



## Executive Director's Report 4-2023

### Market conditions:

- Another year with increased property rates due to overall adverse market conditions. Continued catastrophe losses worldwide impact all reinsurers resulting in their spreading the pain over the market. East Coast hurricanes, West Coast flooding (after wildfires) and earthquakes around the world all contributed to the adverse experience.
- Appraised property valuations are up 12-16% due to inflation thus impact overall program costs
- Liability increases loom larger especially for law enforcement liability due to national trends, CRL experience and our own adverse loss experience.
- Cyber liability reinsurance terms again will see a potential reduction in limits and continued imposition of a pool-wide shared aggregate limit.
- Workers compensation appears to be on a stable to downward trend but only at the higher excess levels. PACT and PCM retained loss experience remains high due to several large losses within the retentions. PCM is being impacted by larger losses so will show increased premiums.

### Renewal issues – POOL:

- We have been advised of a reinsurance limit reduction by CRL based upon individual member responses to the cyber questions. About half of our Members could qualify for higher limits with CRL. Consequently, the limit reduction impacts decisions by PRM regarding its excess layer.
  - For 2022-2023, CRL imposed a \$10,000,000 pool-wide aggregate for its limits of \$2,000,000 excess of the POOL SIR of \$250,000 due to the potential for multiple entity cyber attacks. PRM added a \$5,000,000 aggregate limit in excess of CRL's limit. This is a complicated issue, but financially important with the potential of cyber attacks via a single vendor that serves multiple members. CRL offers "clash" coverage which can limit the POOL retention to four times in the event of a multi-member loss for a price. We are seeking alternatives quotes for this coverage.
  - Some changes to clarify coverage are proposed for the POOL Coverage Form. A memo explaining the changes is included in the POOL board packet.
- **Renewal issues – PACT:**
    - PACT's financial performance continues to be hit with large claims and development of claims from former members for which PACT remains responsible. This puts pressure on PACT's financial condition and rates. In the current year, we revised the limit year over year changes in the calculated experience modification factor to plus 15% or minus 10% and capped individual losses to \$100,000 in the rating formula. Changes such as these increase volatility year over year, but also redistribute how much impact there is on both good and bad performers. To enhance PACT's net position, PCM returned \$4.5 million of contributed capital.

### Notices of Withdrawal: As of 3/2/2023

POOL: Carson City

PACT: North Lake Tahoe Fire Protection District; East Fork Fire Protection District

### Legislature:

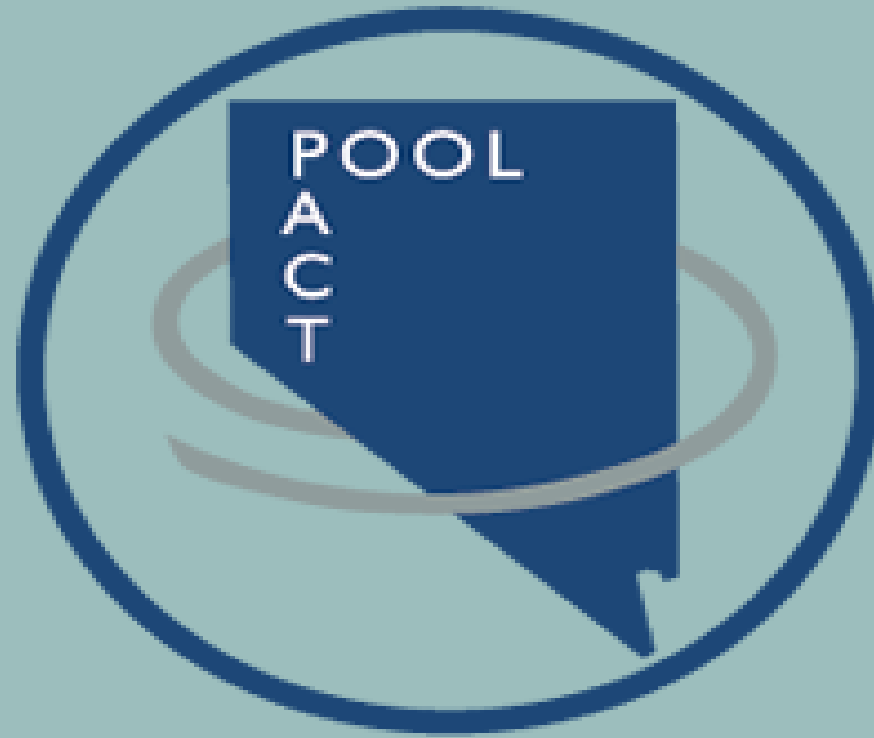
The legislative session is well under way. Presently I am tracking 74 bills on a variety of topics (a status summary is included in the board packet). There are changes proposed for the Ethics and Open Meeting Law statutes. Several workers compensation bills are being tracked some of which if passed will

exacerbate PACT's claims liability. One potentially significant liability bill proposes to change the "revivor" statute for sexual assault cases in which the statute of limitations would be eliminated thus opening the door for unknown cases arising from childhood.

**Claims Practices Review:**

Consistent with AGRiP standards, every three years PACT contracts with an independent claims consultant to review the claims practices of the third party administrator Davies Claims Solutions. This time the review was for PACT. Davies is reviewing the report and will advise their responses to the report.





**CHIEF FINANCIAL OFFICER REPORT**  
**OVERVIEW OF INDEPENDENT AUDITS** |

# AUDITORS REPORT

- ❖ PRM and PCM audited by Casey Neilon
- ❖ PRI and NRP audited by Michael Bertrand & Associates
- ❖ Clean Audit Opinions



**BERTRAND & ASSOCIATES, LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Members American Institute of Certified Public Accountants

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# SUMMARY OF FINANCIAL RESULTS

## PRM & PCM 12-31-2022

PRM Total Assets	\$48,042,003
PRM Reserves for losses	\$ 2,896,240
PRM Total Surplus	\$47,674,717
PRM Net Income(Loss)	(\$ 1,165,868)

PCM Total Assets	\$86,482,311
PCM Reserve for Losses	\$ 13,709,855
PCM Total Surplus	\$77,662,764
PCM Net Income(Loss)	(\$ 4,093,238)

See Audits for Specific Details

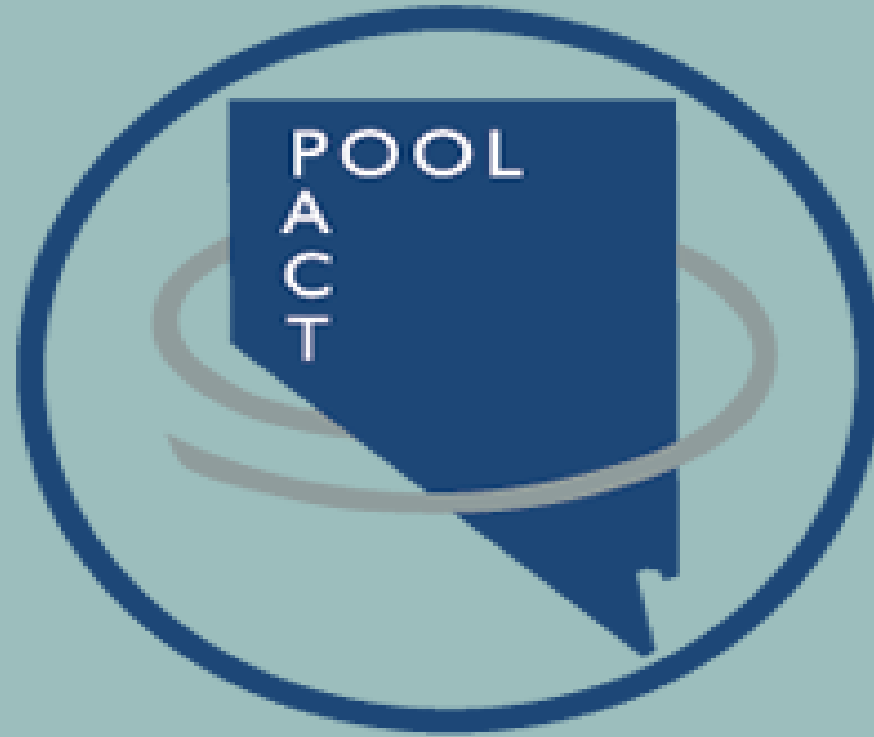
## PRI & NRP 6-30-2022

PRI Total Assets	\$1,779,327
PRI Total Net Assets	\$1,707,925
PRI Total Expenses	\$1,093,433
PRI Change in Net Assets	\$ 136,715

NRP Total Assets	\$2,010,184
NRP Total Net Assets	\$1,914,487
NRP Total Expenses	\$1,559,547
NRP Change in Net Assets	\$891,953

See Audits for Specific Details

Public Risk  
Mutual



# PRM CAPTIVE AUDIT OVERVIEW

Year Ending December 31, 2022

# KEY PLAYERS

---

Wayne Carlson, Executive Director POOL/PACT

---

Alan Kalt, CFO

---

Deb Connally, Controller

---

Josh Foli, Chair PRM, Director PCM:

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Paul Johnson, Chair PCM, Director PRM

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Josh Foli, Director, Audit Committee Member

---

Gina Rackley, Vice Chair PCM, Audit Committee

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Niki Neilon: Casey, Neilon & Associates: Audit Firm

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Kathy Parks, General Counsel

---

Willis Towers Watson, Brokers: **Now In House**

---

Derek Burkhalter, Actuary



**PUBLIC RISK MUTUAL  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,392,573	\$ 3,465,195
Investments:		
Fixed maturity securities at fair value	27,529,024	29,640,364
Equity securities at fair value	18,898,540	20,603,776
Investment income receivable	203,207	172,899
Prepaid administrative expense	13,659	-
Deposits	5,000	5,000
	\$ 48,042,003	\$ 53,887,234
 <b>LIABILITIES AND SURPLUS</b>		
Accrued expenses	\$ 16,209	\$ 30,111
Unearned premium	799,320	983,195
Reserve for loss and loss adjustment expenses	2,896,240	2,791,851
	3,711,769	3,805,157
Surplus	47,674,717	48,840,585
Accumulated other comprehensive income (loss)	(3,344,483)	1,241,492
	44,330,234	50,082,077
Total Liabilities and Surplus	\$ 48,042,003	\$ 53,887,234

# Public Risk Mutual



PUBLIC RISK  
MUTUAL



**PUBLIC RISK MUTUAL**  
**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>INCOME</b>		
Premiums earned	\$ 1,782,515	\$ 1,777,933
Net investment income	1,583,963	1,514,230
Net realized and unrealized gains and (losses) on investments	<u>(2,447,616)</u>	<u>2,469,768</u>
Total Income	<u>918,862</u>	<u>5,761,931</u>
<b>EXPENSES</b>		
Administrative expenses	206,145	156,359
Membership services expense	475,000	475,000
Loss and loss adjustment expenses	<u>1,403,585</u>	<u>704,747</u>
Total Expenses	<u>2,084,730</u>	<u>1,336,106</u>
Net Income (Loss) Before Income Taxes	(1,165,868)	4,425,825
Provision for income taxes	-	-
Net Income (Loss)	<u>(1,165,868)</u>	<u>4,425,825</u>
<b>OTHER COMPREHENSIVE INCOME LOSS</b>		
Unrealized losses on available for sale securities arising during the period	<u>(4,573,114)</u>	<u>(1,265,861)</u>
Less: Reclassification adjustment for gains recognized in net income	<u>(12,861)</u>	<u>(80,293)</u>
Total Other Comprehensive Loss	<u>(4,585,975)</u>	<u>(1,346,154)</u>
Total Comprehensive Income (Loss)	<u>\$ (5,751,843)</u>	<u>\$ 3,079,671</u>

# Public Risk Mutual



PUBLIC RISK  
MUTUAL



## Five Year Benchmark Data 2017-2022

	2017	2018	2019	2020	2021	2022
<b>Total Assets/Total Liabilities Ratio</b>	13.6	9.9	9.9	15.2	14.2	12.9
<b>Change In Net Surplus Ratio</b>	39.9%	-5.8%	12.1%	12.7%	6.6%	-11.5%
<b>Reserve Leverage (Claims Reserves/Total Surplus) Ratio</b>	6.3%	9.7%	9.5%	5.3%	5.6%	6.5%
<b>Loss Ratios (Losses/Premiums) Ratio</b>	171.4%	175.8%	129.5%	-35.3%	39.6%	78.7%
<b>Expense Ratio (Admin Expenses/Premiums) Ratio</b>	31.5%	46.4%	49.2%	39.3%	35.5%	38.2%
<b>Surplus to Retention Ratio (Surplus/Blended Retentions)</b>	13.9	13.9	15.4	15.3	10.4	14.5

# Public Risk Mutual

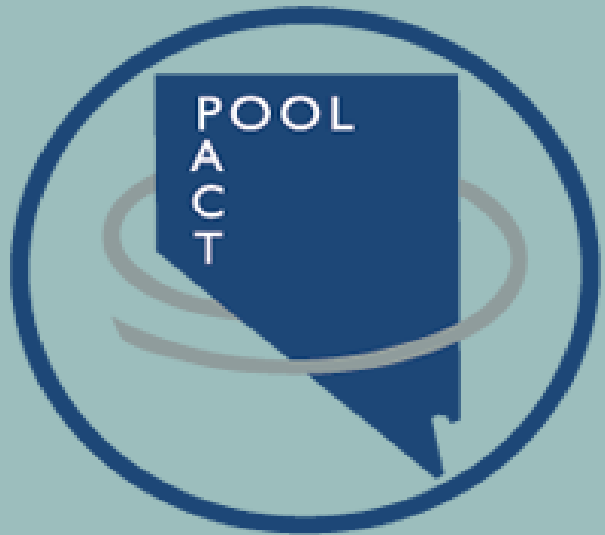


**PUBLIC RISK  
MUTUAL**

**KEY FINANCIAL  
BENCHMARKS**







# PCM CAPTIVE AUDIT OVERVIEW

Year Ending December 31, 2022

**PUBLIC COMPENSATION MUTUAL  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,747,775	\$ 3,021,189
Investments:		
Fixed maturity securities at fair value	50,367,864	58,842,277
Equity securities at fair value	33,953,805	37,008,550
Investment income receivable	399,208	368,335
Prepaid expense	13,659	-
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 86,482,311</u>	<u>\$ 99,240,351</u>
<b>LIABILITIES AND SURPLUS</b>		
Accounts payable	\$ 25,496	\$ 41,576
Reserve for loss and loss adjustment expenses	13,709,855	9,398,850
Unearned premiums	1,300,704	1,291,817
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>15,036,055</u>	<u>10,732,243</u>
Surplus	77,662,764	86,256,002
Accumulated other comprehensive income (loss)	(6,216,508)	2,252,106
	<u>                    </u>	<u>                    </u>
Total Surplus	<u>71,446,256</u>	<u>88,508,108</u>
	<u>                    </u>	<u>                    </u>
Total Liabilities and Surplus	<u>\$ 86,482,311</u>	<u>\$ 99,240,351</u>

**PUBLIC  
COMPENSATION  
MUTUAL**



**PUBLIC  
COMPENSATION  
MUTUAL**



**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>INCOME</b>		
Premiums	\$ 2,592,522	\$ 2,553,255
Net investment income	2,897,774	2,820,658
Net realized and unrealized gains (losses) on investments	<u>(4,413,988)</u>	<u>4,436,755</u>
Total Income	<u>1,076,308</u>	<u>9,810,668</u>
<b>EXPENSES</b>		
Administrative fees	772,546	799,611
Loss and loss adjustment expenses	<u>4,397,000</u>	<u>3,088,001</u>
Total Expenses	<u>5,169,546</u>	<u>3,887,612</u>
Net Income (Loss) Before Income Taxes	(4,093,238)	5,923,056
Provision for income taxes	-	-
Net Income (Loss)	<u>(4,093,238)</u>	<u>5,923,056</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Unrealized gains (losses) on available for sale securities arising during the period	<u>(8,475,641)</u>	<u>(2,391,155)</u>
Less: Reclassification adjustment for (gains) losses recognized in net income	<u>7,027</u>	<u>(90,273)</u>
Total Other Comprehensive Income (Loss)	<u>(8,468,614)</u>	<u>(2,481,428)</u>
Total Comprehensive Income (Loss)	<u>\$ (12,561,852)</u>	<u>\$ 3,441,628</u>

**PUBLIC  
COMPENSATION  
MUTUAL**



**PUBLIC  
COMPENSATION  
MUTUAL**



**PUBLIC COMPENSATION MUTUAL**  
**STATEMENTS OF CHANGES IN SURPLUS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Surplus	Accumulated Other Comprehensive Income (Loss)	Total Surplus
Balance, December 31, 2020	\$ 80,332,946	\$ 4,733,534	\$ 85,066,480
Net income	5,923,056	-	5,923,056
Unrealized holding losses arising during the period	-	(2,391,155)	(2,391,155)
Add: Reclassification adjustment for gains realized in net income	-	(90,273)	(90,273)
<b>Balance, December 31, 2021</b>	<b>\$ 86,256,002</b>	<b>\$ 2,252,106</b>	<b>\$ 88,508,108</b>
<b>Net loss</b>	<b>(4,093,238)</b>	-	<b>(4,093,238)</b>
<b>Unrealized holding losses</b> arising during the period	-	<b>(8,475,641)</b>	<b>(8,475,641)</b>
<b>Transfer of capital</b>	<b>(4,500,000)</b>	-	<b>(4,500,000)</b>
Add: Reclassification adjustment for losses realized in net income	-	7,027	7,027
Balance, December 31, 2022	<b>\$ 77,662,764</b>	<b>\$ (6,216,508)</b>	<b>\$ 71,446,256</b>

**PUBLIC  
COMPENSATION  
MUTUAL**



**PUBLIC  
COMPENSATION  
MUTUAL**



## Six Year Benchmark Data 2017-2022

2017 2018 2019 2020 2021 2022

### Total Assets/Total Liabilities

Ratio 18.1 13.8 12.3 11.0 9.3 5.75

### Change In Net Surplus

Ratio 75.8% -1.5% 13.3% 9.3% 4.0% -9.96%

### Reserve Leverage (Claims Reserves/Total Surplus)

Ratio 4.4% 6.6% 7.4% 8.4% 10.6% 19.1%

### Loss Ratios (Losses/Premiums)

Ratio 7.7% 82.9% 90.1% 68.9% 120.9% 169.6%

### Expense Ratio (Admin Expenses/Premiums)

Ratio 4.3% 9.8% 28.6% 35.1% 31.3% 29.8%



PUBLIC  
COMPENSATION  
MUTUAL

KEY FINANCIAL  
BENCHMARKS

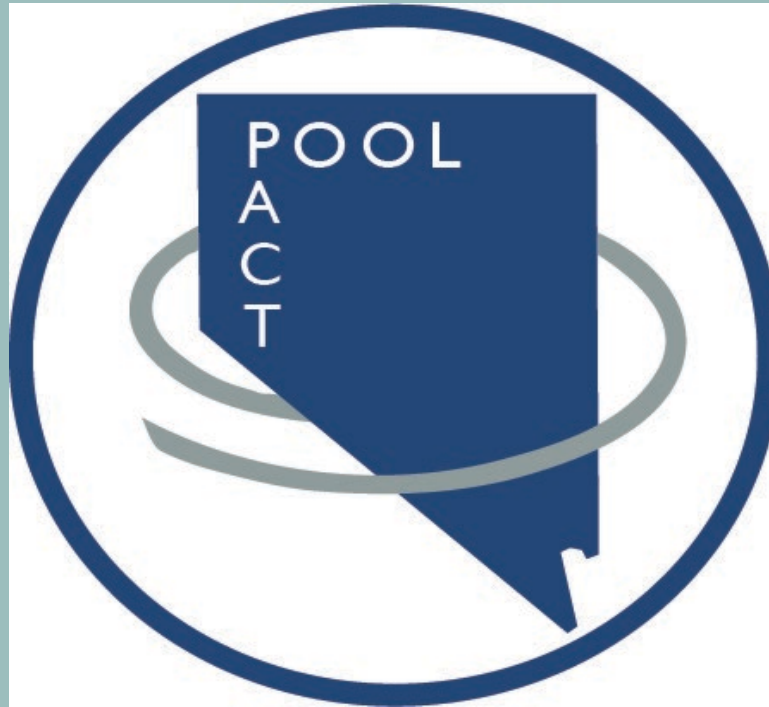




QUESTIONS &  
ANSWERS  
ON PRM AND PCM  
CAPTIVE AUDITS

*Thanks for your support!*





**POOLING  
RESOURCES  
INC. (PRI)**

# **PRI AUDIT OVERVIEW**

Year Ending June 30, 2022

# KEY PLAYERS

---

Wayne Carlson, Executive Director POOL/PACT

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Stacy Norbeck, General Manager PRI

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Alan Kalt, Chief Finance Officer POOL/PACT

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Geof Stark, Chair PRI Board of Directors

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Paul Johnson, PRI Board of Directors

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Josh Foli, PRI Board of Directors

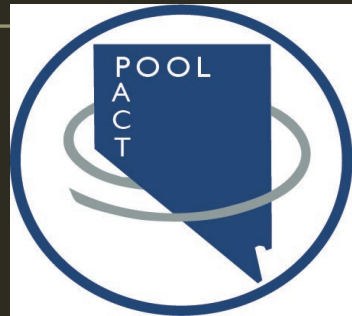
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Michael Bertrand: Bertrand & Associates: Audit Firm

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Kathy Parks, General Counsel

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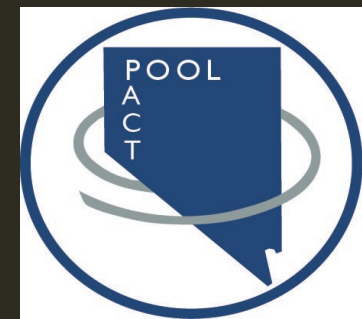




**POOLING RESOURCES INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 380,027	\$ 498,908
Investments	1,273,090	1,024,874
Grant receivable	111,414	108,160
Total current assets	<u>1,764,531</u>	<u>1,631,942</u>
Other assets:		
Prepaid expenses	14,796	14,378
Total other assets	<u>14,796</u>	<u>14,378</u>
<b>Total assets</b>	<u><u>1,779,327</u></u>	<u><u>1,646,320</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	29,687	27,587
Accrued payroll	-	8,376
Compensated absences	41,715	39,147
Total current liabilities	<u>71,402</u>	<u>75,110</u>
Net assets -without donor restrictions	<u>1,707,925</u>	<u>1,571,210</u>
Total net assets	<u>1,707,925</u>	<u>1,571,210</u>
<b>Total liabilities &amp; net assets</b>	<u><u>\$ 1,779,327</u></u>	<u><u>\$ 1,646,320</u></u>

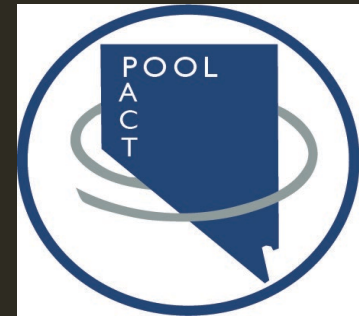
**POOLING  
RESOURCES  
INC**



**POOLING RESOURCES INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Grant income	\$ 1,336,857	\$ 1,297,920
Other income		15
Total revenues	<u>1,336,857</u>	<u>1,297,935</u>
<b>EXPENDITURES</b>		
Program activities:		
Salaries and payroll taxes	592,835	673,280
Retirement	91,841	120,451
Health insurance costs	102,088	102,814
Conference expenses	18,983	11,807
Member education services	38,352	18,635
Professional development	4,868	5,234
Travel	17,851	5,925
Total program activities	<u>866,818</u>	<u>938,146</u>
General activities:		
Casualty insurance	8,396	9,181
Dues and subscriptions	5,260	1,898
Legal and professional	22,358	16,047
Management Services	26,522	25,752
Office supplies	6,407	8,553
Rent	79,920	78,348
Technology expenses	56,603	56,955
Other operating expenses	20,967	25,090
Total supporting activities	<u>226,433</u>	<u>221,824</u>
Total expenses	<u>1,093,251</u>	<u>1,159,970</u>
Increase in operating net assets - without donor restrictions	243,606	137,965
Non-operating net investment income (loss)	<u>(106,891)</u>	<u>89,526</u>
Change in net assets - without donor restrictions	<u>136,715</u>	<u>227,491</u>
Net assets at beginning of year	1,571,210	1,343,719
Net assets at end of year - without donor restrictions	<u>\$ 1,707,925</u>	<u>\$ 1,571,210</u>

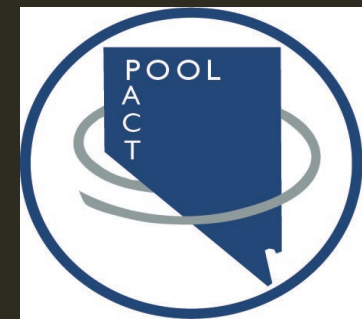
# POOLING RESOURCES INC



**POOLING RESOURCES INC.**  
**STATEMENT OF CASH FLOWS**  
For the years ended June 30, 2022 and 2021

	2022			2021		
	Program	General	Total	Program	General	Total
Salaries & related taxes	\$ 503,910	\$ 88,925	\$ 592,835	\$ 572,288	\$ 100,992	\$ 673,280
Pension plan contributions	78,065	13,776	91,841	102,383	18,068	120,451
Health insurance	86,775	15,313	102,088	87,392	15,422	102,814
Conference expenses	18,983	-	18,983	11,807	-	11,807
Member education services	38,352	-	38,352	18,635	-	18,635
Professional development	4,868	-	4,868	5,234	-	5,234
Travel	17,851	-	17,851	5,925	-	5,925
Casualty insurance	-	8,396	8,396	-	9,181	9,181
Dues & subscriptions	-	5,260	5,260	-	1,898	1,898
Legal & professional	13,093	9,265	22,358	9,397	6,650	16,047
Management services	-	26,522	26,522	-	25,752	25,752
Office supplies	5,446	961	6,407	7,270	1,283	8,553
Rent	67,932	11,988	79,920	66,596	11,752	78,348
Technology expenses	48,113	8,490	56,603	48,412	8,543	56,955
Other operating expense	-	20,967	20,967	-	25,090	25,090
<b>Total expenses</b>	<b>\$ 883,388</b>	<b>\$ 209,863</b>	<b>\$ 1,093,251</b>	<b>\$ 935,339</b>	<b>\$ 224,631</b>	<b>\$ 1,159,970</b>

**POOLING  
RESOURCES  
INC**





# **NRP AUDIT OVERVIEW**

Year Ending June 30, 2022

NEVADA RISK POOLING, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2022 and 2021

ASSETS	2022	2021
Current assets:		
Cash and cash equivalents	\$ 803,934	\$ 638,414
Investments	682,939	339,648
Accounts receivable	84,793	31,897
Grant receivable	424,766	103,500
Total current assets	<u>1,996,432</u>	<u>1,113,459</u>
Other assets:		
Prepaid expenses	13,752	11,077
Total other assets	<u>13,752</u>	<u>11,077</u>
<b>Total assets</b>	<b><u><u>2,010,184</u></u></b>	<b><u><u>1,124,536</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	37,170	47,513
Accrued payroll liability	-	4,587
Accrued payroll taxes	-	1,742
Compensated absences	58,527	48,160
Total current liabilities	<u>95,697</u>	<u>102,002</u>
Net assets without donor restrictions	<u>1,914,487</u>	<u>1,022,534</u>
Total net assets	<u>1,914,487</u>	<u>1,022,534</u>
<b>Total liabilities &amp; net assets</b>	<b><u><u>\$ 2,010,184</u></u></b>	<b><u><u>\$ 1,124,536</u></u></b>

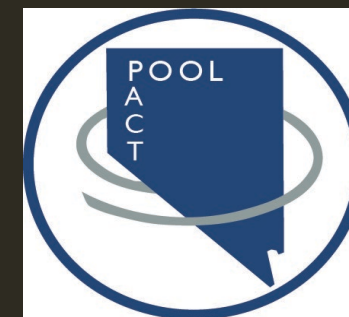
# NEVADA RISK POOLING



NEVADA RISK POOLING, INC.  
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Grant income	\$ 2,148,053	\$ 1,242,000
Management contracts	344,792	334,764
Bookkeeping fees	21,000	24,000
Total revenues	<u>2,513,845</u>	<u>1,600,764</u>
<b>EXPENDITURES</b>		
Salaries and payroll taxes	882,444	659,440
Retirement	108,086	120,762
Health insurance costs	108,061	87,441
Management Services	318,276	309,000
Casualty insurance	6,509	6,690
Rent	53,820	52,764
Technology expenses	48,516	46,601
Other operating expenses	33,835	25,699
Total expenses	<u>1,559,547</u>	<u>1,308,397</u>
<b>Increase in operating net assets - without donor restrictions</b>	954,298	292,367
<b>Increase in non-operating net investment income</b>	(62,345)	35,134
<b>Change in net assets - without donor restrictions</b>	<u>891,953</u>	<u>327,501</u>
Net assets at beginning of year	1,022,534	695,033
<b>Net assets at end of year - without donor restrictions</b>	<u><u>\$ 1,914,487</u></u>	<u><u>\$ 1,022,534</u></u>

# NEVADA RISK POOLING



# NEVADA RISK POOLING

## NEVADA RISK POOLING, INC.

### STATEMENT OF FUNCTIONAL EXPENSES

For the years ended June 30, 2022 and 2021

	2022			2021		
	Program	General	Total	Program	General	Total
Salaries and payroll taxes	\$ 661,833	\$ 220,611	\$ 882,444	\$ 494,580	\$ 164,860	\$ 659,440
Retirement	81,064	27,022	108,086	90,571	30,191	120,762
Health insurance costs	81,046	27,015	108,061	65,581	21,860	87,441
Management Services	-	318,276	318,276	-	309,000	309,000
Casualty insurance	-	6,509	6,509	-	6,690	6,690
Rent	40,365	13,455	53,820	39,573	13,191	52,764
Technology expenses	36,387	12,129	48,516	34,951	11,650	46,601
Other operating expenses	-	33,835	33,835	-	25,699	25,699
<b>Total expenses</b>	<b>\$ 900,695</b>	<b>\$ 658,852</b>	<b>\$ 1,559,547</b>	<b>\$ 725,256</b>	<b>\$ 583,141</b>	<b>\$ 1,308,397</b>





QUESTIONS &  
ANSWERS  
ON PRI AND NRP  
AUDITS

*Thanks for your support!*





**PUBLIC RISK MUTUAL**  
**DECEMBER 31, 2022 AND 2021**

**PUBLIC RISK MUTUAL  
DECEMBER 31, 2022 AND 2021**

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## President's Letter

There were many challenges for Public Risk Mutual (PRM) in 2022 but the results showed the strength of its business plan. Long-term financial stability is our focus. With this foundation, we can deploy the capacity, coverage and stability our members need and absorbing shocks even in periods of profound change. Here are few of the primary financial highlights during the year:

- ❖ PRM is a pure captive mutual insurance company owned by the Nevada Public Agency Insurance Pool (POOL). The total POOL surplus contribution of \$29,477,263 remained unchanged since there were no additional surplus contributions to PRM in 2022.
- ❖ PRM provides reinsurance to the POOL on an excess of loss basis as noted in the tables in Note 7 to the financial statements. This coverage was expanded during the year to meet the program needs.
- ❖ PRM contributed \$475,000 in 2022 to the POOL to support investment in risk management services to the members, such as the cyber security initiatives. Funds from PRM help support the KnowBe4 email cyber security testing, training program giving specialized cyber security advice for issues such as cyber threat response plans and hosting the annual cyber security summit for the membership.
- ❖ Total investments decreased from \$50,244,140 to \$46,427,564 in 2022. This decrease is due primarily to the decreases in the market values of investments held as a result of unrealized losses on the fixed income and equity securities during the year. Our fixed income securities represent 59.3% of our investment portfolio with equity securities having 40.7%. This is within our investment policy guidelines. The actions of the Federal Reserve to significantly raise interest rates resulted in a reduction in the book values. We intend to hold our fixed income investments to maturity.
- ❖ PRM's investment income increased from \$1,514,230 to \$1,583,963 in 2022 due to higher book yields. PRM's investment portfolio includes U.S. government obligations, U.S. state and local bonds, U.S. corporate bonds, fixed income mutual funds, bond mutual funds and equity mutual funds.
- ❖ One of PRM's main goals is to continue increasing investment earnings while providing our members added value to property and liability coverage through cost effective reinsurance. This investment earnings exceed the administrative cost of the PRM program.
- ❖ PRM had an underwriting gain as the premiums of \$1,782,515 exceeded the loss and loss adjustment expense of \$1,403,585 during the year.
- ❖ PRM's total surplus decreased from \$50,082,077 to \$44,330,234 due primarily to the unrealized losses on investments. PRM's business plan strategy of having enough surplus to provide additional coverage for our members when the markets reduce capacity or impose caps on coverage.
- ❖ Our focus is to anticipate, prepare for, and respond to disruptions while safeguarding member assets and maintaining continuous business operations.

Due to increases in current year loss developments and a slight reduction in prior years incurred amounts, the loss and loss adjustment expenses increased from \$704,747 to \$1,403,585. This type of loss activity is a reminder of why PRM exists and the need to have accumulated surplus to paid claims. Our financial strength helps lessen rate increases while still providing enough funds to cover our losses. This is especially true as the "hardening" insurance market continues to impact rates.

I personally want to thank the board of trustees for POOL and the PRM captive board of trustees for their commitment to the dynamic development of the coverages and risk management products that we have been able to provide to the membership. PRM has remained true to its business plan in providing appropriate coverage and rate stabilization for our members.

Sincerely,

*Wayne Carlson*  
PRM President

PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

Public Risk Mutual's (PRM) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in the Company's financial position (its ability to address next and subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the President's letter, financial statements and notes to gain a more complete understanding of the information presented.

**Company Overview**

Public Risk Mutual, a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statutes 694C, is engaged in the business of providing reinsurance for the Nevada Public Agency Insurance Pool (POOL). PRM's formation was approved as a nonprofit mutual association captive on July 26, 2004 by the State of Nevada Division of Insurance and began operations September 1, 2004. Effective July 18, 2013, the Company became a pure captive authorized by the State of Nevada Division of Insurance. Currently, the Company issues a single reinsurance policy to POOL each year and the underlying POOL program in turn issues a certificate of participation to the members with a copy of the POOL coverage form providing coverage details.

**Financial Highlights**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

**Critical Accounting Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

PRM has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for unreported claims- IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. The estimates were made with the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

**Investments**

One significant estimate inherent in the valuation of investments is the evaluation of fair value and other than temporary impairment (OTTI). Fair value requires management judgment on the appropriate classes of assets and liabilities for which disclosures about fair value measurement should be provided. Fair value for investments primarily is a quantitative assessment. For debt and equity securities, class is determined on the basis, nature, and risk of the investments. A full disclosure of PRM's fair value methodology can be found in Note 3 Fair Value of Financial Instruments in the Notes to the Financial Statements.

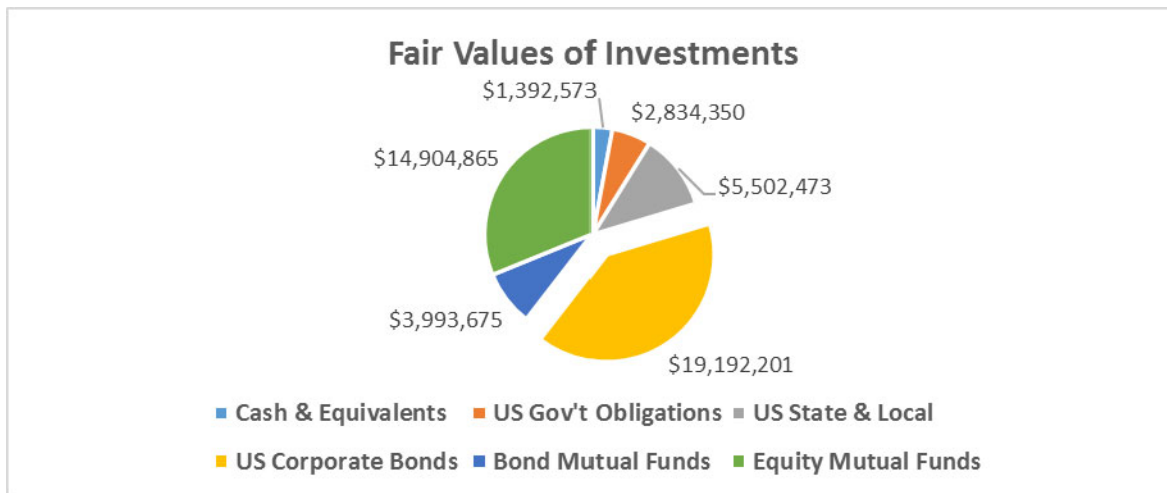
The determination of OTTI is a quantitative and qualitative process, which is subject to judgment in the determination of whether declines in the fair value of investments are other than temporary. The cost basis of fixed maturity investments is adjusted for impairments in value, deemed to be other than temporary, with the associated realized loss reported in net income. Factors considered in evaluating whether a decline in value is other than temporary include: 1) the magnitude of the decline in value; 2) current economic conditions and the financial condition and near-term prospects of the issuer; 3) the amount of time that the fair value has been less than cost; and 4) the estimated period over which the security is expected to recover and whether PRM's cash or working capital requirements and contractual or regulatory requirements may indicate a need to sell the security before its forecasted recovery.

Cash and investments of \$47,820,137 are available to meet liabilities of \$3,711,769. Total liabilities include accounts payable, reserves for loss and loss adjustment expenses and unearned premiums. This is a conservative measure of cash and investments available to pay current obligations. PRM's cash ratio is 12.9, meaning that it has 12.9 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 14.1.

Investments as of December 31, 2022 were \$46,427,564 compared to the 2021 balance of \$50,244,140. Thus, a decrease of \$3,816,576 or 7.6% during the year. The decrease is due primarily to the decrease in the market value of the equity securities and fixed maturity investments held because of the interest rates increased during 2022 resulting in unrealized losses on available for sale during the period. As noted in Note 3, Level 1 quoted price in active market for identical assets were valued at \$18,898,540, the Level 2 significant other observable inputs at \$27,529,024 and no Level 3 assets.

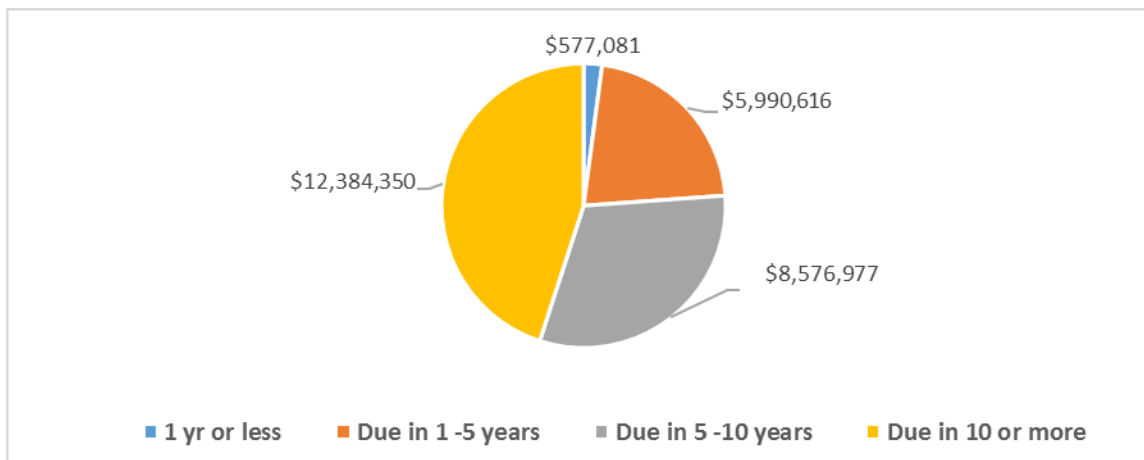
PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

The following is an overview of the fair value investments allocation:



As noted in Note 6- Investments, the contractual maturities of available-for-sale debt securities on December 31, 2022 and 2021 are as follows:

	Estimated Fair Values	
	<u>2022</u>	<u>2021</u>
1 year or less	\$ 577,081	\$ 948,917
Due in 1 – 5 years	5,990,616	6,400,517
Due in 5 - 10 years	8,576,977	9,367,353
Due in 10 years or more	<u>12,384,350</u>	<u>12,923,577</u>
Total Investment in debt securities	<u>\$27,529,024</u>	<u>\$29,640,364</u>



**Investment Income Receivable**

The investment income receivable on December 31, 2022 is \$203,207 compared to \$172,899 in 2021. This is a change of \$30,308 or 17.5%. This is due primarily to the timing of the payment of accrued interest and the slightly higher book yield on the investments.

PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

**Loss Reserves**

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet net future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect PRM's reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PRM retains an independent actuary, to provide a loss reserve opinion and establish a range for PRM's loss reserves. PRM's policy is to book reserves at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income. See Note 7-Reserve for Loss and Loss Adjustment Expense in the Notes to the Financial Statements.

Reserves for loss and loss adjustment expenses increased from \$2,791,851 to \$2,896,240 on December 31, 2022 a increase of \$104,389 or 3.7% during the year. This increase is due to the unfavorable claim development in the current year and decreases in prior year claims loss development.

**Unearned Premiums**

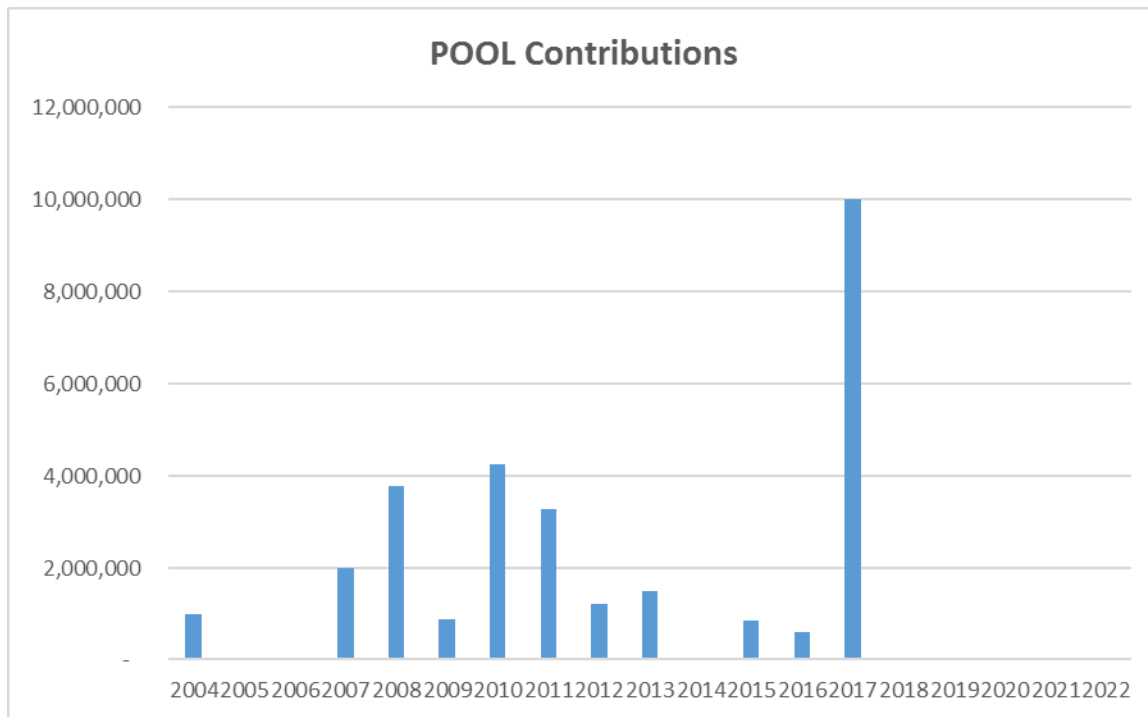
PRM writes only 12-month reinsurance policies effective July 1<sup>st</sup> of the year written, so the entire \$799,320 unearned assessments carried in 2022 will be fully earned in 2023.

**Surplus Contributions**

There were no surplus contributions from POOL in 2022. Surplus contributions from POOL during 2017 were \$10,000,000 as approved by the Board at their meeting held on March 22, 2017. This brings the total surplus contribution into PRM at \$29,477,263. See Note 8 Surplus Contributions for more details.

PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

The following chart indicated the POOL surplus contributions to PRM:



**Surplus**

PRM's total surplus on December 31, 2022 was \$44,330,234 a decrease of (\$5,751,843) from the December 31, 2021 balance of \$50,082,077.

The decrease is the result from the net loss of (\$1,165,868) combined with accumulated other comprehensive income/(loss) of (\$4,585,975) during the year. On December 31, 2022, PRM had paid-in capital (POOL's contributions) of \$29,477,263 and accumulated retained earnings and other comprehensive income of \$14,852,971 to account for the total surplus of \$44,330,234 in 2022.



PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

The following is the comparative Balance Sheet of Public Risk Mutual as of December 31, 2022 and 2021.

**Public Risk Mutual  
Balance Sheet**

	2022	2021	\$ Difference	% Difference
<b>Assets</b>				
Cash and cash equivalents	\$ 1,392,573	\$ 3,465,195	\$ (2,072,622)	-59.8%
Deposit	5,000	5,000	-	0.0%
Fixed maturity securities at fair value	27,529,024	29,640,364	(2,111,340)	-7.1%
Equity securities at fair value	18,898,540	20,603,776	(1,705,236)	-8.3%
Investment income receivable	203,207	172,899	30,308	17.5%
Prepaid administrative expense	13,659	-	13,659	#DIV/0!
<b>Total Assets</b>	<b>\$ 48,042,003</b>	<b>\$ 53,887,234</b>	<b>\$ (5,845,231)</b>	<b>-10.8%</b>
<b>Liabilities and Surplus</b>				
Accrued expenses	\$ 16,209	\$ 30,111	\$ (13,902)	-46.2%
Unearned premium	799,320	983,195	(183,875)	-18.7%
Reserve for loss and loss adjustment expenses	2,896,240	2,791,851	104,389	3.7%
<b>Total liabilities</b>	<b>\$ 3,711,769</b>	<b>\$ 3,805,157</b>	<b>\$ (93,388)</b>	<b>-2.5%</b>
<b>Surplus</b>	<b>47,674,717</b>	<b>48,840,585</b>	<b>(1,165,868)</b>	<b>-2.4%</b>
Accumulated other comprehensive income (loss)	(3,344,483)	1,241,492	(4,585,975)	-369.4%
<b>Total Surplus</b>	<b>44,330,234</b>	<b>50,082,077</b>	<b>(5,751,843)</b>	<b>-11.5%</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 48,042,003</b>	<b>\$ 53,887,234</b>	<b>\$ (5,845,231)</b>	<b>-10.8%</b>

**Net Income from Operations**

PRM reported net loss from operations for the year ended December 2022 of (\$1,165,868) a change of (\$5,591,693) from the prior year gain of \$4,425,825. The decrease is primarily driven by an increase in net realized and unrealized investment losses of (\$2,447,616) compared to prior year unrealized gain of \$2,469,768 due to decreases in fixed maturity securities values due to the action to raise interest rates significantly during the year by the Federal Reserve. Additionally, there was an increase in the loss and loss adjustment expense due to claim development. The loss and loss adjustment expense were \$704,747 in 2021 and \$1,403,585 in 2022. The increase is due to unfavorable claim development during 2022. See further explanation below.

The unrealized (losses) on available for sale securities were (\$4,573,114) compared to (\$1,265,861) in 2021 due to overall decline in the equity markets during the year.

**Earned Premiums**

Earned premiums increased by \$4,582 or 0.3% to \$1,782,515 on December 31, 2022 compared to prior year amount of \$1,777,933. Pricing is determined with the assistance of the independent actuary.

PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

**Investment Income Including Realized and Unrealized Gains**

Net investment income of \$1,583,963 was earned in 2022 compared to \$1,514,230 in 2021. The increase of \$69,733 was the result of increased book yields on the portfolio during this time of rising interest rates. The unrealized (losses) on available for sale securities were (\$4,573,114) compared to (\$1,265,861) in 2021 due to overall decline in the equity markets during the year. See Note 6 Investments for greater details.

**Loss and Loss Adjustment Expenses**

Losses and loss adjustment expenses increased by \$698,838 from \$704,747 to \$1,403,585 in 2022. As a result of changes in estimates of incurred events in current and prior years, the provision for losses changed by \$567,000 and \$(74,210) for the years ended December 31, 2022 and 2021 due to higher or (lower) than anticipated losses on the development of claims. See note 7 for more details.

**Administrative Expenses**

Administrative expenses including membership services expenses were \$206,145 and \$156,359 respectively, for the years ended December 31, 2022 and 2021. PRM provided \$475,000 to POOL to support risk management services to POOL members as approved by the Board, to reduce future claim costs in years 2022 and 2021 respectfully. The increase in management fee was due to changes in the apportionment approved by the Board.

**Other Comprehensive Income**

Other comprehensive income, which consist of unrealized gains (losses) on available for sale securities arising during the period less reclassification adjustment for (gains) losses recognized in net income. In 2022, the unrealized (loss) on available for sale securities during the period was (\$4,573,114) compared to a (loss) of (\$1,265,861) in 2021. The reclassification adjustment for (gains) losses recognized in net income were (\$12,861) compared to (\$80,293) in 2021. This results in total other comprehensive income (loss) of (\$4,585,975) in 2022 and (\$1,346,154) in 2021. This increase in other comprehensive loss is due primarily to the increases in the interest rates in 2022 and a weak equity market during 2022. Additionally, the implementation of ASU 2016-01 required the reclassification of equity securities from available-for-sale to equity securities with unrealized gains and losses reported on the income statement rather than as a component of other comprehensive income (loss). Although investments are classified as available-for-sale, the board policy states, investments are intended to be held for maturity, thus the unrealized gains (losses) are not likely to materialize. The significant unrealized losses will become future net investment income as the payment of the book yield occurs on the portfolio.

PUBLIC RISK MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

The following is the Statement of Income and Comprehensive Income for the years ended December 31, 2022 and 2021.

**Public Risk Mutual**

**Statement of Income and Comprehensive Income**

	2022	2021	\$ Difference	% Difference
<b>INCOME</b>				
Premiums	\$ 1,782,515	\$ 1,777,933	\$ 4,582	0.3%
Net Investment income	1,583,963	1,514,230	69,733	4.6%
Net realized and unrealized gains and (losses)	(2,447,616)	2,469,768	(4,917,384)	-199.1%
Total Income	918,862	5,761,931	(4,843,069)	-84.1%
<b>EXPENSES</b>				
Administrative expenses	206,145	156,359	49,786	31.8%
Membership service expenses	475,000	475,000	-	0.0%
Loss and loss adjustment expenses	1,403,585	704,747	698,838	-99.2%
Total Expenses	2,084,730	1,336,106	748,624	56.0%
Net Income Before Income Taxes	(1,165,868)	4,425,825	(5,591,693)	-126.3%
Provision for Income Taxes	-	-	-	
Net Income	\$ (1,165,868)	\$ 4,425,825	\$ (5,591,693)	-126.3%
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized gains (losses) on available for sale securities arising during the period	\$ (4,573,114)	\$ (1,265,861)	\$ (3,307,253)	261.3%
Less: Reclassified adjustments for (gains) losses recognized in net income	(12,861)	(80,293)	67,432	-84.0%
Other Comprehensive Income (Loss)	(4,585,975)	(1,346,154)	(3,239,821)	240.7%
Comprehensive Income (Loss)	\$ (5,751,843)	\$ 3,079,671	\$ (8,831,514)	-286.8%

**Request for Information**

This financial report is designed to provide a general overview of the financial activities and conditions of Public Risk Mutual to all having an interest in PRM. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Public Risk Mutual, 201 South Roop Street, Suite 102, Carson City, Nevada 89701, or email at [akalt@poolpact.com](mailto:akalt@poolpact.com).

*Casey Neilson, Inc.*  
**Accountants and Advisors**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Public Risk Mutual

**Opinion**

We have audited the accompanying financial statements of Public Risk Mutual (a Nevada non-profit pure captive mutual insurer corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and comprehensive income, changes in surplus and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Risk Mutual as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Risk Mutual and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Risk Mutual's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Risk Mutual's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Risk Mutual's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the expanded disclosures regarding short duration contracts contained in Note 7 to the financial statements be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information Included in the Company's Annual Report***

Management is responsible for the other information included in the annual report. The other information comprises the President's Letter and Management's Discussion and Analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with the Nevada Administrative Code, we have also issued our report dated February 24, 2023, on our consideration of Public Risk Mutual's internal control and compliance over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.



Carson City, Nevada  
February 24, 2023

**PUBLIC RISK MUTUAL  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,392,573	\$ 3,465,195
Investments:		
Fixed maturity securities at fair value	27,529,024	29,640,364
Equity securities at fair value	18,898,540	20,603,776
Investment income receivable	203,207	172,899
Prepaid administrative expense	13,659	-
Deposits	<u>5,000</u>	<u>5,000</u>
 Total Assets	 <u>\$ 48,042,003</u>	 <u>\$ 53,887,234</u>
 <b>LIABILITIES AND SURPLUS</b>		
Accrued expenses	\$ 16,209	\$ 30,111
Unearned premium	799,320	983,195
Reserve for loss and loss adjustment expenses	<u>2,896,240</u>	<u>2,791,851</u>
 Total Liabilities	 <u>3,711,769</u>	 <u>3,805,157</u>
 Surplus	 47,674,717	 48,840,585
Accumulated other comprehensive income (loss)	<u>(3,344,483)</u>	<u>1,241,492</u>
 Total Surplus	 <u>44,330,234</u>	 <u>50,082,077</u>
 Total Liabilities and Surplus	 <u>\$ 48,042,003</u>	 <u>\$ 53,887,234</u>

See accompanying notes.

**PUBLIC RISK MUTUAL**  
**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>INCOME</b>		
Premiums earned	\$ 1,782,515	\$ 1,777,933
Net investment income	1,583,963	1,514,230
Net realized and unrealized gains and (losses) on investments	(2,447,616)	2,469,768
Total Income	918,862	5,761,931
<b>EXPENSES</b>		
Administrative expenses	206,145	156,359
Membership services expense	475,000	475,000
Loss and loss adjustment expenses	1,403,585	704,747
Total Expenses	2,084,730	1,336,106
Net Income (Loss) Before Income Taxes	(1,165,868)	4,425,825
Provision for income taxes	-	-
Net Income (Loss)	(1,165,868)	4,425,825
<b>OTHER COMPREHENSIVE INCOME LOSS</b>		
Unrealized losses on available for sale securities arising during the period	(4,573,114)	(1,265,861)
Less: Reclassification adjustment for gains recognized in net income	(12,861)	(80,293)
Total Other Comprehensive Loss	(4,585,975)	(1,346,154)
Total Comprehensive Income (Loss)	\$ (5,751,843)	\$ 3,079,671

See accompanying notes.

**PUBLIC RISK MUTUAL  
STATEMENTS OF CHANGES IN SURPLUS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2020	\$ 44,414,760	\$ 2,587,646	\$ 47,002,406
Net income	4,425,825	-	4,425,825
Unrealized holding losses arising during the period	-	(1,265,861)	(1,265,861)
Add: Reclassification adjustment for gains included in net income	-	(80,293)	(80,293)
Balance, December 31, 2021	<u>\$ 48,840,585</u>	<u>\$ 1,241,492</u>	<u>\$ 50,082,077</u>
Net loss	(1,165,868)	-	(1,165,868)
Unrealized holding losses arising during the period	-	(4,573,114)	(4,573,114)
Add: Reclassification adjustment for gains included in net income	-	(12,861)	(12,861)
Balance, December 31, 2022	<u><u>\$ 47,674,717</u></u>	<u><u>\$ (3,344,483)</u></u>	<u><u>\$ 44,330,234</u></u>

See accompanying notes.



**PUBLIC RISK MUTUAL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (1,165,868)	\$ 4,425,825
Adjustments to reconcile net income to net cash provided by operating activities:		
Unrealized (gains) losses on equity securities	2,460,477	(2,389,477)
Realized gains on sales of fixed maturity securities	(12,861)	(80,293)
Amortization of premium or discount	42,611	84,692
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(30,308)	226
Prepaid administrative expense	(13,659)	-
Increase (decrease) in:		
Accrued expenses	(13,902)	12,215
Unearned premium	(183,875)	188,457
Reserve for loss and loss adjustment expenses	104,389	294,609
Net Cash Provided by Operating Activities	1,187,004	2,536,254
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of securities	2,259,202	3,651,848
Purchase of investments	(5,518,828)	(3,499,740)
Net Cash Provided (Used) by Investing Activities	(3,259,626)	152,108
Increase (Decrease) in Cash and Cash Equivalents	(2,072,622)	2,688,362
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>3,465,195</b>	<b>776,833</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 1,392,573</b>	<b>\$ 3,465,195</b>

See accompanying notes.

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Operations:**

Public Risk Mutual (the “Company”), initially a Nevada nonprofit captive association mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Nevada Public Agency Insurance Pool (POOL). Effective July 18, 2013, the Company became a pure captive authorized by the State of Nevada Division of Insurance. POOL is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the State of Nevada, and organized to operate as a group self-insurer. The Company’s formation was approved on July 26, 2004 by the State of Nevada Division of Insurance and began operations September 1, 2004.

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Presentation:**

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the State of Nevada Division of Insurance. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company, do not vary materially from generally accepted accounting principles.

**Cash Equivalents:**

For the purpose of presentation in the Company’s financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

**Method of Accounting:**

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

**Fixed Maturity Securities Available for Sale:**

Investments not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. Realized gains and losses are calculated using the specific identification method. The fair value of securities is determined by quoted market prices and observable information for similar items in active or inactive markets.

**PUBLIC RISK MUTUAL  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Equity Securities:**

Equity securities are reported at fair value, and changes in fair value are included in net realized and unrealized (losses) gains on investments on the Company's statements of income and comprehensive income.

**Investments and Investment Income:**

Captive insurance companies are governed by NRS 694C.340 regarding allowable investments, however, as a pure captive, the Company is not subject to any restrictions on allowable investments. The Board has, by policy, implemented investment guidelines to which the Company adheres such that investments are in accordance with NRS 682A.

**Reserve for Loss and Loss Adjustment Expenses:**

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of, or less than, the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

**Premiums:**

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

**Reinsurance:**

In the normal course of business, the Company may seek to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by purchasing reinsurance at certain levels of risk in various areas of exposure with other insurance enterprises.

**Income Tax Status:**

Under Internal Revenue Code Section 115, and pursuant to regulations and rulings issued by the Internal Revenue Service, organizations formed, operated and funded by political subdivisions formed to pool casualty and other risks arising from their obligations concerning public liability, may exclude income derived from such activities from taxable income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements, and no federal tax returns have been filed. As no tax returns have been filed, there is no statute of limitations to toll, and all years remain open to potential adjustment.

**Credit Risk:**

Credit risk is the risk that the issuer of a security will default on principal and interest in the security. The investment guidelines, do not limit investments based upon the rating of a security, but it is policy to limit those securities with potential default risk such that the Company's annual investment income would exceed a loss on a single issuer's securities.

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Concentration of Credit Risk:**

The Company limits investments in any single mutual fund, exchange traded fund or similar vehicle to no more than 10% of assets, except for diversified money market funds approved by the NAIC (National Association of Insurance Commissioners).

**Interest Rate Risk:**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company minimizes this risk through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

**Prior Year Reclassifications:**

The prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

**NOTE 2 – NEW ACCOUNTING STANDARDS:**

**Recently Issued Accounting Standards:**

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326). This update replaces the incurred loss impairment methodology for recognizing credit losses on financial instruments with a methodology that reflects an entity's current estimate of all expected credit losses. This update requires financial assets measured at amortized cost to be presented net of an allowance for credit losses. Additionally, this update requires credit losses on available-for-sale fixed maturity securities to be presented as an allowance rather than as a write-down, allowing an entity to also record reversals of credit losses in current period net income. This update is effective for fiscal years beginning after December 15, 2022. The Company is evaluating the impact that implementation of this new standard will have on its financial condition and results of operations.

**NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS:**

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset, or paid to transfer a liability (an exit price), in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into four broad levels based on the nature of inputs as follows:

Level 1: Fair value is based on quoted prices in active markets for identical assets.

Level 2: Fair value is based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or prices derived from valuation models that consider various observable market inputs. Prices obtained from independent pricing services are generally considered Level 2.

Level 3: Unobservable inputs reflecting assumptions that market participants would use, including assumptions about risk. Generally, prices obtained from a broker are considered Level 3.

Level NAV (net asset value): Certain securities, as described in the NAIC SSAP No. 100R (Fair Value Measurement), may be classified as NAV which can be utilized as an expedient to fair value.

**PUBLIC RISK MUTUAL  
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**NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):**

Fair values for the Company's securities are based on prices provided by its custodian bank and investment management company, New England Asset Management (NEAM).

For NEAM managed assets, fair value measurement for fixed income and equity securities are based on values from independent pricing service vendors that have been evaluated and approved by their internal pricing policy committee. Cash Equivalents and Short Term securities are valued at amortized cost.

NEAM relies predominately on independent pricing service vendors such as Refinitiv (formerly Reuters), ICE Data Services, Bloomberg, IHS Markit, S&P Capital IQ and PricingDirect. Under certain circumstances, if a vendor price is not available, a price may be obtained from a broker.

Generally, pricing service vendors use a pricing methodology involving the market approach, including pricing models, which use prices and relevant market information regarding a particular security or securities with similar characteristics to establish a valuation. Documentation from each pricing vendor is reviewed and monitored periodically to ensure they are consistent with NEAM's pricing policy procedures.

For statutory accounting, certain investments are carried at fair value, while others may periodically be carried at fair value based on certain factors such as the NAIC's lower of amortized cost or market rule or an impairment. Assets recorded at fair value are categorized based on an evaluation of the various inputs used to measure the fair value. Supporting documentation received from pricing vendors detailing the inputs, models and processes used in the vendor's evaluation process is used by NEAM to determine the appropriate fair value hierarchy. Market Information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

Publicly traded common equities, publicly traded exchange-traded funds (ETF) and publicly traded closed-end mutual funds are valued by one of NEAM's pricing vendors as described above and classified as Level 1. These funds generally have active secondary markets for their listed shares, which serve as the basis for their valuation.

Open-end mutual funds are classified as Level NAV which represents the exit value of the security as of the measurement date. These funds trade at their end of day NAV and are validated with observable activity resulting from the daily purchases and sales activity at NAV.

Money market mutual funds are valued and classified as Level NAV as a practical expedient to fair value.

The Company's Level 1 securities consist of equity securities whose values are based on quoted prices in active markets for identical assets. The Company's level 2 securities are comprised of available-for-sale fixed maturity securities whose fair value was determined using observable market inputs. Investments valued using these inputs include U.S. Treasury securities, obligations of states and political subdivisions, corporate and other securities, commercial and residential mortgage-backed securities, and other asset-backed securities.

**PUBLIC RISK MUTUAL**  
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**NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):**

The following table presents the Company's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2022 and 2021:

Description	December 31, 2022	Fair Value measurement at reporting date using		
		Level 1	Level 2	Level 3
Fixed maturity securities				
U.S. government obligations	\$ 2,834,350	\$ -	\$ 2,834,350	\$ -
U.S states and local authorities	5,502,473	-	5,502,473	-
Bonds	19,192,201	-	19,192,201	-
Total fixed maturity securities	<u>27,529,024</u>	<u>-</u>	<u>27,529,024</u>	<u>-</u>
Equity securities at fair value				
Bond mutual funds	3,993,675	3,993,675	-	-
Equity mutual funds	14,904,865	14,904,865	-	-
Total equity securities at fair value	<u>18,898,540</u>	<u>18,898,540</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 46,427,564</u>	<u>\$ 18,898,540</u>	<u>\$ 27,529,024</u>	<u>\$ -</u>

Description	December 31, 2021	Fair Value measurement at reporting date using		
		Level 1	Level 2	Level 3
Fixed maturity securities				
U.S. government obligations	3,167,548	-	3,167,548	-
U.S states and local authorities	5,441,954	-	5,441,954	-
Bonds	21,030,862	-	21,030,862	-
Total fixed maturity securities	<u>29,640,364</u>	<u>-</u>	<u>29,640,364</u>	<u>-</u>
Equity securities at fair value				
Bond mutual funds	4,317,627	4,317,627	-	-
Equity mutual funds	16,286,149	16,286,149	-	-
Total equity securities at fair value	<u>20,603,776</u>	<u>20,603,776</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 50,244,140</u>	<u>\$ 20,603,776</u>	<u>\$ 29,640,364</u>	<u>\$ -</u>

There were no transfers between fair value levels during the year ended December 31, 2022 and 2021.

**NOTE 4 - CONCENTRATIONS:**

As detailed in Note 1, the Company provides excess insurance coverage to POOL; additionally, POOL provided the surplus contribution to the Company, and is the sole insured.

The Company maintains its cash balances in various institutions. The balances are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts.

**PUBLIC RISK MUTUAL**  
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**NOTE 4 – CONCENTRATIONS (continued):**

Additionally, as of December 31, 2022 and 2021, the Company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition, the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**NOTE 5 - REINSURANCE ACTIVITY:**

Until June 30, 2010, the Company ceded insurance to another company; however, effective July 1, 2010, POOL no longer passes the property premiums through the Company, and is directly reinsured by an outside reinsurer. This reinsurance contract does not relieve the Company from its obligations to policyholders. Failure of the reinsurer to honor its obligations could result in losses to the Company; the Company does not believe that there is a substantial risk of the reinsurer not honoring its obligations. All claims that were incurred during the period of reinsurance coverage are now closed, and there are no outstanding liabilities or receivables attributable to the reinsurance policies.

**NOTE 6 - INVESTMENTS:**

Available-for-sale securities at December 31, 2022 and 2021 consist of various investments as indicated below:

Description	December 31, 2022			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
Fixed maturity securities				
U.S. government obligations	\$ 3,196,534	\$ 2,834,350	\$ -	\$ (362,184)
U.S states and local authorities	6,400,033	5,502,473	-	(897,560)
Bonds	21,276,941	19,192,201	-	(2,084,740)
Total fixed maturity securities	<u>30,873,508</u>	<u>27,529,024</u>	<u>-</u>	<u>(3,344,484)</u>
Total available-for-sale securities	<u>\$ 30,873,508</u>	<u>\$ 27,529,024</u>	<u>\$ -</u>	<u>\$ (3,344,484)</u>
	December 31, 2021			
	Cost	Estimated Fair Value	Gross Unrealized	
			Gains	Losses
Fixed maturity securities				
U.S. government obligations	\$ 3,141,654	\$ 3,167,548	\$ 49,188	\$ (23,294)
U.S states and local authorities	5,260,153	5,441,954	200,389	(18,588)
Bonds	19,997,065	21,030,862	1,069,961	(36,164)
Total fixed maturity securities	<u>28,398,872</u>	<u>29,640,364</u>	<u>1,319,538</u>	<u>(78,046)</u>
Total available-for-sale securities	<u>\$ 28,398,872</u>	<u>\$ 29,640,364</u>	<u>\$ 1,319,538</u>	<u>\$ (78,046)</u>

Proceeds from the sale of investment securities available for sale were \$2,259,202 in 2022 and \$3,651,848 in 2021.

**PUBLIC RISK MUTUAL**  
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**NOTE 6 – INVESTMENTS (continued):**

During 2022 and 2021, net realized gains (losses) on investments and the change in unrealized gains (losses) on the Company's investments recorded at fair value are determined on a specific-identification basis and were as follows:

	December 31, 2022				
	Gross Realized Gains	Gross Realized Losses	Changes in Net Unrealized Gains (Losses)	Change in FV Reflected in Earnings	Change in FV Reflected in AOCI, before tax
Fixed maturity securities	\$ 12,879	\$ (18)	\$ (4,585,975)	\$ 12,861	\$ (4,573,114)
Equity securities	-	-	(2,460,477)	(2,460,477)	-
	<u>\$ 12,879</u>	<u>\$ (18)</u>	<u>\$ (7,046,452)</u>	<u>\$ (2,447,616)</u>	<u>\$ (4,573,114)</u>
	December 31, 2021				
	Gross Realized Gains	Gross Realized Losses	Changes in Net Unrealized Gains (Losses)	Change in FV Reflected in Earnings	Change in FV Reflected in AOCI, before tax
Fixed maturity securities	\$ 80,293	\$ -	\$ (1,346,154)	\$ 80,293	\$ (1,265,861)
Equity securities	-	-	2,389,475	2,389,475	-
	<u>\$ 80,293</u>	<u>\$ -</u>	<u>\$ 1,043,321</u>	<u>\$ 2,469,768</u>	<u>\$ (1,265,861)</u>

Management evaluates available-for-sale securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the entity to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

The adoption of ASU 2016-01 removed the impairment assessment for equity securities at fair value; changes in fair value are included in net realized and unrealized gains and losses on investments in the Company's Statements of Income and Comprehensive Income. Prior to adoption of this standard, the Company did not recognize any other-than-temporary impairments on equity securities as management has the intent and ability to hold the securities for the foreseeable future.

All investments have been valued based on quoted prices in active markets for identical assets and liabilities.



**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 – INVESTMENTS (continued):**

Contractual maturities of available-for-sale debt securities at December 31, 2022 and 2021 are as follows:

	Estimated Fair Values	
	2022	2021
1 year or less	\$ 577,081	\$ 948,917
Due in 1 - 5 years	5,990,616	6,400,517
Due in 5 - 10 years	8,576,977	9,367,353
Due in 10 years or more	12,384,350	12,923,577
Total investment in fixed maturity securities	\$ 27,529,024	\$ 29,640,364

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES:**

The Company provides property reinsurance to POOL on an excess of loss basis per the following table:

Fiscal Year	Retention 1	Retention 2
	Insurance layer	Insurance layer
	\$ 50,000 excess of	
7/1/2005 - 7/1/2007	\$150,000	
	\$ 50,000 excess of	
7/1/2007 - 7/1/2014	\$200,000	
	\$300,000 excess of	
7/1/2014 - 7/1/2019	\$200,000	
	\$300,000 excess of	3% of \$100,000,000 excess
7/1/2019 - 7/1/2022	\$200,000	\$50,000,000
	\$300,000 excess of	
7/1/2022 - 7/1/2023	\$200,000	

Also, from inception of the captive until June 30, 2010, Lloyds of London reinsured the Company for property losses exceeding \$50,000 net loss per incident, but that reinsurance is now directly contracted by POOL, not the Company.

**PUBLIC RISK MUTUAL  
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**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The Company's coverage to Nevada Public Agency Insurance Pool's liability program is as follows:

Fiscal Year	Retention 1		Retention 2				
	Insurance layer	Quota share	Insurance layer - excluding school district	Quota share	Insurance layer - all members	Quota share	Insurance layer - school district
7/1/2005 - 7/1/2007	\$250,000 excess of \$2,000,000						
7/1/2007 - 7/1/2011	\$250,000 excess of \$2,000,000	20%	\$1,500,000 excess of \$500,000				
7/1/2011 - 7/1/2014		20%	\$2,500,000 excess of \$500,000				
7/1/2014 - 7/1/2016		20%	\$2,500,000 excess of \$500,000	15%	\$7,000,000 excess of \$3,000,000		
7/1/2016 - 7/1/2017		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		
7/1/2017 - 7/1/2018		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000	25%	\$2,500,000 excess of \$500,000
7/1/2018 - 7/1/2019		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000	25%	\$2,500,000 excess of \$500,000
7/1/2019 - 7/1/2020		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		
7/1/2020 - 7/1/2021		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		
7/1/2021 - 7/1/2022		30%	\$2,500,000 excess of \$500,000	25%	\$7,000,000 excess of \$3,000,000		\$500,000 excess of \$500,000 + \$2,500,000 excess of \$12,500,000
7/1/2022 - 7/1/2023		30%	\$2,500,000 excess of \$500,000				

The Company's coverage to Nevada Public Agency Insurance Pool's Cyber Event program is as follows:

Fiscal Year	Retention 1		Retention 2		Retention 3	
	Insurance layer	Quota share	Insurance layer - excluding school district	Quota share	Insurance layer - school district	
7/1/2019 - 7/1/2020			\$1,000,000 excess of \$2,000,000		\$250,000 excess of \$250,000	
7/1/2020 - 7/1/2021			\$1,000,000 excess of \$2,000,000		\$250,000 excess of \$250,000	
7/1/2021 - 7/1/2022			\$1,000,000 excess of \$2,000,000		\$250,000 excess of \$250,000	
7/1/2022 - 7/1/2023			\$1,000,000 excess of \$2,000,000		\$250,000 excess of \$250,000	Aggregate Cyber Limit of \$5,000,000

Loss reserve estimates are inherently uncertain because the ultimate amount the Company will pay for many of the claims it has incurred as of the balance sheet date will not be known for many years. The estimate of loss reserves is intended to equal the difference between the expected ultimate losses of all claims that have occurred as of a balance sheet date and amounts already paid. The Company establishes loss reserves based on its own analysis of emerging claims and review of the results of actuarial projections. The Company's aggregate carried reserve for unpaid losses is the sum of its reserves for each accident year and represents its best estimate of outstanding loss reserves.

The amount by which estimated losses in the aggregate differ from those previously estimated for a specific time period is known as reserve "development." Reserve development is unfavorable when losses ultimately settle for more than the amount reserved or subsequent estimates indicate a basis for reserve increases on open claims, causing the previously estimated loss reserves to be "deficient." Reserve development is favorable when estimates of ultimate losses indicate a decrease in established reserves, causing the previously estimated loss reserves to be "redundant." Development is reflected in the Company's operating results through an adjustment to incurred losses during the period in which it is recognized.

**PUBLIC RISK MUTUAL  
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**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The three main components of reserves for unpaid losses are case reserves, incurred but not reported (IBNR) loss reserves and reserves for loss adjustment expenses (LAE).

When claims are reported, the Company establishes individual estimates of the ultimate cost of each claim (case reserves). These case reserves are continually monitored and revised in response to new information and for amounts paid. IBNR is an actuarial estimate of future payments on claims that have occurred but have not yet been reported. The Company also estimates and makes a provision for the extent to which the case reserves on known claims may develop. IBNR reserves apply to the entire body of claims arising from a specific time period, rather than a specific claim. Most of the Company's IBNR reserves relate to estimated future claim payments on recorded open claims.

For the year ended December 31, 2022, estimated unpaid losses have been determined to range from a recommended low of \$2,855,000 to a recommended high of \$3,955,000 with a conservative estimate of \$4,999,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,899,000. For the year ended December 31, 2021, estimated unpaid losses have been determined to range from a recommended low of \$2,404,000 to a recommended high of \$3,515,000 with a conservative estimate of \$4,592,000 based on actuarial estimates; further the actuary has projected expected losses at \$1,492,000.

Management has estimated reserves to be \$2,896,240 and \$2,791,851 at December 31, 2022 and 2021, respectively. This estimate is based on funding the Company at the 75% confidence level as recommended by the actuary and adjusting for claims that are deemed paid during the actuarial analysis but in reality, have not yet been paid by the Company. Management has elected not to discount the reserves for anticipated investment income.

Activity in the reserve for loss and loss adjustment expenses account is summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 2,791,851	2,497,242
Less reinsurance recoverables	-	-
Net Balance at January 1	<u>2,791,851</u>	<u>2,497,242</u>
Incurred related to:		
Current year	848,000	779,000
Prior years	<u>567,000</u>	<u>(74,210)</u>
Total incurred	<u>1,415,000</u>	<u>704,790</u>
Net paid	<u>1,310,611</u>	<u>410,181</u>
Plus reinsurance recoverables	-	-
Balance at December 31	<u>\$ 2,896,240</u>	<u>\$ 2,791,851</u>

As a result of changes in estimates of incurred events in prior years, the provision for losses changed by \$567,000 and \$(74,210) for the years ended December 31, 2022 and 2021 due to higher (lower) than anticipated losses on the development of claims.

The Company's reserve estimates are based on loss experience and exposure data and have assumed future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past.

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**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The Company compiles and aggregates its claims data by grouping the claims according to the year in which the claim occurred (“accident year”) when analyzing claim payment and emergence patterns and trends over time. It has been assumed that costs associated with liability claims and claim size are increasing by 2.0% annually. It has been assumed that costs associated with property claims and claim size are increasing by 3.0% annually. For the purposes of defining claims frequency, the number of reported claims includes any claim that has case reserves and/or loss and LAE payments associated with them. The Company has assumed that the average frequency of claims stays constant.

The Company analyzed the usefulness of disaggregation of its results and determined the characteristics associated with the policies and the related unpaid loss reserves, incurred losses, and payment patterns are similar in nature.

The following tables show the Company’s historical incurred and cumulative paid losses and LAE development, net of reinsurance, (liability and property combined) as well as IBNR loss reserves and the number of reported claims on an aggregated basis as of December 31, 2022 for each of the previous 10 accident years:

<b>Direct Incurred Losses and LAE including IBNR</b>												<b>Cumulative number of reported claims</b>
<b>Years Ended December 31,</b>												
<b>Accident Year</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015 (1)</b>	<b>2016 (1)</b>	<b>2017 (1)</b>	<b>2018 (1)</b>	<b>2019 (1)</b>	<b>2020 (1)</b>	<b>2021 (1)</b>	<b>2022</b>	<b>IBNR</b>	
(in thousands, except claims counts)												
2013	\$ 270.5	\$ 193.4	\$ 73.8	\$ 54.6	\$ 54.8	\$ 51.5	\$ 64.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ -	1
2014		285.0	291.5	558.7	355.6	531.3	565.5	622.2	496.2	496.2	-	2
2015			804.0	435.5	402.7	394.3	407.6	426.4	406.7	406.7	-	5
2016				582.8	1,398.2	1,426.3	1,766.9	1,219.9	1,189.8	1,177.4	-	6
2017					818.7	1,307.9	1,957.8	1,770.6	1,706.9	1,709.3	32.2	6
2018						1,207.6	690.9	597.7	264.2	231.9	52.1	1
2019							1,957.2	1,386.0	1,404.4	1,256.2	173.2	2
2020								818.7	1,319.5	957.9	496.6	2
2021									758.9	1,138.4	603.0	4
2022										1,576.0	676.8	7
<b>Total</b>										<b>\$ 9,000.0</b>		

<b>Cumulative Direct Paid Losses and LAE</b>										
<b>Years Ended December 31,</b>										
<b>Accident Year</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015 (1)</b>	<b>2016 (1)</b>	<b>2017 (1)</b>	<b>2018 (1)</b>	<b>2019 (1)</b>	<b>2020 (1)</b>	<b>2021 (1)</b>	<b>2022</b>
(in thousands)										
2013	\$ -	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0
2014		-	73.7	73.7	417.9	417.9	496.2	496.2	496.2	496.2
2015			-	50.0	245.2	245.2	245.2	320.1	406.8	406.7
2016				50.0	200.0	1,177.3	1,177.3	1,177.3	1,177.3	1,177.5
2017						600.0	1,317.4	1,658.9	1,677.1	1,677.1
2018							179.8	179.8	179.8	179.8
2019							-	512.0	817.3	817.3
2020								-	-	268.1
2021									-	300.0
2022										731.1
<b>Total</b>										<b>\$ 6,103.8</b>

All outstanding liabilities for unpaid losses and LAE prior to 2013, net of reinsurance

Total outstanding liabilities for unpaid losses and LAE, direct basis

-

**\$ 2,896.2**

Data presented for these calendar years is considered to be supplementary information, which is unaudited.

**PUBLIC RISK MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 7 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The following table presents the average percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2022 and is presented as required supplementary information, which is unaudited:

<b>Average Annual Percentage Payout of Incurred Claims by Age Including IBNR</b>									
<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
5.1%	35.5%	28.2%	12.8%	0.2%	6.8%	1.8%	0.0%	0.0%	0.0%

The following table represents a reconciliation of claims development to the aggregate carrying amount of the liability for unpaid losses and LAE:

Liabilities for unpaid losses and LAE, net of reinsurance	\$ 2,896,240
Reinsurance recoverable on unpaid losses	-
Unallocated LAE	-
Total liability for unpaid losses and LAE	<u>\$ 2,896,240</u>

**NOTE 8 - SURPLUS CONTRIBUTION:**

The following is a summary of the surplus contributed to the Company from POOL pursuant to authorization by the Executive Committee of POOL:

<b>Years</b>	<b>POOL Surplus Contribution</b>
2004	\$ 1,000,000
2005	-
2006	-
2007	2,000,000
2008	3,800,000
2009	908,416
2010	4,265,924
2011	3,276,619
2012	1,237,581
2013	1,500,000
2014	-
2015	876,123
2016	612,600
2017	10,000,000
2018	-
2019	-
2020	-
2021	-
2022	-
<b>Total</b>	<u>\$ 29,477,263</u>

NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2022 and 2021.

**PUBLIC RISK MUTUAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 9 - RELATED PARTIES:**

All premiums and surplus contributions are made by POOL and all claims activity is attributable to the quota share reinsurance agreement with POOL.

Public Risk Mutual has entered into a management services agreement with Nevada Risk Pooling, Inc. to provide captive management for the day to day operations of PRM for a five year period from July 1, 2019 to June 30, 2024. The cost of the initial base year is \$75,000 with annual increases of 3% each succeeding year. Effective July 1, 2021, the Board approved a change in the contract to reduce this fee to \$159,135 for period from July 1, 2021 to June 30, 2022, but still keep the annual increase at 3% for each succeeding year until period ended June 30, 2024.

**NOTE 10 - CONTINGENCIES AND RISK MANAGEMENT:**

On March 11, 2020, the World Health Organization (WHO) declared the novel Coronavirus (COVID-19) outbreak a global pandemic, constituting a “public health emergency of international concern”. The Company is responding to the recent COVID-19 outbreak with a measured, practical response. As of the date of this report, Public Risk Mutual is able to perform all necessary business functions however, the extent of future financial impact and duration cannot be reasonably estimated at this time.

**NOTE 11 - SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through February 24, 2023, which is the date the financial statements were available to be issued.

*Casey Neilon, Inc.*  
**Accountants and Advisors**

**REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors  
Public Risk Mutual

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Public Risk Mutual, which comprise the balance sheet as of December 31, 2022, and the related statements of income and comprehensive income, changes in surplus, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2023.

In planning and performing our audit of the GAAP basis financial statements of Public Risk Mutual as of and for the years ended December 31, 2022 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Risk Mutual's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In connection with our audit, nothing came to our attention that caused us to believe that Public Risk Mutual failed to comply with the terms, covenants, provisions, or conditions of their bylaws, articles of incorporation, or business plan, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Company's noncompliance with the above-referenced terms, insofar as they relate to accounting matters.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction Public Risk Mutual is subject and is not intended to be and should not be used by anyone other than these specified parties.



Carson City, Nevada  
February 24, 2023

**PUBLIC COMPENSATION MUTUAL**

**DECEMBER 31, 2022 AND 2021**



**PUBLIC COMPENSATION MUTUAL  
DECEMBER 31, 2022 AND 2021**

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## President's Letter

Public Compensation Mutual (PCM) completed 2022 year in accordance with the provisions noted in its business plan. Here are a few of the primary financial highlights:

- ❖ PCM is a pure captive mutual insurance company owned by Public Agency Compensation Trust (PACT). There was a \$4,500,000 transfer of capital back to PACT during the year. As such PACT's surplus contribution total of \$49,200,939 to PCM has resulted in Total Surplus of \$71,446,256 at December 31, 2022.
- ❖ PCM continued to provide \$700,000 excess of PACT's \$300,000 retention and 25% quota share of \$2,000,000 excess of the first \$1,000,000 for worker's compensation coverage. In addition, PCM provides aggregate excess coverage for all ceding entity losses in the amount of \$1,500,000 part of \$3,000,000 annually, to attach (a) once any other annual aggregate excess/reinsurance coverage obtained by the ceding entity has been exhausted or, (b) at an annual retention of \$10,000,000 in the aggregate, whichever is greater. This coverage helps PACT absorb major claims expenses while maintaining financial stability.
- ❖ With the assistance of New England Asset Management (Fixed Income Manager) and Strategic Asset Alliance (Investment Advisor), investment earnings were \$2,897,774 compared to \$2,820,658 in 2021. The investment balance on December 31, 2022 was \$84,321,669 compared to \$95,850,827 in 2021. This investment income is key to the risk management services and claim coverage for the PACT and PCM. PCM faced unrealized losses on investments due to the rising interest rate environment as a result of the monetary policy of the Federal Reserve Board and a negative return in the stock market during 2022. It has been a difficult year for the investment markets in 2022.
- ❖ PCM's reserves for loss and loss adjustment expenses increased to \$13,709,855 in 2022 from \$9,398,850 in 2021. These reserves are based on a 75% confidence level. The actual losses and loss adjustment expenses were \$4,397,000 in 2022 compared to \$3,088,001 in 2021. The increase was primarily due to unfavorable development of current and prior year losses. PCM incurred losses related to prior years, as determined by the independent actuary, were \$3,112,976 more than the prior year and current years losses increased by \$1,284,024. PCM is seeing more severe claims during the past couple of years. This type of volatility is expected when dealing with workers compensation claims.
- ❖ PCM's total surplus as of December 31, 2021 was \$88,508,108 compared to \$71,446,256 as of December 31, 2022. This decrease of (\$17,061,852) includes a net loss of (\$4,093,238) and other comprehensive loss of (\$8,468,614) and a transfer of \$4,500,000 capital to PACT.

One of PCM's goals is to continue to increase investment earnings while providing PACT added value to workers compensation coverage. This has been instrumental when PCM is seeking reinsurance and excess quotes from its reinsurance partners. Building financial strength and security is a long-held value of PACT and PCM. Under the Board's direction and leadership, we continue to work toward achieving those goals.

I personally want to thank the board of trustees for PACT and the PCM Captive board of trustees for their commitment to the dynamic development of the coverages and risk management products that we support. PCM has remained true to its business plan in providing appropriate coverage for its members.

Sincerely,

*Wayne E. Carlson, Executive Director*

PUBLIC COMPENSATION MUTUAL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022 AND 2021

Public Compensation Mutual's (PCM) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in the Company's financial position (its ability to address next and subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the President's letter, financial statements and notes to gain a more complete understanding of the information presented.

**Company Overview**

Public Compensation Mutual, a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for Public Agency Compensation Trust (PACT). Effective July 18, 2013, the Company converted from an association captive to a pure captive authorized by the State of Nevada Division of Insurance. Currently, the Company issues a single reinsurance policy to PACT each year and the underlying PACT program in turn issues a certificate of participation with a copy of the PACT Coverage Form to each member.

**Financial Highlights**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the highest level of assurance that can be attained.

**Critical Accounting Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

PCM has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims - IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. PCM uses the assistance of an independent actuarial firm in relation to the IBNR and overall loss reserve adequacy.

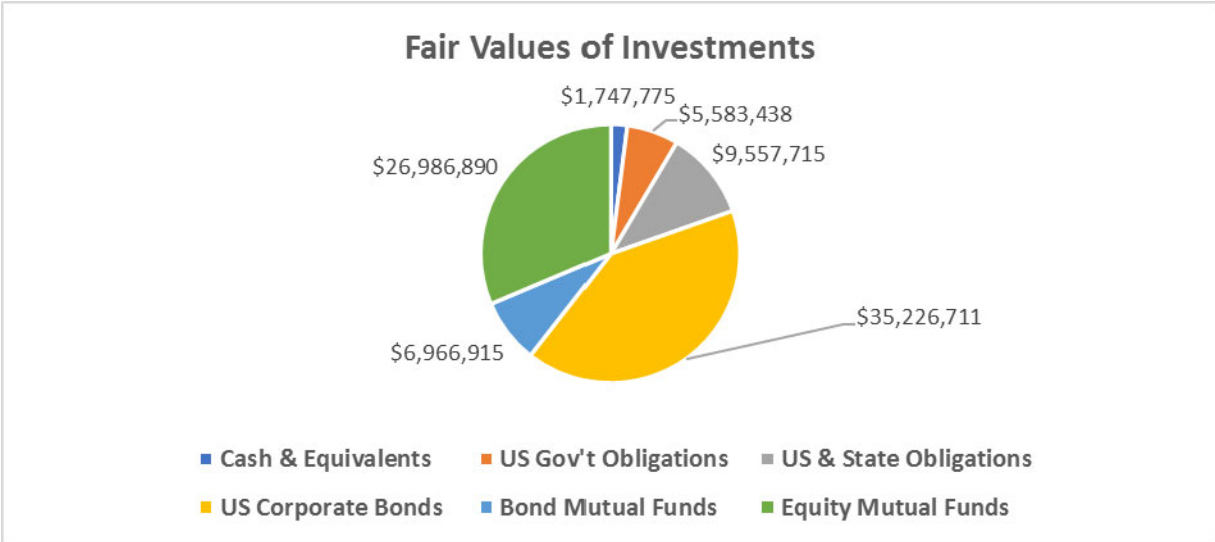
## **Investments**

One significant estimate inherent in the valuation of investments is the evaluation of fair value and other than temporary impairment (OTTI). Fair value requires management judgement on the appropriate classes of assets and liabilities for which disclosures about fair value measurement should be provided. Fair value for investments is primarily a quantitative assessment. For debt and equity securities, class is determined on the basis, nature, and risk of the investments. A full disclosure of PCM's fair value methodology can be found in Note 3 Fair Value of Financial Instruments in the Notes to the Audited Financial Statements.

The determination of OTTI is a quantitative and qualitative process, which is subject to judgment in the determination of whether declines in the fair value of investments are other than temporary. The cost basis of fixed maturity investments is adjusted for impairments in value, deemed to be other than temporary, with the associated realized loss reported in net income. Factors considered in evaluating whether a decline in value is other than temporary include: 1) the magnitude of the decline in value; 2) current economic conditions and the financial condition and near-term prospects of the issuer; 3) the amount of time that the fair value has been less than cost; and 4) the estimated period over which the security is expected to recover and whether PCM's cash or working capital requirements and contractual or regulatory requirements may indicate a need to sell the security before its forecasted recovery.

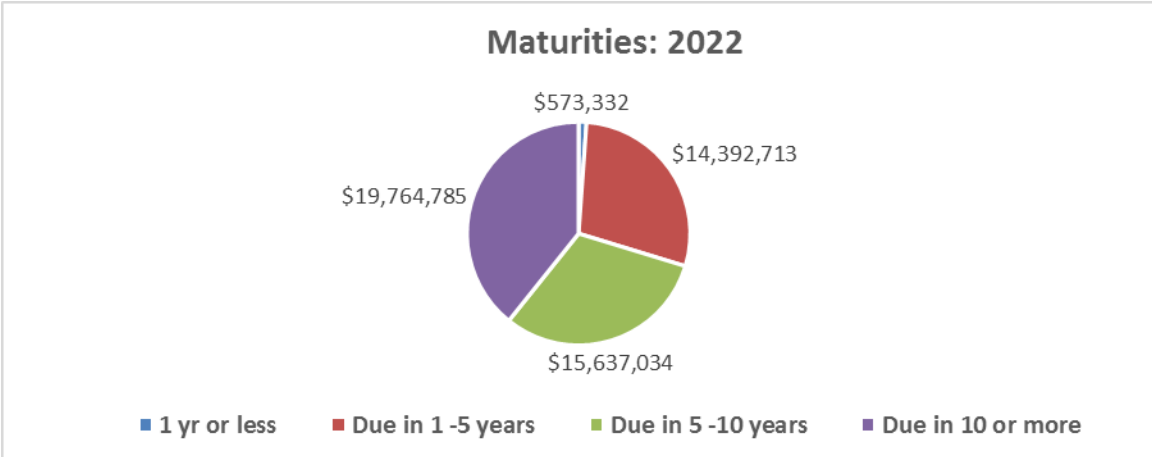
Cash and investments of \$86,069,444 are available to meet total liabilities of \$15,036,055. Total liabilities include accounts payable, reserves for loss and loss adjustment expenses and unearned premiums. This is a conservative measure of cash and investments available to pay current obligations. PCM's cash ratio is 5.7, meaning that it has 5.7 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 9.2.

Investment balances as of December 31, 2022 were \$84,321,669 compared to the prior year amount of \$95,850,827. This represents a decrease of \$11,529,158 or 12.0%. The decrease is due primarily to the decrease of 10.18% on the returns in the fixed income investments due to the increase in the interest rates by action of the Federal Reserve Board resulting in the market yield being greater than the book yield so there is a significant unrealized loss on the portfolio. Furthermore, the equity investment has had negative returns of 8.22% during 2022. The investment balance declined as a result of the \$4,500,000 transfer of contributed capital back to PACT. As noted in Note 3, Level 1 quoted price in active market for identical assets were valued at \$33,953,805 and the Level 2 significant other observable inputs at \$50,367,864 and no Level 3 assets. The following is an overview of the fair value investments:



As noted in Note 5 - Investments, the contractual maturities of available-for-sale debt securities on December 31<sup>st</sup>, 2022 and 2021 are as follows:

	Estimated Fair Values	
	<u>2022</u>	<u>2021</u>
1 year or less	\$ 573,332	\$ 2,643,562
Due in 1 – 5 years	14,392,713	12,960,069
Due in 5 -10 years	15,637,034	18,474,132
Due in 10 years or more	<u>19,764,785</u>	<u>24,764,514</u>
Total Investment in debt securities	<u>\$50,367,864</u>	<u>\$58,842,277</u>



**Investment Income Receivable**

The investment income receivable on December 31, 2022 is \$399,208 compared to \$368,335 in 2021. This is a change of \$30,873 or 8.4%. This is due primarily to the timing of the payment of accrued interest on the investments and a slightly higher investment book yield compared to the prior year due to market conditions.

**Loss Reserves**

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet net future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect PCM's reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PCM retains an independent actuary to provide a loss reserve opinion and establish a range for PCM's loss reserves. PCM's policy is to book reserves at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income. See Note 6 - Reserve for Loss and Loss Adjustment Expense in the Notes to the Audited Financial Statements.

Reserves for loss and loss adjustment expenses increased from \$9,398,850 to \$13,709,855 on December 31, 2022 an increase of \$4,311,005 or 45.9% during the year due to case reserve increases on a several severe loss claims incurred during the year, higher than anticipated losses on the development of prior years open claims as well as higher payments due to legislative changes.

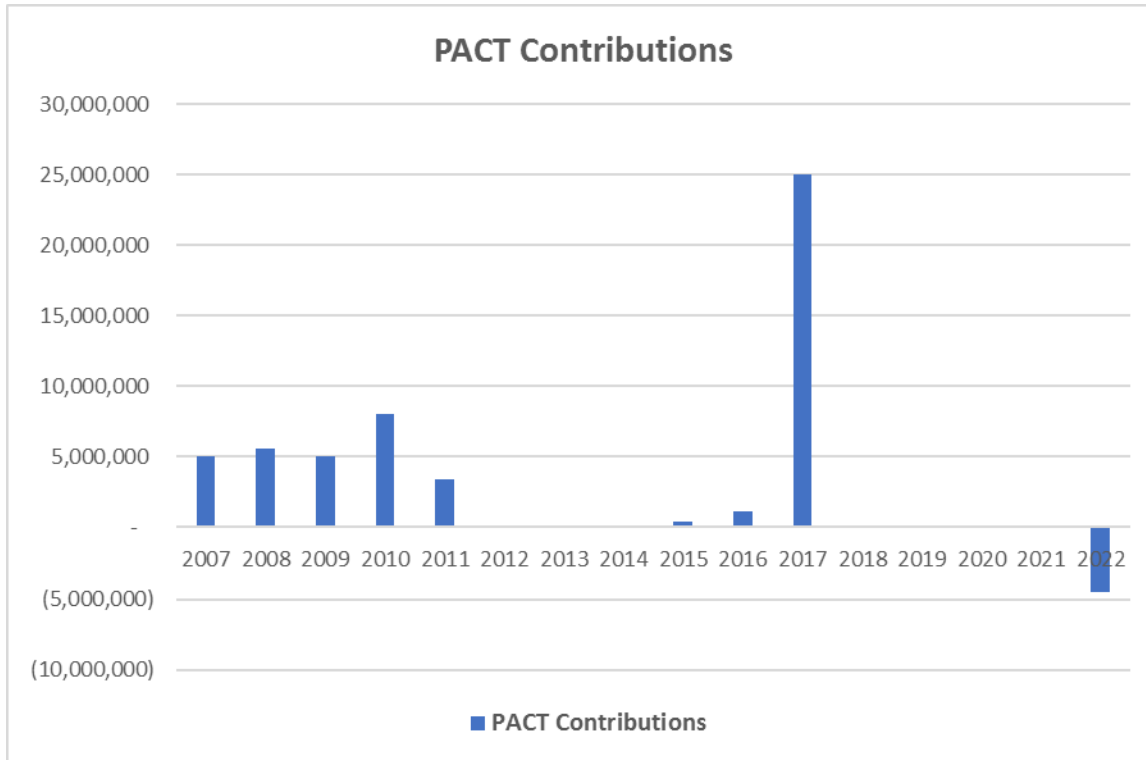
**Unearned Premiums**

PCM writes only 12-month insurance policies effective July 1<sup>st</sup> of the year written, so the entire \$1,300,704 unearned premiums carried in 2022 will be fully earned in 2023.

**Surplus Contributions**

There were no surplus contributions from PACT during 2022. The last surplus contribution was during 2017 in the amount of \$25,000,000 as approved by the Board at their meeting held on March 22, 2017. PCM transferred a total of \$4,500,000 of capital back to PACT during 2022. This brings the total surplus contribution into PCM at \$49,200,939. NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000. See Note 7 for more details.

The following chart indicates PACT's surplus contributions to PCM:



### Surplus

PCM's total surplus on December 31, 2022 was \$71,446,256 a decrease of \$17,061,852 from the December 31, 2021 balance of \$88,508,108. The decrease results from net loss of (\$4,093,238) reduced by other comprehensive loss of (\$8,468,614) during the year which is composed of (\$8,475,641) in unrealized holding loss on available-for-sale securities arising during the period due to changes in the interest rates as well as \$7,027 in realized losses arising during the period and the transfer of capital to PACT.

The following is the comparative Balance Sheet of Public Compensation Mutual as of December 31, 2022 and 2021.

**Public Compensation Mutual  
Balance Sheet**

	2022	2021	\$ Difference	% Difference
<b>Assets</b>				
Cash and cash equivalents	\$ 1,747,775	\$ 3,021,189	\$ (1,273,414)	-42.1%
Fixed income securities at fair value	50,367,864	58,842,277	(8,474,413)	-14.4%
Equity securities at fair value	33,953,805	37,008,550	(3,054,745)	-8.3%
Investment income receivable	399,208	368,335	30,873	8.4%
Prepaid Expenses	13,659	-	13,659	
<b>Total Assets</b>	<b>\$ 86,482,311</b>	<b>\$ 99,240,351</b>	<b>\$ (12,758,040)</b>	<b>-12.9%</b>
<b>Liabilities and Surplus</b>				
Accounts payable	\$ 25,496	\$ 41,576	\$ (16,080)	-38.7%
Reserve for loss and loss adjustment expenses	13,709,855	9,398,850	4,311,005	45.9%
Unearned assessments	1,300,704	1,291,817	8,887	0.7%
<b>Total liabilities</b>	<b>\$ 15,036,055</b>	<b>\$ 10,732,243</b>	<b>\$ 4,303,812</b>	<b>40.1%</b>
<b>Surplus</b>	<b>77,662,764</b>	<b>86,256,002</b>	<b>(8,593,238)</b>	<b>-10.0%</b>
Accumulated other comprehensive income (loss)	(6,216,508)	2,252,106	(8,468,614)	-376.0%
<b>Total Surplus</b>	<b>71,446,256</b>	<b>88,508,108</b>	<b>(17,061,852)</b>	<b>-19.3%</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 86,482,311</b>	<b>\$ 99,240,351</b>	<b>\$ (12,758,040)</b>	<b>-12.9%</b>

**Net Income from Operations**

PCM reported net loss from operations for the year ended December 2022 of (\$4,093,238) a decrease of \$10,016,294 from the prior year net income of \$5,923,056. The decrease is primarily driven by a decrease of (\$8,850,743) in net realized and unrealized losses on investments between the two years. In addition to the increase in unrealized losses, there was an increase in the loss and loss adjustment expense in the amount of \$1,308,999 during the period. There was a slight reduction of \$27,065 in administrative expenses because of a decrease in the allocation of management cost approved by the Board of Directors. Underwriting loss (premiums less loss expenses) of (\$1,804,478) compared to prior year underwriting loss of (\$534,746). The increase in the underwriting loss is due to the increase in the loss and loss adjustment expenses during the year and a slight increase in premium assessments. See further explanation below.

**Net Earned Premiums**

Net earned premiums of \$2,592,522 increased by \$39,267 or 1.5% from \$2,553,255 on December 31, 2021. This increase in 2022 is due to higher assessment based on claims experience and recommended funding levels at the 75% confidence level as determined by our independent actuary.



**Investment Income Including Realized and Unrealized Gains (Losses)**

Investment income of \$2,897,774 in 2022 was higher than the prior year by \$77,116 or 2.7% increase due to the higher interest rates. The net realized and unrealized gains and (losses) on investments of (\$4,413,988) on December 31, 2022 compared to the prior year gain of \$4,436,755 resulting in a change of (\$8,850,743) due to the unprecedented and significant changes in the interest rates during the year based on the monetary policy of the Federal Reserve Board. The interest rates went for historically low rates to rapidly rising interest rates during the year. As interest rates increase, the value of the underlining securities decrease creating an unrealized loss situation at Balance Sheet date. The intent is to hold the investments to maturity and the losses will not be realized. As investments mature, the new securities are purchased at a greater yield which will increase investment income in subsequent years. See Note 5 Investments for greater details.

**Loss and Loss Adjustment Expenses**

Losses and loss adjustment expenses increased by \$1,308,999 from \$3,088,001 in 2021 to \$4,397,000 in 2022. See Note 6 Reserve for loss and loss adjustment expenses for more details.

**Administrative Fees**

Administrative fees were \$772,546 and \$799,611 respectively, for the years ended December 31, 2022 and 2021. The decrease was attributed primarily to the cost containment by management and a change in the management fee allocation approved by the Board of Directors.

**Other Comprehensive Income**

Other comprehensive income, which consist of unrealized gains (losses) on available for sale securities arising during the period less reclassification adjustment for (gains) losses recognized in net income. In 2022 the unrealized loss on available for sale securities during the period was (\$8,475,641) compared to unrealized losses of (\$2,391,155) in 2021. The unrealized loss is due primarily to the increases in the interest rates as a result of action taken by the Federal Reserve in 2022 compared to them lowering the rates in 2022. The reclassification adjustment for (gains) losses recognized in net income were \$7,027 in 2022 compared to (\$90,273) in 2021. This results in total Other Comprehensive Income Loss of (\$8,468,614) in 2022 and compares to Other Comprehensive Income loss (\$2,481,428) in 2021. The risk asset had a loss of 8.22% during the year. Additionally, the implementation of ASU 2016-01 in 2019 required the reclassification of equity securities from available-for-sale to equity securities with unrealized gains and losses reported on the income statement rather than as a component of Other Comprehensive Income (Loss). Although assets are classified as available for sale, the board policy states, investments are intended to be held for maturity, thus the unrealized gains (losses) are not likely to materialize. The significant unrealized losses will become future net investment income as the payment of the book yield occurs on the portfolio.

The following is the Statement of Income and Comprehensive Income for the years ended December 31, 2022 and 2021.

**Public Compensation Mutual  
Statement of Income and Comprehensive Income**

	2022	2021	\$ Difference	% Difference
<b>INCOME</b>				
Premiums	\$ 2,592,522	\$ 2,553,255	\$ 39,267	1.5%
Investment income	2,897,774	2,820,658	77,116	2.7%
Net realized and unrealized gains (losses) on investments	(4,413,988)	4,436,755	(8,850,743)	-199.5%
<b>Total Income</b>	<b>1,076,308</b>	<b>9,810,668</b>	<b>(8,734,360)</b>	<b>-89.0%</b>
<b>EXPENSES</b>				
Administrative expenses	772,546	799,611	(27,065)	-3.4%
Loss and loss adjustment expenses	4,397,000	3,088,001	1,308,999	42.4%
<b>Total Expenses</b>	<b>5,169,546</b>	<b>3,887,612</b>	<b>1,281,934</b>	<b>33.0%</b>
Net Income Before Income Taxes	(4,093,238)	5,923,056	(10,016,294)	-169.1%
Provision for Income Taxes	-	-	-	
<b>Net Income</b>	<b>\$ (4,093,238)</b>	<b>\$ 5,923,056</b>	<b>\$ (10,016,294)</b>	<b>-169.1%</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized gains (losses) on available for sale securities arising during the period	\$ (8,475,641)	\$ (2,391,155)	\$ (6,084,486)	254.5%
Less: Reclassified adjustment for (gains) losses recognized in net income	7,027	(90,273)	97,300	-107.8%
Other Comprehensive Income (Loss)	(8,468,614)	(2,481,428)	(5,987,186)	241.3%
<b>Comprehensive Income (Loss)</b>	<b>\$ (12,561,852)</b>	<b>\$ 3,441,628</b>	<b>\$ (16,003,480)</b>	<b>-465.0%</b>

**Request for Information**

This financial report is designed to provide a general overview of the financial activities and conditions of Public Compensation Mutual. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Public Compensation Mutual, 201 South Roop Street, Suite 102, Carson City, Nevada 89701 or email at [akalt@poolpact.com](mailto:akalt@poolpact.com).

*Casey Neilson, Inc.*  
**Accountants and Advisors**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Public Compensation Mutual

**Opinion**

We have audited the accompanying financial statements of Public Compensation Mutual (a Nevada non-profit pure captive mutual insurer corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and comprehensive income, changes in surplus and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Compensation Mutual as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Compensation Mutual and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Compensation Mutual's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Compensation Mutual's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Compensation Mutual's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the expanded disclosures regarding short duration contracts contained in Note 6 to the financial statements be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information Included in the Company's Annual Report***

Management is responsible for the other information included in the annual report. The other information comprises the President's Letter and Management's Discussion and Analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### ***Report on Other Legal and Regulatory Requirements***

In accordance with the Nevada Administrative Code, we have also issued our report dated February 24, 2023, on our consideration of Public Compensation Mutual's internal control and compliance over financial reporting. That report is an integral part of an audit performed in accordance with this code and should be read in conjunction with this report in considering the results of our audits.



Carson City, Nevada  
February 24, 2023

**PUBLIC COMPENSATION MUTUAL  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,747,775	\$ 3,021,189
Investments:		
Fixed maturity securities at fair value	50,367,864	58,842,277
Equity securities at fair value	33,953,805	37,008,550
Investment income receivable	399,208	368,335
Prepaid expense	13,659	-
	\$ 86,482,311	\$ 99,240,351
<b>LIABILITIES AND SURPLUS</b>		
Accounts payable	\$ 25,496	\$ 41,576
Reserve for loss and loss adjustment expenses	13,709,855	9,398,850
Unearned premiums	1,300,704	1,291,817
	15,036,055	10,732,243
Surplus	77,662,764	86,256,002
Accumulated other comprehensive income (loss)	(6,216,508)	2,252,106
	71,446,256	88,508,108
	\$ 86,482,311	\$ 99,240,351

See accompanying notes.

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>INCOME</b>		
Premiums	\$ 2,592,522	\$ 2,553,255
Net investment income	2,897,774	2,820,658
Net realized and unrealized gains (losses) on investments	(4,413,988)	4,436,755
Total Income	1,076,308	9,810,668
<b>EXPENSES</b>		
Administrative fees	772,546	799,611
Loss and loss adjustment expenses	4,397,000	3,088,001
Total Expenses	5,169,546	3,887,612
Net Income (Loss) Before Income Taxes	(4,093,238)	5,923,056
Provision for income taxes	-	-
Net Income (Loss)	(4,093,238)	5,923,056
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Unrealized gains (losses) on available for sale securities arising during the period	(8,475,641)	(2,391,155)
Less: Reclassification adjustment for (gains) losses recognized in net income	7,027	(90,273)
Total Other Comprehensive Income (Loss)	(8,468,614)	(2,481,428)
Total Comprehensive Income (Loss)	\$ (12,561,852)	\$ 3,441,628

See accompanying notes.

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF CHANGES IN SURPLUS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Surplus</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Surplus</u>
Balance, December 31, 2020	\$ 80,332,946	\$ 4,733,534	\$ 85,066,480
Net income	5,923,056	-	5,923,056
Unrealized holding losses arising during the period	-	(2,391,155)	(2,391,155)
Add: Reclassification adjustment for gains realized in net income	-	(90,273)	(90,273)
Balance, December 31, 2021	<u>\$ 86,256,002</u>	<u>\$ 2,252,106</u>	<u>\$ 88,508,108</u>
Net loss	(4,093,238)	-	(4,093,238)
Unrealized holding losses arising during the period	-	(8,475,641)	(8,475,641)
Transfer of capital	(4,500,000)	-	(4,500,000)
Add: Reclassification adjustment for losses realized in net income	-	7,027	7,027
Balance, December 31, 2022	<u><u>\$ 77,662,764</u></u>	<u><u>\$ (6,216,508)</u></u>	<u><u>\$ 71,446,256</u></u>

See accompanying notes.

**PUBLIC COMPENSATION MUTUAL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING</b>		
<b>ACTIVITIES:</b>		
Net income (loss)	\$ (4,093,238)	\$ 5,923,056
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gains) losses on sale of fixed maturity securities	7,027	(90,273)
Amortization of premium or discount	73,185	134,008
Net unrealized (gains) and losses on marketable securities classified as trading	4,406,961	(4,346,481)
Changes in assets and liabilities:		
(Increase) decrease in:		
Investment income receivable	(30,873)	(1,538)
Prepaid expenses	(13,659)	-
Increase (decrease) in:		
Reserve for loss and loss adjustment expenses	4,311,005	2,215,926
Accounts payable	(16,080)	12,210
Unearned premiums	8,887	30,380
	<b>4,653,215</b>	<b>3,877,288</b>
<b>CASH FLOWS FROM INVESTING</b>		
<b>ACTIVITIES:</b>		
Purchase of securities	(6,957,135)	(10,101,344)
Sale of securities	5,530,506	7,827,637
	<b>(1,426,629)</b>	<b>(2,273,707)</b>
<b>CASH FLOWS FROM FINANCING</b>		
<b>ACTIVITIES:</b>		
Transfer of capital	(4,500,000)	-
	<b>(4,500,000)</b>	<b>-</b>
Increase (Decrease) in Cash and Cash Equivalents	(1,273,414)	1,603,581
<b>CASH AND CASH EQUIVALENTS, Beginning of Period</b>	<b>3,021,189</b>	<b>1,417,608</b>
<b>CASH AND CASH EQUIVALENTS, End of Period</b>	<b>\$ 1,747,775</b>	<b>\$ 3,021,189</b>

See accompanying notes.



**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Operations:**

Public Compensation Mutual (“the Company”), a Nevada nonprofit pure captive mutual insurer formed pursuant to Nevada Revised Statute 694C, is engaged in the business of providing reinsurance for the Public Agency Compensation Trust (PACT). Effective July 18, 2013, the Company became a pure captive authorized by the State of Nevada Division of Insurance; prior to this date, the Company was an association captive. PACT is a quasi-governmental entity formed by local governments for the purpose of organizing an association for self-insured workers compensation. The Company’s formation was approved on June 26, 2007 by the State of Nevada Division of Insurance and began operations on July 1, 2007.

**Basis of Presentation:**

The accompanying financial statements have been prepared in conformity with reporting practices prescribed or permitted by the State of Nevada, Division of Insurance. These financial statements are also presented in conformity with accounting principles generally accepted in the United States of America because the accounting practices prescribed or permitted under statutory authority, when applied to the Company do not vary materially from generally accepted accounting principles.

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Method of Accounting:**

The Company prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

**Cash Equivalents:**

For the purpose of presentation in the Company’s financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

**Fixed Maturity Securities Available for Sale:**

Investments in debt securities not classified as either trading or held-to-maturity are reported at fair value, adjusted for other than temporary declines in fair value, with unrealized gains and losses excluded from net income and reported as a separate component of surplus. The fair value of securities is determined by quoted market prices and observable information for similar items in active or inactive markets. Realized gains and losses are calculated using the specific identification method.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Equity Securities:**

Equity securities are reported at fair value, and changes in fair value are included in net realized and unrealized gains (losses) on investments on the company's statements of income and comprehensive income.

**Investments and Investment Income:**

Captive insurance companies are governed by NRS 694C.340 regarding allowable investments, however, as a pure captive, the Company is not subject to any restrictions on allowable investments. The Board has, by policy, implemented investment guidelines to which the Company adheres such that investments are in accordance with NRS 682A.

**Reserve for Loss and Loss Adjustment Expenses:**

Loss and loss adjustment expenses includes an amount determined from loss reports on individual cases and estimates of the cost of claims incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of, or less than, the amounts provided. It is reasonably possible that the estimate will change within one year of the date of the financial statements. The loss liabilities were developed from a combination of the insurance industry loss payment and reporting patterns. The data was developed and trended, using standard actuarial techniques, to meet the Company's premium rate structure and experience. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently.

**Premiums:**

Premiums are generally recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned premiums.

**Reinsurance:**

In the normal course of business, the Company may seek to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by purchasing reinsurance at certain levels of risk in various areas of exposure with other insurance enterprises.

**Income Tax Status:**

Under Internal Revenue Code Section 115, and pursuant to regulations and rulings issued by the Internal Revenue Service, organizations formed, operated and funded by political subdivisions formed to pool casualty and other risks arising from their obligations concerning public liability, may exclude income derived from such activities from taxable income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements, and no federal tax returns have been filed. As no tax returns have been filed, there is no statute of limitations to toll, and all years remain open to potential adjustment.

**Credit Risk:**

Credit risk is the risk that the issuer of a security will default on principal and interest in the security. The investment guidelines do not limit investments based upon the rating of a security, but it is policy to limit those securities with potential default risk such that the Company's annual investment income would exceed a loss on a single issuer's securities.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Concentration of Credit Risk:**

The Company limits investments in any single mutual fund, exchange traded fund or similar vehicle to no more than 10% of assets.

**Interest Rate Risk:**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company minimizes this risk by maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

**Prior Year Reclassifications:**

The prior year's financial statements have been reclassified where applicable to conform to the current year's presentation.

**NOTE 2 – NEW ACCOUNTING STANDARDS:**

**Recently Issued Accounting Standards:**

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326). This update replaces the incurred loss impairment methodology for recognizing credit losses on financial instruments with a methodology that reflects an entity's current estimate of all expected credit losses. This update requires financial assets measured at amortized cost to be presented net of an allowance for credit losses. Additionally, this update requires credit losses on available-for-sale fixed maturity securities to be presented as an allowance rather than as a write-down, allowing an entity to also record reversals of credit losses in current period net income. This update is effective for fiscal years beginning after December 15, 2022. The Company is evaluating the impact that implementation of this new standard will have on its financial condition and results of operations.

**NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS:**

The Company has adopted and implemented FASB ASC 820-10, Fair Value Measurements, which provides a framework for measuring fair value under GAAP. This statement defines fair value as the exchange price that would be received for an asset, or paid to transfer a liability (an exit price), in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 establishes a fair value hierarchy, which prioritizes the valuation inputs into four broad levels based on the nature of inputs as follows:

Level 1: Fair value is observable in an active market and based on quoted prices in active markets for identical assets.

Level 2: Fair value is based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or prices derived from valuation models that consider various observable market inputs. Prices obtained from independent pricing services are generally considered Level 2.

Level 3: Unobservable inputs reflecting assumptions that market participants would use, including assumptions about risk. Generally, prices obtained from a broker are considered Level 3.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):**

Level NAV (net asset value): Certain securities, as described in the National Association of Insurance Commissioner’s Statements of Statutory Accounting Principles (“NAIC SSAP”) No. 100R (Fair Value Measurement), may be classified as NAV which can be utilized as an expedient to fair value.

Fair values for the Company’s securities are based on prices provided by its custodian bank and investment management company, New England Asset Management (NEAM).

For NEAM managed assets, fair value measurement for fixed income and equity securities are based on values from independent pricing service vendors that have been approved and are monitored periodically by NEAM’s pricing policy committee. Cash equivalents and short term securities are valued at amortized cost, which approximates fair value.

Generally, NEAM’s pricing service vendors use a pricing methodology involving the market approach, including pricing models, which use prices and relevant market information regarding a particular security or securities with similar characteristics to establish a valuation.

NEAM relies predominately on independent pricing service vendors such as Refinitiv (formerly Reuters), ICE Data Services, Bloomberg, IHS Markit, S&P Capital IQ and PricingDirect. Under certain circumstances, if a vendor price is not available, a price may be obtained from a broker.

Documentation from each pricing vendor is reviewed periodically to ensure they are consistent with NEAM’s pricing policy and procedures.

For statutory accounting, certain investments are carried at fair value, while others may periodically be carried at fair value based on certain factors such as the NAIC’s “lower of amortized cost or fair value” rule or an investment that was impaired to fair value. Assets recorded at fair value are categorized based on an evaluation of the various inputs used to measure the fair value. Supporting documentation received from pricing vendors detailing the inputs, models and processes used in the vendor’s evaluation process is used by NEAM to determine the appropriate fair value hierarchy. Market Information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

The Company’s Level 1 securities consist of equity securities whose values are based on quoted prices in active markets for identical assets. The Company’s level 2 securities are comprised of available-for-sale fixed maturity securities whose fair value was determined using observable market inputs. Investments valued using these inputs include U.S. Treasury securities, obligations of states and political subdivisions, corporate and other securities, commercial and residential mortgage-backed securities, and other asset-backed securities.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):**

The following table presents the Company’s fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2022 and 2021:

Description	December 31, 2022	Fair Value measurement at reporting date using		
		Level 1	Level 2	Level 3
Fixed maturity securities				
U.S. government obligations	\$ 5,583,438	\$ -	\$ 5,583,438	\$ -
U.S. states and local authorities	9,557,715	-	9,557,715	-
Bonds	35,226,711	-	35,226,711	-
Total fixed maturity securities	<u>50,367,864</u>	<u>-</u>	<u>50,367,864</u>	<u>-</u>
Equity securities at fair value				
Bond mutual funds	6,966,915	6,966,915	-	-
Equity mutual funds	26,986,890	26,986,890	-	-
Total equity securities at fair value	<u>33,953,805</u>	<u>33,953,805</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 84,321,669</u>	<u>\$ 33,953,805</u>	<u>\$ 50,367,864</u>	<u>\$ -</u>

Description	December 31, 2021	Fair Value measurement at reporting date using		
		Level 1	Level 2	Level 3
Fixed maturity securities				
U.S. government obligations	\$ 7,114,031	\$ -	\$ 7,114,031	\$ -
U.S. states and local authorities	11,227,152	-	11,227,152	-
Bonds	40,501,094	-	40,501,094	-
Total fixed maturity securities	<u>58,842,277</u>	<u>-</u>	<u>58,842,277</u>	<u>-</u>
Equity securities at fair value				
Bond mutual funds	7,541,367	7,541,367	-	-
Equity mutual funds	29,467,183	29,467,183	-	-
Total equity securities at fair value	<u>37,008,550</u>	<u>37,008,550</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 95,850,827</u>	<u>\$ 37,008,550</u>	<u>\$ 58,842,277</u>	<u>\$ -</u>

There were no transfers between fair value levels during the year ended December 31, 2022 and 2021.

**NOTE 4 – CONCENTRATIONS:**

**Premiums:**

As detailed in Note 1, the Company provides reinsurance insurance coverage to PACT; additionally, PACT provided the surplus contribution to the Company, and is the sole insured.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 – CONCENTRATIONS (continued):**

**Credit Risk:**

The Company maintains its cash balances in various institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts.

Additionally, as of December 31, 2022 and 2021, the company has certain cash equivalent and investment balances insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 (with a limit of \$250,000 for cash) per institution. In addition the Company's investment policy provides additional coverage above the SIPC limits for any missing securities and cash in client investment accounts up to a firm aggregate limit of \$1 billion (including up to \$1.9 million for cash per client). The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**NOTE 5 – INVESTMENTS:**

Available-for-sale securities at December 31, 2022 and 2021 consist of various investments as indicated below:

Description	December 31, 2022				
	Cost	Estimated Fair		Gross Unrealized	
		Value	Gains	Losses	
Fixed maturity securities					
U.S. government obligations	\$ 6,396,946	\$ 5,583,438	\$ 8,286	\$ (821,794)	
U.S. states and local authorities	10,735,170	9,557,715	-	(1,177,455)	
Bonds	39,452,257	35,226,711	34,929	(4,260,475)	
Total fixed maturity securities	<u>56,584,373</u>	<u>50,367,864</u>	<u>43,215</u>	<u>(6,259,724)</u>	
Total available-for-sale securities	<u>\$ 56,584,373</u>	<u>\$ 50,367,864</u>	<u>\$ 43,215</u>	<u>\$ (6,259,724)</u>	
Description	December 31, 2021				
	Cost	Estimated Fair		Gross Unrealized	
		Value	Gains	Losses	
Fixed maturity securities					
U.S. government obligations	\$ 7,084,502	\$ 7,114,031	\$ 90,493	\$ (60,964)	
U.S. states and local authorities	10,772,838	11,227,152	470,195	(15,881)	
Bonds	38,732,831	40,501,094	1,892,759	(124,496)	
Total fixed maturity securities	<u>56,590,171</u>	<u>58,842,277</u>	<u>2,453,447</u>	<u>(201,341)</u>	
Total available-for-sale securities	<u>\$ 56,590,171</u>	<u>\$ 58,842,277</u>	<u>\$ 2,453,447</u>	<u>\$ (201,341)</u>	

Proceeds from the sale of investment securities available for sale were \$5,530,506 in 2022 and \$7,827,637 in 2021.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 5 – INVESTMENTS (continued):**

During 2022 and 2021, net realized gains (losses) on investments and the change in unrealized gains (losses) on the Company's investments recorded at fair value are determined on a specific-identification basis and were as follows:

	December 31, 2022				
	Gross Realized Gains	Gross Realized Losses	Changes in Net Unrealized Gains (Losses)	Change in FV Reflected in Earnings	Change in FV Reflected in AOCI, before tax
Fixed maturity securities	\$ 5,173	\$ (12,200)	\$ (8,468,614)	\$ (7,027)	\$ (8,475,641)
Equity securities	-	-	(4,406,961)	(4,406,961)	-
	<u>\$ 5,173</u>	<u>\$ (12,200)</u>	<u>\$ (12,875,575)</u>	<u>\$ (4,413,988)</u>	<u>\$ (8,475,641)</u>
	December 31, 2021				
	Gross Realized Gains	Gross Realized Losses	Changes in Net Unrealized Gains (Losses)	Change in FV Reflected in Earnings	Change in FV Reflected in AOCI, before tax
Fixed maturity securities	\$ 110,868	\$ (20,595)	\$ (2,481,428)	\$ 90,273	\$ (2,391,155)
Equity securities	-	-	4,346,482	4,346,482	-
	<u>\$ 110,868</u>	<u>\$ (20,595)</u>	<u>\$ 1,865,054</u>	<u>\$ 4,436,755</u>	<u>\$ (2,391,155)</u>

Management evaluates fixed maturity securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold the securities for the foreseeable future, no declines are deemed to be other-than-temporary.

The adoption of ASU 2016-01 removed the impairment assessment for equity securities at fair value; changes in fair value are included in net realized and unrealized gains and losses on investments in the Company's statement of income and comprehensive income. Prior to adoption of this standard, the Company did not recognize any other-than-temporary impairments on equity securities as management has the intent and ability to hold the securities for the foreseeable future.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 5 – INVESTMENTS (continued):**

Contractual maturities of available-for-sale fixed maturity securities at December 31, 2022 and 2021 are as follows:

	Estimated Fair Values	
	2022	2021
1 year or less	\$ 573,332	\$ 2,643,562
Due in 1 - 5 years	14,392,713	12,960,069
Due in 5 - 10 years	15,637,034	18,474,132
Due in 10 years or more	19,764,785	24,764,514
Total investment in fixed maturity securities	\$ 50,367,864	\$ 58,842,277

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

**NOTE 6 – RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES:**

The Company provides coverage for members of PACT for worker's compensation losses under a quota-share reinsurance arrangement as illustrated in the following table:

Fiscal Year	Retention 1		Retention 2		One-time corridor deductible
	Quota share	Insurance layer	Quota share	Insurance layer	
7/1/2007-7/1/2012	25%	\$2,000,000 excess of \$500,000			\$500,000
7/1/2012-7/1/2014		\$250,000 excess of \$500,000	25%	\$2,250,000 excess of \$750,000	\$500,000
7/1/2014-7/1/2017		\$500,000 excess of \$500,000	25%	\$2,000,000 excess of \$1,000,000	-
7/1/2017-7/1/2023		\$700,000 excess of \$300,000	25%	\$2,000,000 excess of \$1,000,000	-

Additionally, effective July 1, 2014, the Company also provides \$1,500,000 aggregate excess (50% quota share of the \$3,000,000 layer) above an attachment point of approximately \$10,000,000.

Loss reserve estimates are inherently uncertain because the ultimate amount the Company will pay for many of the claims it has incurred as of the balance sheet date will not be known for many years. The estimate of loss reserves is intended to equal the difference between the expected ultimate losses of all claims that have occurred as of a balance sheet date and amounts already paid. The Company establishes loss reserves based on its own analysis of emerging claims and review of the results of actuarial projections. The Company's aggregate carried reserve for unpaid losses is the sum of its reserves for each accident year and represents its best estimate of outstanding loss reserves.

The amount by which estimated losses in the aggregate differ from those previously estimated for a specific time period is known as reserve "development." Reserve development is unfavorable when losses ultimately settle for more than the amount reserved or subsequent estimates indicate a basis for reserve increases on open claims, causing the previously estimated loss reserves to be "deficient." Reserve development is favorable when estimates of ultimate losses indicate a decrease in established reserves, causing the previously estimated loss reserves to be "redundant." Development is reflected in the Company's operating results through an adjustment to incurred losses during the period in which it is recognized.



**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The three main components of reserves for unpaid losses are case reserves, incurred but not reported (IBNR) loss reserves and reserves for loss adjustment expenses (LAE).

When claims are reported, the Company establishes individual estimates of the ultimate cost of each claim (case reserves). These case reserves are continually monitored and revised in response to new information and for amounts paid. IBNR is an actuarial estimate of future payments on claims that have occurred but have not yet been reported. The Company also estimates and makes a provision for the extent to which the case reserves on known claims may develop. IBNR reserves apply to the entire body of claims arising from a specific time period, rather than a specific claim. Most of the Company's IBNR reserves relate to estimated future claim payments on recorded open claims.

For the year ended December 31, 2022, estimated unpaid losses have been determined to range from a recommended low of \$12,752,000 to a recommended high of \$13,645,000 based on actuarial estimates; further the actuary has projected expected losses at \$11,652,000. Management's estimate is higher than that of the actuary as projected claims payments used in the actuarial analysis were higher than the amounts actually paid. For the year ended December 31, 2021, estimated unpaid losses have been determined to range from a recommended low of \$9,173,000 to a recommended high of \$9,849,000 based on actuarial estimates; further the actuary has projected expected losses at \$8,314,000.

Management has estimated reserves to be \$13,709,855 and \$9,398,850 at December 31, 2022 and 2021, respectively. This estimate is based on funding the Company at the 75% confidence level as recommended by the actuary. Management has elected not to discount the reserves for anticipated investment income.

Activity in the reserve for loss and loss adjustment expenses account is summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 9,398,850	\$ 7,182,924
Incurred related to:		
Current year	1,284,024	1,009,002
Prior years	<u>3,112,976</u>	<u>2,078,998</u>
Total incurred	<u>4,397,000</u>	<u>3,088,000</u>
Net paid	<u>85,995</u>	<u>872,074</u>
Balance at December 31	<u>\$ 13,709,855</u>	<u>\$ 9,398,850</u>

As a result of changes in estimates of incurred events in the prior year, the provision for losses changed by \$3,112,976 and \$2,078,998, at December 31, 2022 and 2021, respectively, due to higher than anticipated losses on the development of claims.

The Company's reserve estimates are based on loss experience and exposure data and have assumed future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The Company compiles and aggregates its claims data by grouping the claims according to the year in which the claim occurred (“accident year”) when analyzing claim payment and emergence patterns and trends over time. It has been assumed that costs associated with workers compensation claims are increasing 3.0% annually and average claim size are increasing by 4.0% annually. For the purposes of defining claims frequency, the number of reported claims includes any claim that has case reserves and/or loss and LAE payments associated with them. The Company has assumed that the average frequency of claims has an annual trend of 1.0%.

The following tables show the Company’s historical incurred and cumulative paid losses and LAE development, net of reinsurance as well as IBNR loss reserves and the number of reported claims on an aggregated basis as of December 31, 2022 for each of the previous 10 accident years:

<b>Incurred Losses and LAE, Net of Reinsurance</b>											<b>2022</b>	
<b>Years Ended December 31,</b>												
<b>Accident Year</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015 (1)</b>	<b>2016 (1)</b>	<b>2017 (1)</b>	<b>2018 (1)</b>	<b>2019 (1)</b>	<b>2020 (1)</b>	<b>2021 (1)</b>	<b>2022</b>	<b>IBNR</b>	<b>Cumulative number of reported claims</b>
(in thousands, except claims counts)												
2013	\$ 60.6	\$ 64.7	\$ 44.5	\$ 33.7	\$ -	\$ -	\$ -	\$ 399.8	\$ 668.5	\$ 520.8	\$ 75.3	1
2014	-	80.7	493.0	421.5	466.4	319.9	410.6	129.8	-	-	-	1
2015	-	-	514.7	694.6	623.7	389.5	274.1	196.5	-	181.6	32.7	0
2016	-	-	-	494.0	774.8	636.3	309.1	311.6	1,084.9	982.9	224.8	3
2017	-	-	-	-	409.7	741.8	454.1	1,867.5	1,714.3	2,827.8	282.6	4
2018	-	-	-	-	-	393.1	1,704.1	1,869.2	1,850.4	1,706.6	658.5	4
2019	-	-	-	-	-	-	788.6	1,463.1	1,234.6	1,475.4	768.2	3
2020	-	-	-	-	-	-	-	907.8	2,690.8	2,773.4	900.2	4
2021	-	-	-	-	-	-	-	-	1,009.0	2,594.1	1,479.5	3
2022	-	-	-	-	-	-	-	-	-	1,284.1	1,284.0	0
<b>Total</b>										<b>\$ 14,346.7</b>		
<b>Cumulative Paid Losses and LAE, Net of Reinsurance</b>												
<b>Years Ended December 31,</b>												
<b>Accident Year</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015 (1)</b>	<b>2016 (1)</b>	<b>2017 (1)</b>	<b>2018 (1)</b>	<b>2019 (1)</b>	<b>2020 (1)</b>	<b>2021 (1)</b>	<b>2022</b>		
(in thousands)												
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2014	-	-	-	-	-	-	-	-	-	-		
2015	-	-	-	-	-	-	-	-	-	-		
2016	-	-	-	-	-	-	-	-	-	-		
2017	-	-	-	-	-	-	-	-	-	175.9		
2018	-	-	-	-	-	-	541.4	756.1	1,628.2	889.1		
2019	-	-	-	-	-	-	-	-	-	-		
2020	-	-	-	-	-	-	-	-	-	649.2		
2021	-	-	-	-	-	-	-	-	-	-		
2022	-	-	-	-	-	-	-	-	-	-		
<b>Total</b>										<b>\$ 1,714.2</b>		
All outstanding liabilities for unpaid losses and LAE prior to 2013, net of reinsurance										1,077.4		
Total outstanding liabilities for unpaid losses and LAE, net of reinsurance										<b>\$ 13,709.9</b>		

(1) Data presented for these calendar years is considered to be supplementary information, which is unaudited.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 6 - RESERVE FOR LOSS AND LOSS ADJUSTMENT EXPENSES (continued):**

The following table presents the average percentage payout of incurred claims by age, net of reinsurance, as of December 31, 2022 and is presented as required supplementary information, which is unaudited:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
0.0%	3.5%	8.5%	13.6%	8.7%	1.2%	0.0%	0.0%	0.0%	0.0%

The following table represents a reconciliation of claims development to the aggregate carrying amount of the liability for unpaid losses and LAE:

Liabilities for unpaid losses and LAE, net of reinsurance	\$ 13,709,855
Reinsurance recoverable on unpaid losses	-
Unallocated LAE	-
<b>Total liability for unpaid losses and LAE</b>	<b><u>\$ 13,709,855</u></b>

**NOTE 7 - SURPLUS CONTRIBUTION:**

The following is a summary of the surplus contributed to the Company from PACT pursuant to authorization by the Executive Committee of PACT:

Years	Surplus PACT Contribution
2007	\$ 5,000,000
2008	5,600,000
2009	5,000,000
2010	8,017,375
2011	3,406,464
2012	135,598
2013	-
2014	-
2015	448,242
2016	1,093,260
2017	25,000,000
2018	-
2019	-
2020	-
2021	-
2022	<u>(4,500,000)</u>
Total	<b><u>\$ 49,200,939</u></b>

The Company transferred a total of \$4,500,000 capital back to PACT during 2022. NRS 694C.250 requires a pure captive to maintain capital of not less than \$200,000, the Company is in compliance with this requirement as of December 31, 2022 and 2021.

**PUBLIC COMPENSATION MUTUAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 8 - RELATED PARTIES:**

All premiums and surplus contributions are made by PACT and all claims activity is attributable to the quota share reinsurance agreement with PACT.

Public Compensation Mutual has entered into a management services agreement with Nevada Risk Pooling, Inc. to provide captive management for the day to day operations of PCM for a five year period from July 1, 2019 to June 30, 2024. The cost of the initial base year is \$225,000 with annual increases of 3% each succeeding year. Effective July 1, 2021, the Board approved a change in the contract to reduce this fee to \$159,135 for period from July 1, 2021 to June 30, 2022, but still keep the annual increase at 3% for each succeeding year until period ended June 30, 2024.

**NOTE 9 - CONTINGENCIES AND RISK MANAGEMENT:**

On March 11, 2020, the World Health Organization (WHO) declared the novel Coronavirus (COVID-19) outbreak a global pandemic, constituting a “public health emergency of international concern”. The Company is responding to the recent COVID-19 outbreak with a measured, practical response. As of the date of this report, Public Compensation Mutual is able to perform all necessary business functions, however, the extent of future financial impact and duration cannot be reasonably estimated at this time.

PACT provides workers’ compensation coverage to member governmental entities. These entities have employees that work in public safety. For public safety officers, COVID-19 is presumed to be attributable to employment and the costs of medical treatment as well as indemnity payments for the inability to work are covered under these workers compensation policies. As PCM provides excess coverage to PACT, it is possible that claims could develop such that pierce the quota share agreement. At this time it is not possible to determine the impact of these potential claims on the financial position and results of operations of PCM.

**NOTE 10 - SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through February 24, 2023, which is the date the financial statements were available to be issued.

*Casey Neilson, Inc.*  
**Accountants and Advisors**

**REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
NEVADA ADMINISTRATIVE CODE 694C.210**

To the Board of Directors  
Public Compensation Mutual

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Public Compensation Mutual, which comprise the balance sheet as of December 31, 2022, and the related statements of income and comprehensive income, changes in surplus, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2023.

In planning and performing our audit of the GAAP basis financial statements of Public Compensation Mutual as of and for the year ended December 31, 2022 in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Compensation Mutual's internal control. Accordingly, we do not express an opinion on the effectiveness of the Public Compensation Mutual's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In connection with our audit, nothing came to our attention that caused us to believe that Public Compensation Mutual failed to comply with the terms, covenants, provisions, or conditions of its bylaws, articles of incorporation, or business plan, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Public Compensation Mutual's noncompliance with the above-referenced terms, insofar as they relate to accounting matters.

This communication is intended solely for the information and use of the Board of Directors, management, others within the organization and state insurance departments to whose jurisdiction Public Compensation Mutual is subject and is not intended to be and should not be used by anyone other than these specified parties.



Carson City, Nevada  
February 24, 2023

**POOLING RESOURCES INC (a non-profit corporation)**  
**FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Pooling Resources Inc.  
Carson City, Nevada

**Opinion**

We have audited the accompanying financial statements of Pooling Resources Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, statement of functional expenses, and statements of cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pooling Resources Inc as of June 30, 2022 and 2021, its activities and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pooling Resources Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooling Resources Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,



individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pooling Resources Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooling Resources Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bertrand & Associates, LLC*

Carson City, Nevada  
October 10, 2022

Dear Board of Directors,

As the General Manager of Pooling Resources, Inc. (PRI), I am pleased to present the Annual Audited Financial Statements for the fiscal year ending June 30, 2022. Since inception in 2006, we have assisted members of the Nevada Public Agency Insurance Pool (POOL) and the Public Agency Compensation Trust (PACT) in reducing employment liability by providing relevant, timely, accurate, and consistent guidance, and delivering high-value, high-quality services and trainings tailored to member needs.

The audited financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-210-45, Financial Statements of Not-For-Profit Organizations. As such, PRI is required to report information regarding its financial position and activities according between net assets with donor restrictions and those without donor restrictions. All of PRI's net assets are without donor restrictions. Please see the audited financial statements for more details.

Through the oversight of the Board of Directors, Audit Committee, and our HR Oversight Committee, POOL/PACT Members can be assured that PRI remains financially responsible in carrying out the strategic plans of the organization and the service plans of the individual members with the grant funding provided.

Fiscal Year 21/22 was another unique year, and I am proud of all we accomplished, even with everchanging pandemic-related restrictions. Our team of highly-qualified HR professionals and support staff were able to continue to provide our broad scope of services, including in-person and virtual instructor-led training courses, including five sessions of our Essential Management Skills in the Public Sector Certificate and a four-part series focusing on "Bridging the Gap" between law enforcement and human resources personnel. We also successfully held 14 virtual round tables, nine webinars, issued 11 "Alerts" and "Notices" informing members of significant changes in HR-related laws or practices; conducted six HR assessments of members' HR-related practices; provided 11 scholarships to assist members in attaining nationally-recognized HR certifications, and updated our comprehensive model personnel policies and forms for member adoption. We hope members are pleased with our wide range of services not offered by other agencies.

Thank you for your participation in POOL/PACT and for having confidence in PRI's ongoing ability to meet our mission of partnering with member entities to reduce employment liability by providing the resources and education needed to build strong foundations for effective HR practices.

We welcome your comments and suggestions to further strengthen PRI's operations. I am honored to serve as General Manager. Thank you for your continued active participation as a Member of POOL/PACT.

Sincerely,



Stacy L. Norbeck, General Manager

September 28, 2022

**POOLING RESOURCES INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

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<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
Current assets:		
Cash and cash equivalents	\$ 380,027	\$ 498,908
Investments	1,273,090	1,024,874
Grant receivable	111,414	108,160
Total current assets	<u>1,764,531</u>	<u>1,631,942</u>
Other assets:		
Prepaid expenses	14,796	14,378
Total other assets	<u>14,796</u>	<u>14,378</u>
<b>Total assets</b>	<b><u>1,779,327</u></b>	<b><u>1,646,320</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	29,687	27,587
Accrued payroll	-	8,376
Compensated absences	41,715	39,147
Total current liabilities	<u>71,402</u>	<u>75,110</u>
Net assets -without donor restrictions	<u>1,707,925</u>	<u>1,571,210</u>
Total net assets	<u>1,707,925</u>	<u>1,571,210</u>
<b>Total liabilities &amp; net assets</b>	<b><u>\$ 1,779,327</u></b>	<b><u>\$ 1,646,320</u></b>

See notes to financial statements

**POOLING RESOURCES INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the years ended June 30, 2022 and 2021**

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<b>REVENUES</b>	<b>2022</b>	<b>2021</b>
Grant income	\$ 1,336,857	\$ 1,297,920
Other income		15
Total revenues	<u>1,336,857</u>	<u>1,297,935</u>
 <b>EXPENDITURES</b>		
Program activities:		
Salaries and payroll taxes	592,835	673,280
Retirement	91,841	120,451
Health insurance costs	102,088	102,814
Conference expenses	18,983	11,807
Member education services	38,352	18,635
Professional development	4,868	5,234
Travel	17,851	5,925
Total program activities	<u>866,818</u>	<u>938,146</u>
General activities:		
Casualty insurance	8,396	9,181
Dues and subscriptions	5,260	1,898
Legal and professional	22,358	16,047
Management Services	26,522	25,752
Office supplies	6,407	8,553
Rent	79,920	78,348
Technology expenses	56,603	56,955
Other operating expenses	20,967	25,090
Total supporting activities	<u>226,433</u>	<u>221,824</u>
Total expenses	<u>1,093,251</u>	<u>1,159,970</u>
Increase in operating net assets - without donor restrictions	243,606	137,965
Non-operating net investment income (loss)	(106,891)	89,526
<b>Change in net assets - without donor restrictions</b>	<u><b>136,715</b></u>	<u><b>227,491</b></u>
Net assets at beginning of year	1,571,210	1,343,719
<b>Net assets at end of year - without donor restrictions</b>	<u><b>\$ 1,707,925</b></u>	<u><b>\$ 1,571,210</b></u>

See notes to financial statements

**POOLING RESOURCES INC.**  
**STATEMENT OF CASH FLOWS**  
**For the years ended June 30, 2022 and 2021**

	2022			2021		
	Program	General	Total	Program	General	Total
Salaries & related taxes	\$ 503,910	\$ 88,925	\$ 592,835	\$ 572,288	\$ 100,992	\$ 673,280
Pension plan contributions	78,065	13,776	91,841	102,383	18,068	120,451
Health insurance	86,775	15,313	102,088	87,392	15,422	102,814
Conference expenses	18,983	-	18,983	11,807	-	11,807
Member education services	38,352	-	38,352	18,635	-	18,635
Professional development	4,868	-	4,868	5,234	-	5,234
Travel	17,851	-	17,851	5,925	-	5,925
Casualty insurance	-	8,396	8,396	-	9,181	9,181
Dues & subscriptions	-	5,260	5,260	-	1,898	1,898
Legal & professional	13,093	9,265	22,358	9,397	6,650	16,047
Management services	-	26,522	26,522	-	25,752	25,752
Office supplies	5,446	961	6,407	7,270	1,283	8,553
Rent	67,932	11,988	79,920	66,596	11,752	78,348
Technology expenses	48,113	8,490	56,603	48,412	8,543	56,955
Other operating expense	-	20,967	20,967	-	25,090	25,090
<b>Total expenses</b>	<b>\$ 883,388</b>	<b>\$ 209,863</b>	<b>\$ 1,093,251</b>	<b>\$ 935,339</b>	<b>\$ 224,631</b>	<b>\$ 1,159,970</b>

See notes to financial statements

**POOLING RESOURCES INC.**  
**STATEMENT OF CASH FLOWS**  
**For the years ended June 30, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 136,715	\$ 227,491
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) in grants receivable	(3,254)	(4,160)
(Increase) decrease in prepaid expenses	(418)	90
Increase in accounts payable	2,100	9,557
(Decrease) increase in accrued payable	(8,376)	8,376
Increase (decrease) in compensated absences	2,568	(10,115)
Net cash flows provided from operating activities	<u>129,335</u>	<u>231,239</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in investments	(248,216)	(97,419)
Net cash used in investing	<u>(248,216)</u>	<u>(97,419)</u>
(Decrease) increase in cash and cash equivalents	(118,881)	133,820
Beginning cash at July 1	498,908	365,088
<b>Cash and cash equivalents at year end, June 30</b>	<u><u>\$ 380,027</u></u>	<u><u>\$ 498,908</u></u>

See notes to financial statements

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Background

Pooling Resources Inc. (“PRI”) was formed and began operations July 1, 2006 solely for the purpose of providing human resource consulting services to the members of the Nevada Public Agency Insurance Pool (POOL) and the Public Agency Compensation Trust (PACT). PRI’s funding comes from a grant that commenced on July 1, 2015 and continued through to June 30, 2020 and was renewed July 1, 2020 to continue through to June 30, 2025.

Financial Statement Presentation

The financial statements of the PRI have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expense when the obligation is incurred. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants “Audit and Accounting Guide for Not-for Profit Organizations” (the Guide”). ASC 958 became effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of non-profits and changes therein are to be classified as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of PRI. PRI’s Board may designate assets without restrictions for specific operational purposes from time to time.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Donor restrictions that are temporary in nature are those restrictions which will be met by actions of PRI or by the passage of time. Donor restrictions that are perpetual in nature are those whereby the donor has stipulated the funds be maintained in perpetuity. Net assets of PRI are considered unrestricted funds. In the event that the grantors ever cease to fund PRI, any unspent amounts are to be returned to grantors.

Accounting Method

PRI uses the accrual method of accounting. Income is recognized when earned and costs and expenses are recognized when the obligations are incurred. Accordingly, all significant receivables, payables, and other liabilities are reflected.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to PRI’s ongoing activities. Non-operating activities are limited to resources that generate return from investments.

Cash and Equivalents

For purposes of the cash flow statements, PRI considers securities with original maturities of 90 days or less to be cash equivalents.

Health insurance benefits

Beginning July 1, 2015, PRI extended health insurance benefits to include the dependents of employees.

Income taxes

PRI is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Estimates

PRI uses estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Investments

The Board has adopted an investment policy which outlines key objectives, investment strategies, risks, responsibilities, guidelines and limitations. PRI has adopted and implemented FASB ASC 820-10 Fair Value Measurements which provides a framework for measuring fair value under GAAP. Investment return is presented net of investment fees. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy which prioritizes the valuations into three levels as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that affect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information in the circumstances.

Concentrations

The organization receives its sole funding from a grant jointly funded by Nevada Public Agency Insurance Pool (POOL) and Public Agency Compensation Trust (PACT). Nevada Risk Pooling (NRP) and Public Agency Risk Management Services, Inc. (PARMS) provided management services to PRI, as well as to the Nevada Public Agency Insurance Pool and Public Agency Compensation Trust.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program activities and management and general expenses. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries & related costs	Time and Effort
Member services & travel	Time and Effort
Professional development	Time and Effort
Legal & professional	Actual allocation
Rent	Square footage
Office supplies & technology	Time and Effort



**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 2 – CASH**

The carrying amounts of deposits at financial institutions at June 30, 2022 and 2021 were \$380,07 and \$498,908 which are reasonable estimates of fair value and represent Level 1 inputs. The difference between the carrying amount and the bank balance results from outstanding checks and deposits not yet reflected in the bank’s records.

The accounts are insured by the Federal Deposit Insurance Corporation and SIPC for amounts up to \$250,000 and \$500,000 respectively. At times, the account balances may exceed the institution’s federally insured limits. The balance of cash and cash equivalents held at financial institutions at June 30, 2022 and 2021 was \$413,401 and \$544,251 respectively.

	2022	2021
Amounts insured through FDIC	\$ 250,000	\$ 250,000
Cash equivalents insured through SIPC	17	200,013
Uninsured balances	163,384	94,238
Total deposits at financial institutions	<u>\$ 413,401</u>	<u>\$ 544,251</u>

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

PRI’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 380,027
Investments, at fair market value	1,273,090
Grant receivable	111,414
Total current assets	<u>\$ 1,764,531</u>

All grant revenues are donor restricted to the grant purpose. As PRI operates for the sole purpose of providing services to the Grantors, all its expenditures meet donor-imposed restrictions, therefore, financial assets are not reduced for donor-imposed restrictions. As part of PRI’s liquidity management, its policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. PRI keeps cash in a checking account at a local bank to meet short term cash requirements. PRI has investments and a money market account held in a Vanguard brokerage. Amounts can be readily drawn on to meet liquidity needs. PRI prepares a budget based on anticipated grant draws which are received in 12 equal installments throughout the year.

**NOTE 4 – INVESTMENTS**

Fair values are based on quoted market prices or dealer quotes. If a market price is not available, fair value is estimated using quoted market prices of similar securities. This fair value represents level 1 inputs as described in Note 1. Net investment income represents investment income less investment expenses. Investment expense for June 30, 2022 and June 30, 2021 was \$5,703 and \$8,516.

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**NOTE 4 – INVESTMENTS (continued)**

The following schedule summarizes investment returns and their classifications in the statement of activities for the years ended June 30,

	June 30, 2022	June 30, 2021
Interest income	\$ 24,507	\$ 17,646
Realized gains (losses)	-	-
Unrealized gains (losses)	(125,695)	80,396
Investment expenses	(5,703)	(8,516)
Total investment return	<u>\$ (106,891)</u>	<u>\$ 89,526</u>

Classification of assets and fair value for years ended are as follows:

	Assets at fair value June 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity Bond mutual funds	\$ 885,667	\$ -	\$ -	\$ 885,667
Large Cap mutual funds	310,384	-	-	310,384
Mid Cap mutual funds	38,979	-	-	38,979
Small Cap mutual funds	38,060	-	-	38,060
International Stock fund	-	-	-	-
Total investments	<u>\$ 1,273,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,273,090</u>

	Assets at fair value June 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity Bond mutual funds	\$ 696,560	\$ -	\$ -	\$ 696,560
Large Cap mutual funds	220,028	-	-	220,028
Mid Cap mutual funds	36,809	-	-	36,809
Small Cap mutual funds	38,051	-	-	38,051
International Stock fund	33,426	-	-	33,426
Total investments	<u>\$ 1,024,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,024,874</u>

**NOTE 5 – COMPENSATED ABSENCES**

Compensated absences represents unused vacation pay that is payable to the employee upon termination. Employees of PRI are entitled to paid personal time off dependent upon length of service. Vested or accumulated paid time off that is expected to be liquidated is reported as an expenditure and liability. Amounts accrued for employees but not used totaled \$41,715 and \$39,147 for years ended June 30, 2022 and 2021.

**NOTE 6 - INCOME TAXES**

PRI is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Service Code. As a result, PRI files federal form 990, *Return of Organization Exempt from Income Tax*, and is not liable for payment of corporate income tax as long as PRI's activities do not involve unrelated business taxable income. Tax returns for the years ending June 30, 2021, 2020, 2019 and 2018 are open to audit by the Internal Revenue Service.

**POOLING RESOURCES INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 7 – EMPLOYEE RETIREMENT PLAN**

All employees who are expected to receive at least a minimum annual compensation of \$5,000 are eligible to participate in the Simplified Employee Plan (SEP) one year after their hire date. PRI made contributions of 20% of the employees' annual compensation in 2022 and 2021. PRI's contribution to the SEP plans totaled \$91,841 and \$120,451 for years ended June 30, 2022 and 2021.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

Nevada Public Agency Insurance Pool (NPAIP) and Public Agency Compensation Trust (PACT) are co-grantors providing funds for the operations of PRI. The grant term covered the period July 1, 2015 through June 30, 2021. The grant amounts for years ended 2022 and 2021 were \$1,336,857 and \$1,297,920 respectively. Receivables on the contract on June 30, 2022 and 2021 were \$111,414 and \$108,160. The grant was extended for a five-year period starting on July 1, 2020 through June 30, 2025 with a 3% annual adjustment for the next four years.

PRI occupies space in a building owned by Nevada Public Agency Insurance Pool. PRI paid rent in the amounts of \$79,920 and \$78,348 in 2022 and 2021 respectively. Rent is paid on a year-to-year basis and determined annually when the budget is prepared.

Effective July 1, 2019, Public Agency Compensation Trust (PACT) jointly with Nevada Public Agency Insurance Pool (NPAIP) provided a five-year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Curtis Calder, chairman, and Paul Johnson and Geof Stark.

NRP received a management fee for fiscal years ended June 30, 2022 and 2021 in the amount of \$26,522 and \$25,752 to provide management oversight, grant administration and financial services to PRI under a five-year contract ending on July 1, 2024. The contract provides for a 3% adjustment each year.

**NOTE 9 – NET ASSETS**

In accordance with Section 9 of the Grant, any funds not expended for the purposes set forth in this Grant shall be subject to refund to Grantor, unless otherwise directed by Grantor. The Grantor may allow retention of unexpended funds for the purpose of carryover to future grants, expansion or redirection of services or service delivery methods or for any other purpose deemed appropriate by Grantor.

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 10, 2022 which is the date the financial statements were available to be issued.

**NEVADA RISK POOLING, INC. (a non-profit corporation)**  
**FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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## EXECUTIVE DIRECTOR'S LETTER

Board of Directors Nevada Risk Pooling, Inc.,

As the Executive Director, I am pleased to present the Nevada Risk Pooling, Inc.(NRP) Audited Financial Statements for the year ending June 30, 2022, the conclusion of our third year of operations providing management, risk management and accounting services to these entities: Nevada Public Agency Insurance Pool (POOL), Public Agency Compensation Trust (PACT), Public Risk Mutual, Public Compensation Mutual, Pooling Resources, Inc. and the Nevada Association of Counties. The creation of NRP was the succession planning tool to transition from Public Agency Risk Management Services, Inc. (PARMS) to this non-profit cooperative corporation without stock in accordance with the provisions of NRS 81.410 et seq.

The audited financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-210-45, *Financial Statements of Not-For-Profit Organizations*. As such, NRP is required to report information regarding its financial position and activities accordingly between net assets with donor restrictions and those without donor restrictions. All of NRP's net assets are without donor restrictions. Please see the audited financial statements for more details.

Through the oversight of the NRP Board of Directors , NRP remains financially responsible in carrying out the administrative and professional services and programs within the grant funding provided. Members should be proud of the success we have achieved together.

During our third year of operations as NRP, we brought brokering and risk management services in-house with the termination of the Willis Pooling contracts. We continue to provide the high-quality risk management programs and services our members requested and developed over the years. Our pooling programs provide stability by pricing for the long-term to preserve capacity and minimize the volatility otherwise experienced in the traditional insurance marketplace. Our comprehensive risk management programs in human resources, loss control, E-learning, cyber security, health and wellness, law enforcement and school security provide members with programs and services that set us apart. We continue to nurture collaborative strategic partnerships so all involved can grow, learn, and succeed together.

Thank you for your participation in POOL/PACT and for having confidence in our ongoing ability to meet the Mission, Vision, and Strategic Plans set for our member services consortium. We welcome your comments and suggestions to further strengthen the pools and NRP's operations and to provide you with additional information and to enhance Member services. I am honored to serve as your Executive Director. Thank you for your continued active participation as a Member of POOL/PACT.

Sincerely,

*Wayne Carlson*

NRP Executive Director

**BERTRAND & ASSOCIATES, LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Members American Institute of Certified Public Accountants

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777 E. William St. Suite 206  
Carson City, NV 89701  
Tel 775.882.8892  
Fax 775.562.2667

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Nevada Risk Pooling, Inc.  
Carson City, Nevada

**Opinion**

We have audited the accompanying financial statements of Nevada Risk Pooling, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, statement of functional expenses, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada Risk Pooling, Inc. as of June 30, 2022 and 2021, its activities and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nevada Risk Pooling Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Risk Pooling, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

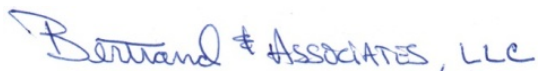
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nevada Risk Pooling, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Risk Pooling, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

 Bertrand # ASSOCIATES, LLC

Carson City, Nevada  
October 10, 2022



**NEVADA RISK POOLING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

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<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
Current assets:		
Cash and cash equivalents	\$ 803,934	\$ 638,414
Investments	682,939	339,648
Accounts receivable	84,793	31,897
Grant receivable	424,766	103,500
Total current assets	<u>1,996,432</u>	<u>1,113,459</u>
Other assets:		
Prepaid expenses	13,752	11,077
Total other assets	<u>13,752</u>	<u>11,077</u>
<b>Total assets</b>	<b><u><u>2,010,184</u></u></b>	<b><u><u>1,124,536</u></u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	37,170	47,513
Accrued payroll liability	-	4,587
Accrued payroll taxes	-	1,742
Compensated absences	58,527	48,160
Total current liabilities	<u>95,697</u>	<u>102,002</u>
Net assets without donor restrictions	<u>1,914,487</u>	<u>1,022,534</u>
Total net assets	<u>1,914,487</u>	<u>1,022,534</u>
<b>Total liabilities &amp; net assets</b>	<b><u><u>\$ 2,010,184</u></u></b>	<b><u><u>\$ 1,124,536</u></u></b>

See notes to financial statements

**NEVADA RISK POOLING, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the years ended June 30, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Grant income	\$ 2,148,053	\$ 1,242,000
Management contracts	344,792	334,764
Bookkeeping fees	21,000	24,000
Total revenues	<u>2,513,845</u>	<u>1,600,764</u>
<b>EXPENDITURES</b>		
Salaries and payroll taxes	882,444	659,440
Retirement	108,086	120,762
Health insurance costs	108,061	87,441
Management Services	318,276	309,000
Casualty insurance	6,509	6,690
Rent	53,820	52,764
Technology expenses	48,516	46,601
Other operating expenses	33,835	25,699
Total expenses	<u>1,559,547</u>	<u>1,308,397</u>
<b>Increase in operating net assets - without donor restrictions</b>	954,298	292,367
Increase in non-operating net investment income	(62,345)	35,134
<b>Change in net assets - without donor restrictions</b>	<u>891,953</u>	<u>327,501</u>
Net assets at beginning of year	1,022,534	695,033
<b>Net assets at end of year - without donor restrictions</b>	<u><u>\$ 1,914,487</u></u>	<u><u>\$ 1,022,534</u></u>

See notes to financial statements

**NEVADA RISK POOLING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the years ended June 30, 2022 and 2021**

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	2022			2021		
	Program	General	Total	Program	General	Total
Salaries and payroll taxes	\$ 661,833	\$ 220,611	\$ 882,444	\$ 494,580	\$ 164,860	\$ 659,440
Retirement	81,064	27,022	108,086	90,571	30,191	120,762
Health insurance costs	81,046	27,015	108,061	65,581	21,860	87,441
Management Services	-	318,276	318,276	-	309,000	309,000
Casualty insurance	-	6,509	6,509	-	6,690	6,690
Rent	40,365	13,455	53,820	39,573	13,191	52,764
Technology expenses	36,387	12,129	48,516	34,951	11,650	46,601
Other operating expenses	-	33,835	33,835	-	25,699	25,699
<b>Total expenses</b>	<b>\$ 900,695</b>	<b>\$ 658,852</b>	<b>\$ 1,559,547</b>	<b>\$ 725,256</b>	<b>\$ 583,141</b>	<b>\$ 1,308,397</b>

See notes to financial statements

**NEVADA RISK POOLING, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the years ended June 30, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 891,953	\$ 327,501
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Decrease (increase) in accounts receivable	(52,896)	(28,897)
(Increase) in grants receivable	(321,266)	(59,750)
(Increase) in prepaid expenses	(2,675)	(4,388)
(Decrease) increase in accounts payable	(10,343)	24,505
(Decrease) in accrued payroll	(4,587)	(73)
(Decrease) increase in accrued payroll tax	(1,742)	1,742
Increase (decrease) increase in compensated absences	10,367	(1,024)
Net cash flows provided from operating activities	<u>508,811</u>	<u>259,616</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) in investments	<u>(343,291)</u>	<u>(37,974)</u>
Net cash used in investing	<u>(343,291)</u>	<u>(37,974)</u>
Increase in cash and cash equivalents	165,520	221,642
Beginning cash at July 1	638,414	416,772
<b>Cash and cash equivalents at year end, June 30</b>	<u><u>\$ 803,934</u></u>	<u><u>\$ 638,414</u></u>

See notes to financial statements

**NEVADA RISK POOLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Background

Nevada Risk Pooling, Inc. (“NRP”) was formed and began operations July 1, 2019 for the purpose of providing management, risk management, and accounting services to the Nevada Public Agency Insurance Pool (POOL) and Public Agency Compensation Trust (PACT), both public agencies formed pursuant to Nevada Revised Statutes chapter 277, collectively known as POOL/PACT. NRP is a non-profit cooperative corporation without stock in accordance with the provisions of NRS 81.410 et seq. The corporation is organized exclusively for charitable, religious, educational and scientific purpose under Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code by advancing education of local government officials, lessening the burdens of government, eliminating prejudice and discrimination and defending civil rights secured by law. NRP’s funding comes from contracts for services and a grant that commenced on July 1, 2019 and continues through to June 30, 2024.

Financial Statement Presentation

The financial statements of the NRP have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expense when the obligation is incurred. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants “Audit and Accounting Guide for Not-for Profit Organizations” (“the Guide”). ASC 958-205 became effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of non-profits and changes therein are to be classified as follows:

*Net assets without donor restrictions:* This category of net assets are resources over which the Board of Directors has discretionary control and are available for the various programs and administration of NRP.

*Net assets with donor restrictions:* Net assets with donor restrictions are resources subject to donor-imposed restrictions which will be satisfied by actions of NRP or the passage of time. Donor restricted contributions for which restrictions are met in the same reporting period are reported as unrestricted support. Net assets of NRP are considered unrestricted funds. In the event that the grantors ever cease to fund NRP, any unspent amounts are to be returned to the grantors.

Accounting Method

NRP uses the accrual method of accounting. Income is recognized when earned and costs and expense are recognized when the obligations are incurred. Accordingly, all significant receivables, payables, and other liabilities are reflected.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to NRP’s ongoing activities. Non-operating activities are limited to resources that generate return from investments.

Cash and Equivalents

For purposes of the cash flow statements, NRP considers securities with original maturities of 90 days or less to be cash equivalents.

**NEVADA RISK POOLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Health insurance benefits

NRP provides extended health insurance benefits to include the dependents of employees.

Income taxes

NRP is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

Use of Estimates

NRP uses estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Investments

The Board has adopted an investment policy which outlines key objectives, investment strategies, risks, responsibilities, guidelines and limitations. NRP has adopted and implemented FASB ASC 820-10 Fair Value Measurements which provides a framework for measuring fair value under GAAP. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy which prioritizes the valuations into three levels as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through observable market data.

Level 3: Unobservable inputs for the asset or liability, that is, inputs that affect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information in the circumstances.

Investment return is presented net of investment fees.

Concentrations

The Organization receives funding from a grant jointly funded by Nevada Public Agency Insurance Pool (POOL) and Public Agency Compensation Trust (PACT). NRP has contracted with Pooling Resource Inc (PRI), Public Compensation Mutual (PCM), and Public Risk Mutual (PRM) to provide management services and contracts with other entities to provide accounting services. POOL, PACT, PRI, PCM and PRM are all related parties. See related note for more details.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program activities and management and general expenses.

**NEVADA RISK POOLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Functional Expenses

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries & related costs	Time and Effort
Management services	Full Time Equivalent
Legal & professional	Actual allocation
Rent	Square footage
Technology expenses	Time and Effort
Other	Time and Effort

**NOTE 2 – CASH**

The carrying amounts of deposits at financial institutions at June 30, 2022 and 2021 were \$803,934 and \$638,414 respectively, which are the reasonable estimates of fair value and represent Level 1 inputs. The difference between the carrying amount and the bank balance results from outstanding checks and deposits not yet reflected in the bank’s records.

The accounts are insured by the Federal Deposit Insurance Corporation and SIPC for amounts up to \$250,000. At times, the account balances may exceed the institution’s federally insured limits. The balance of cash and cash equivalents held at financial institutions at June 30, 2022 and 2021 was \$830,874 and \$664,241.

	<u>2022</u>	<u>2021</u>
Amounts insured through FDIC	\$ 250,000	\$ 250,000
Cash equivalents insured through SIPC	670	200,664
Uninsured balances	580,204	213,577
Total deposits at financial institutions	<u>\$ 830,874</u>	<u>\$ 664,241</u>

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

NRP’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 803,934	\$ 638,414
Investments, at fair market value	682,939	339,648
Accrued income receivable	84,793	31,897
Grant receivable	424,766	103,500
Total current assets	<u>\$ 1,996,432</u>	<u>\$ 1,113,459</u>

**NEVADA RISK POOLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)**

All grant revenues are donor restricted to the grant purpose. As NRP operates for the sole purpose of providing services to the grantors, all its expenses meet donor-imposed restrictions, therefore financial assets are not reduced for donor-imposed restrictions. As part of NRP’s liquidity management, its policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. NRP keeps cash in a checking account at a local bank to meet short term cash requirements. NRP’s investments are held in a Vanguard brokerage account at year end. NRP prepares a budget based on anticipated grant draws which are received in 12 equal installments throughout the year.

**NOTE 4 – INVESTMENTS**

Fair values are based on quoted market prices or dealer quotes. If a market price is not available, fair value is estimated using quoted market prices of similar securities. This fair value represents level 1 inputs as described in Note 1. Net investment income represents investment income less investment expenses. Net investment expenses for years ended June 30, 2022 and 2021 were \$5,642 and \$2,853.

The following schedule summarizes investment returns and their classifications in the statement of activities for the year ended June 30:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Investment income	\$ 12,435	\$ 5,777
Realized gains (losses)	-	32,210
Unrealized gains (losses)	(69,138)	-
Investment expenses	(5,642)	(2,853)
Total investment return	<u>\$ (62,345)</u>	<u>\$ 35,134</u>

Classification of assets and fair value classifications for year ended June 30, are as follows:

	Assets at fair value June 30, 2022			Total
	Level 1	Level 2	Level 3	
Equity Bond mutual funds	\$ 479,896	\$ -	\$ -	\$ 479,896
Large Cap mutual funds	161,747	-	-	161,747
Mid Cap mutual funds	20,895	-	-	20,895
Small Cap mutual funds	20,401	-	-	20,401
International stock fund	-	-	-	-
Total investments	<u>\$ 682,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,939</u>



**NEVADA RISK POOLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 4 – INVESTMENTS (continued)**

	Assets at fair value June 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity Bond mutual funds	\$ 252,061	\$ -	\$ -	\$ 252,061
Large Cap mutual funds	41,868	-	-	41,868
Mid Cap mutual funds	15,453	-	-	15,453
Small Cap mutual funds	16,232	-	-	16,232
International stock fund	14,034	-	-	14,034
Total investments	\$ 339,648	\$ -	\$ -	\$ 339,648

**NOTE 5 – COMPENSATED ABSENCES**

Compensated absences represents unused vacation pay that is payable to the employee upon termination. Employees of NRP are entitled to be paid personal time off dependent upon length of service. Vested or accumulated paid time off that is expected to be liquidated is reported as an expenditure and liability. Compensated absences accrued on June 30, 2022 and 2021 totaled \$58,527 and \$48,160 respectively.

**NOTE 6 - INCOME TAXES**

NRP is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Service Code. As a result, NRP files federal form 990, *Return of Organization Exempt from Income Tax*, and is not liable for payment of corporate income tax as long as NRP's activities do not involve unrelated business taxable income. The tax returns for the years ending June 30, 2022, 2021 and 2020 are open for review.

**NOTE 7 – EMPLOYEE RETIREMENT PLAN**

All employees who are expected to receive at least a minimum annual compensation of \$5,000 are eligible to participate in the Simplified Employee Plan (SEP) one year after their hire date. For employees formerly employed by PARMS, the hire date was the date they began employment with PARMS. NRP made contributions of 20% of the employees' annual compensation in 2022 and 2021. NRP's contribution to the SEP plans in 2022 and 2021 totaled \$108,086 and \$120,762 respectively.

**NEVADA RISK POOLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 8 – RELATED PARTY TRANSACTIONS**

Effective July 1, 2019, Public Agency Compensation Trust (PACT ) jointly with Nevada Public Agency Insurance Pool (POOL) provided a five year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of POOL, Wayne Carlson, and whose current officers and directors are Josh Foli, Geof Stark, Gina Rackley and Paul Johnson. NRP received management fees for fiscal years ended June 30, 2022 and 2021 in the amount of \$2,148,053 and \$1,242,000 to provide management oversight, grant administration and financial services to Nevada Public Agency Insurance Pool and Public Agency Compensation Trust under a five-year contract ending on July 1, 2024. Receivables on the contract on June 30, 2022 and 2021 was \$424,766 and \$103,500.

Public Risk Mutual (PRM) and Public Compensation Mutual (PCM) have a five-year captive management agreement with NRP effective July 1, 2019 to July 1, 2024. For the years ending June 30, 2022 and 2021 NRP received from PRM \$159,135 and \$77,256 respectively and from PCM \$159,135 and \$231,756. Effective July 1, 2021, the amounts increase 3% each year. NRP provides management oversight, administration and fiscal services to PRM and PCM as noted in the agreements.

Nevada Public Agency Insurance Pool is the owner of the building in which NRP occupies a portion and to whom it paid rent for years ended June 30, 2022 and 2021 in the amount of \$53,820 and \$52,764. Per the five-year lease agreement starting on July 1, 2019, the amount increases 2% annually after the first year. Minimum future lease payments for the years ended June 30 are as follows:

2023	\$	54,898
2024	\$	55,996

Effective July 1, 2019, Pooling Resources, Inc. (PRI) entered into a management services agreement with NRP to provide management oversight, grant administration and financial services to PRI for a five-year period ending July 1, 2024. NRP received a management fee for fiscal years ended June 30, 2022 and 2021 of \$26,522 and \$25,752. The contract provides for a 3% annual increase beginning July 1, 2021.

NRP entered into an agreement with Public Agency Risk Management Services, Inc. (PARMS) to obtain professional services from PARMS to act as the NRP Executive Director effective July 1, 2019 to July 1, 2022. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees for years ended June 30, 2022 and 2021 were \$318,276 and \$309,000. Effective July 1, 2022 and annually thereafter, the base fee is increased by three percent (3%) annually.

**NOTE 9 – NET ASSETS**

In accordance with Section 9 of the Grant, any funds not expended for the purposes set forth in this Grant shall be subject to refund to Grantor, unless otherwise directed by Grantor. The Grantor may allow retention of unexpended funds for the purpose of carryover to future grants, expansion or redirection of services or service delivery methods or for any other purpose deemed appropriate by Grantor.

**NEVADA RISK POOLING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 10, 2022 which is the date the financial statements were available to be issued.



# POOL/PACT Human Resources FY 22/23 ACCOMPLISHMENTS TO DATE

## **TRAINING DEVELOPMENT:**

- 10 new courses:
  - 6 new online management modules:
    - Module 1: Introduction to Supervising, Managing, and Leading in the Public Sector
    - Module 2: Buddy to Boss
    - Module 3: Leadership Styles
    - Module 4: Person-Based Leadership
    - Module 5: Communication Styles
    - Module 6: Performance Management
  - 3 new compliance eLearning courses:
    - Nevada Anti-Harassment Training for Employees
    - Nevada Anti-Harassment Training for Supervisors
    - Safe and Sober Workplace for Employees/Supervisors
  - 1 new facilitator-led course:
    - Building Blocks to Effective Leadership
- 2 courses revised:
  - Human Resources Representative Session 1 (in person)
  - Human Resources Representative Session 4 (in person)
- 2 new Video HR Briefings developed:
  - Adopting PPHRs Color-coded Sample Personnel Policies
  - 2023 Service Plan Video
- 13 existing HR Briefings reviewed/revised; 13 more to be reviewed/revised

## **TRAINING DELIVERY:**

- 82 instructor-led training sessions with 1,553 participants to date
- 18 Regional Trainings – 13 complete; 1 in process; 4 scheduled
  - Essential Management Skills (EMS) Certificate Program (4 full-day sessions): 5 complete; 1 in process
  - Advanced EMS Certificate Program (2 full-day sessions): 2 complete
  - HR Representative (HRR) Certificate Program (5 full-day sessions): 1 complete
  - Advanced HRR Certificate Program (2 full-day sessions): 1 scheduled
  - Customer Service in the Public Sector: 1 scheduled
  - Dear HR: Toughest Supervisor Challenges: 1 complete
  - Document, Discipline, and Due Process: 2 complete



# POOL/PACT Human Resources FY 22/23 ACCOMPLISHMENTS TO DATE

- Influential Leadership (1 full-day session): 1 scheduled
- Taking Control of Conflict: 1 complete
- Techniques for Effective Recruitment: 1 complete
- So, You Want to Be a Supervisor? (1 full-day session): 1 scheduled
- \*Full-day sessions are conducted in two half-days when presented virtually.*
- Regional Trainings Using Outside Resources conducted:
  - Internal Investigation Workshop Series:
    - Part I: The Complaint: 1 complete
    - Part II: The Investigation: 1 complete
    - Part III: The Findings: 1 scheduled
- 12 Webinars – 10 conducted; 2 more scheduled:
  - POOL/PACT 101 for Board Members: 1 complete
  - Sustaining a Respectful Work Environment (EAP): 1 complete
  - The Coach Approach to Leadership – Leadership Skills for Thriving Teams (EAP): 1 complete
  - Effective Stress Management (EAP): 1 complete
  - Sustaining Resilience During Ongoing Exposure to Trauma (EAP): 1 complete
  - Why Inclusion Matters (EAP): 1 complete
  - How to Lead Hybrid High-Performing Teams (EAP): 1 complete
  - People-Centric Leadership (EAP): 1 complete
  - Battling Burnout (EAP): 1 complete
  - Fostering a Sense of Belonging (EAP): 1 complete
  - Emotional Strength (EAP): 1 scheduled
  - Recognize and Respond: A Session for Managers (EAP): 1 scheduled
- 12 Virtual Round Tables by Entity Type: 10 sessions conducted; 2 scheduled
- 5 HR Briefings with 57 participants conducted to date

## **ANNUAL HR CONFERENCE:**

- 1 Preconference session – Risk Management Round Up (53 in person; 6 virtual)
- 9 full-conference sessions (95 to 109 in-person participants over two days)
  - From Surviving to Thriving: A Proven System for Self-Motivation by Jeffrey Benjamin – Breakthrough Training
  - ADA Lessons from the 9th Circuit by Dora Lane – Holland & Hart LLP
  - Round Tables by Entity Type (POOL/PACT HR staff)
  - Future of Work: Deploying the 3 Rs by Cheri Hill – Sage International, Inc.



# POOL/PACT Human Resources FY 22/23 ACCOMPLISHMENTS TO DATE

- Recruiter Panel Q & A
- Take the Cry out of CRISIS by Alison Gaulden – University of Nevada, Reno
- Open Meeting Law Considerations for Employment by Homa Sayyar Woodrum – Nevada Office of the Attorney General
- Round Tables by Topic (POOL/PACT HR staff and various speakers)
- “Stump the Attorney” Legal Panel with Rebecca Bruch, Charity Felts, Rick Hsu, & Ryan Russell
- Overall rating: 4.84 out of 5.0

## **ALERTS/NOTICES:**

- 2 Alerts issued to date:
  - Release Time to Vote (10/24/22)
  - 2023 HR-Related Legislation Tracking (2/6/23)
- 1 Notice issued to date:
  - Know Your Rights: Workplace Discrimination is Illegal” Poster, revised 10-20-22 (10/25/22)

## **LEGISLATIVE TRACKING:**

- 98 HR-Related bills currently being tracked during 82<sup>nd</sup> (2023) Session
- 1 Summary of HR-related Legislation report to be released

## **SALARY SCHEDULE DATABASE:**

- 13 Cities and Towns
- 10 Counties
- 1 Hospital
- 14 School Districts
- 9 Special Districts

## **POLICY DEVELOPMENT AND REVIEW**

- Sample COVID-19/Contagious Disease Policy released in September
- New Sample Color-coded Personnel policies released in October
- Annual updates in review
- Sample Color-coded, School, and CDL policies will be revised and released by June 30, 2023



**POOL/PACT**

# POOL/PACT Human Resources FY 22/23 ACCOMPLISHMENTS TO DATE

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*The Power of the POOL*

## **HR ASSESSMENTS:**

- 21 PHASE I's – 15 in process; 2 complete this FY:
  - City of Carlin
  - Tahoe Transportation District
  
- 3 PHASE II's – 1 in process; 2 complete this FY:
  - City of Winnemucca
  - Nye County School District

## **HR SCHOLARSHIPS:** 7 new scholarships awarded this FY:

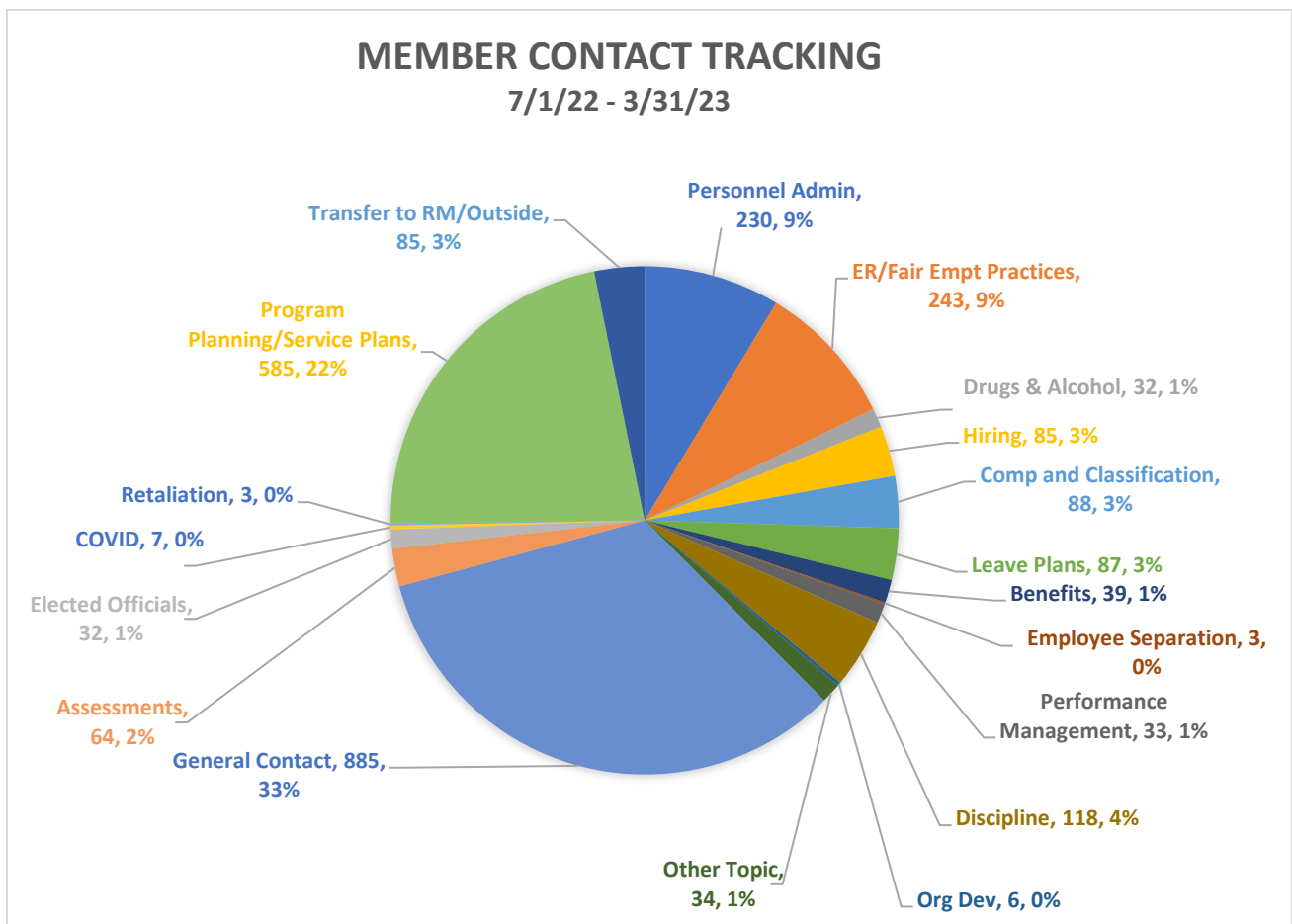
- 1 aPHR
- 2 SHRM-CP
- 1 SHRM-SCP
- 2 IPMA-CP
- 1 IPMA-SCP



# POOL/PACT Human Resources FY 22/23 ACCOMPLISHMENTS TO DATE

*The Power of the POOL*

POOL/PACT HR Business Partners recorded 1,989 contacts with members between July 1, 2022, and March 31, 2023, as shown below. The top topics (excluding Program Planning/Service Plans and General Contact) were Employee Relations (ER)/Fair Employment Practices, Personnel Administration, and Discipline.





# MEMBER CONTACT CODES

(created 11/19/19)

revised 2/17/2023

Personnel Administration	
A1	Human Resources Policies/Procedures
A2	Job Descriptions/Class Specifications
A3	Personal Records/Recordkeeping
A4	Collective Bargaining Agreements

Employee Relations/Fair Employment Practices	
B1	Harassment/Discrimination
B2	Employee Bullying
B3	School Bullying
B4	Investigations/Internal Inquiries
B5	Employee dating
B6	ADA
B7	Pregnancy
B8	Domestic Violence
B9	Workplace Violence
B10	Nepotism
B11	Ethical Standards
B12	Political Activity
B13	Solicitation
B14	Social Networking
B15	Outside Employment
B16	Children/Animals in the Workplace
B17	Whistleblower
B18	Telecommuting
B19	Workplace Safety
B20	Grievance/Conflict Resolution
B21	Employee Assistance Program
B22	Title IX
B23	ADA Accommodation
B24	Religious Accommodation

Drugs and Alcohol	
C1	General
C2	Pre-employment Testing
C3	Reasonable Suspicion Testing
C4	Random Testing
C5	CDL Testing
C6	Post-accident Testing

Hiring	
D1	Recruitment
D2	Interviewing
D3	Background/Reference Checks
D4	Hiring (includes offer letters)
D5	NEO/Onboarding
D6	Volunteer Programs

Compensation and Classification	
E1	Classification/Reclassification
E2	Employment Status (temp/contract/at-will/volunteer)
E3	Exemption Status
E4	Wage and Hour Practices/FLSA

Leave Plans	
F1	Holidays
F2	Annual
F3	Sick
F4	FMLA
F5	LWOP
F6	Court Leave
F7	Bereavement Leave
F8	Catastrophic Leave
F9	Military Leave
F10	Bermuda Triangle
F11	Other Leave

Benefits	
G1	Retirement/PERS
G2	Workers' Compensation
G3	Other Benefits
G4	Health Insurance
G5	Unemployment Claims

Employee Separation	
H1	Resignation
H2	Job Abandonment
H3	Reduction in Force/Layoffs

Performance Management	
I1	Coaching/Counseling (pre-discipline)
I2	Performance Evaluations
I3	Performance Improvement/PIPs

Discipline	
J1	Discipline Procedures/Due Process
J2	Termination/Discharge
J3	Last Chance Agreement

Organization development	
K1	Organization Planning and Design
K2	Succession Planning
K3	Values/Mission/Goals

Other topic	
L1	Other topic not listed (list on back of tracking sheet)

Other contact/services	
M1	Program Planning (includes confirmation of trainings)
M2	Service Plans
M3	HR Scholarships
M4	Checking In/Follow Up/Inquires
M5	Training/Briefing/Round Table
M6	Transfer to Risk Management
M7	Transfer to Outside Entity
M8	eLearning
M9	Oversight Committee
M10	HR Recognition Program
M11	Enterprise Risk Management Excellence Program (ERMEP)

Assessments	
N1	Phase I
N2	Phase II
N3	Assessment General

Elected Officials	
O1	Concerns/issues
O2	Open Meeting Law

COVID	
P1	COVID General
P2	COVID Leave
P3	COVID Policy
P4	OSHA ETS
P5	COVID ADA Accommodation
P6	COVID Religious Accommodation

Retaliation	
Q1	Harassment/Discrimination Retaliation
Q2	Employee Bullying Retaliation
Q3	School Bullying Retaliation
Q4	ADA Retaliation
Q5	Parental School Leave Retaliation
Q6	Pregnancy/Nursing Retaliation
Q7	Ethical Standards Retaliation
Q8	Political Activity Retaliation
Q9	Social Networking Retaliation
Q10	Whistleblower Retaliation
Q11	Workplace Safety Retaliation
Q12	Grievance/Conflict Resolution Retaliation
Q13	Title IX Retaliation
Q14	Drug/Alcohol Testing Retaliation
Q15	Wage & Hour Retaliation
Q16	FMLA Retaliation
Q17	Military Leave Retaliation
Q18	Workers' Compensation Retaliation
Q19	Performance Evaluations Retaliation
Q20	Discipline Procedures/Due Process Retaliation
Q21	COVID Retaliation
Q22	Other Retaliation



**POOL/PACT Annual Board Meeting 2023  
Risk Management Report  
April 6, 2023**

The following list represents the enterprise risk management projects, programs, and activities since the 2022 Annual Board Meeting. It is organized according to major service area.

Marshall Smith, Risk Manager, [marshallsmith@poolpact.com](mailto:marshallsmith@poolpact.com)  
Jarrod Hickman, Risk Management Specialist, [jarrodhickman@poolpact.com](mailto:jarrodhickman@poolpact.com)

**1. Webinars, Trainings, and Other Presentations**

- a. Aquatics Risk Management Training (6/22/2022)
- b. Nevada Sheriffs and Chiefs Association: Developing Agency and Regional Peer Support Networks; Elko, NV (7/19/22)
- c. Cybersecurity Webinar (7/19/22)
- d. Swimming Pool Hacks (presented in cooperation with Nevada Parks and Recreation Society) (7/19/22)
- e. Humboldt County Managers Meeting (9/7/22)
- f. Nevada Department of Education School Safety Conference (9/23/22)
- g. Douglas County School District CPR/First Aid/AED Training (9/28/22)
- h. POOL/PACT HR Leadership Conference, *Risk Management Round-up* (10/12/22)
- i. Litigation Strategy Workshop (10/21/22)
- j. Winter is Coming; Are Your Buildings Ready (NRMA) (11/04/2022)
- k. Nevada Association of School Boards (NASB) Annual Conference (11/12/2022)
- l. ERMEP Presentation: Humboldt County Board of Commissioners (11/21/2022)
- m. Quarterly Cybersecurity Webinar (12/05/2022)
- n. Humboldt County Safety Committee (12/07/2022)
- o. POOLPACT 101 (01/05/2023)
- p. New Board Members' Orientation (01/20/2023)
- q. Quarterly Cybersecurity Webinar (03/07/2023)
- r. Introduction to Grant Writing Toolkit (03/14/2023)

## **2. Aquatic Facility Assessments**

- a. Caliente City Pool (06/21/2022)
- b. Ely – White Pine County Aquatic Center (06/23/2022)
- c. McGill Swimming Pool (06/23/2022)
- d. Eureka County Swimming Pool (06/24/2022)
- e. Round Mountain – Christensen Swimming Pool (06/24/2022)
- f. Austin – Lander County Swimming Pool (06/25/2022)
- g. Battle Mountain – Lander County Recreation Center (06/25/2022)

## **3. Detention Facility Assessments**

- a. Eureka County (05/26/2022)
- b. Lincoln County (05/24/2022)
- c. White Pine County (11/07/2022)

## **4. Passive Network Assessments (PNA)**

- a. City of Carlin, PNA Follow-up (05/18/2022)
- b. Carson City School District, PNA Follow-up (05/17/2022)
- c. City of Caliente (06/26/2022)
- d. Elko County School District (06/29/2022)
- e. City of Elko (06/29/2022)
- f. Eureka County, PNA Follow-up (05/18/2022)
- g. Eureka County School District (05/18/2022)
- h. Humboldt County (01/04/2023)
- i. Humboldt County School District, PNA Follow-up (05/18/2022)
- j. Incline Village General Improvement District (08/15/2022)
- k. Kingsbury General Improvement District, PNA Follow-up (05/19/2022)
- l. Lincoln County School District, PNA Follow-up (05/19/2022)
- m. Mineral County School District, PNA Follow-up (05/19/2022)
- n. Nevada Rural Housing Authority, PNA Follow-up (05/19/2022)
- o. Nye County School District (11/27/2022)
- p. Pershing County, PNA Follow-up (05/20/2022)
- q. Regional Transportation Commission of Washoe County (07/13/2022)
- r. Storey County, PNA Follow-up (05/20/2022)
- s. City of West Wendover (11/22/2022)

## **5. School Safety Trainings**

- a. Mineral County School District Emergency Operation Review (May 13, 2022)
- b. White Pine County School District Hazardous Material (HazMat) Response Training and Live Drill (April 19, 2022)
- c. Behavioral Threat Assessment and Management (5/23/2022)

- d. School Safety Specialist Workshop (6/13/2022)
- e. Churchill County School District Emergency Communications Pyramid Training and Tabletop (Pyramid Training) (8/1/22)
- f. Storey County School District Pyramid Training (8/2/22)
- g. Esmeralda County School District Pyramid Training (8/8/22)
- h. Lyon County School District Pyramid Training (8/9/22)
- i. Pershing County School District Pyramid Training (8/16/22)
- j. Mineral County School District Pyramid Training (8/17/22)
- k. Humboldt County School District OpenGate Weapons Detection Training (11/15/2022)
- l. Storey County School District Emergency Response Training for Administrative Staff (December 9, 2022)
- m. Mineral County School District Post-Incident Response Action (02/03/2023)
- n. Nye County School District Pyramid Training (02/22/2023)
- o. Douglas County School District Pyramid Training (03/29/2023)

**6. Portable Fire Extinguisher (PFE) Training**

- a. Pershing County (01/09/2023)
- b. Mt. Grant General Hospital (01/10/2023)
- c. Churchill County Sheriff's Office (01/11/2023)
- d. City of Caliente (01/17/2023)
- e. Nevada Volunteers (01/24/2023)
- f. City of Winnemucca (02/22/2023)
- g. City of Carlin (04/25/2023)
- h. City of Elko (04/26/2023)

**7. Written Workplace Safety Program (WWSP) Review/Development**

- a. City of Fernley, WWSP Review (09/2022)
- b. Walker River Irrigation District, WWSP Review and Revision (12/2022)
- c. Pahrnagat Valley Volunteer Fire District WWSP Revision (01/2023)
- d. Pershing County Safety Committee (02/2023)
- e. Mineral County School District Safety Committee (02/2023)
- f. Mineral County, WWSP Revision (02/2023)
- g. White Pine County School District, Review (03/2023)
- h. City of Winnemucca, Review (04/2023)
- i. Round Mountain, Review (pending)
- j. Pershing County, WWSP Review and Revision (pending)
- k. Mt. Grant General Hospital, Review (pending)
- l. Pershing County School District (pending)
- m. OSHA Recordkeeping Forms eLearning Course (11/29/2022)

## 8. Roll Call Webinars

- a. Report Writing (05/11/2022)
- b. Home Entry & Grievance Policy (06/15/2022)
- c. Transport Restraint & ADA/MAT (07/14/2022)
- d. Audits & Inspections (08/18/2022)
- e. Bias Free Policing (09/13/2022)
- f. Officer Wellness (10/07/2022)
- g. Vehicle Stops & Impoundments (11/15/2022)
- h. Board of County Commissioner Jail Inspections & Response to Resistance (01/19/2023)
- i. Critical Incidents & Supervisor After-action Reviews (02/16/2023)
- j. Property & Evidence, Searches & Contraband Control (03/16/2023)
- k. Body-worn Cameras & Model Inmate Handbook (04/14/2023)

## 9. Enterprise Risk Management Excellence Program (ERMEP)

### a. Completed

- i. East Fork Swimming Pool District (Expires March 17, 2024)
- ii. Incline Village General Improvement District (Expires April 4, 2024)
- iii. Nevada Risk Pooling (Expires January 25, 2025)
- iv. Pooling Resources, Inc. (Expires December 9, 2025)

### b. Award Track – Pending Applications

- i. Mt. Grant Hospital
- ii. Pershing County
- iii. Pershing County School District
- iv. Eureka County
- v. City of Caliente
- vi. Pahrangat Valley Fire District
- vii. Churchill County
- viii. Lincoln County School District
- ix. City of Lovelock
- x. City of Winnemucca
- xi. White Pine County School District
- xii. Mineral County School District
- xiii. Round Mountain
- xiv. City of Yerington
- xv. Carson City School District

### c. Grant or Assessment Track

- i. Douglas County School District
- ii. City of Wells
- iii. Sun Valley General Improvement District

- iv. White Pine County
- v. Nevada Rural Housing Authority
- vi. Churchill County School District
- vii. Storey County School District
- viii. Nye County School District
- ix. Humboldt County

**10. Member Value and Performance (MVP) Presentations**

- a. City of Fernley (9/12/22)
- b. Storey County (04/18/2022)
- c. White Pine County School District (06/28/2022)
- d. Regional Transportation Commission of Washoe County (10/7/22)

**11. Pending Projects**

- a. Nevada Detention Administrators Working Group
  - i. Model Inmate Handbook
- b. Model Lifeguard Manual
- c. OSHA eLearning Courses

Filters

Days in Date Added 4/1/22 to 4/10/23

Total Enrollments

Enrollment Completion Numbers

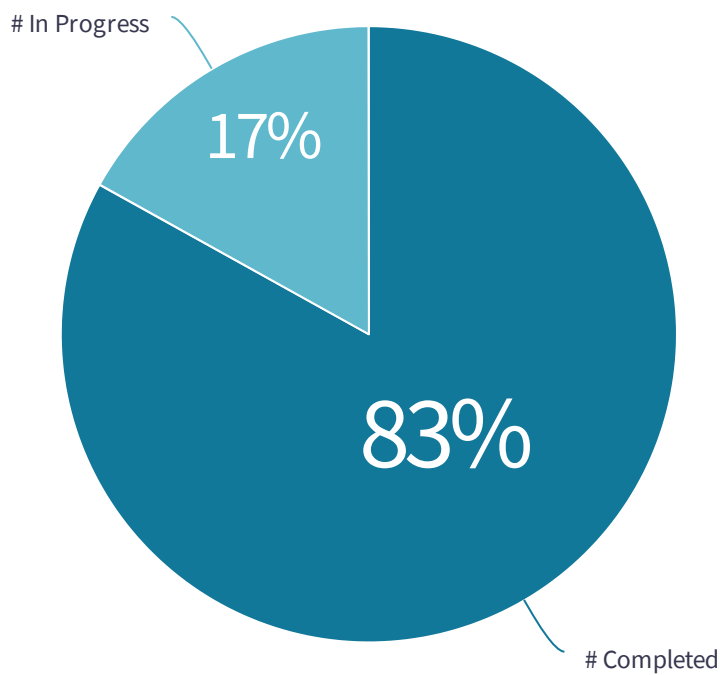
Total Course Enrollment Count

61,733

# Completed  
51,282

# In Progress 10,442

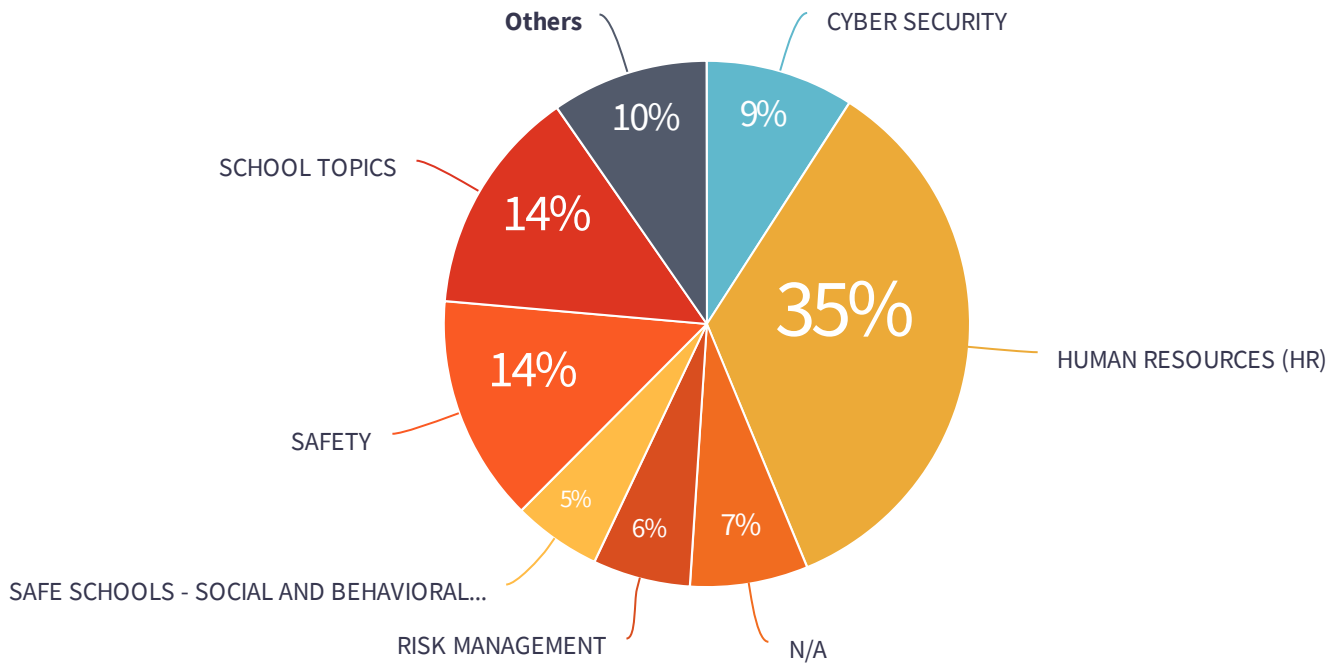
Completion Percentage



Filters

Days in Date Added 4/1/22 to 4/10/23

Category Breakdown

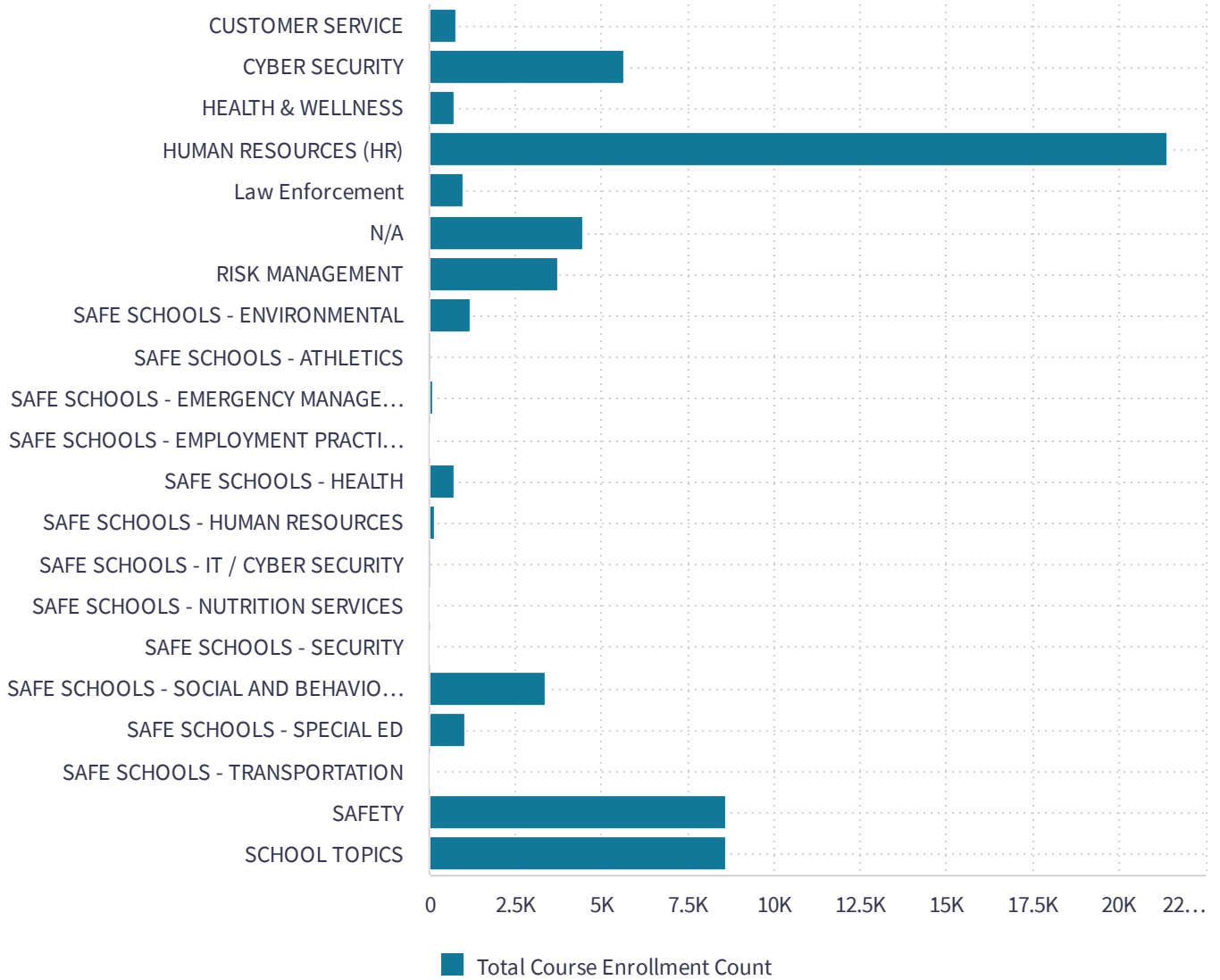




Filters

**Days in Date Added** 4/1/22 to 4/10/23

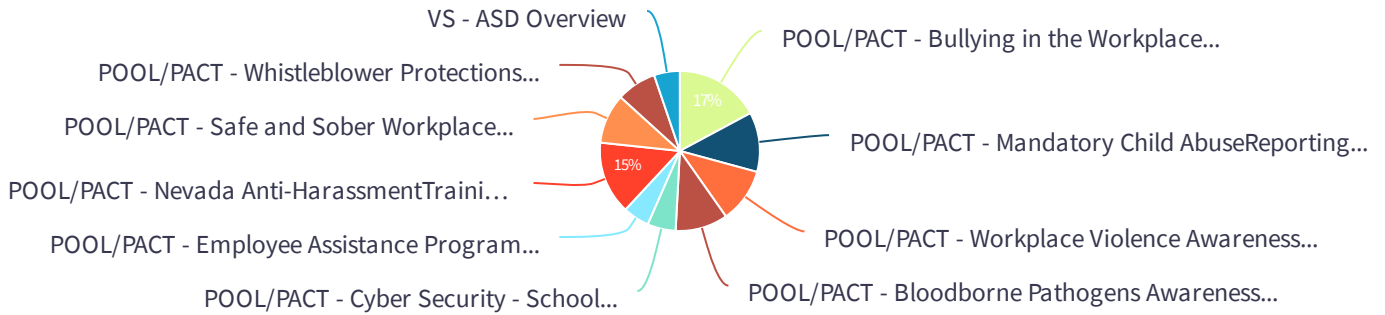
All categories - Course Enrollment Breakdown



Filters

**Days in Date Added** 4/1/22 to 4/10/23

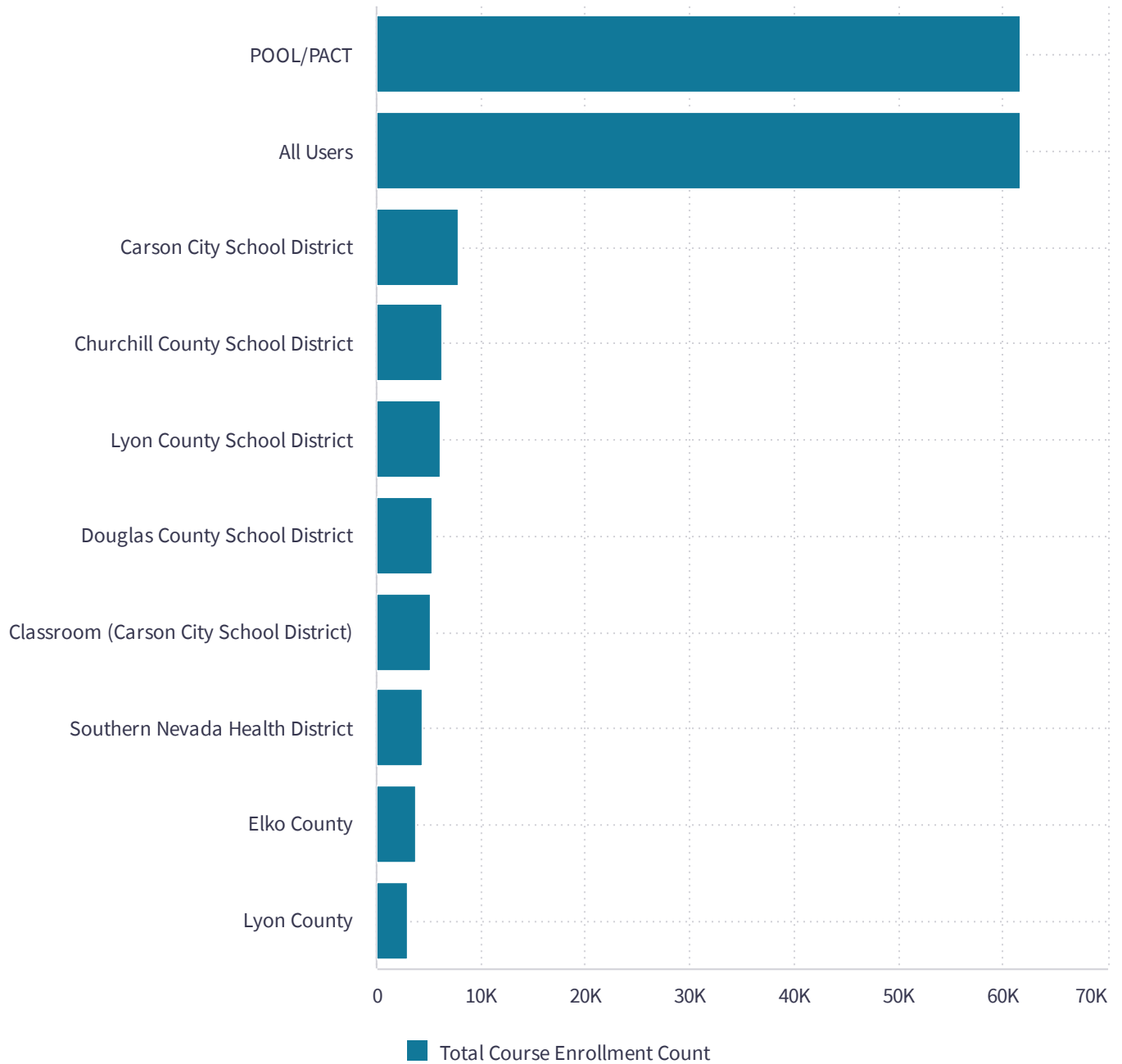
### Top Ten Courses



Filters

**Days in Date Added** 4/1/22 to 4/10/23

Top Departments



## Courses Development Activity 4/1/2022 - 4/1/2023

NAME	Notes
Boulder City - Fire Dept SharePoint Training Video	Converted and optimized video, uploaded to Absorb, tested
Boulder City - General SharePoint Training Video	Converted and optimized video, uploaded to Absorb, tested
Boulder City - Police SharePoint Training Video	Converted and optimized video, uploaded to Absorb, tested
Pershing General Hospital - Basic Patient Rights	Converted course from PowerPoint, added narration, timing
Pershing General Hospital - Bloodborne Pathogens	Converted course from PowerPoint, added narration, timing
Pershing General Hospital - Compliance Training	Converted course from PowerPoint, added narration, timing
Pershing General Hospital - Cultural Competency	Converted course from PowerPoint, added narration, timing
Pershing General Hospital - Fire Safety Orientation	Converted course from PowerPoint, added narration, timing
Pershing General Hospital - Patient Confidentiality	Converted course from PowerPoint, added narration, timing
Pershing General Hospital - Universal Precautions	Converted course from PowerPoint, added narration, timing
POOL/PACT - GHS - Hazard Communication - 2022	New video course
POOL/PACT - HIPAA Privacy Rule - 2022	New Course
POOL/PACT - Open Meeting Law - 2022	New temp course from Wayne's Powerpoint
POOL/PACT - OSHA Rights and Responsibilities - 2022/2023 - SPANISH	New video course
POOL/PACT - Workplace Violence Awareness - 2023	New Narration
POOL/PACT - Bloodborne Pathogens Awareness 2023	Developed all-new Course
POOL/PACT - COVID 2022/2023 - The Fight Continues	Developed all-new Course
POOL/PACT - COVID 2022/2023 - The Fight Continues - SPANISH	Developed all-new Course - converted to Spanish
POOL/PACT - Cyber Security - 2023 Kevin Mitnick Security Awareness Training	KnowBe4 - tested
POOL/PACT - Cyber Security - Avoiding Password Re-use	KnowBe4 - tested
POOL/PACT - Cyber Security - Credential Harvesting	KnowBe4 - tested
POOL/PACT - Cyber Security - Foundations of Malware	KnowBe4 - tested
POOL/PACT - Cyber Security - Foundations of Phishing	KnowBe4 - tested
POOL/PACT - Cyber Security - Game - Cyber-sleuth	KnowBe4 - tested
POOL/PACT - Cyber Security - Game - Cyberspace Mars	KnowBe4 - tested
POOL/PACT - Cyber Security - Game - Danger-Zone Advanced Scenarios	KnowBe4 - tested
POOL/PACT - Cyber Security - Game - Double Trouble Trivia - Password Security	KnowBe4 - tested
POOL/PACT - Cyber Security - Game - Office Mayhem!	KnowBe4 - tested
POOL/PACT - Cyber Security - Game - Phish Catcher: Last Line of Defense	KnowBe4 - tested
POOL/PACT - Cyber Security - KnowBe4 - The 4 P's of Vishing	KnowBe4 - tested
POOL/PACT - Cyber Security - KnowBe4 2023 Security Awareness Training	KnowBe4 - tested
POOL/PACT - Cyber Security - Protecting Information Using Security Awareness Fundamentals	KnowBe4 - tested
POOL/PACT - Cyber Security - Ransomware Threats 2022	KnowBe4 - tested
POOL/PACT - Cyber Security - Snapshot on Phishing	KnowBe4 - tested
POOL/PACT - Cyber Security Awareness 2023	New Narration
POOL/PACT - Cybersecurity Month 2022 Week 1	Designed curriculum
POOL/PACT - Cybersecurity Month 2022 Week 2	Designed curriculum
POOL/PACT - Cybersecurity Month 2022 Week 3	Designed curriculum
POOL/PACT - Cybersecurity Month 2022 Week 4	Designed curriculum
POOL/PACT - Defensive Driving In Nevada - 2022	Updated Info, tech
POOL/PACT - Disappearing Dummies - Lifeguard Training	Converted video format, tested
POOL/PACT - Earthquake Preparedness 2022	Developed all-new Course
POOL/PACT - Earthquake Preparedness 2022 - NRP	Developed all-new Course
POOL/PACT - Ethics in Nevada Government - 2023	New tech, tested
POOL/PACT - Five-Minute Scanning Strategy - Lifeguard Training	Converted video format, tested
POOL/PACT - Forklift Training	Developed all-new Course
POOL/PACT - Nevada Anti-Harassment Training for Employees 2023	Developed all-new Course
POOL/PACT - Nevada Anti-harassment Training for Supervisors - 2023	Developed all-new Course
POOL/PACT - OSHA Recordkeeping Forms	Developed all-new Course
POOL/PACT - Personal Protective Equipment: General Overview - 2022	New 3rd Party Course
POOL/PACT - Preventing Sexual Harassment: A Guide for Employees - SPANISH	Developed all-new Course
POOL/PACT - Safe and Sober Workplace - Supervisor Supplement - 2023	New Tech, upgraded
POOL/PACT - Safe and Sober Workplace for Employees - 2023	New Tech, upgraded
POOL/PACT - Shallow Water Blackout - Lifeguard Training	Converted video format, tested
POOL/PACT - Slips, Trips and Fall Prevention - Extended Course	New course
POOL/PACT - Wellness Series - Beating Burnout - Spot the Symptoms, Take Action	Developed all-new Course
POOL/PACT - Wellness Series - Creating a Wellness Program for your Organization	Developed all-new Course
POOL/PACT - Wellness Series - Taming Stress - 7 Strategies to Tame Stress	Developed all-new Course
POOL/PACT - Wellness Series - Taming Stress - Culture of Wellbeing	New Course
POOL/PACT - Wellness Series - Taming Stress - Embracing the GOOD Stress	Developed all-new Course
POOL/PACT - Wellness Series - Taming Stress - Managing Stress with Diet and Activities	Developed all-new Course
POOL/PACT - Whistleblower Protections - What, When and How - 2023	New Tech

Filters

**User Status** Active

# Users & Logins

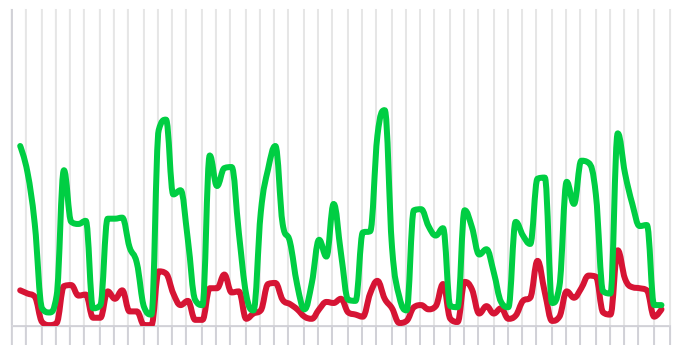
## Login Activity

Total Logins Past Year

**43,284**

Last 90 Days **9,597**

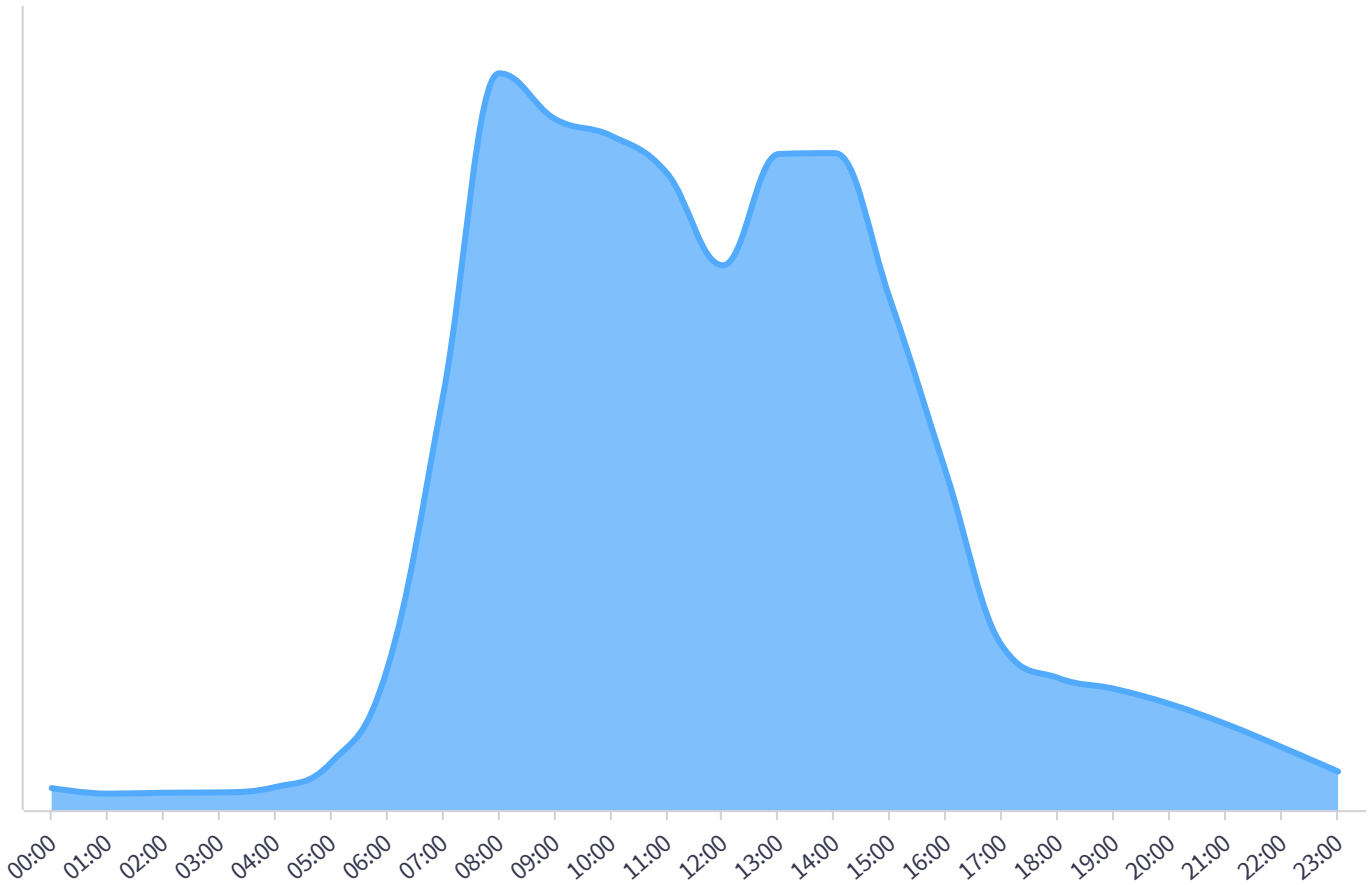
Login by Status Last 90 Days



Filters

User Status Active

### Daily Login Traffic



## User Details

New Users Last 30 Days

108

Inactive Users 0

New Users Last 90 Days

2,119

Inactive Users 27

New Users Last 360 Days

3,743

Inactive Users 184

## **Member Relation Manager Report – April 21, 2023**

During the June renewal meetings the NPAIP staff meet with 38 member boards to discuss POOL/PACT and the services provided. After the July 1<sup>st</sup> renewal all markets were notified of the final membership of POOL and PACT. There was an internal renewal debriefing on what went well and what can be improved upon. Internally, staff concluded that the renewal message to the members went well, along with active participation of the members' chosen insurance agencies. Individual insurance agencies debriefings were also completed. The feedback from these meetings included timeliness of applications, proposals and access to the POOLPACT.com site. It was discussed at these meetings that POOL/PACT is working with Dynamics 365, our CRM System, to provide all the applications processing through a portal with a goal of having the system up and running for the 2024 renewal process. We have had some setbacks with this application and will continue to push toward that deadline.

Member Cyber renewal questions were sent out to the agents in early November, as our carrier had updated their questionnaire and the responses provided would determine the limits that could be offered to POOL. The member renewal applications followed and were sent to all agents on November 28, keeping with the same timing as the prior renewal.

The majority of applications were received from the insurance agencies by the due date of January 13<sup>th</sup>, except for a few that requested extensions and some just provided the information late. All information was reviewed and compiled for placement into our market submission documents and was released to the markets the second week in February, keeping the same timing as in the prior year.

Future projects include the roll out of the on-line/portal renewal applications process. This will include training of the insurance agencies on how to use the portal and how to keep the schedules up to date within the system.

### **Renewal Marketing Report**

Marketing Meetings/Indications/State of the Market

Attendance to AGRiP in both San Diego and Orlando:

San Diego (October 2022): Meetings were scheduled with 6 markets and vendors for the 2 day attendance. These meetings were scheduled to discuss the market conditions and to provide insight into the upcoming renewal process. Also, information meetings with additional markets were held.

Attendees to AGRiP San Diego: Alan Kalt and Stephen Romero

Orlando (March 2023): Meetings were scheduled with 15 markets and vendors over the two-day conference. The meetings were to firm up the pricing with our current markets and additional meetings were had with markets outside the current placements to possibly fill any gaps that we may find in our coverage. Attendees to AGRiP Orlando: Josh Foli, Goef Stark, Alan Kalt and Stephen Romero

**Property** – In the first week of February, Alan Kalt and Stephen Romero attended 13 meetings in two days while locally in London with our London Broker and Underwriters. The meetings provided insight to the markets of our program and how we have been a great partner for them through more than 20 years. The largest concern from the markets about how inflation values were managed in the renewal process, and we discussed that with our longtime use of AssetWorks, all values are reviewed annually via onsite and trended. Appraisals with this year's members property values were up between 12% -

18% over expiring. We discussed all of the ongoing risk management programs, Risk Management, HR, and E-Learning, that are offered through POOL and how additionally, with wildfire mitigation being performed by our communities and fire districts, our members continue to be on the leading edge of mitigation. The property market continues to experience losses due to what they are considering claimant change and the reinsurance they are purchasing is now having an impact on capacity and pricing. Markets discussed their own reinsurance cost increase of 30% - 45%, along with increased retentions. Though there are pressures on the markets, POOL, with its ongoing risk management, mitigation projects and appraisal programs, has received favorable pricing over other purchasers that are having 25% – 45% increases.

**Liability** – We had marketing meetings with Old Republic, GEM and CRL. Tokio Marine was contacted to assist in our cyber liability program.

Our Old Republic meeting was to discuss their renewal quoting of the School Liability piece. Last year, Old Republic offered a quotation as we sought alternatives to United Educators due to changes in the United Educators form and the additional PRM funding to make up for these changes. Old Republic was competitive and is a large market for pooled school risks. Old Republic has felt the impact of inflation and it was discussed that the new flat is a 5% increase in rate because of inflation. Old Republic's participation is \$2.5M X \$500K for Schools Only.

The GEM meeting was to catch up on their membership as they continue to grow by adding an additional member bringing their membership to 21, over 16 states. GEM will continue to review prospective new members but is focused only on exceptional pools. They have grown from 2016 with written premium of \$11M to \$27M in written premium for 2022, with a total surplus of \$42M. GEM's participation is \$7M X \$3M for all members at 100%.

Our CRL meeting discussed a CRL all pools liability increase between 10% - 20% in rates due to the law enforcement losses and mega verdicts that have impacted their program. Due to POOL's adverse developments in losses, the increase is at a higher than average increase (CRL rating is loss driven and POOL had a clean year drop off and a bad year come on along with claim development in prior years). The renewal will be discussed during the POOL renewal presentation. In the CRL liability program, they include the POOL's Cyber Liability, which has been an ever-changing market. CRL had to make changes to their program due to these market conditions, and in doing so, provide a tiered limit to Pools depending on the answers received through a revised questionnaire. Due to responses from our members, the POOL's limit has been lowered to \$1M. With the use of PRM, the POOL will have a Pool Aggregate limit of \$15M.

Workers Compensation - CRL and Safety National have both provided their renewals and again due to adverse development in losses, has received a higher than average renewal rate. This will be discussed during the PACT renewal presentation.

Equipment Breakdown – Boiler Re – It was requested that they review our rate for the renewal, as we have an excellent loss history with them. The underwriter was able to provide a decreased rate for the renewal terms and this will be shown during the renewal presentation.

All other lines of coverage for POOL will be reviewed during the renewal presentation.



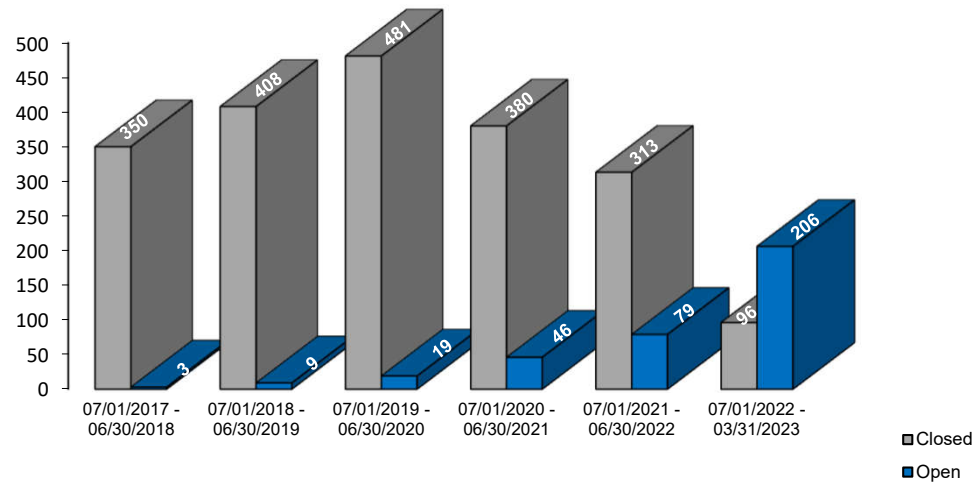


## **Liability Report**



## Total Claims by Policy Year excluding Incidents 07/01/2017 - 03/31/2023

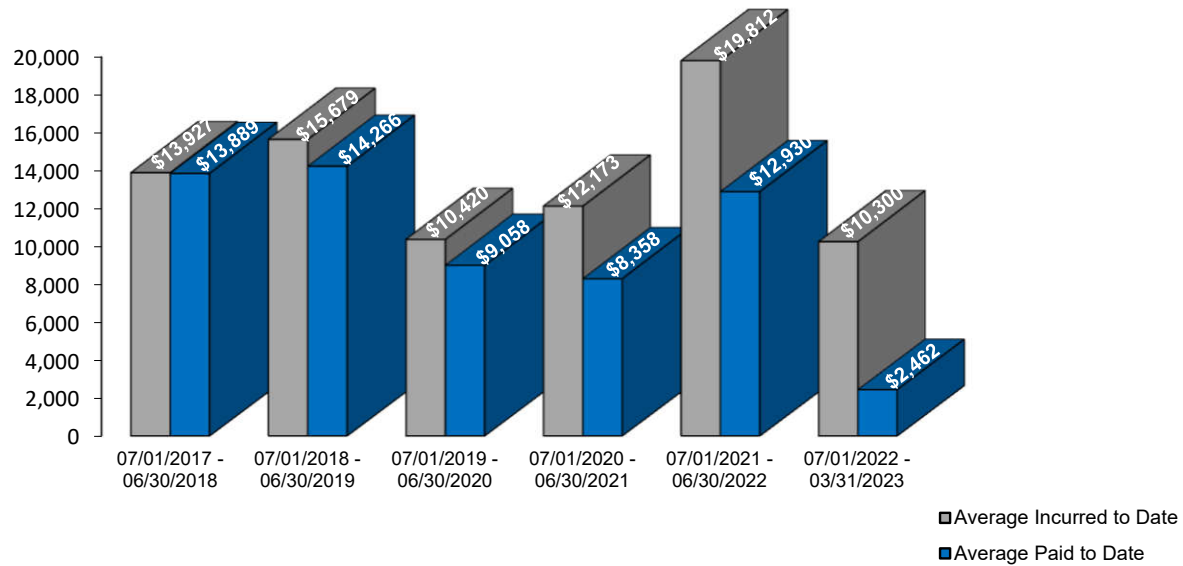
Policy Year	Total Claims	
	Closed	Open
07/01/2017 - 06/30/2018	350	3
07/01/2018 - 06/30/2019	408	9
07/01/2019 - 06/30/2020	481	19
07/01/2020 - 06/30/2021	380	46
07/01/2021 - 06/30/2022	313	79
07/01/2022 - 03/31/2023	96	206





## Average Incurred & Paid by Policy Year 07/01/2017 - 03/31/2023

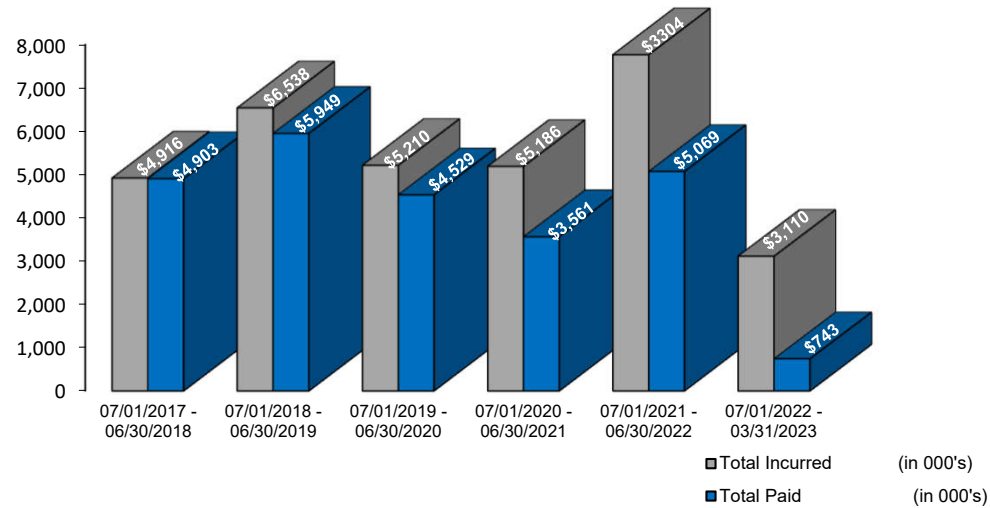
Policy Year	Average Incurred to Date	Average Paid to Date
07/01/2017 - 06/30/2018	\$13,927	\$13,889
07/01/2018 - 06/30/2019	\$15,679	\$14,266
07/01/2019 - 06/30/2020	\$10,420	\$9,058
07/01/2020 - 06/30/2021	\$12,173	\$8,358
07/01/2021 - 06/30/2022	\$19,812	\$12,930
07/01/2022 - 03/31/2023	\$10,300	\$2,462





## Incurred vs Paid by Policy Year 07/01/2017 - 03/31/2023

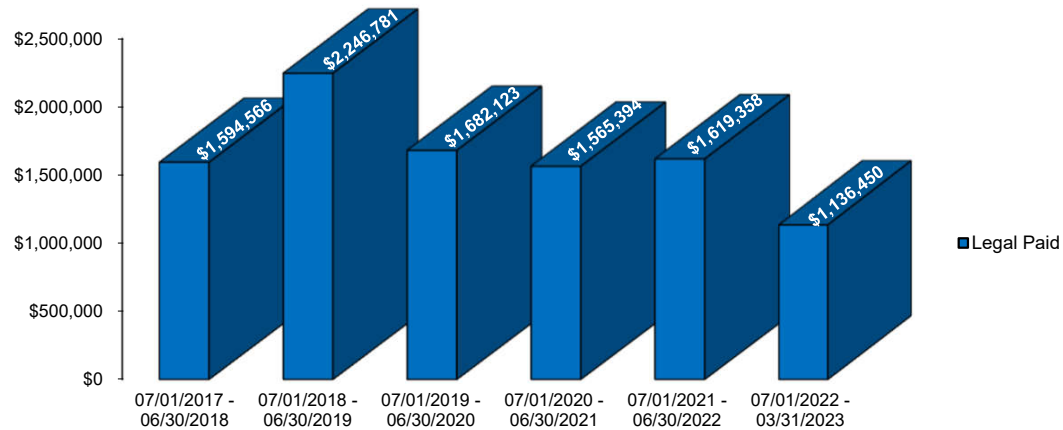
Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/2017 - 06/30/2018	\$4,916	\$4,903
07/01/2018 - 06/30/2019	\$6,538	\$5,949
07/01/2019 - 06/30/2020	\$5,210	\$4,529
07/01/2020 - 06/30/2021	\$5,186	\$3,561
07/01/2021 - 06/30/2022	\$7,766	\$5,069
07/01/2022 - 03/31/2023	\$3,110	\$743





## Legal Expenses Paid to Date by Policy Year for All Claims 07/01/2017 - 03/31/2023

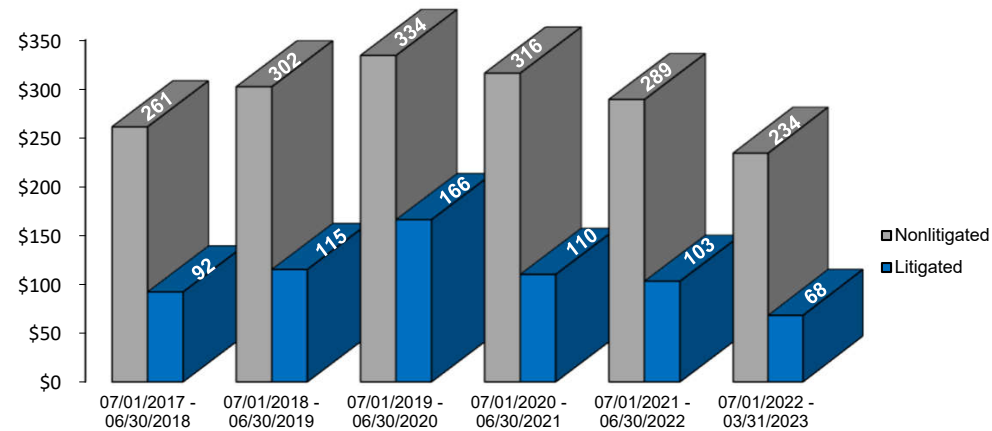
Policy Year	Legal Expenses Paid to Date
07/01/2017 - 06/30/2018	\$1,594,566
07/01/2018 - 06/30/2019	\$2,246,781
07/01/2019 - 06/30/2020	\$1,682,123
07/01/2020 - 06/30/2021	\$1,565,394
07/01/2021 - 06/30/2022	\$1,619,358
07/01/2022 - 03/31/2023	\$1,136,450
<b>Grand Total</b>	<b>\$9,844,672</b>





## Litigated Claims by Policy Year for claims reported 07/01/2017 - 03/31/2023

Policy Year	Litigated Claims	
	Nonlitigated	Litigated
07/01/2017 - 06/30/2018	261	92
07/01/2018 - 06/30/2019	302	115
07/01/2019 - 06/30/2020	334	166
07/01/2020 - 06/30/2021	316	110
07/01/2021 - 06/30/2022	289	103
07/01/2022 - 03/31/2023	234	68





# Lag Time Average - by Location

07/01/2017 - 03/31/2023

Location	Avg. Days
Alamo Sewer And Water Gid	190
Amargosa Library District	4
Beatty Water & Sanitation District	28
Boulder City (City Of)	87
Caliente (City Of)	10
Canyon Gid	1
Carlin (City Of)	31
Carson City	32
Carson City School District	19
Churchill County	46
Churchill County Mosquito & Weed Abateme	16
Churchill County School District	11
Douglas County	58
Douglas County Mosquito Abatement District	51
Douglas County School District	15
Douglas County Sewer Improvement District #1	36
East Fork Swimming Pool District	31
Elko (City Of)	53
Elko Central Dispatch	40
Elko Co. Agricultural Assoc., Dba Elko Co. Fair Board	178
Elko Convention & Visitors Authority	8
Elko County	81
Elko County School District	27
Elko Tv District	28
Ely (City Of)	51
Esmeralda County	61
Esmeralda County School District	13
Eureka County	47



## Lag Time Average - by Location

07/01/2017 - 03/31/2023

Location	Avg. Days
Eureka County School District	2
Fernley (City Of)	35
Gardnerville (Town Of)	5
Gardnerville Ranchos Gid	16
Genoa (Town Of)	68
Humboldt County	17
Humboldt County School District	9
Humboldt General Hospital	11
Incline Village Gid	11
Indian Hills Gid	5
Kingsbury Gid	42
Lakeridge Gid	3
Lander County	42
Lander County School District	24
Lincoln County	26
Lincoln County School District	14
Lovelock (City Of)	149
Lyon County	59
Lyon County School District	21
Minden (Town Of)	9
Minden Gardnerville Sanitation District	19
Mineral Co Housing Authority	45
Mineral County	40
Mineral County School District	20
Moapa Valley Fire Protection District	6
Moapa Valley Water District	5
Mt Charleston Fire Protection District	9
Nevada Association Of Counties	148





## Lag Time Average - by Location

07/01/2017 - 03/31/2023

Location	Avg. Days
Nevada Commission For The Reconstruction	8
Nevada League Of Cities	15
Nevada Public Agency Insurance Pool	23
Nevada Rural Housing Authority	22
Nevada Volunteers	22
Nevada-Tahoe Conservation District	24
North Lake Tahoe Fpd	6
North Lyon Fire Protection District	25
Northern Nye County Hospital District	14
Nv Association Of Conservation Districts	6
Nye County	62
Nye County School District	55
Pahrnagat Valley Fire District	58
Pahrump (Town Of)	35
Pahrump Library District	1
Palomino Valley General Improvement Dist	41
Pershing County	47
Pershing County School District	6
Pershing Water Conservation District	9
Round Mountain (Town Of)	17
Rtc Washoe County	52
Silver Springs Stagecoach Hospital District	1
Smokey Valley Library District	75
Southern Nevada Health District	51
Stagecoach Gid	32
Storey County	29
Storey County School District	12
Sun Valley Gid	26



## Lag Time Average - by Location

07/01/2017 - 03/31/2023

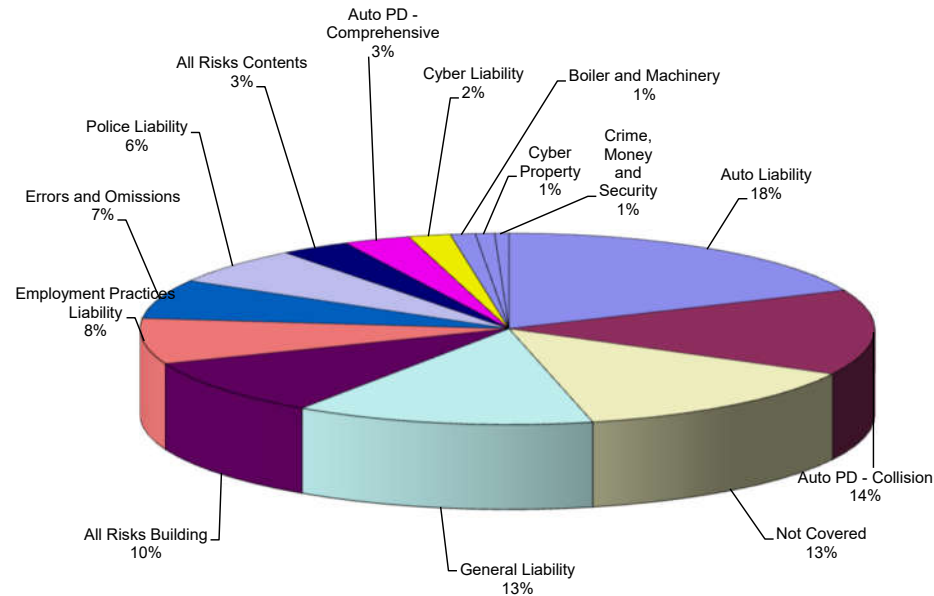
Location	Avg. Days
Tahoe Douglas District	1
Tahoe Reno Industrial Gid	10
Tahoe-Douglas Fpd	15
Tonopah (Town Of)	21
Tonopah Library District	0
Virginia City Convention & Tourism Autho	6
Walker Basin Conservancy	23
Walker River Irrigation District	37
Wells (City Of)	7
West Wendover (City Of)	16
West Wendover Recreation District	4
Western Nevada Regional Youth Center	87
White Pine Co. Tourism & Rec. Board,Dbas Bristlecone Convention Center	1
White Pine County	35
White Pine County Fire Protection	18
White Pine County School District	44
White Pine Television District #1	116
Winnemucca (City Of)	47



## Frequency of Claims by Coverage

07/01/2017 - 03/31/2023

Coverage	# of Claims
Auto Liability	440
Auto PD - Collision	345
Not Covered	323
General Liability	313
All Risks Building	229
Employment Practices Liability	184
Errors and Omissions	158
Police Liability	150
All Risks Contents	73
Auto PD - Comprehensive	70
Cyber Liability	44
Boiler and Machinery	26
Cyber Property	20
Crime, Money and Security	15

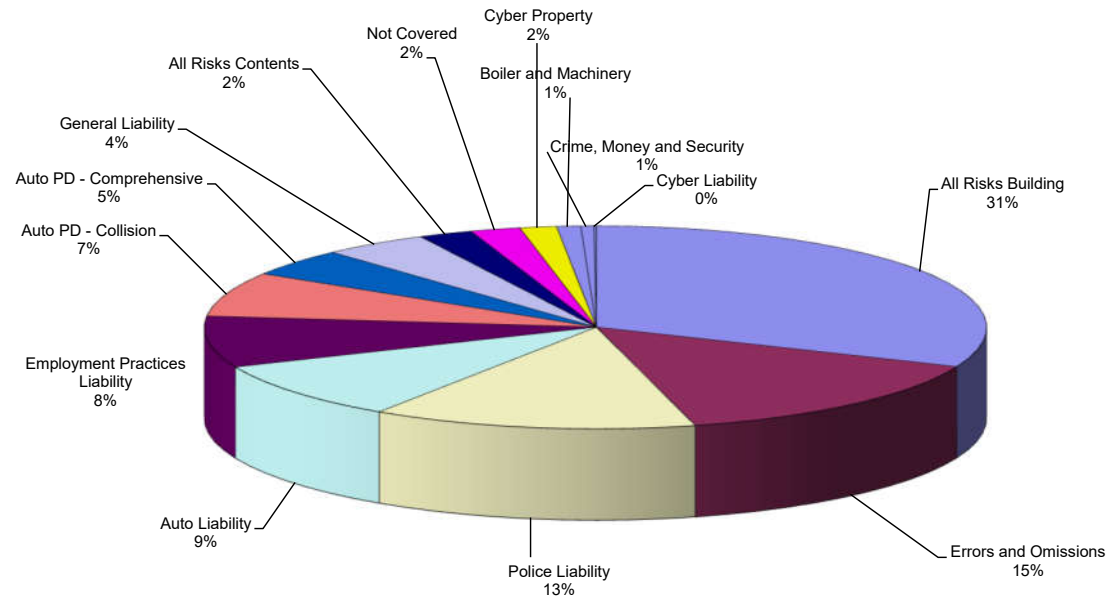




## Severity of Claims by Coverage

07/01/2017 - 03/31/2023

Coverage	Total Incurred
All Risks Building	\$ 10,268,777
Errors and Omissions	\$ 4,768,145
Police Liability	\$ 4,375,406
Auto Liability	\$ 3,027,248
Employment Practices Liability	\$ 2,675,520
Auto PD - Collision	\$ 2,319,215
Auto PD - Comprehensive	\$ 1,439,015
General Liability	\$ 1,426,864
All Risks Contents	\$ 726,583
Not Covered	\$ 673,328
Cyber Property	\$ 494,605
Boiler and Machinery	\$ 323,447
Crime, Money and Security	\$ 176,320
Cyber Liability	\$ 32,466

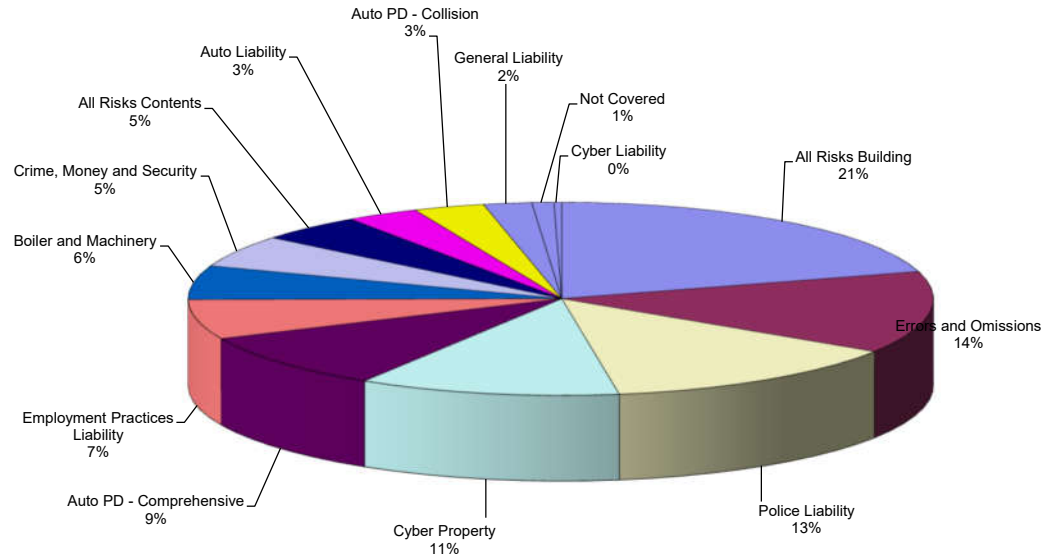




## Average Incurred by Coverage

07/01/2017 - 03/31/2023

Coverage	Average Incurred
All Risks Building	\$ 44,842
Errors and Omissions	\$ 30,178
Police Liability	\$ 29,169
Cyber Property	\$ 24,730
Auto PD - Comprehensive	\$ 20,557
Employment Practices Liability	\$ 14,541
Boiler and Machinery	\$ 12,440
Crime, Money and Security	\$ 11,755
All Risks Contents	\$ 9,953
Auto Liability	\$ 6,880
Auto PD - Collision	\$ 6,722
General Liability	\$ 4,559
Not Covered	\$ 2,085
Cyber Liability	\$ 738





## Historical Data Excluding Incidents 07/01/2017 - 03/31/2023

	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 03/31/23
<b>Nbr of Claims</b>						
Open	3	9	19	46	79	206
Closed	350	408	481	380	313	96
<b>Total</b>	<b>353</b>	<b>417</b>	<b>500</b>	<b>426</b>	<b>392</b>	<b>302</b>
<b>Total Incurred</b>						
Open	\$107,814	\$1,476,907	\$1,529,731	\$2,514,112	\$5,674,816	\$2,890,886
Closed	\$4,808,262	\$5,061,353	\$3,680,435	\$2,671,480	\$2,091,575	\$219,567
<b>Total</b>	<b>\$4,916,076</b>	<b>\$6,538,260</b>	<b>\$5,210,166</b>	<b>\$5,185,592</b>	<b>\$7,766,392</b>	<b>\$3,110,453</b>
<b>Total Paid</b>						
Open	\$94,659	\$887,531	\$848,532	\$889,140	\$2,977,079	\$523,924
Closed	\$4,808,262	\$5,061,353	\$3,680,435	\$2,671,480	\$2,091,575	\$219,567
<b>Total</b>	<b>\$4,902,921</b>	<b>\$5,948,884</b>	<b>\$4,528,967</b>	<b>\$3,560,620</b>	<b>\$5,068,654</b>	<b>\$743,491</b>
<b>Average Incurred</b>						
Open	\$35,938	\$164,101	\$80,512	\$54,655	\$71,833	\$14,033
Closed	\$13,738	\$12,405	\$7,652	\$7,030	\$6,682	\$2,287
<b>Average Incurred</b>	<b>\$13,927</b>	<b>\$15,679</b>	<b>\$10,420</b>	<b>\$12,173</b>	<b>\$19,812</b>	<b>\$10,300</b>
<b>Open Claims</b>						
Claims	3	9	19	46	79	206
<b>Total</b>	<b>3</b>	<b>9</b>	<b>19</b>	<b>46</b>	<b>79</b>	<b>206</b>



## Summary by Location

### 07/01/2017 - 03/31/2023

Location	# of Claims	# Open Claims	Total Incurred
Alamo Sewer And Water Gid	2	0	\$46,123
Amargosa Library District	1	0	\$2,143
Beatty Water & Sanitation District	4	1	\$37,307
Boulder City (City Of)	109	21	\$1,099,587
Caliente (City Of)	7	1	\$255,543
Canyon Gid	1	0	\$41,933
Carlin (City Of)	13	2	\$74,818
Carson City	27	13	\$525,828
Carson City School District	36	3	\$305,625
Churchill County	31	6	\$651,674
Churchill County Mosquito & Weed Abateme	2	0	\$4,430
Churchill County School District	10	4	\$67,825
Douglas County	131	6	\$445,774
Douglas County Mosquito Abatement District	1	0	\$2,767
Douglas County School District	66	7	\$935,676
Douglas County Sewer Improvement District #1	9	0	\$5,331
East Fork Swimming Pool District	5	0	\$250
Elko (City Of)	121	22	\$724,182
Elko Central Dispatch	1	0	\$0
Elko Co. Agricultural Assoc., Dba Elko Co. Fair Board	2	0	\$10,542
Elko Convention & Visitors Authority	7	2	\$14,468
Elko County	108	20	\$957,345
Elko County School District	67	12	\$2,868,992
Elko Tv District	1	0	\$8,059
Ely (City Of)	47	12	\$431,790
Esmeralda County	32	6	\$640,472
Esmeralda County School District	11	1	\$68,939
Eureka County	37	6	\$531,582
Eureka County School District	7	2	\$590,233
Fernley (City Of)	40	9	\$280,110



## Summary by Location

### 07/01/2017 - 03/31/2023

Location	# of Claims	# Open Claims	Total Incurred
Gardnerville (Town Of)	18	1	\$113,899
Gardnerville Ranchos Gid	11	1	\$32,519
Genoa (Town Of)	4	1	\$19,600
Humboldt County	61	4	\$528,738
Humboldt County School District	36	2	\$270,516
Humboldt General Hospital	2	0	\$256,772
Incline Village Gid	68	8	\$682,079
Indian Hills Gid	6	1	\$35,212
Kingsbury Gid	9	0	\$136,224
Lakeridge Gid	2	0	\$7,356
Lander County	27	5	\$624,611
Lander County School District	8	3	\$97,394
Lincoln County	41	6	\$653,466
Lincoln County School District	17	3	\$353,887
Lovelock (City Of)	5	1	\$50,118
Lyon County	73	14	\$1,524,168
Lyon County School District	67	7	\$1,253,547
Minden (Town Of)	5	2	\$112,179
Minden Gardnerville Sanitation District	3	1	\$78,516
Mineral Co Housing Authority	1	0	\$0
Mineral County	42	8	\$788,601
Mineral County School District	24	8	\$563,313
Moapa Valley Fire Protection District	2	1	\$4,179
Moapa Valley Water District	6	0	\$39,493
Mt Charleston Fire Protection District	4	0	\$36,251
Nevada Association Of Counties	1	0	\$1,147
Nevada Commission For The Reconstruction	1	0	\$0
Nevada League Of Cities	1	0	\$0
Nevada Public Agency Insurance Pool	3	1	\$25,415
Nevada Rural Housing Authority	11	2	\$38,155





## Summary by Location

### 07/01/2017 - 03/31/2023

Location	# of Claims	# Open Claims	Total Incurred
Nevada Volunteers	1	0	\$622
Nevada-Tahoe Conservation District	6	1	\$42,747
North Lake Tahoe Fpd	1	0	\$44
North Lyon Fire Protection District	15	2	\$84,765
Northern Nye County Hospital Districtq	2	0	\$306
Nv Association Of Conservation Districts	3	0	\$10,510
Nye County	299	47	\$5,075,994
Nye County School District	80	5	\$1,920,037
Pahrnagat Valley Fire District	1	1	\$13,000
Pahrump (Town Of)	19	4	\$866,738
Pahrump Library District	1	0	\$2,170
Palomino Valley General Improvement Dist	3	0	\$7,522
Pershing County	37	2	\$728,847
Pershing County School District	6	0	\$16,670
Pershing Water Conservation District	2	0	\$9,550
Round Mountain (Town Of)	8	2	\$75,243
Rtc Washoe County	13	0	\$281,100
Silver Springs Stagecoach Hospital District	1	0	\$22,155
Smokey Valley Library District	1	0	\$4,827
Southern Nevada Health District	40	8	\$425,456
Stagecoach Gid	8	1	\$75,340
Storey County	62	14	\$503,131
Storey County School District	23	4	\$66,785
Sun Valley Gid	14	2	\$102,567
Tahoe Douglas District	1	0	\$0
Tahoe Reno Industrial Gid	10	1	\$484,991
Tahoe-Douglas Fpd	16	5	\$243,695
Tonopah (Town Of)	10	1	\$65,393
Tonopah Library District	1	0	\$3,161
Virginia City Convention & Tourism Autho	1	0	\$50,621



## Summary by Location

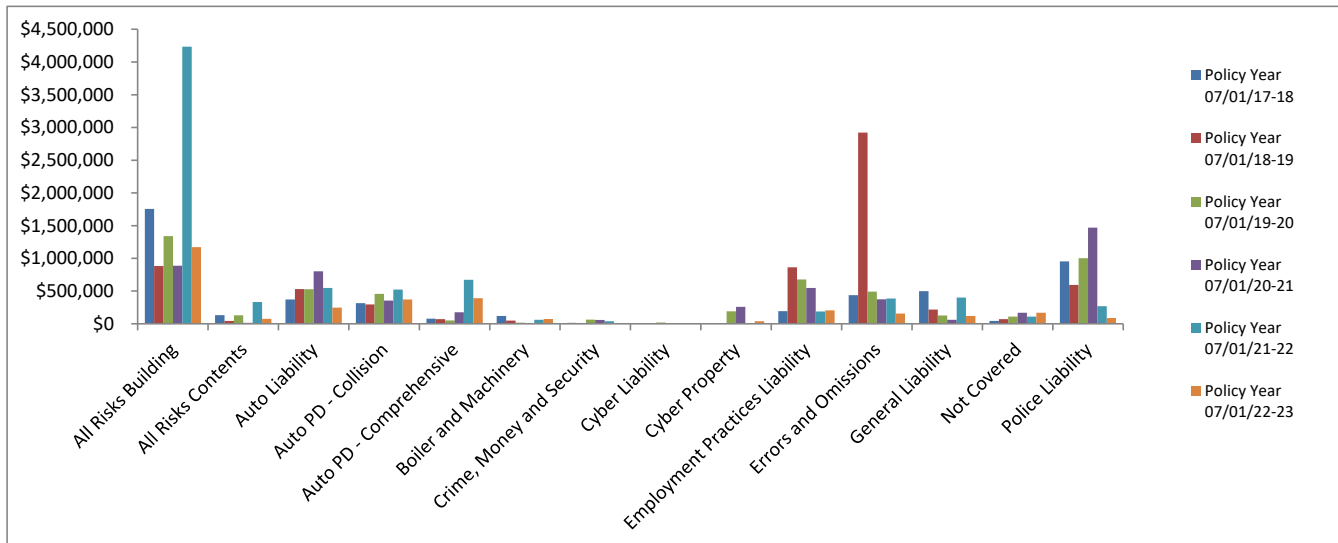
### 07/01/2017 - 03/31/2023

Location	# of Claims	# Open Claims	Total Incurred
Walker Basin Conservancy	14	1	\$122,024
Walker River Irrigation District	3	0	\$644
Wells (City Of)	5	2	\$283,734
West Wendover (City Of)	37	6	\$107,803
West Wendover Recreation District	5	0	\$81,474
Western Nevada Regional Youth Center	4	1	\$90,070
White Pine Co. Tourism & Rec. Board	1	0	\$582
White Pine County	45	1	\$118,230
White Pine County Fire Protection	2	0	\$0
White Pine County School District	25	3	\$208,230
White Pine Television District #1	1	1	\$10,000
Winnemucca (City Of)	40	6	\$157,884
Yerington (City Of)	20	3	\$390,830
Zephyr Heights Gid	8	2	\$14,748
<b>TOTAL</b>	<b>2390</b>	<b>362</b>	<b>\$32,726,939</b>



## Total Incurred by Coverage by Policy Year

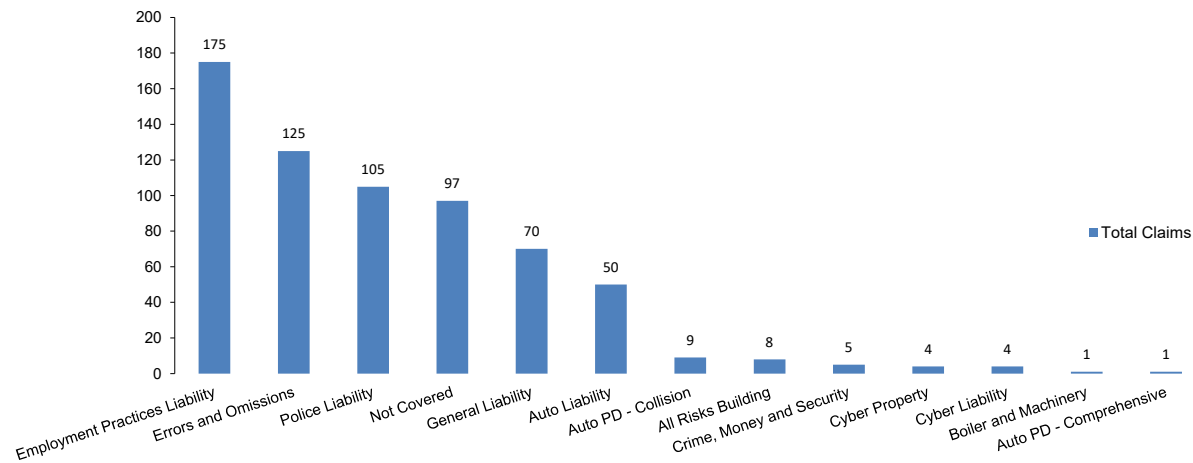
Coverage	Policy Year 07/01/17-18	Policy Year 07/01/18-19	Policy Year 07/01/19-20	Policy Year 07/01/20-21	Policy Year 07/01/21-22	Policy Year 07/01/22-23
All Risks Building	\$1,755,036	\$882,452	\$1,340,586	\$886,452	\$4,232,948	\$1,171,303
All Risks Contents	\$131,291	\$43,855	\$128,988	\$14,672	\$333,108	\$74,669
Auto Liability	\$371,678	\$531,088	\$528,007	\$802,014	\$547,003	\$247,458
Auto PD - Collision	\$315,141	\$296,561	\$458,037	\$354,274	\$522,840	\$372,361
Auto PD - Comprehensive	\$78,157	\$70,204	\$51,343	\$174,921	\$673,009	\$391,381
Boiler and Machinery	\$119,948	\$48,828	\$17,856	\$3,770	\$60,159	\$72,886
Crime, Money and Security	\$15,814	\$290	\$62,799	\$59,483	\$37,934	\$0
Cyber Liability	\$0	\$0	\$19,975	\$12,491	\$0	\$0
Cyber Property	\$0	\$0	\$191,483	\$258,057	\$4,943	\$40,122
Employment Practices Liability	\$194,070	\$862,469	\$678,444	\$547,301	\$188,916	\$204,320
Errors and Omissions	\$438,218	\$2,921,318	\$492,500	\$372,928	\$386,407	\$156,775
General Liability	\$498,705	\$217,261	\$127,522	\$61,128	\$401,437	\$120,811
Not Covered	\$43,912	\$70,117	\$110,287	\$169,868	\$109,778	\$169,366
Police Liability	\$954,105	\$593,818	\$1,002,340	\$1,468,234	\$267,909	\$89,000





## Litigated Claims by Coverage for Policy Years 07/01/2017 - 03/31/2023

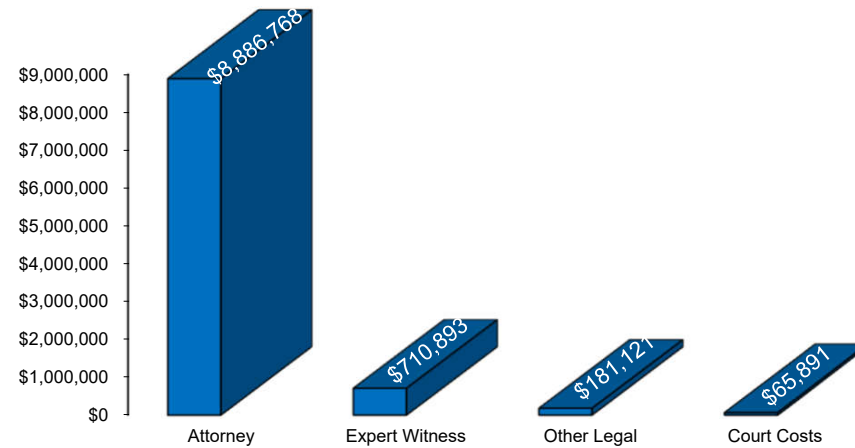
<b>Litigated Claims by Coverage</b>	
Coverage	Total Claims
Employment Practices Liability	175
Errors and Omissions	125
Police Liability	105
Not Covered	97
General Liability	70
Auto Liability	50
Auto PD - Collision	9
All Risks Building	8
Crime, Money and Security	5
Cyber Property	4
Cyber Liability	4
Boiler and Machinery	1
Auto PD - Comprehensive	1





## Legal Expenses Paid by Type for 07/01/2017 - 03/31/2023

Legal Expenses paid by Type	
Legal Expense Type	Amount
Attorney	\$ 8,886,768
Expert Witness	\$ 710,893
Other Legal	\$ 181,121
Court Costs	\$ 65,891
<b>Grand Total</b>	<b>\$ 9,844,672</b>



■ Amount

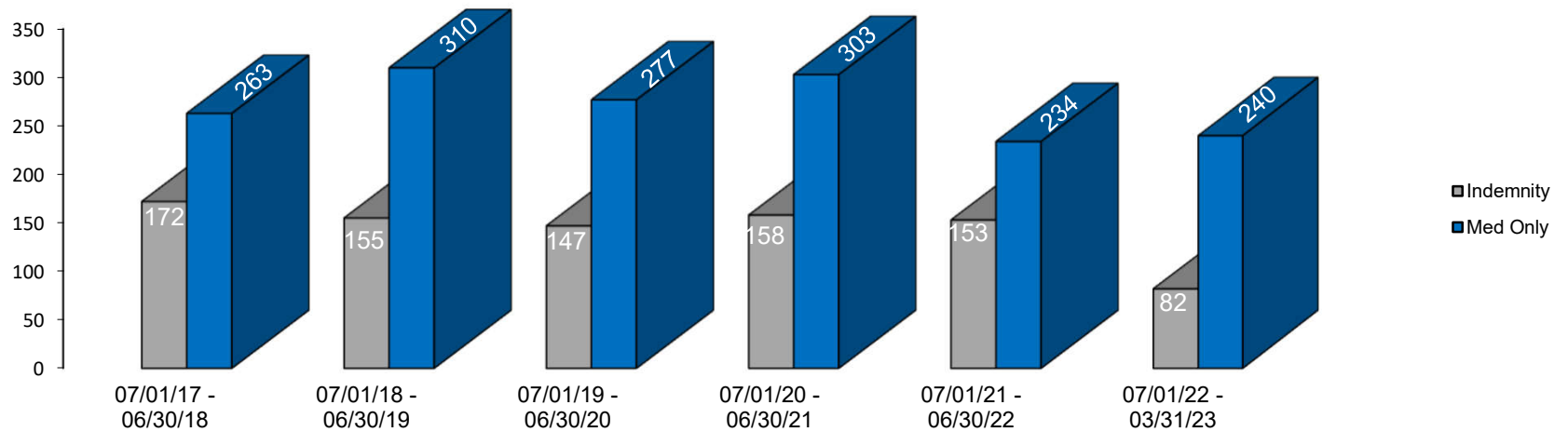


## **Worker's Compensation Report**



# Claim Frequency excluding Incidents 07/01/2017 - 03/31/2023

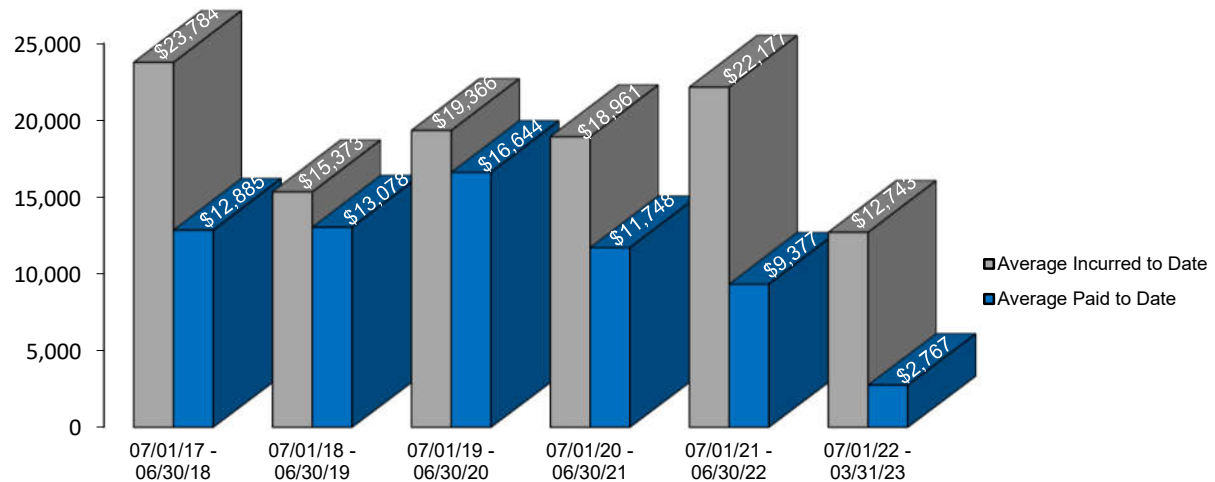
Policy Year	Indemnity		Medical Only		Total Claims
	Open	Closed	Open	Closed	
07/01/17 - 06/30/18	7	165	1	262	435
07/01/18 - 06/30/19	12	143	1	309	465
07/01/19 - 06/30/20	10	137	1	276	424
07/01/20 - 06/30/21	16	142	9	294	461
07/01/21 - 06/30/22	40	113	13	221	387
07/01/22 - 03/31/23	68	14	161	79	322
					<b>2,494</b>





## Average Incurred & Paid by Policy Year 07/01/2017 - 03/31/2023

Policy Year	Average Incurred to Date	Average Paid to Date
07/01/17 - 06/30/18	\$23,784	\$12,885
07/01/18 - 06/30/19	\$15,373	\$13,078
07/01/19 - 06/30/20	\$19,366	\$16,644
07/01/20 - 06/30/21	\$18,961	\$11,748
07/01/21 - 06/30/22	\$22,177	\$9,377
07/01/22 - 03/31/23	\$12,743	\$2,767

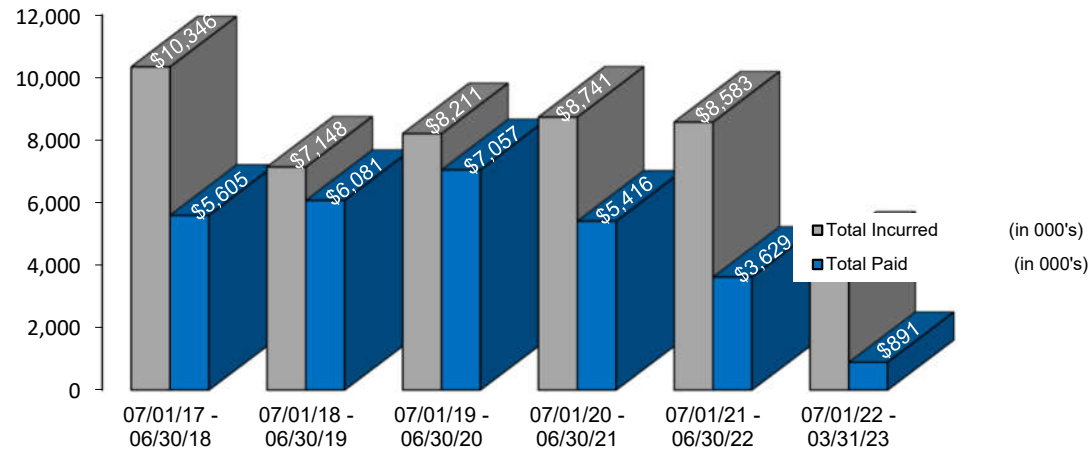






## Incurred vs Paid by Policy Year 07/01/2017 - 03/31/2023

Policy Year	All Claims	
	Total Incurred (in 000's)	Total Paid (in 000's)
07/01/17 - 06/30/18	\$10,346	\$5,605
07/01/18 - 06/30/19	\$7,148	\$6,081
07/01/19 - 06/30/20	\$8,211	\$7,057
07/01/20 - 06/30/21	\$8,741	\$5,416
07/01/21 - 06/30/22	\$8,583	\$3,629
07/01/22 - 03/31/23	\$4,103	\$891





# Lag Time Average by Location 07/01/2017 - 03/31/2023

Location	Avg. Days
Truckee Meadows Fpd	724
Beatty Water & Sanitation District	51
Wells (City Of)	44
Esmeralda County	31
Caliente (City Of)	27
Churchill County Communications	24
Tonopah (Town Of)	24
West Wendover (City Of)	23
Tahoe-Douglas Fpd	22
Battle Mountain General Hospital	22
Eureka County	21
Rtc Washoe County	21
Mt Charleston Fire Protection District	20
White Pine County	20
East Fork Fire & Paramedic District	19
Storey County	19
Tahoe Reno Industrial Gid	18
Tahoe Transportation	18
Elko (City Of)	17
Pershing County School District	17
Lincoln County School District	16
Winnemucca (City Of)	16
Nye County	15
Humboldt General Hospital	15
Elko County	14
Eureka County School District	14
Pershing County Water Conservation Distr	14
Lander County	14
Lander County School District	14



# Lag Time Average by Location 07/01/2017 - 03/31/2023

Location	Avg. Days
Pershing General Hospital	13
Humboldt County	13
Churchill County	13
Grover C. Dils Medical Center	13
North Lake Tahoe Fpd	12
Lincoln County	12
Central Lyon County Fpd	12
White Pine Historical Railroad Foundatio	11
Mount Grant General Hospital	11
Douglas County Mosquito Abatement Distri	11
Pahrump (Town Of)	11
Pershing County	11
Boulder City (City Of)	11
Mineral County School District	11
Mineral County	10
Lyon County	10
White Pine County School District	9
Carlin (City Of)	9
Lovelock (City Of)	9
Incline Village General Improvement Dist	8
Esmeralda County School District	8
Smith Valley Fpd	8
North Lyon County Fire Protection District	8
Ely (City Of)	8
Round Mountain (Town Of)	7
East Fork Swimming Pool District	7
Fernley (City Of)	7
White Pine County Fp District	7
Pahrump Library District	6



# Lag Time Average by Location 07/01/2017 - 03/31/2023

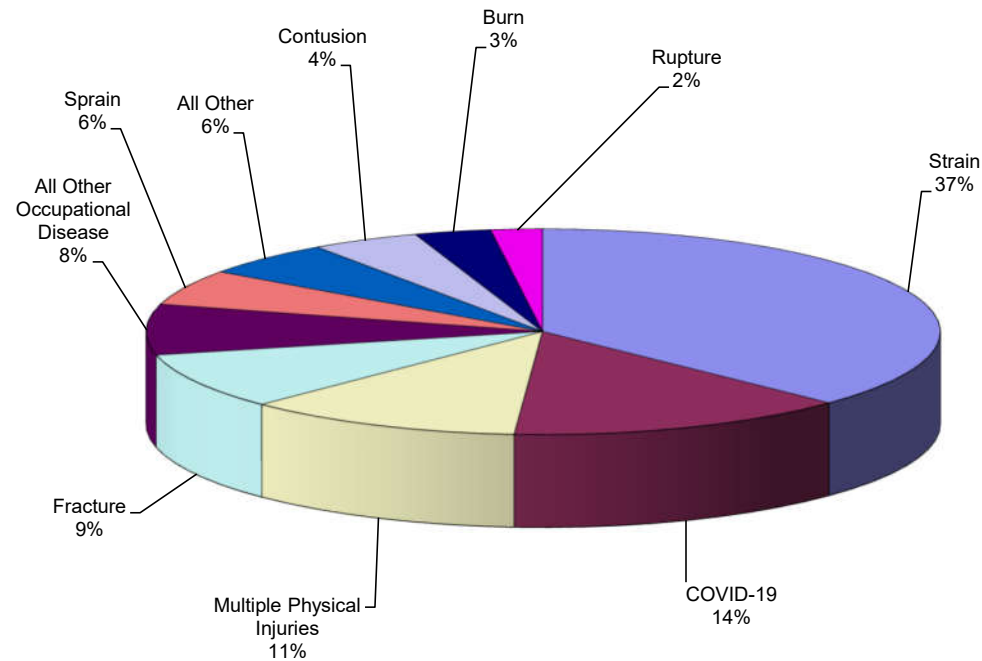
Location	Avg. Days
Indian Hills Gid	6
Pahranagat Valley Fd	5
Southern Nevada Health District	5
Palomino Valley Gid	5
Douglas Co Sewer Improvement District #1	5
Mason Valley Fpd	4
Yerington (City Of)	4
Douglas County	4
Nevada Rural Housing Authority	3
Washoe Co Fire Suppression Dist	3
Walker River Irrigation	3
Churchill County Mosquito & Weed Abatement Distric	3
Minden Garnerville Sanitation District	2
Nv Association Of Conservation Districts	2
Topaz Ranch General Improvement District	2
Nevada-Tahoe Conservation District	1



# Top Ten Nature of Injury

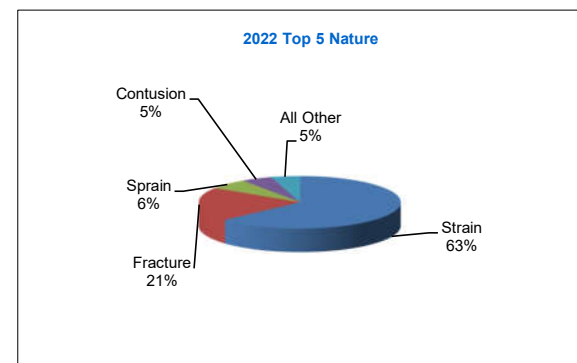
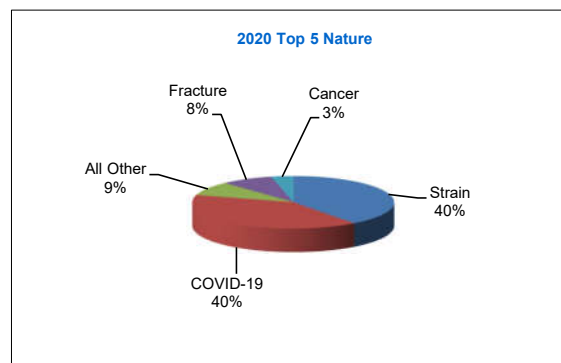
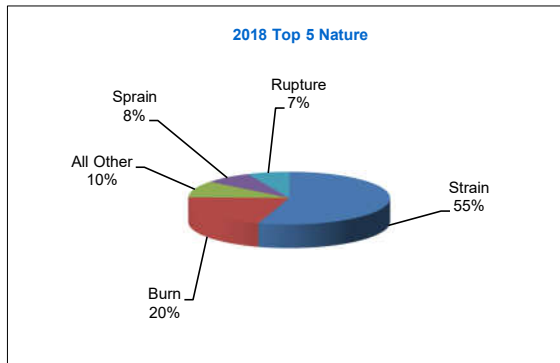
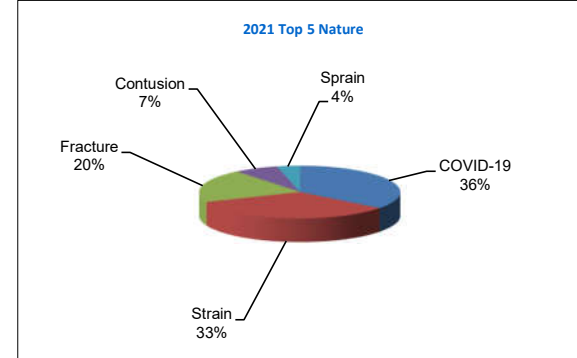
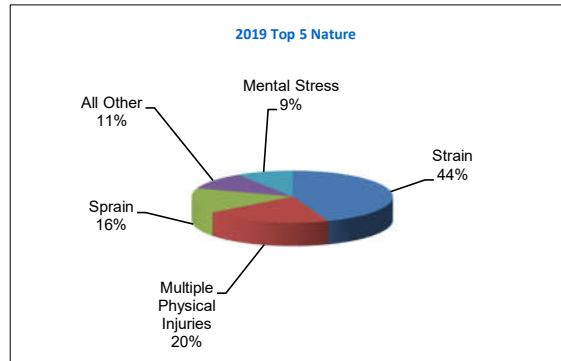
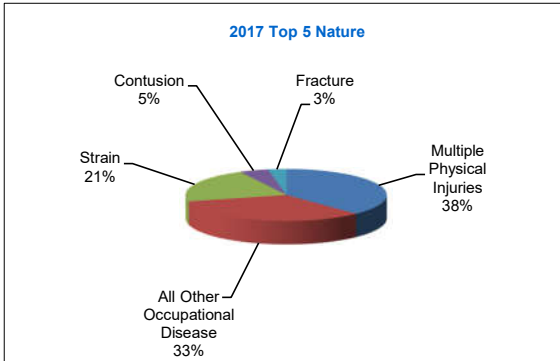
07/01/2017 - 03/31/2023

Nature of Injury	# of Claims	Total Incurred
Strain	810	\$ 15,426,597
COVID-19	90	\$ 5,789,410
Multiple Physical Injuries	56	\$ 4,710,686
Fracture	98	\$ 3,665,149
All Other Occupational Disease	16	\$ 3,299,833
Sprain	196	\$ 2,320,523
All Other	165	\$ 2,276,252
Contusion	258	\$ 1,838,978
Burn	31	\$ 1,291,420
Rupture	9	\$ 870,781





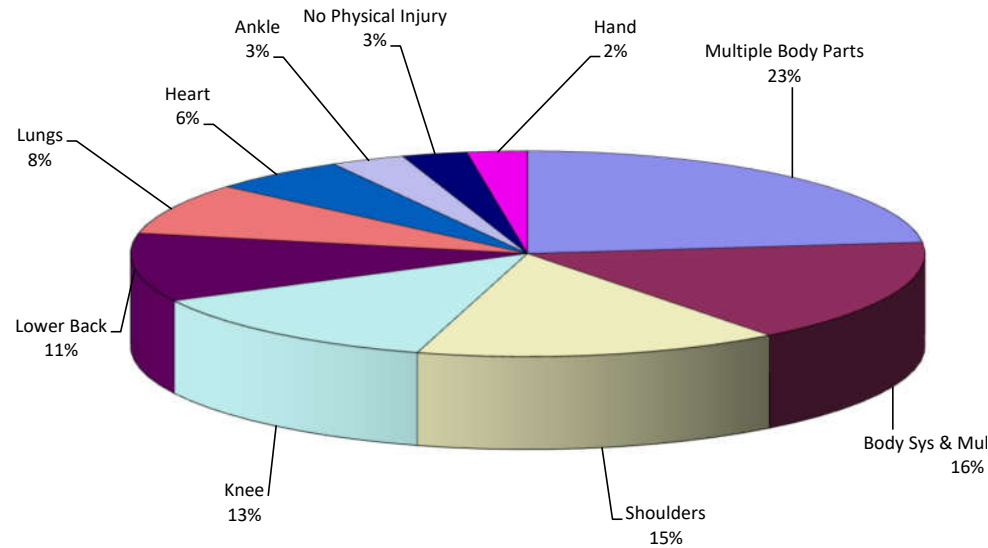
# Nature of Injury Trends for 07/01/2017 - 03/31/2023





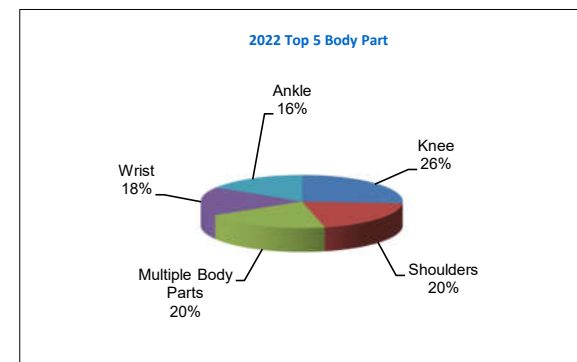
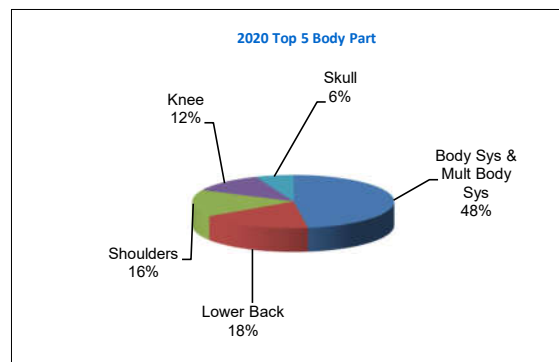
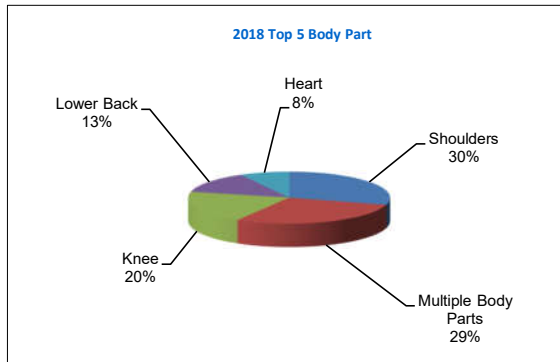
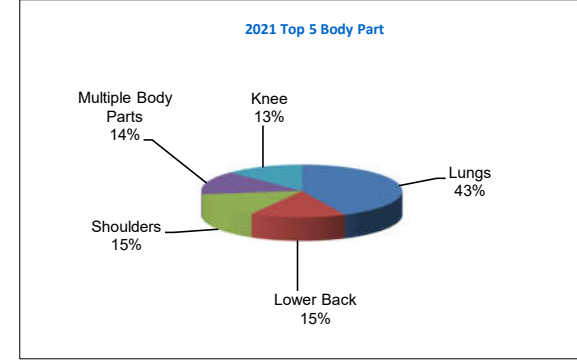
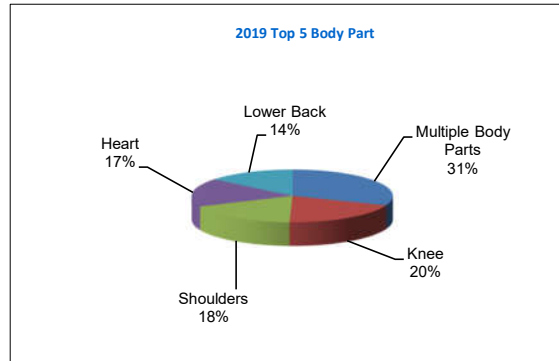
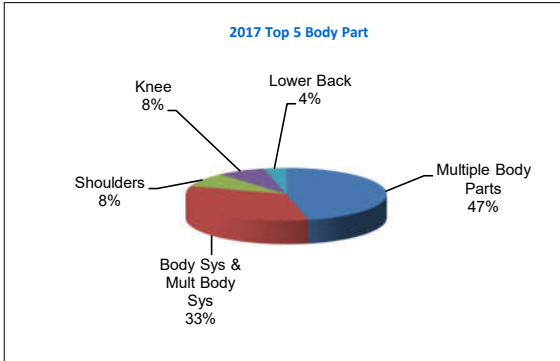
# Top Ten Part of Body 07/01/2017 - 03/31/2023

Part of Body	# of Claims	Total Incurred
Multiple Body Parts	229	\$ 8,864,726
Body Sys & Mult Body Sys	120	\$ 6,223,943
Shoulders	180	\$ 5,670,386
Knee	251	\$ 4,935,346
Lower Back	200	\$ 4,102,686
Lungs	108	\$ 3,095,130
Heart	46	\$ 2,121,577
Ankle	79	\$ 1,158,007
No Physical Injury	46	\$ 1,008,117
Hand	118	\$ 936,129





# Body Part Trends for 07/01/2017 - 03/31/2023



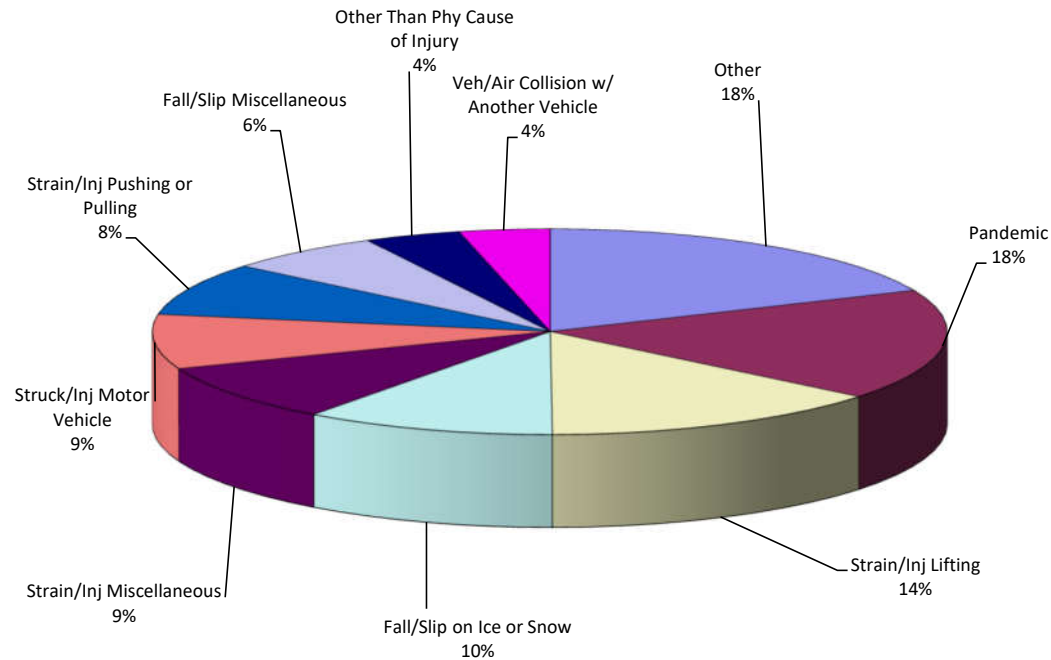




# Top Ten Cause of Injury

07/01/2017 - 03/31/2023

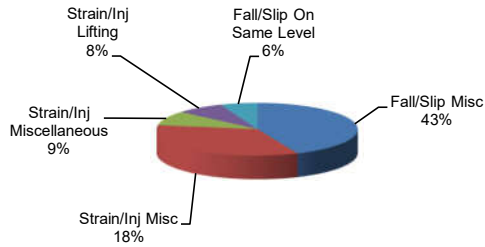
Cause of Injury	# of Claims	Total Incurred
Other	163	\$ 6,122,986
Pandemic	95	\$ 5,792,950
Strain/Inj Lifting	205	\$ 4,651,227
Fall/Slip on Ice or Snow	122	\$ 3,382,877
Strain/Inj Miscellaneous	200	\$ 2,988,652
Struck/Inj Motor Vehicle	5	\$ 2,844,599
Strain/Inj Pushing or Pulling	137	\$ 2,758,075
Fall/Slip Miscellaneous	104	\$ 2,122,829
Other Than Phy Cause of Injury	57	\$ 1,301,562
Veh/Air Collision w/ Another Vehicle	51	\$ 1,225,872



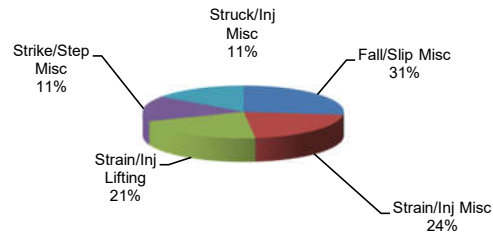


# Cause of Injury Trends for 07/01/2017 - 03/31/2023

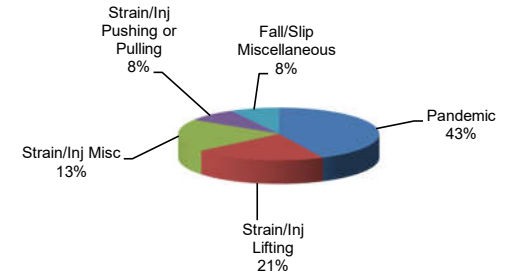
2017 Top 5 Cause of Injury



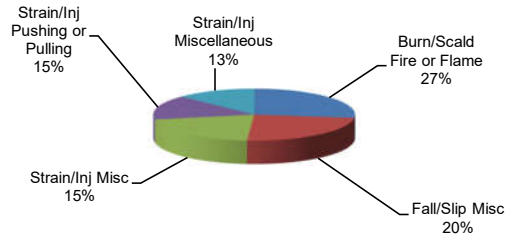
2019 Top 5 Cause of Injury



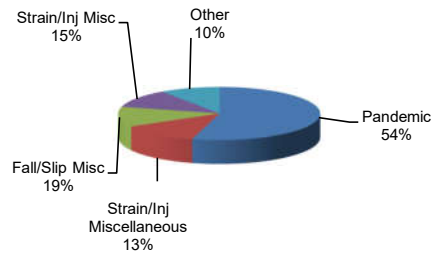
2021 Top 5 Cause of Injury



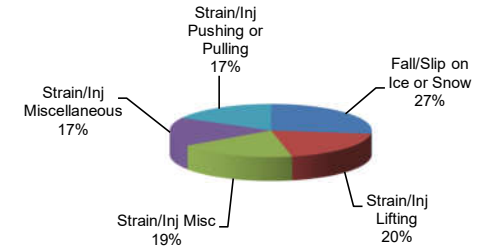
2018 Top 5 Cause of Injury



2020 Top 5 Cause of Injury



2022 Top 5 Cause of Injury





# Historical Data Excluding Incidents 07/01/2017 - 03/31/2023

## Nbr of Claims

	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 03/31/23
Indemnity	172	155	147	158	153	82
Med Only	263	310	277	303	234	240
<b>Total</b>	<b>435</b>	<b>465</b>	<b>424</b>	<b>461</b>	<b>387</b>	<b>322</b>

## Total Incurred

	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 03/31/23
Indemnity	\$9,903,683	\$6,715,661	\$7,812,437	\$7,951,592	\$8,189,293	\$3,139,916
Med Only	\$442,262	\$432,666	\$398,720	\$789,223	\$393,214	\$963,173
<b>Total</b>	<b>\$10,345,945</b>	<b>\$7,148,327</b>	<b>\$8,211,157</b>	<b>\$8,740,815</b>	<b>\$8,582,507</b>	<b>\$4,103,089</b>

## Total Paid

	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 03/31/23
Indemnity	\$5,191,801	\$5,652,638	\$6,671,380	\$4,783,642	\$3,307,056	\$563,299
Med Only	\$413,312	\$428,555	\$385,815	\$632,142	\$321,910	\$327,518
<b>Total</b>	<b>\$5,605,113</b>	<b>\$6,081,193</b>	<b>\$7,057,195</b>	<b>\$5,415,784</b>	<b>\$3,628,966</b>	<b>\$890,817</b>

## Average Incurred

	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 03/31/23
Indemnity	\$57,580	\$43,327	\$53,146	\$50,327	\$53,525	\$38,292
Med Only	\$1,682	\$1,396	\$1,439	\$2,605	\$1,680	\$4,013
<b>Average Incurred</b>	<b>\$23,784</b>	<b>\$15,373</b>	<b>\$19,366</b>	<b>\$18,961</b>	<b>\$22,177</b>	<b>\$12,743</b>

## Open Claims

	07/01/17 - 06/30/18	07/01/18 - 06/30/19	07/01/19 - 06/30/20	07/01/20 - 06/30/21	07/01/21 - 06/30/22	07/01/22 - 03/31/23
Indemnity	7	12	10	16	40	68
Med Only	1	1	1	9	13	161
<b>Total</b>	<b>8</b>	<b>13</b>	<b>11</b>	<b>25</b>	<b>53</b>	<b>229</b>



## Summary by Location

### 07/01/2017 - 03/31/2023

Location	# of Claims	# Open Claims	Total Incurred
Nye County	279	22	\$13,222,350
Lander County	56	13	\$4,467,473
Lyon County	158	26	\$3,316,231
East Fork Fire & Paramedic District	118	16	\$2,791,362
Incline Village General Improvement Dist	133	21	\$2,405,763
North Lake Tahoe Fpd	129	12	\$2,162,322
Elko County	140	24	\$2,160,125
Boulder City (City Of)	104	17	\$1,997,074
Tahoe-Douglas Fpd	84	12	\$1,925,040
Elko (City Of)	111	15	\$1,701,034
Ely (City Of)	31	9	\$936,530
Storey County	38	7	\$907,211
Humboldt County	51	11	\$742,480
Humboldt General Hospital	71	11	\$657,035
Pershing County	32	2	\$634,408
Pahrump (Town Of)	45	2	\$633,545
Central Lyon County Fpd	44	1	\$607,068
White Pine County	42	8	\$469,369
Churchill County	73	5	\$453,555
Winnemucca (City Of)	27	6	\$337,710
Esmeralda County School District	11	1	\$299,669
Pershing County School District	19	1	\$297,578
Mount Grant General Hospital	87	9	\$297,433
Eureka County	22	3	\$290,898
Carlin (City Of)	14	4	\$288,703
Mineral County	37	7	\$288,669
Tahoe Transportation	2	0	\$203,439
Caliente (City Of)	6	1	\$181,671
Grover C. Dils Medical Center	44	8	\$176,392
Lander County School District	27	7	\$171,742
Tonopah (Town Of)	7	0	\$152,220



## Summary by Location

### 07/01/2017 - 03/31/2023

Location	# of Claims	# Open Claims	Total Incurred
Battle Mountain General Hospital	25	3	\$151,863
Southern Nevada Health District	64	10	\$147,003
White Pine County School District	44	7	\$137,646
North Lyon County Fire Protection District	31	4	\$117,819
Pershing General Hospital	28	2	\$117,708
Tahoe Reno Industrial Gid	4	2	\$112,233
Mt Charleston Fire Protection District	4	1	\$104,096
Truckee Meadows Fpd	1	1	\$88,900
Lovelock (City Of)	13	1	\$81,259
Yerington (City Of)	15	3	\$78,421
Mineral County School District	19	3	\$74,265
Beatty Water & Sanitation District	1	1	\$70,400
Lincoln County	18	1	\$64,666
Wells (City Of)	10	3	\$60,378
Esmeralda County	14	1	\$58,156
Lincoln County School District	17	0	\$56,985
Eureka County School District	5	1	\$54,340
Mason Valley Fpd	7	0	\$53,700
West Wendover (City Of)	23	2	\$47,083
White Pine Historical Railroad Foundatio	23	3	\$46,393
Pershing County Water Conservation Distr	7	0	\$38,769
Indian Hills Gid	2	0	\$31,190
Churchill County Communications	9	3	\$28,800
Rtc Washoe County	4	0	\$23,601
East Fork Swimming Pool District	14	1	\$17,041
Fernley (City Of)	14	2	\$16,428
Nevada Rural Housing Authority	8	1	\$13,786
Palomino Valley Gid	2	1	\$11,608
White Pine County Fp District	4	0	\$10,485
Round Mountain (Town Of)	5	1	\$9,934
Minden Garnerville Sanitation District	2	0	\$7,175



## Summary by Location

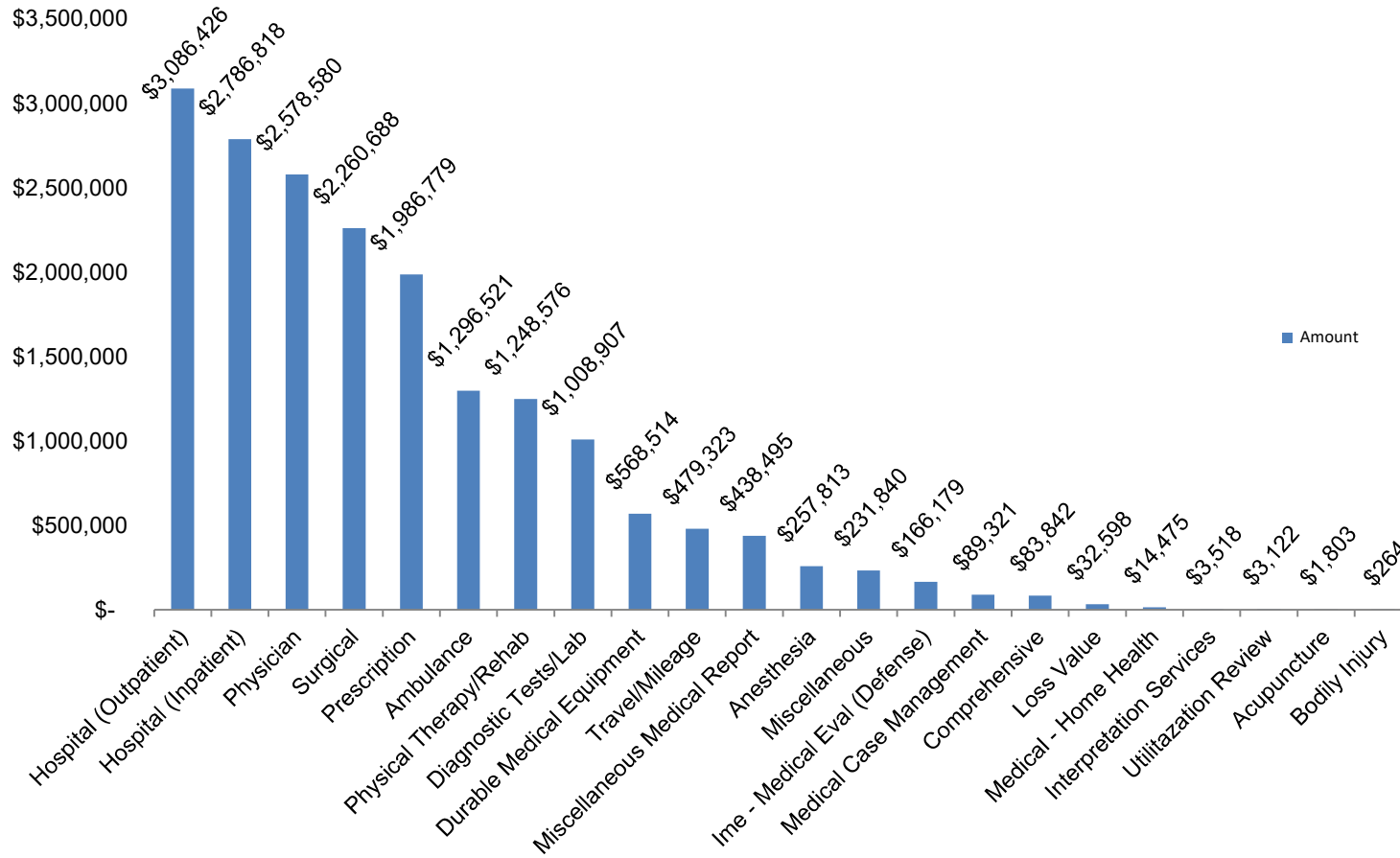
### 07/01/2017 - 03/31/2023

Location	# of Claims	# Open Claims	Total Incurred
Douglas County	1	0	\$6,011
Washoe Co Fire Suppression Dist	1	0	\$3,245
Douglas Co Sewer Improvement District #1	2	0	\$2,742
Walker River Irrigation	1	0	\$2,453
Nv Association Of Conservation Districts	1	0	\$2,381
Smith Valley Fpd	1	0	\$1,875
Douglas County Mosquito Abatement Distri	1	0	\$1,333
Churchill County Mosquito & Weed Abatement Distric	2	0	\$957
Pahrump Library District	1	0	\$875
Topaz Ranch General Improvement District	2	0	\$765
Pahrnagat Valley Fd	1	0	\$485
Nevada-Tahoe Conservation District	1	0	\$484
<b>Total</b>	<b>2494</b>	<b>339</b>	<b>\$47,131,839</b>



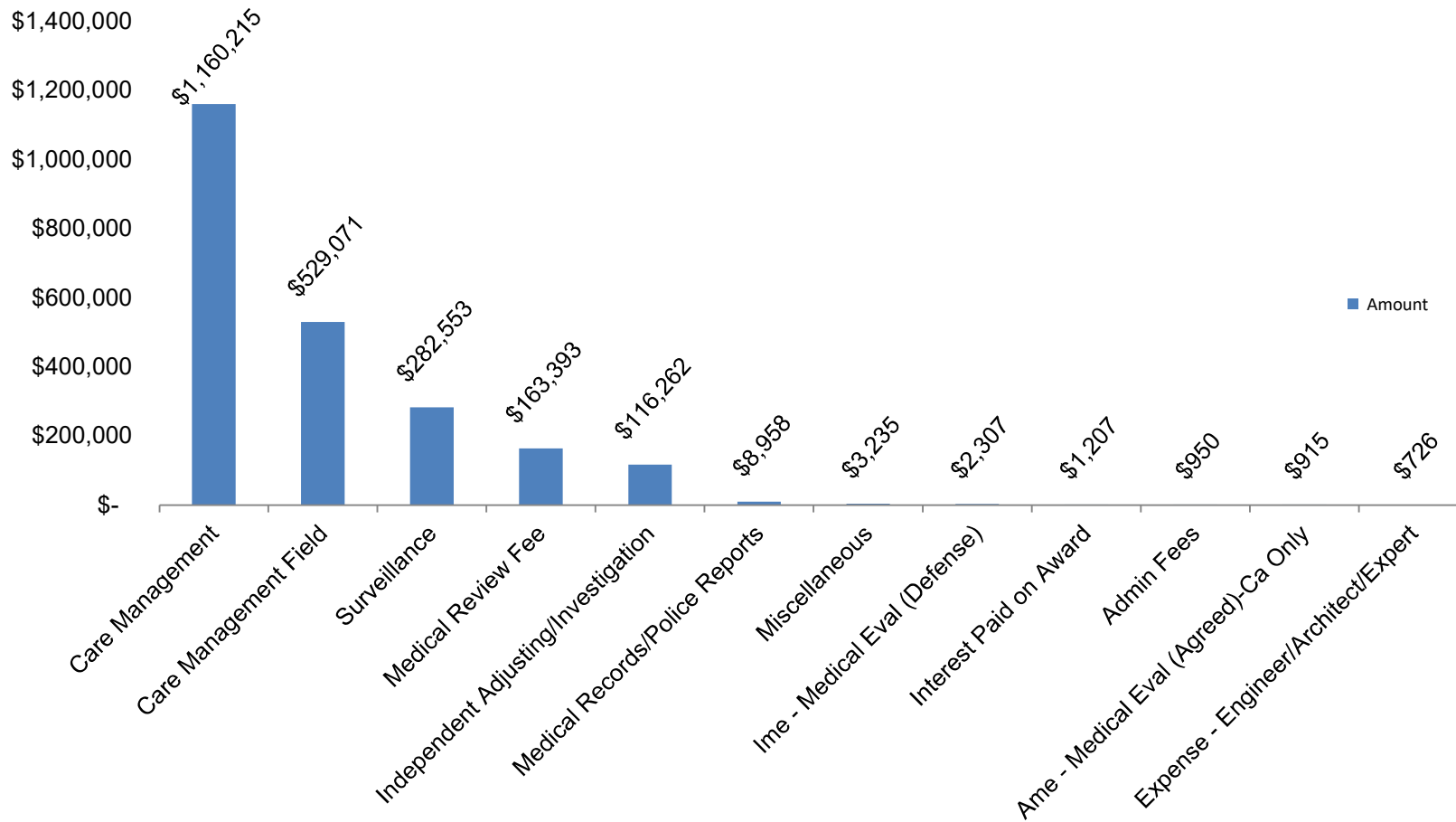
# Medical Payments by Type

## 07/1/2017 - 03/31/2023





# Expense Payments by Type 07/01/2017 - 03/31/2023

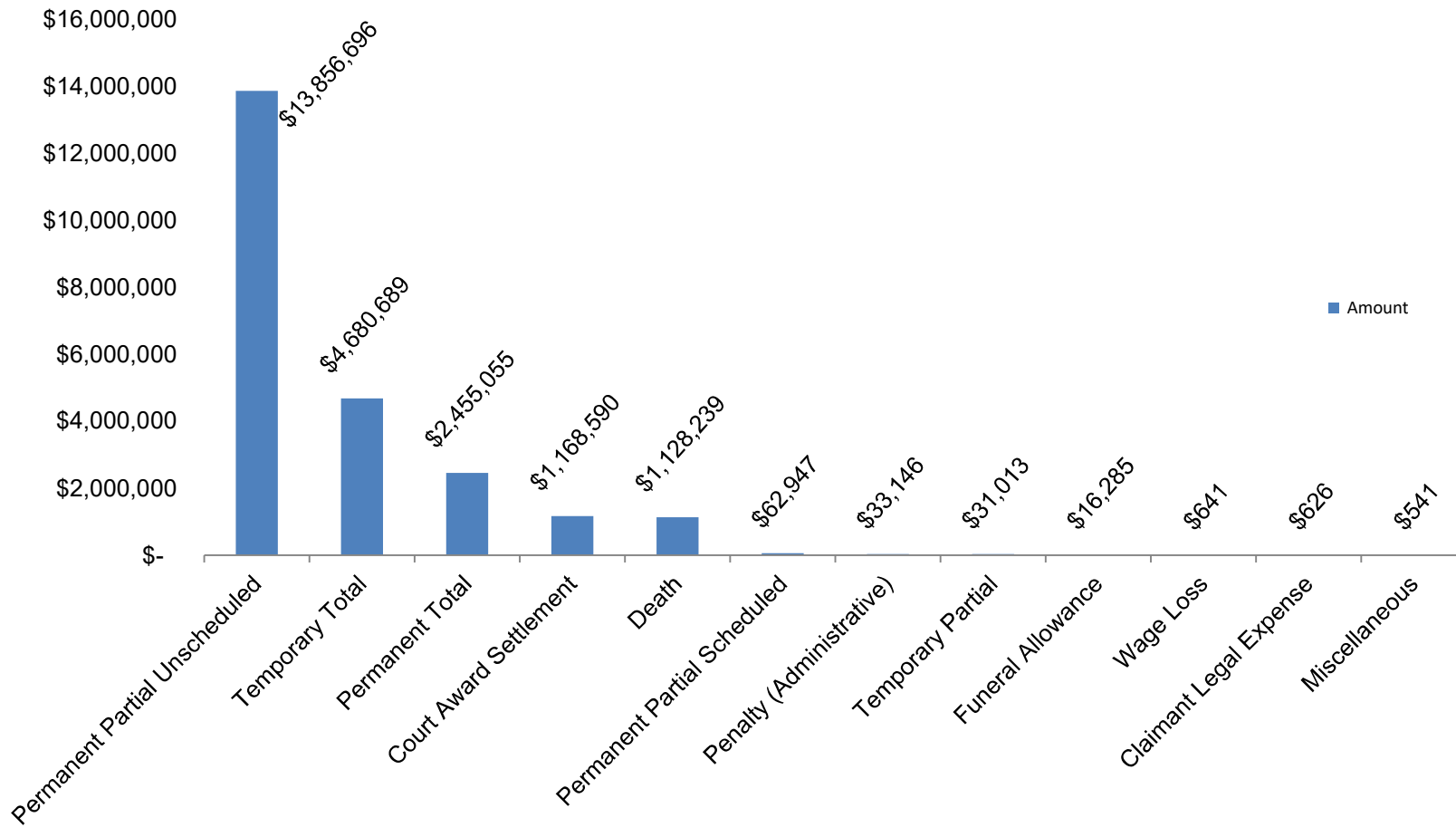






# Indemnity Payments by Type

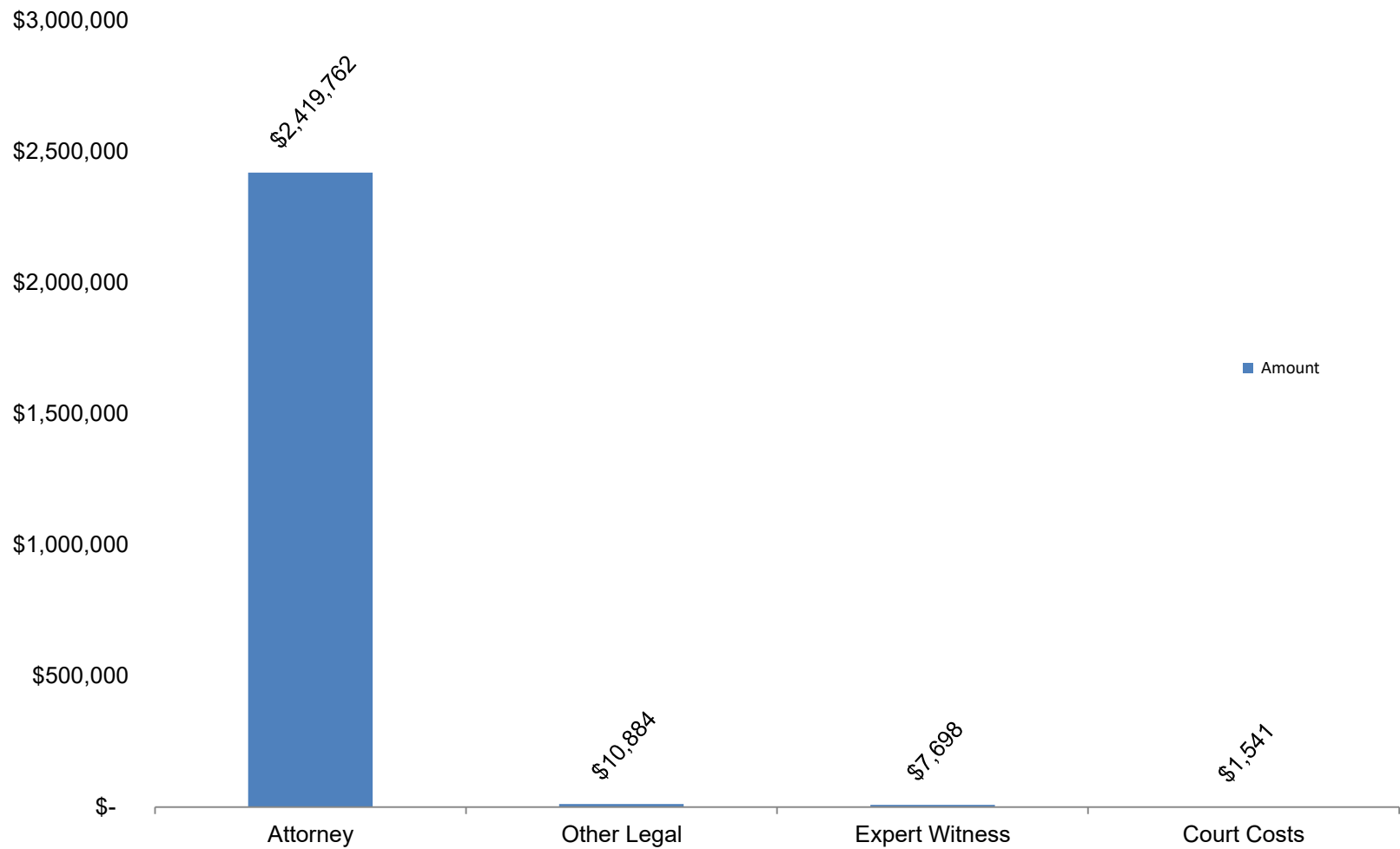
## 07/01/2017 - 03/31/2023





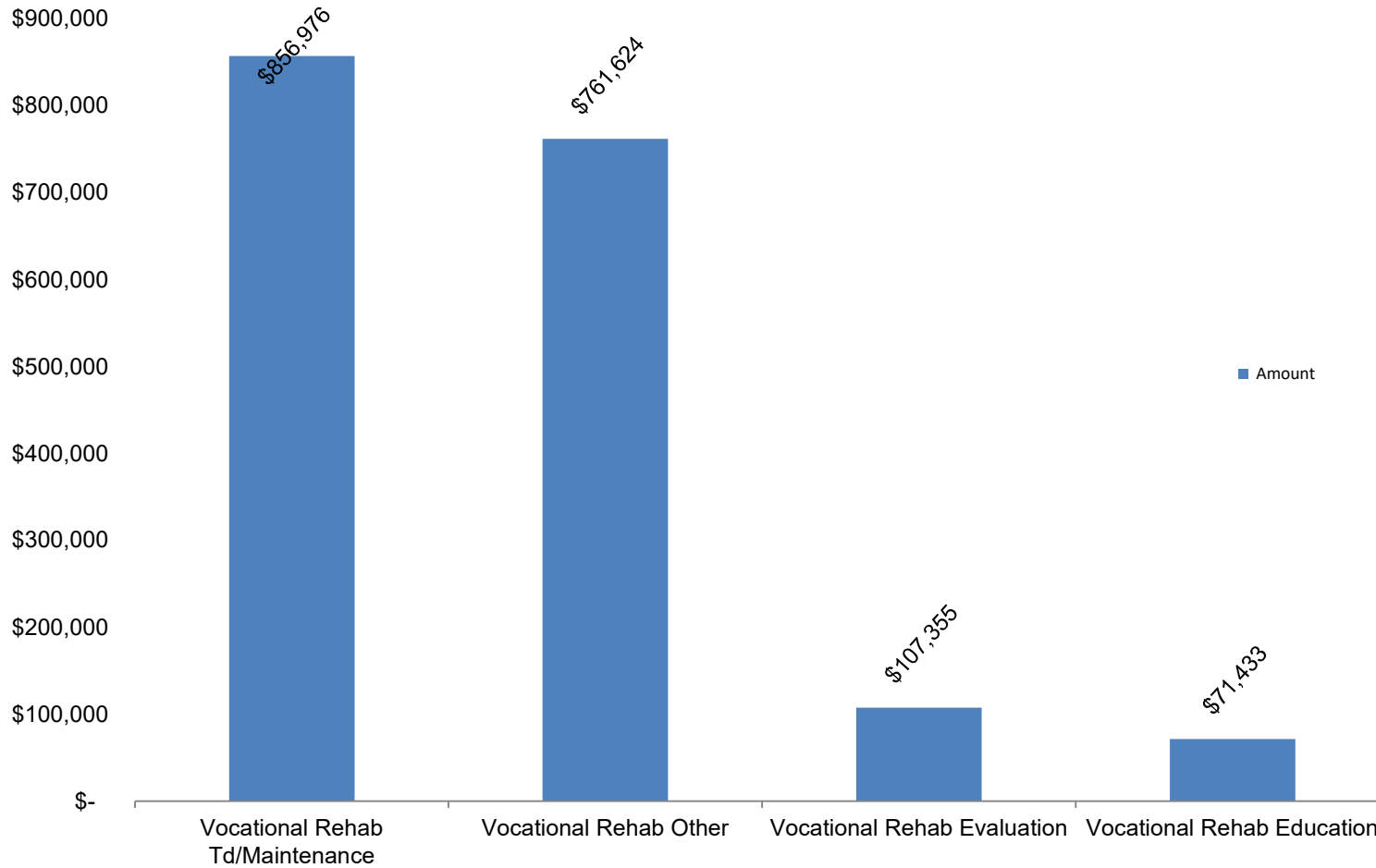
# Legal Payments by Type

07/01/2017 - 03/31/2023





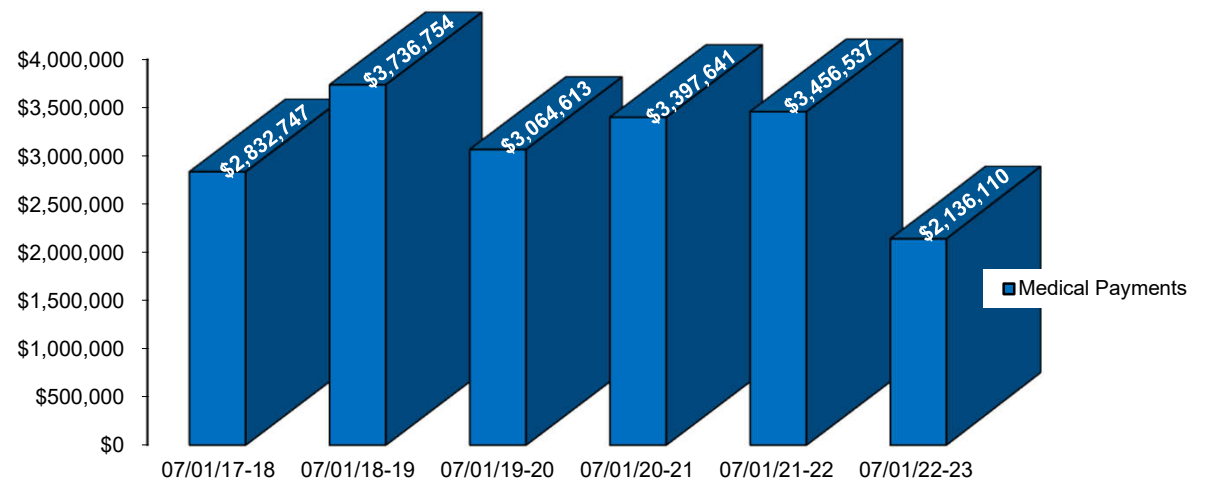
## Voc Rehab Payments by Type 07/01/2017 - 03/31/2023





# Medical Payment Trends 07/01/2017 - 03/31/2023

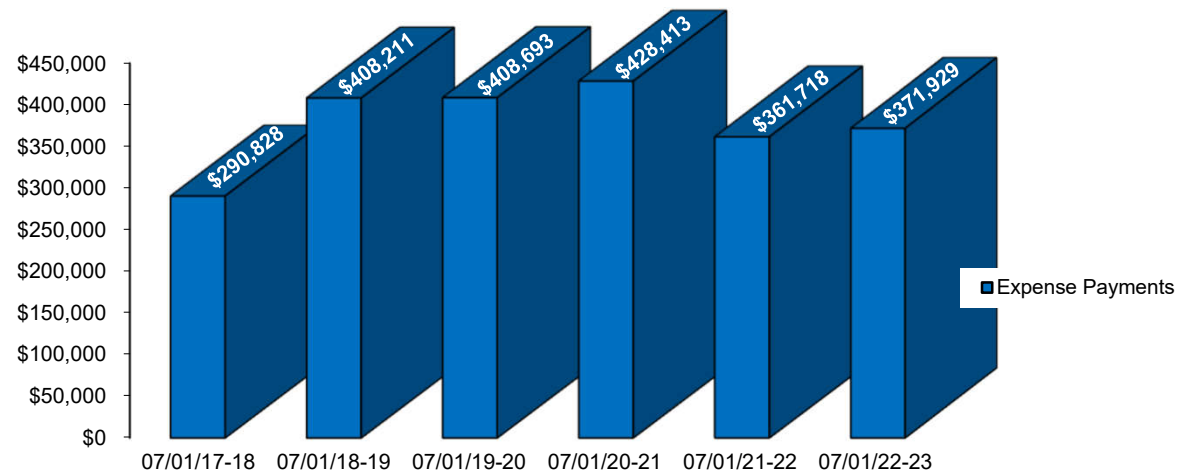
Policy Year	Medical Payments
07/01/17-18	\$2,832,747
07/01/18-19	\$3,736,754
07/01/19-20	\$3,064,613
07/01/20-21	\$3,397,641
07/01/21-22	\$3,456,537
07/01/22-23	\$2,136,110
<b>Total</b>	<b>\$18,624,402</b>





## Expense Payment Trends 07/01/2017 - 03/31/2023

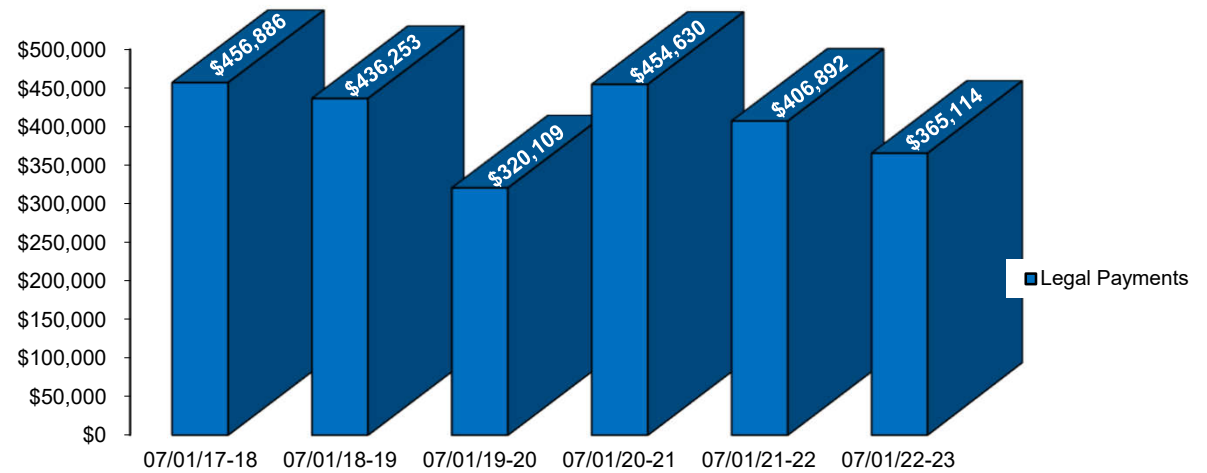
Policy Year	Expense Payments
07/01/17-18	\$290,828
07/01/18-19	\$408,211
07/01/19-20	\$408,693
07/01/20-21	\$428,413
07/01/21-22	\$361,718
07/01/22-23	\$371,929
<b>Total</b>	<b>\$2,269,792</b>





## Legal Payment Trends 07/01/2017 - 03/31/2023

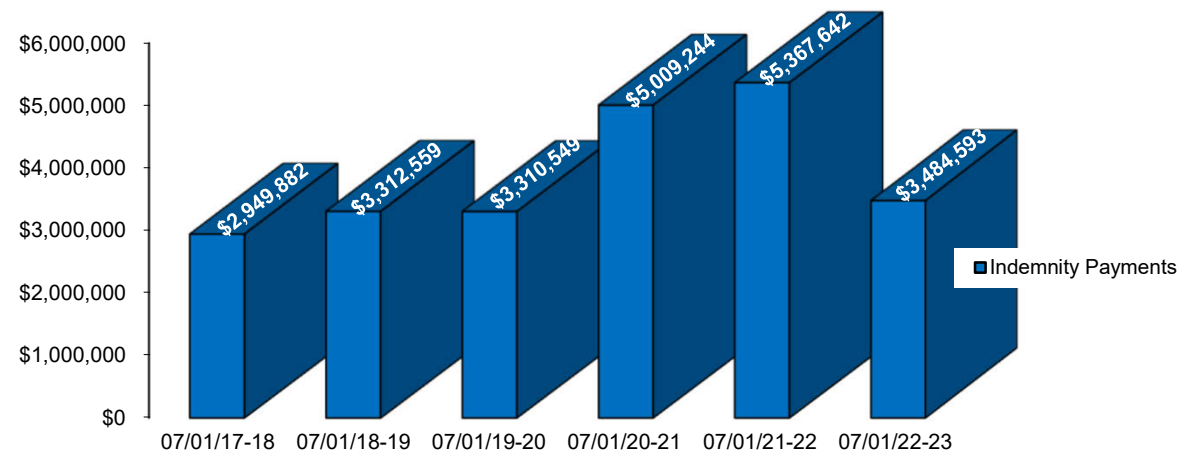
Policy Year	Legal Payments
07/01/17-18	\$456,886
07/01/18-19	\$436,253
07/01/19-20	\$320,109
07/01/20-21	\$454,630
07/01/21-22	\$406,892
07/01/22-23	\$365,114
<b>Total</b>	<b>\$2,439,884</b>





## Indemnity Payment Trends 07/01/2017 - 03/31/2023

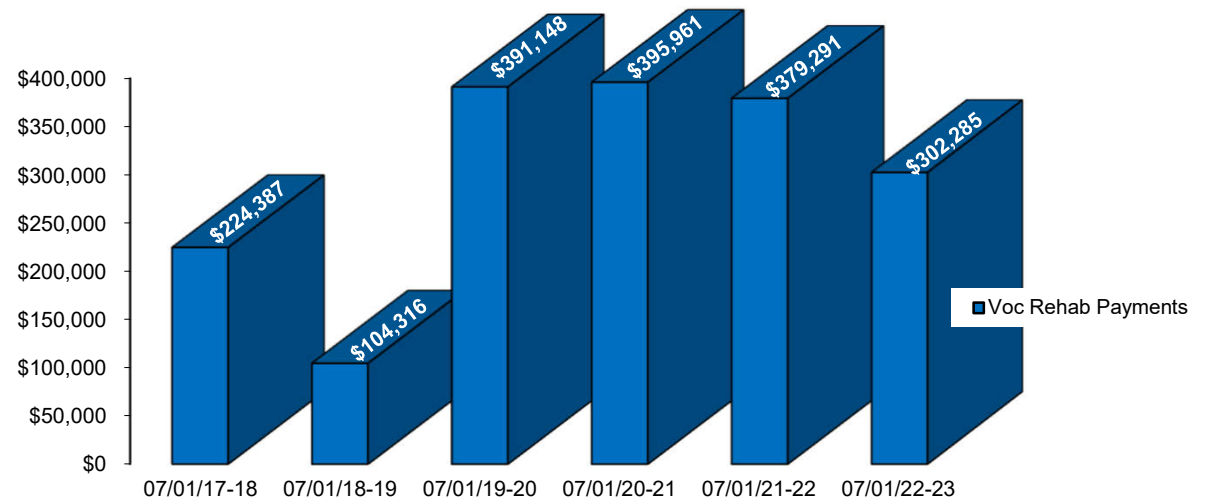
Policy Year	Indemnity Payments
07/01/17-18	\$2,949,882
07/01/18-19	\$3,312,559
07/01/19-20	\$3,310,549
07/01/20-21	\$5,009,244
07/01/21-22	\$5,367,642
07/01/22-23	\$3,484,593
<b>Total</b>	<b>\$23,434,469</b>





## Voc Rehab Payment Trends 07/01/2017 - 03/31/2023

Policy Year	Voc Rehab Payments
07/01/17-18	\$224,387
07/01/18-19	\$104,316
07/01/19-20	\$391,148
07/01/20-21	\$395,961
07/01/21-22	\$379,291
07/01/22-23	\$302,285
<b>Total</b>	<b>\$1,797,388</b>







Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
Telephone (775) 885-7475  
Facsimile (775) 883-7398

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**Notice of Meetings and Agendas for the Meeting of  
the Board of Directors and of the Executive Committee of  
Public Agency Compensation Trust**

**Date: April 21, 2023**

**Location: Grand Sierra Resort, Grand Sierra Resort  
500 E 2nd St,  
Reno, NV 89595**

**Time: upon adjournment of Joint Board and Executive Committee Meeting which starts at 8:00am**

**AGENDA**

**Notices:**

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
  - a. Approval of Minutes of Board Meetings of April 21, 2022**
  - b. Acceptance of Interim Financial Statements**
  - c. Acknowledge PCM Articles of Incorporation and Bylaws Changes**
- 4. For Possible Action: Acceptance of Audit for June 30, 2022**
- 5. For Possible Action: Approval Regarding Effective Dates of Rate and Experience Modification Factor Changes and Payroll Methodology**
- 6. For Possible Action: Approval of PACT Retention and Renewal Reinsurance Proposals**
- 7. For Possible Action: Approval of Budget for 2023-2024 including Actuarial Overview**
- 8. For Possible Action: Action regarding these topics as required by Nevada Administrative Code:**
  - a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**

- b. **Review of the loss experience of each Member of the association - Claims Experience Report Summary**
- c. **Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**

**9. For Possible Action: Election of Executive Committee for Two Year Terms 2023-2025**

- a. **Two Representatives from Counties and/or Cities with 35,000 Population or more**
- b. **One Representative from Counties and/or Cities with less than 35,000 Population**
- c. **One Representative of Special Districts/Towns**

**10. For Possible Action: Election of Chair and Vice Chair**

**11. Public Comment**

**12. For Possible Action: Adjournment**

**This Agenda was posted at the following locations and on the State Website [notice.nv.gov](http://notice.nv.gov):**

**N.P.A.I.P. / P.A.C.T.  
201 S. Roop Street, Suite 102  
Carson City, NV 89701**

**Carson City Courthouse  
885 E. Musser Street  
Carson City, NV 89701**

**Eureka County Courthouse  
10 S. Main Street  
Eureka, NV 89316**

**Churchill County Administration  
155 North Taylor Street  
Fallon, NV 89406**

**NOTICE TO PERSONS WITH DISABILITIES**

**Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.**



**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
Telephone (775) 885-7475  
Facsimile (775) 883-7398

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**Minutes for the Meeting of  
the Board of Directors and of the Executive Committee of  
Public Agency Compensation Trust**

**Date: April 21, 2022**

**Time: upon adjournment of Joint Board and Executive Committee Meeting which starts at 8:00am**

Join Zoom Meeting

<https://us02web.zoom.us/j/85892154845?pwd=MXgyNOJwMC93eVlxTEV1c3pBd29EUT09>

Meeting ID: 858 9215 4845

Passcode: 554718

One tap mobile

+13462487799,,85892154845#,,,,\*554718# US (Houston)

+16699006833,,85892154845#,,,,\*554718# US (San Jose)

**Minutes**

**1. Introductions and Roll**

Chair Paul Johnson called the meeting to order at 10:55 AM

**2. Public Comment**

The Chair asked if there were any Public Comments. There were no comments.

**3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved from Consent Agenda**

**a. Approval of Minutes of Board Meetings of April 22, 2021**

**b. Acceptance of Interim Financial Statements**

On motion to approve the consent agenda by Josh Foli, second by Cindy Hixenbaugh, the motion carried.

**4. For Possible Action: Acceptance of Audit for June 30, 2021**

Alan Kalt, CFO, reviewed the PACT Audit slide deck. Noting that the Net Position decreased from \$10,692,182 in Fiscal Year Ending 6-30-2022 to \$7,455,083 at 6-30-2021. This reduction is due primarily to increases in loss and loss reserves due to adverse claim development during the year. The claims and adjustment expenses increased \$1.8M during the year from \$9.1M to 10.9M in FYE 6-30-21. He reviewed 5 years of Statement of Net Position and Statement of Revenues, Expenses and Change in Net Position to make the point. He reminded the Board that PACT has contributed \$53,700,939 of Net Position to the Captive (Public Compensation Mutual) since establishing PCM. PCM's Total Surplus has grown to \$85,066,480 as of December 31, 2021. Hence, management has recommended and built into the various budgets the transfer of Surplus from PCM to PACT in the amount of \$2.5M over the next 9 months to strengthen the Net Position of PACT and allow funds for the payment of claims. PACT experienced adverse claim development related to Nye County over the past several years which impacted the financial strength of the program. Nye County left the program

effective July 1, 2021, and it is anticipated this will benefit PACT over the long-term given their claims history. Kalt reviewed various key financial benchmark figures over the past ten years.

On motion to accept the audit report by Josh Foli, second by Elizabeth Frances, the motion carried.

**5. For Possible Action: Approval of PACT Retention and Renewal Reinsurance Proposals**

Stephen Romero presented the PACT renewal presentation. He reviewed the structure graph noting PACT's \$300,000 SIR, PCM taking \$700,000 excess the \$300,000 and CRL taking 75% of the \$2M Specific Excess and PCM taking the remaining 25% from \$1M to \$3M in individual claim costs. He explained the Aggregate Retention where Safety National takes 50% and PCM the other 50% of the \$3M Aggregate excess up to statutory limits. The renewal presentation is to keep the same structure in place. He reviewed the Year of Year reinsurance comparison noting the pricing changes of the various layers of coverage.

After a brief discussion, on motion to approve the reinsurance renewal made by Josh Foli, second by Cindy Hixenbaugh, the motion carried.

**6. For Possible Action: Approval of Budget for 2022-2023 including Actuarial Overview**

Alan Kalt reviewed the PACT budget as provided for in the board packet. Management staff is recommending that the PACT class code rates increase by a Flat Rate of 8% across all class codes rather than the projected increase of 13.22%. He noted that the individual entity rate increases will be affected by payroll levels and changes in the x-mods as calculated by the independent actuary. He spoke to the need to monitor PACT's Financial Stability and evaluate members with excess claims costs, as that can have a significant impact on the financial condition as noted with the recent large member who left. The proposed budget reflects the transfer of surplus from PCM to PACT in the amount of \$4.5M over the next 9 months. The allocation of the PACT budget has 65.5% for Loss Fund and Insurance expense, 15.9% for Program Expenses, 13.4% in Administration Expenses and 5.2% in Net Operating Income/Contingency.

After a brief discussion, on motion to approve the budget by Josh Foli, second by Elizabeth Frances, the motion carried.

**7. For Possible Action: Approval of Renewal Contract with Davies Claims Solutions**

Wayne Carlson reviewed the Davies Claims Solution contract included in the board packet.

On motion to approve the renewal contract with Davies Claims Solutions by Josh Foli, second by Cindy Hixenbaugh, the motion carried.

**8. For Possible Action: Action regarding these topics as required by Nevada Administrative Code:**

- a. **Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**
- b. **Review of the loss experience of each Member of the association - Claims Experience Report Summary**
- c. **Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**

Wayne Carlson noted that this review is required by the Nevada Administrative Code. He stressed the importance of reviewing the financial conditions of the members as well as the claims experience of PACT and its individual members. He reviewed the overall claims experience over the past five years. Alan Kalt noted that he is not aware of any member operating in hazardous financial condition. A couple of the members are under watch by the Committee on Local Government Finance, but it does not appear to have any significant financial issues to be a hazardous condition. Margret Malzahn, Davies WC Claims Adjuster reviewed the Summary of Losses by Location for the period of 7-1-2016 to 2-28-2022 noting that Nye County had total incurred claims of \$10,307,379 which is significantly higher than the next highest at \$4,418,076 by East Fork Fire & Paramedic District. She noted that Nye is no longer a

member but has 41 open claims that will be paid by PACT. She noted that the Fire Districts had significant total incurred cost during this period of review. This is due to the significant cost of heart, lung, and cancer claims that are occurring within the group. She encouraged those members to actively participate in the Fit for Retirement program to mitigate against these claims by promoting a healthy workforce in these physically demanding jobs.

After a brief discussion, the Chairman noted that we reviewed the items required by NAC.–

**9. For Possible Action: Election of Executive Committee for Two Year Terms 2022-2024**  
**a. One Representative from Counties and/or Cities with less than 35,000 Population**  
**b. One Representative from Hospitals**  
**c. One Representative of School Districts**

Wayne Carlson reviewed the open positions on the Executive Committee. Noting that unexpired term of Cash Minor needs to be filled as well as the three positions noted on the agenda. Cindy Hixenbaugh and Elizabeth Frances will be leaving their respective organizations, so they are not seeking re-election. Amanda Osborne of Elko County is recommended to fill Cash Minor's term. Robin Dunckhorst from Humboldt General Hospital was willing to serve as the Hospital representative, and Paul Johnson is willing to continue to serve as the School District's representative. There were no other nominations from the floor.

On motion to appoint Amanda Osborne to fill the County/City with population over 35,000 term ending June 30, 2023 and to appoint Robin Dunckhorst for the two-year term 2022-2024 as Hospital representative and Paul Johnson for the School representative for the two-year term 2022-2024 by Josh Foli, second by Cindy Hixenbaugh, the motion carried. Wayne Carlson and Paul Johnson thanked Cindy Hixenbaugh and Elizabeth Frances for their dedicated service to the PACT board.

**10. For Possible Action: Election of Chair and Vice Chair**

Chair Paul Johnson indicated that he was willing to continue to serve as Chair if elected to serve. He asked if there was any other Executive Committee member willing to serve as Chair.

On motion by Josh Foli to appoint Paul Johnson as Chair, seconded by Elizabeth Frances, the motion carried.

As for the election of the Vice Chair position, it was noted that two candidates were willing to serve as Vice Chair: Mike Giles from the City of Lovelock and Josh Foli from Lyon County.

On motion by Josh Foli to appoint Mike Giles as Vice Chair, second by Elizabeth Frances, the motion carried.

**11. Public Comment**

The Chair called for any Public Comments. There were no public comments.

**12. For Possible Action: Adjournment**

Chair Johnson adjourned the meeting at 11:45 AM

**PUBLIC AGENCY COMPENSATION TRUST**  
**Statement of Assets, Liabilities and Equity**  
**February 28, 2023**

	<b>Operating Fund (Unrestricted)</b>	<b>Trust Fund (Restricted)</b>	<b>TOTAL FUNDS</b>
<b>ASSETS</b>			
Cash and Equivalents	3,374,076.92	7,339,984.57	10,714,061.49
Pledged Account Cash Equivalents	-	138,126.59	138,126.59
Investments	11,592,310.03	33,921,855.47	45,514,165.50
Investments - State of Nevada		5,926,194.54	5,926,194.54
Investments Interest Receivable	46,253.58	164,695.16	210,948.74
Member Assessments Receivable	376,684.94	-	376,684.94
Agent Compensation Receivable	-	-	-
Other A/R	-	-	-
Interfund Account	(2,500.00)	2,500.00	-
Suspense	-	-	-
Specific Recoverable	-	1,796,604.57	1,796,604.57
Prepaid Expenses	13,127.00	1,179,846.35	1,192,973.35
	<b>15,399,952.47</b>	<b>50,469,807.25</b>	<b>65,869,759.72</b>
<b>TOTAL ASSETS</b>	<b>15,399,952.47</b>	<b>50,469,807.25</b>	<b>65,869,759.72</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	-	-	-
Payable To Investment Brokers	-	-	-
Payable For Risk Management Grants	63,249.72	-	63,249.72
Agent Compensation Payable	-	-	-
Specific Recoverable		1,796,604.57	1,796,604.57
Loss Reserves		183,368,622.84	183,368,622.84
Claims Payments		(127,350,673.17)	(127,350,673.17)
Voucher Payments		2,423,865.50	2,423,865.50
Fund Balances:			
Fund Balance	15,336,702.75	(9,768,612.49)	5,568,090.26
	<b>15,399,952.47</b>	<b>50,469,807.25</b>	<b>65,869,759.72</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>15,399,952.47</b>	<b>50,469,807.25</b>	<b>65,869,759.72</b>

Unaudited Report for Management and Insurance Division Use Only

**PUBLIC AGENCY COMPENSATION TRUST**  
**Income Statement**  
**For The Eight Months Ending February 28, 2023**

	<b>Operating Fund (Unrestricted)</b>	<b>Trust Fund (Restricted)</b>	<b>TOTAL FUNDS</b>
<b>REVENUES</b>			
Assessments	2,181,687.38	6,545,062.12	8,726,749.50
Agent Compensation	119,130.00	-	119,130.00
PCM Risk Mitigation Services	287,500.00	-	287,500.00
Investment Interest Income	206,904.05	664,742.42	871,646.47
Bank Interest Income	-	16,857.22	16,857.22
Investment Realized Gains/(Losses)	-	-	-
Investment Unrealized Gains/(Losses)	(320,755.60)	(1,132,179.71)	(1,452,935.31)
Premium/Discount Investments	(1,280.93)	(2,080.20)	(3,361.13)
<b>Total Revenues</b>	<b>2,473,184.90</b>	<b>6,092,401.85</b>	<b>8,565,586.75</b>
<b>LOSS RESERVES &amp; INSURANCE EXPENSES</b>			
Claims and Adjustment Expenses	-	5,497,852.18	5,497,852.18
Excess Insurance Premiums	-	330,472.00	330,472.00
Reinsurance Premium (PCM)	-	1,655,437.00	1,655,437.00
Willis Surplus Lines Taxes	1,535.63	-	1,535.63
<b>Total Loss Reserves &amp; Insurance Expenses</b>	<b>1,535.63</b>	<b>7,483,761.18</b>	<b>7,485,296.81</b>
<b>PROGRAM EXPENSES</b>			
Member Education and Services	191,553.78	-	191,553.78
PRI Grant	321,291.36	-	321,291.36
Spec. Health-Cardiac Wellness	343,643.61	-	343,643.61
Loss Control Expense	270,664.00	-	270,664.00
Risk Management Grants	70,732.79	-	70,732.79
Claims TPA Fees (ASC)	-	613,527.28	613,527.28
In-House Broker/Underwriting	-	20,000.00	20,000.00
Specialty Health MCO Contract	-	37,140.53	37,140.53
<b>Total Loss Fund and Program Costs</b>	<b>1,197,885.54</b>	<b>670,667.81</b>	<b>1,868,553.35</b>
<b>ADMINISTRATION EXPENSES</b>			
Sponsorship Fees	2,500.00	-	2,500.00
Travel	14,336.09	-	14,336.09
Casualty Insurance	26,248.00	-	26,248.00
Dues & Seminar Fees	10,667.72	-	10,667.72
Audit Expense	19,192.00	-	19,192.00
Printing & Copying Expense	4,134.85	-	4,134.85
Postage	-	-	-
Office Supplies	880.75	-	880.75
Telephone Expense	-	-	-
Legal Expense	-	-	-
Board & Committee Meetings	177.08	-	177.08
Actuary Expense	15,930.00	-	15,930.00
Bank Service Charges	187.81	-	187.81
Agent Compensation	119,129.00	-	119,129.00
NRP Grant	443,488.00	-	443,488.00
Insurance Division Fees	720,568.84	131,363.71	851,932.55
Nevada Insolvency Fund	-	26,235.00	26,235.00
Investment Expense	46,093.90	4,479.77	50,573.67
<b>Total Administrative Expenses</b>	<b>1,423,534.04</b>	<b>162,078.48</b>	<b>1,585,612.52</b>
<b>REVENUES OVER EXPENSES</b>	<b>(149,770.31)</b>	<b>(2,224,105.62)</b>	<b>(2,373,875.93)</b>

**Amended ARTICLES OF INCORPORATION**

**OF**

**PUBLIC COMPENSATION MUTUAL**

The undersigned, named incorporators for the purpose of associating to establish a nonprofit captive mutual insurer, pursuant to and by virtue of Chapter 694C and Chapter 81 of the Nevada Revised Statutes, do hereby certify and adopt the following Articles of Incorporation.

**ARTICLE I**

**NAME**

The name of the corporation shall be Public Compensation Mutual.

**ARTICLE II**

**PRINCIPAL OFFICE**

The location of the principal office of the corporation in the State of Nevada is 201 S. Roop Street, Suite 102, Carson City, Nevada 89701. The Board of Directors may from time to time, by resolution, change the location of the principal office within the State of Nevada. The corporation may also maintain an office or offices at such other place or places, either within or without the State of Nevada, as may be resolved, from time to time, by the Board of Directors.

**ARTICLE III**

**RESIDENT AGENT**

The name and address of the Resident Agent of the corporation in the State of Nevada is Katherine F. Parks | President | Thorndal Armstrong Delk Balkenbush & Eisinger  
6590 S. McCarran Blvd., Suite B | Reno, NV 89509



## **ARTICLE IV**

### **PURPOSES AND POWERS**

In accordance with the provisions of NRS 694C.300, the purposes for which this corporation is organized is to transact workers compensation insurance, as defined in Chapter 681A of the Nevada Revised Statutes, for which the corporation is or shall be qualified under Title 57 of the Nevada Revised Statutes.

This corporation is being formed as a non-profit cooperative corporation without stock in accordance with the provisions of NRS 81.410 *et seq.*

## **ARTICLE V**

### **MEMBERS**

**Section 5.1** Public Agency Compensation Trust (PACT) is the sole policyholder of one or more contracts of insurance issued by the corporation, shall be a member of the corporation and shall have such right to vote as hereinafter expressly provided for so long as the policy or contract of insurance remains in force.

**Section 5.2** At meetings of the Policyholder wherein the Policyholder shall be entitled to vote, PACT shall be entitled to one vote only, regardless of the number of policies or amount of insurance held by the Policyholder.

**Section 5.3** Any action required or permitted to be taken by the Policyholder of the corporation must be effected at the annual meeting or a special meeting of members of the corporation. Policyholder may consent in writing to the taking of any action.

**Section 5.4** Without the affirmative vote of the Policyholder, the corporation shall not:

- (a) sell, lease or exchange all, or substantially all of its assets; or
- (b) enter into any merger or similar transaction.

## ARTICLE VI

### DIRECTORS

**Section 6.1** The corporate powers of the corporation shall be vested in a Board of Directors and shall be exercised by any such officers, agents, employees and committees as the Board may, in its discretion, from time to time appoint and empower. The Board shall have the power from time to time to make, amend or repeal such bylaws, rules and regulations for the transaction of the business of the corporation as the Board may deem expedient and as are consistent with these Articles of Incorporation and the laws of the State of Nevada.

**Section 6.2** The Board of Directors shall consist of not less than three and not more than seven Directors, as shall be determined from time to time by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors then in office.

**Section 6.3** Except as otherwise provided in the Nevada Revised Statutes, a director or officer is not individually liable to the corporation for any damages as a result of any act or failure to act in his capacity as a director or officer unless it is proven that:

(a) His act or failure to act constituted a breach of his fiduciary duties as a director or officer; and

(b) His breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

As authorized by law, the expenses of officers and directors incurred in defending a civil





# PUBLIC COMPENSATION MUTUAL (PCM)

## BYLAWS

Adopted May 15, 2007  
Amended June 16, 2020  
Amended December 14, 2022

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**BYLAWS OF  
PUBLIC COMPENSATION MUTUAL (PCM)**

ARTICLE I: PCM PHILOSOPHY AND STRUCTURE

SECTION 1.01. PHILOSOPHY.

The philosophy of Public Compensation Mutual (PCM) is to maintain long term stability in the costs and coverages provided by PCM to Public Agency Compensation Trust (PACT) and the accumulation and maintenance of surplus in order to maintain financial soundness to assure PACT that it will fulfill its obligations.

SECTION 1.02. GENERAL STRUCTURE.

PCM is governed by its Board of Directors composed of at least five PACT Representatives each serving for a term of four (4) years. Directors may be reelected to new terms. The Board of Directors will designate one Director to be Chair, one Director to be Vice-Chair, and one Director to be Fiscal Officer. The Board of Directors will appoint a President to act as chief executive and operating officer and will appoint any other Officer they deem necessary.

SECTION 1.03. DUTIES AND RESPONSIBILITIES.

The responsibilities of PCM to PACT shall be:

- (a) To provide a source of reinsurance coverage which supports coverage provided by PACT (Public Agency Compensation Trust);
- (b) To provide such risk management services and materials for education purposes to support PACT as the Board determines necessary and affordable;
- (c) To conduct the business of PCM to continue to operate as a lawful nonprofit pure captive mutual insurance company; and
- (d) To collect and disburse fees and other trusts for the sound financial organization and operation of PCM.

SECTION 1.04. DUTIES AND RESPONSIBILITIES OF PACT.

The duties and responsibilities of PACT shall be:



- (a) To comply in spirit and letter with the Bylaws, rules, regulations and objectives of PCM;
- (b) To make timely submissions to PCM and its reinsurers of contributions of any applicable reinsurance premiums;
- (c) To comply with all requirements of PCM and to submit claims to the PACT claims servicing organization promptly.

## ARTICLE II: OFFICES

### SECTION 2.01. PRINCIPAL OFFICE.

PCM's principal office shall be fixed and located in such place as the Board shall determine. The Board is granted full power and authority to change said principal office from one location to another.

### SECTION 2.02. OTHER OFFICES.

Branch or subordinate offices may be established at any time by the Board at any place or places.

## ARTICLE III: MEETINGS SECTION 3.01. PLACE OF

### MEETINGS.

Meetings shall be held at any place designated by the Board.

### SECTION 3.02. ANNUAL MEETINGS.

The annual meeting of PCM shall be held prior to the end of each fiscal year. The Board of Directors shall be elected at the annual meeting and any other proper business may be transacted at the annual meeting.

### SECTION 3.03. SPECIAL MEETINGS.

Special meetings shall be held as may be determined necessary by the Board.

### SECTION 3.04. NOTICE OF ANNUAL OR SPECIAL MEETINGS.

Written notice of each annual or special meeting shall be given not less than ten nor more than ninety days before the date of the meeting to PACT; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail or by electronic mail, the notice shall be given not less than twenty days before the meeting. Such notice shall state the place, date and hour of the meeting,

and

- (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or
- (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action.

#### SECTION 3.05. CONDUCT OF MEETINGS.

The Chair of the Board may preside as chair at all meetings. The Chair shall conduct each such meeting in a businesslike and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure.

### ARTICLE IV: DIRECTORS

#### SECTION 4.01. POWERS.

Subject to any limitations contained in these Bylaws or any Law relating to action required to be approved by PACT, the activities and affairs of PCM shall be conducted and all powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of PCM to any person or persons, management company, or committee however composed, provided that the activities and affairs of PCM shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all officers, agents and employees of PCM, prescribe powers and duties for them consistent with law or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate;
- (b) To conduct, manage and control the affairs and activities of PCM, and to make such rules and regulations therefore consistent with Law, the Agreement or these Bylaws, as they may deem appropriate;
- (c) To borrow money and incur indebtedness for the purposes of PCM, and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefore.

#### SECTION 4.02. RIGHTS OF INSPECTION.

PACT shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of PCM.

#### SECTION 4.03. VACANCIES.

- (a) Subject to the provisions of the Agreement, any Director may resign effective upon giving written notice to the Chair of the Board, the President, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.
- (b) Vacancies on the Board, except those existing as a result of a removal of a Director, may be filled by a majority of the remaining Directors, although less than a quorum, or by a sole remaining Director at any regular or special meeting of the Board. Each Director so selected shall hold office until the next meeting of PACT and until a successor has been selected and qualified. PACT shall at its next regular meeting appoint a replacement Director.
- (c) A vacancy in the Board shall be deemed to exist in case of the death, resignation, or removal of any Director, or if the authorized number of Directors be increased, or if PACT fails to elect an authorized Director.
- (d) The Board may declare vacant the office of a Director who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under the laws of the State of Nevada or the PCM Articles of Incorporation or Bylaws. In addition, the Board may remove, and declare vacant, the office of a Director who fails to attend any Board meetings within any one fiscal year.

#### SECTION 4.04. REMOVAL OF DIRECTORS.

Except as otherwise provided by the Law, any or all Directors may be removed with or without cause, if approved by the Board of Trustees of PACT.

#### SECTION 4.05. FEES AND COMPENSATION.

Directors shall not receive any compensation for their services as Directors or members of committees or commissions, but, by resolution of the Board, reimbursement or advancement may be made for any expenses incurred or paid by them for the benefit of PCM.

PCM shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer, unless approved by the Nevada Commissioner of Insurance.

SECTION 4.06. REPRESENTATIVES MUST BE AN OFFICER OR ANY EMPLOYEE OF A PACT MEMBER.

The Voting Representative or Alternate Voting Representative must be an officer or employee of a PACT Member. No other person or organization shall be permitted to serve on the Board of Directors, except as provided elsewhere in these Bylaws.

SECTION 4.07. PLACE OF MEETINGS.

The Board of Directors shall meet at least one time each year in the State of Nevada. All other meetings of the Board of Directors shall be held at any place designated by the Board.

SECTION 4.08 SPECIAL MEETINGS.

Special meetings of the Board shall be held as may be determined necessary by the Board.

ARTICLE V: COMMITTEES

SECTION 5.01. STANDING OR SPECIAL COMMITTEES.

- (a) If the Board determines that the management of the Organization would be benefited by the establishment of one or more standing or special committees, the Board may from time to time establish one or more such committees.
- (b) The term "standing committee" or "special committee" shall mean any committee appointed by the Board, which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board.
- (c) The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the Directors then in office, which specifically sets forth the powers and duties delegated to such committee and specifically identifies the committee as a "standing" or "special committee." Each such committee shall consist of two or more Directors and shall be presided over by a Director selected by the Board.
- (d) Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the chair of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the chair of the standing or special committee.

## SECTION 5.02. LIMITATIONS UPON COMMITTEES OF THE BOARD.

No committee of the Board shall have any of the authority of the Board with respect to:

- (a) The approval of any action for which the Law, the Articles of Incorporation or the Bylaws also requires approval of PACT;
- (b) The filling of vacancies on the Board or on any committee which has the authority of the Board;
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; and
- (e) The appointment of other committees of the Board or the Policyholders thereof if such committee will have the authority of the Board.

## SECTION 5.03. ADVISORY COMMISSIONS.

The Chair of the Board, the Board, or the President may from time to time appoint such task forces as deemed appropriate, consisting of Directors or persons who are not Directors, but such task forces shall not be deemed committees of the Board and shall not exercise any powers of the Board. Such task forces shall exist for a limited period not to exceed a period of 12 months unless extended for an additional period to complete its task prior to the annual board meeting. Notice of, and procedures for, meetings of task forces shall be as prescribed by the chair of each such task force, and meetings of task forces may be called by the Chair of the Board, the Board, the President, or the chair of the task force.

## ARTICLE VI: OFFICERS

### SECTION 6.01. OFFICERS.

The officers of PCM shall be the President, Vice President, Secretary, and Treasurer appointed by the Board of Directors.

### SECTION 6.02. ELECTION.

The Board of Directors shall elect one Director, by a majority of the votes cast, to serve a four (4) year term as Chair and one Director to serve a four (4) year term as Vice Chair.

### SECTION 6.03. REMOVAL AND RESIGNATION.

The Chair or any other officer may be removed at any time, either with or without cause,

by the vote of two-thirds of the entire Board.

Any officer may resign at any time by giving written notice to PCM, but without prejudice to the rights, if any, of PCM under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified herein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### SECTION 6.04. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

#### SECTION 6.05. CHAIR OF THE BOARD.

The Chair of the Board shall assume the duties and responsibilities normally associated with the position or those duties assigned by the Board.

#### SECTION 6.06. VICE CHAIR OF THE BOARD.

The Vice Chair of the Board shall assume the duties and responsibilities normally associated with the Chair in the absence, incapacity or inability of the Chair to serve or in the event of a conflict of interest of the Chair.

#### SECTION 6.07. FISCAL OFFICER.

The Board shall designate a Member of the Board to serve as Fiscal Officer of PCM for a term of four (4) years.

#### SECTION 6.08. PRESIDENT.

The President shall be the chief administrative officer of PCM and, subject to the control of the Board, shall:

- (a) Supervise, direct, and control the business and affairs of PCM;
- (b) Provide adequate staff to administer PCM;
- (c) Supervise, direct, and control the collection, deposit, investment, and disbursement of all funds of PCM in accordance with the specific or general instructions of the Board;
- (d) Be a nonvoting ex-officio Member of the Board and all standing committees and, whenever practical, serve as the staff advisor and recording secretary thereof;

- (e) Have the general powers and duties of management usually vested in the office of President or general manager of a quasi-governmental organization or mutual insurance company; and
- (f) Have such other powers and duties as may be prescribed by the Board or these Bylaws.

## ARTICLE VII: EQUITY

### SECTION 7.01. EQUITY.

PACT has no title or interest in PCM's contributions, whether equitable or otherwise, except as expressly provided in this Agreement.

To assure financial stability and long-term viability of PCM, the accumulation and maintenance of equity is necessary. PCM will accumulate equity until the Board determines that sufficient equity exists to support PCM's retention of risk and to allow for contingencies.

Upon the Board's determination to close a policy year, the President will report to the Board the net addition to equity available. The Board shall act to determine whether that year's net addition to equity will be retained or distributed and the form of the distribution.

### SECTION 7.02. EQUITY UPON DISSOLUTION.

PACT shall have no other rights in any of the assets of PCM whether denominated as equity, surplus, contributions or otherwise, except as provided in Section 7.02.

PACT is responsible for assuring that PCM has sufficient assets to discharge its liabilities and is eligible to share in the distribution of assets should PCM cease operations.

Any funds provided by PACT to PCM, whether as formation expenses or as initial capitalization of PCM or as additions to capital/surplus will be returned in full.

## ARTICLE VIII: MISCELLANEOUS

### SECTION 8.01. INSPECTION OF ARTICLES AND BYLAWS.

PCM shall keep in its principal office in the State of Nevada the original or a copy of its Articles of Incorporation and of these Bylaws as amended to date, which shall be open to inspection by PACT at all reasonable times during office hours.

PCM shall upon the written request of PACT furnish a copy of the PCM Articles of Incorporation or Bylaws as amended to date.

## SECTION 8.02. ENDORSEMENT OF DOCUMENTS: CONTRACTS.

Subject to the provisions of applicable law, no note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between PCM and any other person shall be valid and binding on PCM unless the signing officers had the authority to execute the same. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind PCM by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

## SECTION 8.03. CONSTRUCTION AND DEFINITIONS.

Unless the context otherwise requires, the general provision, rules of construction and definitions contained in the provisions of Nevada Law shall govern the construction of these Bylaws.

## SECTION 8.04. MAINTENANCE OF CORPORATE RECORDS.

The accounting books, records, minutes of proceedings of the Board and the Executive Committee shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of PCM. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed, or printed form.

## SECTION 8.05. ANNUAL REPORT.

The Board shall cause an annual report including audited financial statements in accordance with applicable statutes to be furnished to the Directors and PACT not later than one hundred twenty days after the close of PCM's fiscal year. The annual report shall be accompanied by any report thereon of an independent certified public accountant. The annual report shall contain in appropriate detail the following:

- (a) The assets and liabilities of PCM as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities during the fiscal year;
- (c) The revenue or receipts of PCM, both unrestricted and restricted to particular purposes, for the fiscal year; and
- (d) The expenses or disbursements of PCM, for both general and restricted purposes, during the fiscal year.

## SECTION 8.06. FISCAL YEAR.

The fiscal year of PCM shall commence on July 1 of each year and end on June 30 of the following year.



## ARTICLE IX: AMENDMENTS

### SECTION 9.01. BYLAWS.

- (a) New Bylaws may be adopted, or current Bylaws may be amended or repealed by the Board.
- (b) In addition to the right of the Board as provided in subparagraph (a) to adopt, amend or repeal Bylaws, and except as otherwise provided in the Law, Bylaws may be adopted, amended or repealed by the Board by a two-thirds vote of the Directors present and voting (but not less than a majority of the entire Board) at a Board meeting unless the action would materially and adversely affect the rights of PACT as to voting.

### SECTION 9.02. ADOPTION.

These Bylaws shall become effective immediately upon adoption. Subsequent amendments shall repeal and supersede all previous Bylaws of PCM.

I hereby certify that the foregoing Bylaws were amended and adopted by the Board of Directors at a meeting held December 14, 2022 and are the current Bylaws of PCM.

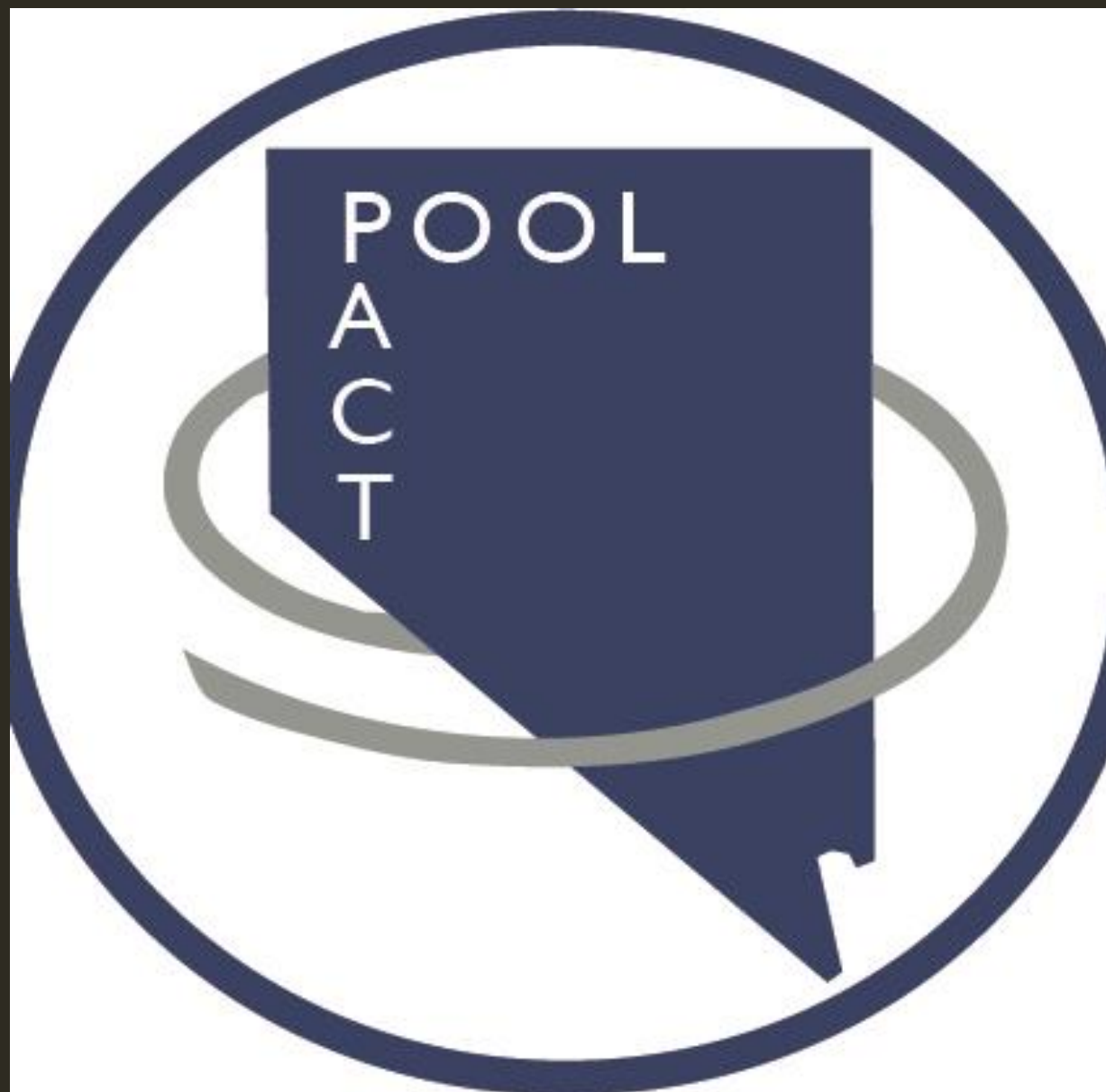
December 14, 2022

*Wayne Carlson*

\_\_\_\_\_  
Wayne Carlson, President

# PACT AUDIT OVERVIEW

**Fiscal Year Ending  
June 30, 2022**



# KEY PLAYERS

Wayne Carlson,  
Executive Director  
POOL/PACT

Alan Kalt, CFO

Deb Connally,  
Controller

Melissa Mack,  
Accounting  
Technician

Josh Foli, Chair  
NPAIP, Chair PRM

Paul Johnson,  
Chair PACT, Chair  
PCM

Josh Foli, Audit  
Committee  
Member

Gina Rackley,  
Audit Committee  
Member

Michael Bertrand:  
Bertrand &  
Associates: Audit  
Firm

Kathy Parks,  
Bob Balkenbush,  
General Counsel

Donna Squires,  
Davies, Claims  
Management

Derek Burkhalter,  
Actuary



# KEY SECTIONS OF THE AUDIT REPORT



Executive Director's Letter

Management Discussion and Analysis

Independent Auditors Report

Financial Statements:

Statement of Net Position

Statements of Revenues, Expenses and Changes

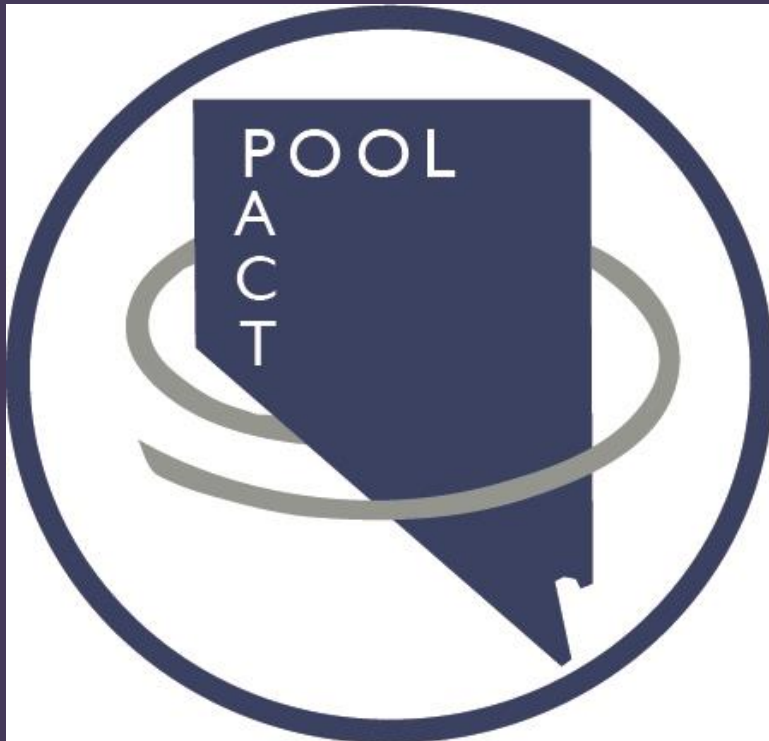
in Net Position

Statements of Cash Flows

Supplemental Schedule on Unpaid Loss Liabilities

Comparative Schedule of Claim Development

# PUBLIC AGENCY COMPENSATION TRUST



## PUBLIC AGENCY COMPENSATION TRUST STATEMENTS OF NET POSITION June 30, 2022 and 2021

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 12,513,078	\$ 4,679,886
Investments	41,064,299	51,221,911
Investment income receivable	127,640	157,647
Member assessments receivable	4,260,433	4,557,165
Specific recoverable	1,520,070	626,101
Commissions receivable	60,225	62,378
Receivable from State of Nevada	46,423	306,927
Prepaid expenses	245,277	-
<b>Total current assets</b>	<b>59,837,445</b>	<b>61,612,015</b>
<b>Noncurrent assets:</b>		
Pledged investments	5,670,340	5,053,333
<b>Total noncurrent assets</b>	<b>5,670,340</b>	<b>5,053,333</b>
<b>TOTAL ASSETS</b>	<b>65,507,785</b>	<b>66,665,348</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	152,943	139,852
Commissions payable	60,790	60,449
Specific recoverable	956,838	626,102
Risk Management Grants payable	28,248	83,862
<b>Current portion of reserve for claims losses</b>	<b>7,019,710</b>	<b>6,884,447</b>
<b>Total current liabilities</b>	<b>8,218,529</b>	<b>7,794,712</b>
<b>Noncurrent liabilities:</b>		
<b>Reserve for claims losses</b>	<b>51,347,290</b>	<b>51,415,553</b>
<b>Total non-current liabilities</b>	<b>51,347,290</b>	<b>51,415,553</b>
<b>TOTAL LIABILITIES</b>	<b>59,565,819</b>	<b>59,210,265</b>
<b>NET POSITION</b>		
Net position -unrestricted	271,626	2,401,750
Net position -restricted for pledged securities	5,670,340	5,053,333
<b>TOTAL NET POSITION</b>	<b>\$ 5,941,966</b>	<b>\$ 7,455,083</b>

# STATEMENT OF NET POSITION NOTES

Cash increased from \$4,679,886 to \$12,513,078 ... to be invested in FY 23

Investments decreased from \$51,221,911 to \$41,064,299 ... Mark to Market

Total Assets decreased \$66,665,348 to \$65,507,785 (\$1,157,563) **-1.7%**

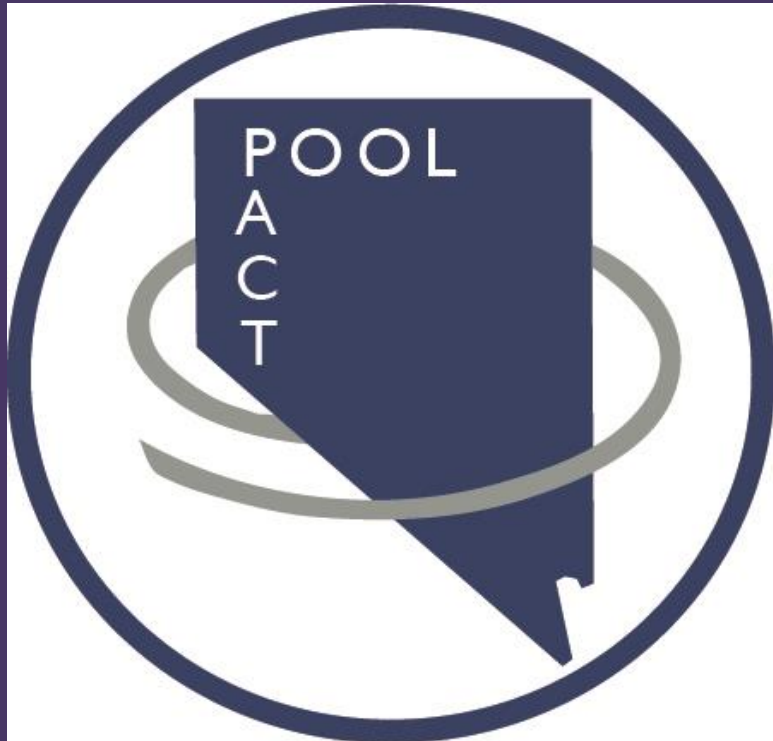
Claims Reserves ST \$7,019,710 LT \$51,347,290 Total \$58,367,000 **75% CL**

Total Claim Reserves increased \$67,000 **+0.1%**

Capital Contribution from PCM **\$2,500,000**

Net Position \$5,941,966 decrease of \$1,513,117 **-20.3%**

# PUBLIC AGENCY COMPENSATION TRUST



## PUBLIC AGENCY COMPENSATION TRUST STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years ended June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>REVENUES</b>		
Assessments for workers compensation	\$ 15,055,750	\$ 16,848,464
PCM risk management services	575,000	575,000
<b>Total Revenues</b>	<b>15,630,750</b>	<b>17,423,464</b>
<b>LOSS FUND AND PROGRAM EXPENSES</b>		
Claims and adjustment expenses	8,485,681	13,036,050
Excess insurance premium	474,027	467,538
Re-insurance premium	2,583,635	2,522,875
Member education and services	706,676	710,800
Risk management grants	19,217	76,400
Loss control expense	436,000	406,000
Underwriting and claims processing	905,653	982,849
<b>Total loss fund and program expenses</b>	<b>13,610,889</b>	<b>18,202,512</b>
<b>ADMINISTRATION EXPENSES</b>		
Management fees	642,735	698,625
Professional services	95,690	108,586
Administrative and overhead	691,080	863,260
Insurance Division fees	908,881	469,371
Nevada insolvency fund and related expenses	24,330	20,900
<b>Total administration expenses</b>	<b>2,362,716</b>	<b>2,160,742</b>
<b>Decrease in operating net position</b>	<b>(342,855)</b>	<b>(2,939,790)</b>
<b>Non-operating net investment loss</b>	<b>(3,670,262)</b>	<b>(297,309)</b>
<b>Decrease in net position</b>	<b>(4,013,117)</b>	<b>(3,237,099)</b>
Beginning net position	7,455,083	10,692,182
Capital contribution from Public Compensation Mutual	2,500,000	-
<b>Net position, end of year</b>	<b>\$ 5,941,966</b>	<b>\$ 7,455,083</b>



# STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION **NOTES**

Assessments decreased from \$16,848,464 to \$15,055,750 -\$1,792,714 **-10.6%**

Loss Fund & Program Expenses decreased from \$18,202,512 to \$13,610,889

Reduction of **(\$4,591,623) or -25.2%**

Claims and adjustment expenses decreased **(\$4,550,369) -34.9%** Loss Activity

Member education and services \$706,676

Administrative Expenses = **14.8%** of Total Expenses \$2,362,716 **+\$201,974**

Division of Insurance Fees increased from \$469,371 to \$908,881 **+\$439,510**

Decrease in Operating Net Position 2022 **(\$342,855)** 2021 **(\$2,939,099)**

Non-operating net investment loss 2022 **(\$3,670,262)** 2021 (\$297,309)

2022 PACT Total Return -6.31% Price Return -8.26% **Income Return 1.95%**

Decrease in Net Position 2022 **(\$4,013,117)** 2021 **(\$3,237,099)**

Capital contribution from Public Compensation Mutual \$2,500,000



# PUBLIC AGENCY COMPENSATION TRUST



## CASH FLOWS FROM OPERATING ACTIVITIES

Assessments and risk management services  
 Payment for claims  
 Payment to vendors  
 Net cash (used) provided from operating activities

	2022	2021
\$	15,929,635	\$ 16,872,261
	(8,418,681)	(9,021,790)
	(8,078,113)	(7,727,505)
	<u>(567,159)</u>	<u>122,966</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Interest and net realized investment income  
 Sale of investments  
 Purchases of investments  
 Net cash provided from investing activities

	835,067	1,004,293
	14,828,963	19,556,554
	(9,763,679)	(19,222,778)
	<u>5,900,351</u>	<u>1,338,069</u>

## CASH FLOWS FROM FINANCING ACTIVITIES

PCM contribution of capital  
 Net cash provided from financing activities

	<u>2,500,000</u>	-
	2,500,000	-

Increase in cash and cash equivalents 7,833,192 1,461,035

Cash and cash equivalents, beginning of fiscal year 4,679,886 3,218,851  
**Cash and cash equivalents, year ended June 30 12,513,078 4,679,886**

## RECONCILIATION FOR OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating net loss (342,855) (2,939,790)

### Adjustments to reconcile operating loss

#### to net cash provided (used) by operating activities:

Decrease (increase) in member assessments receivable	296,732	(545,756)
Decrease (increase) Receivable from State of Nevada	260,504	(272,132)
(Increase) decrease in specific recoverable	(893,969)	100,996
(Increase) decrease in prepaid expenses	(245,277)	37,355
Decrease (increase) in agent compensation receivable	2,153	(5,447)
Increase (decrease) in accounts payable	13,091	(139,417)
Increase in agent compensation payable	340	4,045
Increase (decrease) in specific recoverable	330,736	(100,995)
(Decrease) in Risk Management Grants payable	(55,614)	(30,153)
Increase in loss reserves	67,000	4,014,260

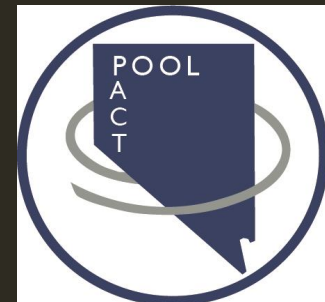
**Net cash (used) provided by operating activities \$ (567,159) \$ 122,966**

Total Capital Contributions to PCM	\$51,200,939
PCM Total Surplus 12-31-2021 Audit	\$88,508,108
Investment Balance at 6-30-2022	\$41,064,299
Total Assets at 6-30-2022	\$65,507,785
Reserves for claim losses WC	<b>\$58,367,000</b>
Net Investment Income for 2022	(\$3,670,262)
Net Position June 30, 2022	<b>\$ 5,941,966</b>
Total Assessment Revenues FY 2022	<b>\$15,630,750</b>
Member education and services	\$ 706,676
Total Loss Fund and Program Expenses	<b>\$13,610,889</b>
Total Administration Expenses	<b>\$ 2,362,716</b>
Division of Insurance fees	\$908,881 + \$439,510

## PUBLIC AGENCY COMPENSATION TRUST

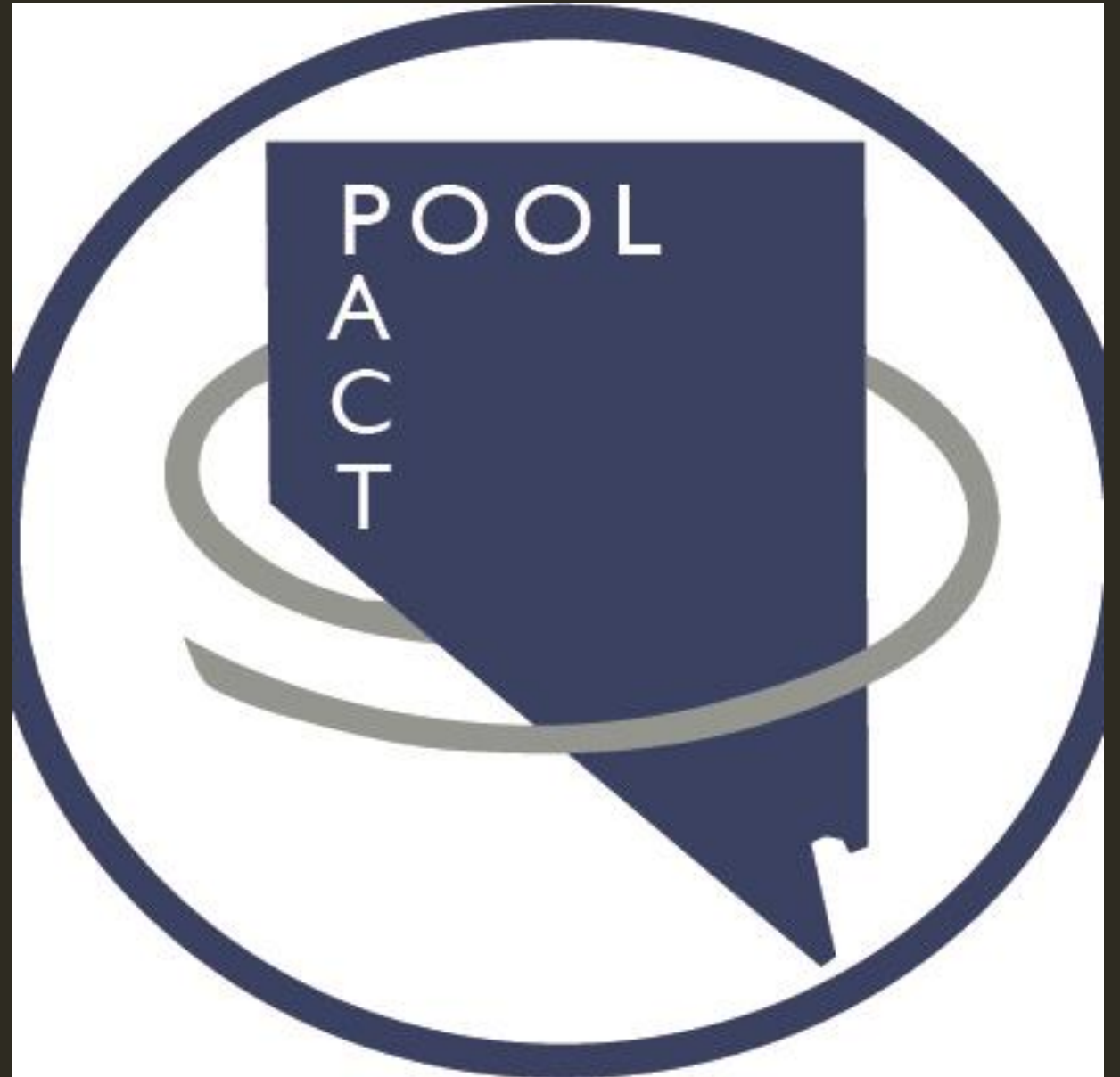
## KEY FINANCIAL FIGURES

See detailed financial statements and notes for more details.



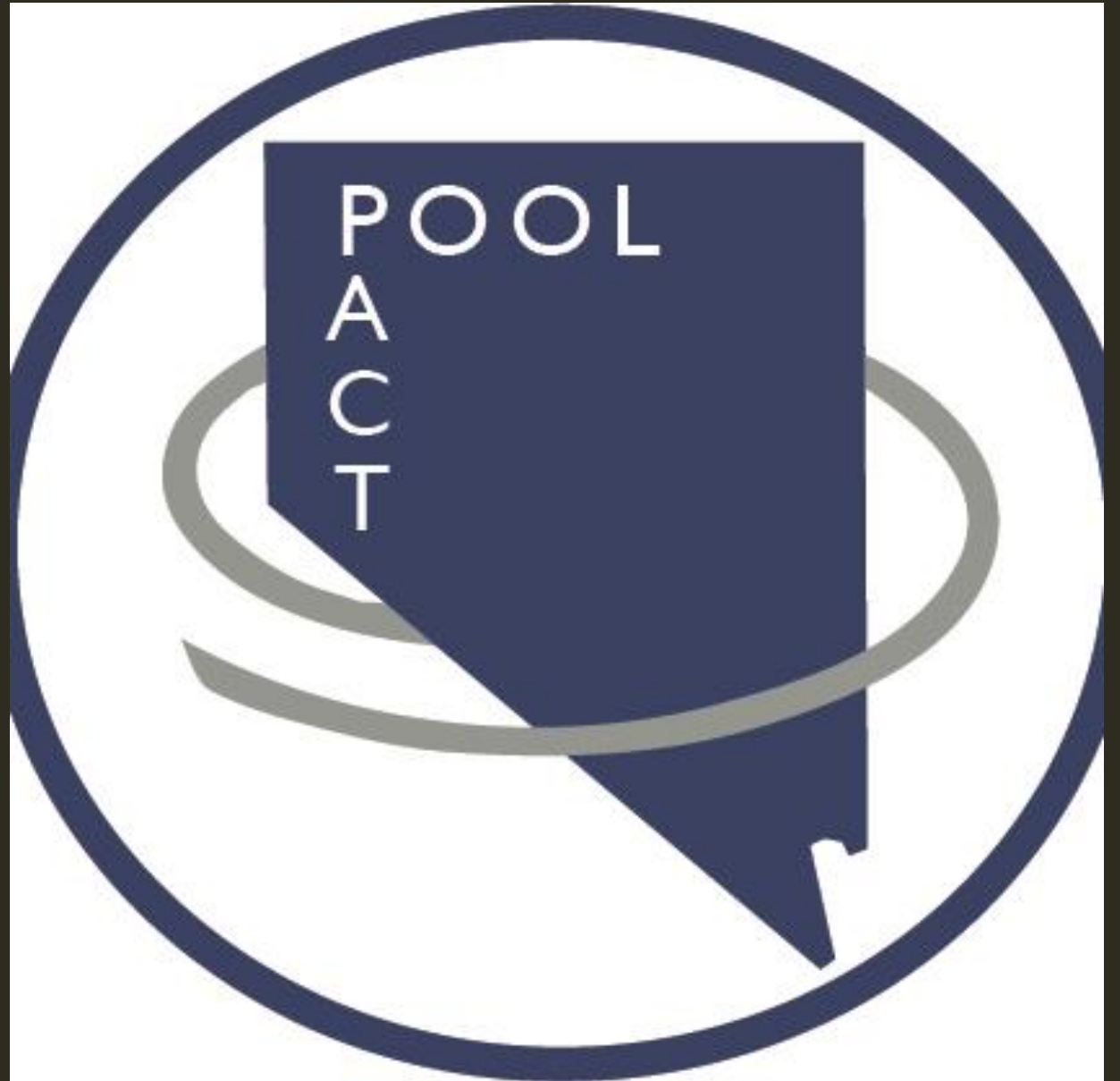
PACT AUDIT  
QUESTIONS &  
ANSWERS

Fiscal Year Ending  
June 30, 2022



THANK YOU FOR  
YOUR FINANCIAL  
LEADERSHIP

*Working Together  
We Achieve Superior Results*



**PUBLIC AGENCY COMPENSATION TRUST**  
**FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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## EXECUTIVE DIRECTOR'S LETTER

Members of Public Agency Compensation Trust:

As the Executive Director, I am pleased to present the PACT Annual Audited Financial Statements for the year ended June 30, 2022, the conclusion of our 25<sup>th</sup> full year of operations. As noted in part of PACT's Mission Statement, we excel in financial strength, security, durability, and cost-effective risk sharing and financing. This financial report will demonstrate our commitment to our Mission Statement.

In addition to the preparation of the audited financial statements in accordance with GASB pronouncements and other financial standards, this report includes a required Management Discussion and Analysis of the financial results during the years.

Over the years, the Board adopted fiscally responsible policies to retain net position to achieve long-term, stable financial results for members. In 2016, they adopted a Net Position policy to target net position at a minimum of twenty times the highest self-insured retention. In 2021, the Board updated the Net Position policy to target at least ten times with a goal of twenty times the highest self-insured retention. In 2020, they approved a change in the accounting policy related to the transfer of capital to PCM to expense 100% in the year of transfer effective retroactively to July 1, 2018, noting that the unamortized balances will be a reduction in PACT's Net Position as Contributed Surplus to PCM would be eliminated in the restatement of the 2019 financial statement.

Since Fiscal Year 2007, PACT has contributed \$53,700,939 to the PCM captive to serve as one of the workers compensation reinsurers for PACT. This investment into the PCM captive has resulted in growing its total surplus to \$88,508,108 as of December 31, 2021. The benefits of the captive include reduced administrative costs, reinsurance opportunities and a broader investment portfolio including risk assets. During the Annual Board Meeting held on April 21, 2022, a transfer of \$2,500,000 from PCM to PACT was approved to be completed by June 30, 2022, and an additional transfer of \$2,000,000 by December 31, 2022, to strengthen the net position of PACT.

Net position decreased during the year because of an operating loss of \$342,855 and non-operating net investment loss of \$3,670,262 due primarily to unrealized loss on securities as interest rate increases resulted in our book yield being lower than the market yield.

Through the oversight of the Audit Committee, Executive Committee, and the Board of Trustees, coupled with the Nevada Division of Insurance regulatory review, PACT Members can be assured that PACT will remain financially sound. Members should be proud of the success we have achieved together.

PACT has been serving its membership for over 25 years. We are government risk experts with a passion for risk management services. As the risk management arm for our members, PACT manages claims and provides a broad array of in-depth loss control services, training, risk consultation, and programs and resources to guide our members' efforts toward reducing the probability of losses and the effect of losses that do occur. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive support services no one else offers.

Other factors that set PACT apart include the following:

- 1) Davies Claims Solutions (DCS - PACT's claims administrator) experienced adjusters manage claims efficiently and effectively and maintain quality as evidenced by multiple internal and external claims audits.
- 2) SpecialtyHealth, the managed care organization, and MCMC, the bill reviewer, for PACT helped the adjusters manage claims and costs effectively.
- 3) Loss control efforts of the staff risk management team have proven effective and further initiatives are being implemented under the oversight of the Members' Loss Control Committee, and
- 4) The continuing Fit For Retirement Program helps reduce potential heart claims.

Workers compensation self-funded programs experience significant volatility particularly when the retention levels per loss are high. PACT management, consistent with board policy, selected a 75% actuarial confidence level as a prudent level to keep PACT Board's goals of creating and sustaining a durable financial position. PACT maintains an interest in

PCM as its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PCM. The captive continues to enjoy financial success as a reinsurance option for PACT. The table below shows some key financial ratios tracked by management and the board to benchmark PACT's financial condition and risk retention strategies:

Financial Ratios	2017/2018	2018/2019 As restated	2019/2020	2020-2021	2021-2022
Total Revenue	\$ 11,187,905	\$ 12,901,393	\$ 14,741,181	\$ 17,423,464	\$ 15,630,750
Revenue over (under) Expenses	\$ (7,414,464)	\$ (4,586,884)	\$ (3,415,620)	\$ (2,939,790)	\$ (342,855)
Operating Net Position	\$ (7,497,396)	\$ (4,586,884)	\$ (3,415,620)	\$ (2,939,790)	\$ (342,855)
Non-operating Net Investment Income	\$ 82,932	\$ 2,989,380	\$ 3,386,918	\$ (297,309)	\$ (3,670,262)
Total Assets	\$ 87,551,333	\$ 62,770,202	\$ 66,154,708	\$ 66,665,348	\$ 65,507,785
Total Liabilities	\$ 48,177,213	\$ 52,049,318	\$ 55,462,526	\$ 59,210,265	\$ 59,565,819
Net Position	\$ 39,374,120	\$ 10,720,884	\$ 10,692,182	\$ 7,455,083	\$ 5,941,966
Net Position to SIR (Board Target 20:1); Benchmark >5:1	78.75	21.44	21.38	24.85	19.81
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.01	0.05	0.05	0.04	0.05
% Assets attributable to Net Position	45.0%	17.1%	16.2%	11.2%	9.1%
Total assets/total liabilities	1.82	1.21	1.19	1.13	1.10
Revenues to Net Assets (Benchmark: <2.5:1 and >0	0.28	1.20	1.38	2.34	2.63
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.55	4.17	4.50	7.82	2.05
Total liabilities to liquid assets: Benchmark <100%	86%	90%	91%	97%	98%
Change in members' Net Position: >- 10%	-15.8%	-72.8%	-0.3%	-30.3%	-20.3%
Return on Net Position: Net Operating Income/Net Position	-19.0%	-42.8%	-31.9%	-39.4%	-5.8%
Return on Net Position: Total Income/Net Position	-18.8%	-42.8%	-31.9%	-39.4%	-5.8%

We continue to provide stability in the mist of uncertainty in a risky workers compensation world, allowing members to focus on serving their communities.

#### Economic Factors:

For fiscal year ending June 30, 2022, economic conditions showed signs of some growth continuing for the nation and Nevada. There has been an increase in the interest rates and the inflation rates having an impact on the national economy. Medical inflation still exceeds the general inflation rate, and this affects the underlying costs of claims payable by PACT. While Nevada retains a fee schedule to limit cost increases, recent reviews of the fee schedule components resulted in increases in the last few years. Wage inflation is accelerating and affects the cost of the indemnity component of claims.

A legislative change in 2003 resulted in adoption of the 5<sup>th</sup> Edition of the AMA guide to rating impairments, which increased costs overall. The 2009 Legislature fixed the 5<sup>th</sup> Edition into statute rather than having the most current edition be implemented by regulation.

The Nevada Supreme Court reached a decision in 1998 interpreting the special provisions for heart and lung coverage for qualifying police officers and firefighters that concluded that once these persons meet the five years of continuous service eligibility for benefits, those benefits are available for life regardless of any connection to actual work at the time the claims are made. PACT undertook an actuarial study to estimate the lifetime cost of risk associated with this decision. That study indicated that the present value of the future benefits for former employees was estimated to range from \$5,668,000 to \$22,258,000, depending upon the interpretation as to which legal theory may be applicable. A subsequent actuarial study confirmed a change in the range of values to between twenty and eighty million, again depending upon the assumptions made about claims manifestation.



A legislative change in the 2017 session increased disability claims costs for heart and lung claims because a bill eliminated the disablement time frame for public safety for such claims. Another element may impact the employer's process for reviewing physical examinations potentially impeding the cardiac wellness program efforts. Another 2017 change in legislation called for regulatory adoption of updated actuarial disability rating schedules. While the regulation change was not adopted until after the close of fiscal year end June 30, 2018, it will have a future effect on disability claims valuations for all types of claims beginning in fiscal year ending June 30, 2019.

In the 2019 Legislative session, several bills impacted PACT's future financial picture. For firefighters, a bill expanding the list of cancers that are reasonably associated with employment also added language to include substances reasonably anticipated to be a human carcinogen. Further it extended coverage for up to lifetime similar to the heart-lung provisions. Another bill expanded vocational rehabilitation programs which will increase costs. Post-traumatic stress disability claims coverage was expanded to include all first responders including dispatchers related to mass casualty events directly witnessed or heard. Two bills added an inflationary increase in the PTD benefits for open claims and for new claims after July 1, 2019. PACT reviewed the actuarial rate implications of these bills for funding beginning July 1, 2020 and increased the heart lung rate by \$1.00. In addition, PACT reduced the rate discount by half in anticipation of earlier impact of these legislative changes.

The 2021 Legislative Session added a requirement for telehealth as an option for medical care which will increase employee access to care and reduce travel costs in a claim. Further, it authorized use of a physician assistant or advanced practice registered nurse to file claims (C-4). One significant change allows public safety employees to elect PTD benefits and still earn income.

Even though PACT faces possible increases due to heart lung claims for law enforcement and firefighters, PACT supports the brave efforts of these professionals serving our communities. It is the mission of PACT to minimize heart lung claims through strong risk management practice, so our professionals stay healthy during and after their service.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. Staff includes Wayne Carlson, Executive Director, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissa Mack, Accounting Technician, Zaria Hanses, Accounting Support Technician, Stephen Romero, Member Services Manager, Marshall Smith, Risk Manager, Jarrod Hickman, Risk Management Specialist and Mike Van Houten, e-learning Manager and Webmaster. Thanks also to the dedicated professional staff from Bertrand & Associates, LLC, our independent auditors, for their contribution and support throughout the audit process. Special thanks to the Executive Committee, Audit Committee and Board of Directors for their keen interest and support in the planning and conducting of the financial operations of PACT in a responsible and progressive manner.

Thank you for your participation in PACT and for having confidence in our ongoing ability to meet the Mission, Vision and Motto you set for our member services consortium. We welcome your comments and suggestions to further strengthen PACT's financial position, to provide you with additional information and to enhance Member services. Thank you for your continued active participation as a Member of PACT.

Sincerely,

*Wayne Carlson*  
PACT Executive Director

# **BERTRAND & ASSOCIATES, LLC**

## **CERTIFIED PUBLIC ACCOUNTANTS**

Member American Institute of Certified Public Accountants

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777 E. William St. Suite 206  
Carson City, NV 89701  
Tel 775.882.8892  
Fax 775.562.2667  
E-mail: michael@bertrandcpa.com

### INDEPENDENT AUDITOR'S REPORT

To the Executive Director and the Board of Directors  
Nevada Public Agency Insurance Pool  
Carson City, Nevada

#### **Opinion**

We have audited the accompanying statements of net position of the Public Agency Compensation Trust as of June 30, 2022 and 2021 and the related statements of revenues, expenses and changes in net position, and statements of cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Agency Compensation Trust as of June 30, 2022 and 2021 and the respective revenues and expenses and changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Public Agency Compensation Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Agency Compensation Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Agency Compensation Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 8 and the 10-year claims development schedule on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Bertrand & Associates, LLC*

Carson City, Nevada  
September 30, 2022

PUBLIC AGENCY COMPENSATION TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021

Public Agency Compensation Trust's (PACT) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in PACT's financial position (its ability to address subsequent years challenges) and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the Executive Director's transmittal letter, financial statements and notes to gain a more complete understanding of the information presented.

**Organization Overview**

Public Agency Compensation Trust was formed by local governments for the purpose of organizing an association of self-insured public agencies providing workers' compensation coverage. Approved by the Division of Insurance on March 20, 1996, the Trust began operations on April 1, 1996. The Trust's objective is to provide member services that will reduce the cost of claims.

PACT provides workers compensation coverage to member governmental entities and hospitals pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Trustees composed of representatives of each member. Any member may withdraw from the program by giving 120 days' notice in advance of the next renewal date. PACT's independent actuary is an approved Rate Service Organization and develops PACT loss rates to be assessed and collected.

**Background:**

PACT is subject to Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. PACT's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since PACT operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations much like a private company. PACT also is regulated by the Nevada Division of Insurance as an association of self-insured public agencies and must file certain financial schedules in addition to the GASB required information.

**Using this Annual Report:**

Since the financial statements report information about PACT using accounting methods similar to those used by private sector organizations, these statements offer short- and long-term financial information about PACT's activity. The financial statements show a comparison of two audited years ending June 30, 2022 and June 30, 2021 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all of PACT's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the solvency, liquidity, and financial flexibility of PACT.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of PACT's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of PACT's credit worthiness and whether PACT successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about PACT's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, capital and related financing activities and investing activities. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since PACT incurs financial obligations to pay claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

**Financial Highlights**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

**Critical Accounting Estimates**

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

PACT has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims (IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgements that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. PACT uses the assistance of an independent outside actuarial firm to determine IBNR and overall loss reserve adequacy.

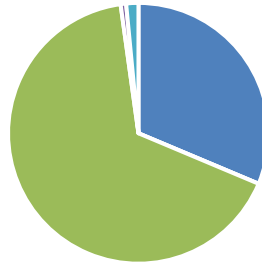
**Investments**

One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of activities and changes in net position. Nevada Revised Statutes and the Board approved Investment Policy outline the restrictions on the types of allowed investments. PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grade corporate backed securities. PACT is authorized to purchase negotiable certificates of deposits issued by commercial banks or insured savings and loan associations.

Cash and investments of \$53,577,377 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$8,218,529. Total current liabilities include accounts payable, risk management grants payable, specific recoverable and current portion of reserves for workers compensation claims. This is a conservative measure of cash and investments available to pay current obligations. PACT's cash ratio is 6.5, meaning that it has 6.5 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 7.2. The decrease in the cash ratio is due primarily to the decrease in Cash in the current year due to the timing of receipts and related payments.

Investment balances as of June 30, 2022 were \$41,064,299 compared to the prior year amount of \$51,221,911. This represents a decrease of \$10,157,612 or 19.8%. The decrease is due a reduction in investments to cash to pay claims. The cash balance was \$12,513,078 compared to \$4,679,886 or a \$7,833,192 increase in fiscal year 2022. As stated in Note 3, the following is a summary of the fair value investments as of June 30, 2022:

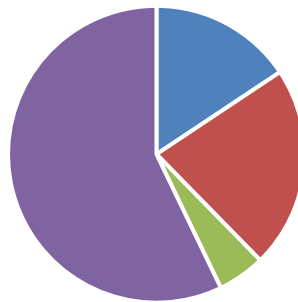
### Investment Allocations



- US Treasuries
- US Government & Agencies
- US Mortgage-backed securities
- US Government backed securities
- Corporate backed securities

Investment Descriptions	Fair Value 6-30-2022	Fair Value 6-30-2021
U.S. Treasuries	\$ 12,842,123	\$13,192,963
U.S. Government & Agencies		61,595
U.S. Mortgage-backed securities	27,242,712	33,172,369
U.S. Government backed securities	280,239	2,557,150
Corporate backed securities	6,198,118	6,691,552
Less pledged investments	<u>(5,498,893)</u>	<u>(4,453,718)</u>
Total investments	<u>\$41,064,299</u>	<u>\$51,221,911</u>

### 2022 Maturities



- 1 Yr or Less
- 1-5 Years
- 5-10 Years
- Over 10 Years

#### Investment Income Receivable

Investment income receivable on June 30, 2022 is \$127,640 compared to \$157,647 in 2021. This is a change of (\$30,007) or 19.0%. This is due primarily to the decrease in investment balances at year end and lower investment yields as well as the timing of the payment of accrued interest on the investments.

#### Pledged Investments

Pledged investments on June 30, 2022 are \$5,670,340 compared to \$5,053,333 in 2021. Restricted investments are those investments pledged to the Nevada Division of Insurance as solvency assurance for future claims as required by statutes. The amount pledged exceeds the statutory requirement.

#### Contributed Surplus Public Compensation Mutual

In May of 2007, PACT's board of directors authorized the startup of a member-owned nonprofit captive mutual

insurance company and contributed surplus to the company. The company, named Public Compensation Mutual, (“PCM”) is domiciled in Nevada. PCM subsequently converted from an association captive to a pure captive form owned by PACT. PCM is one of the workers compensation reinsurers for PACT. The benefits of the captive are reduced administrative costs, reinsurance opportunities and a broader investment portfolio which can include risk assets. Management considers the contribution to PCM a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance cost to PACT will recoup the contributed capital. At the annual board meeting held on April 17, 2020, the Board approved a change in the accounting policy related to the transfer of capital to PCM to expense 100% in the year of transfer effective retroactively to July 1, 2018 noting that the unamortized balances will reduce PACT’s Net Position and Contributed Surplus to PCM would be eliminated in the restatement of the 2019 financial statement. As of July 1, 2018, Contributed Surplus from PACT was \$53,700,939. As of June 30, 2018, the accumulated amortization was \$26,645,207 resulting in Contributed Surplus, net of accumulated amortization of \$27,055,732 and the same reduction in PACT’s Net Position as of July 1, 2018. This accounting change will impact PACT’s financial benchmarks and make PACT more comparable with our peers in years without the transfers. During the Annual Board Meeting held on April 21, 2022, a transfer of surplus contribution of \$2,500,000 from PCM to PACT was approved to be completed by June 30, 2022, and an additional transfer of \$2,000,000 by December 31, 2022, to improve the net position of PACT. The following chart indicates PACT’s contributions to PCM since inception:

<b>Fiscal Year</b>	<b>Contributions</b>	<b>Total Contributions</b>
2007	\$ 5,000,000	\$ 5,000,000
2008	\$ 4,000,000	\$ 9,000,000
2009	\$ 4,600,000	\$13,600,000
2010	\$ 4,500,000	\$18,100,000
2011	\$ 7,517,375	\$25,617,375
2012	\$ 1,542,062	\$27,159,437
2013	-	\$27,159,437
2014	-	\$27,159,437
2015	\$ 448,242	\$27,607,679
2016	\$ 1,093,260	\$28,700,939
2017	\$15,100,000	\$43,800,939
2018	\$ 9,900,000	\$53,700,939
2019	-	\$53,700,939
2020	-	\$53,700,939
2021	-	\$53,700,939
2022	(\$2,500,000)	\$51,200,939

As noted above, PACT has contributed a net amount of \$51,200,939 to PCM in accordance with PACT’s Capitalization Strategy Policy which allows PACT’s Executive Committee to distribute a portion of the Net Assets to provide additional capitalization to PCM to reduce reliance on other excess or reinsurance providers. PCM increased its reinsurance capacity and thereby reduced PACT’s retention as a result of the additional contributions to surplus.

### **Reserves for Claim Losses**

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves significantly affect PACT’s reserve levels and related future operations. Assumptions include PACT’s methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environments. Annually, PACT retains an outside independent actuary to provide a loss reserve opinion and establish a range for PACT’s loss reserves. PACT’s policy is to book reserves at the 75% confidence level as recommended by the actuary. The actuarial analysis for the current fiscal year revealed an overall increase in case reserves and IBNR reserves over prior years estimated incurred losses for Workers Compensation and Heart Lung. See Note 11 Unpaid Loss Liabilities and the Supplemental Schedule on Unpaid Loss Liabilities for Workers Compensation and Heart Lung in the financial statements for more details.

Reserves for current portion of claims increased from \$6,884,447 to \$7,019,710 in fiscal year ending June 30, 2022. The noncurrent reserve for workers compensation claims decreased from \$51,415,553 to \$51,347,290 in 2022, a decrease of

\$68,263 or 0.1%. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years included in the financial statements for more details.

### Change in Net Position

PACT's Total Net Position decreased from \$7,455,083 to \$5,941,966 during the fiscal year ending June 30, 2022, a decrease of \$1,513,117 or 20.3%. This decrease primarily is due to the net operating loss of \$342,855 and non-operating net investment loss of \$3,670,262 offset by the Capital Contribution from Public Compensation Mutual of \$2,500,000.

The following is the comparative Statements of Net Position for PACT as of June 30, 2022 and 2021.

### CONDENSED STATEMENTS OF NET POSITION

	<u>2022</u>	<u>2021</u>
Cash and investments	\$ 53,577,377	\$ 55,901,797
Receivables	6,014,791	5,710,218
Prepaid Expenses	245,277	
<b>Total current assets</b>	<u>59,837,445</u>	<u>61,612,015</u>
Pledged investments	5,670,340	5,053,333
<b>Total noncurrent assets</b>	<u>5,670,340</u>	<u>5,053,333</u>
<b>Total assets</b>	<u><b>65,507,785</b></u>	<u><b>66,665,348</b></u>
Payables	1,198,819	910,265
Current portion of reserve for claims	7,019,710	6,884,447
<b>Total current liabilities</b>	<u>8,218,529</u>	<u>7,794,712</u>
Reserve for Worker's Compensation claims	51,347,290	51,415,553
<b>Total noncurrent liabilities</b>	<u>51,347,290</u>	<u>51,415,553</u>
<b>Total liabilities</b>	<u><b>59,565,819</b></u>	<u><b>59,210,265</b></u>
Net position -unrestricted	271,626	2,401,750
Net position -restricted for pledged securities	5,670,340	5,053,333
<b>Total net position</b>	<u><b>\$ 5,941,966</b></u>	<u><b>\$ 7,455,083</b></u>

### Total Assessment Revenues

PACT's primary revenue source comes from Member assessments for workers compensation. The assessments for workers compensation decreased from \$16,848,464 to \$15,055,750 during fiscal year ending June 30, 2022. This is a decrease of \$1,792,714 or 10.6% due primarily to a large member leaving the program in 2022. Their assessments in 2021 were \$2,331,434.

During fiscal year 2021 and 2022, PCM provided \$575,000 to PACT to support risk management services to the membership.

### Loss Fund and Program Expenses

Overall Loss and Program expenses decreased from \$18,202,512 to \$13,610,889 in FY 2022, a decrease of \$4,591,623 or 25.2%. This decrease primarily resulted from a decrease in the claims and adjustment expense of \$4,550,369 or 34.9% from \$13,036,050 to \$8,485,681 due to favorable claim development during the year and the loss of a member with an unfavorable loss history. Reinsurance premiums increased \$60,760 from \$2,522,875 to \$2,583,635 because of



increased pricing in the reinsurance layers of coverage due to increased claims activity. PACT continues to investment in Member education and services as \$706,676 was expensed in Fiscal Year 2022 compared to \$710,800 in Fiscal Year 2021. Loss control expenses and underwriting and claims processing expenses remained within a relevant range during the two fiscal years.

**Administration Expenses**

Total administrative expenses were \$2,362,716 in Fiscal Year ending June 30, 2022 compared to \$2,160,742 in FY 2021, an increase of \$201,974 or 9.3%. There was an increase in the Insurance Division fees of \$439,510 or an increase of 93.6% during to increase claims over the past several years. This was offset by a reduction of \$172,180 in administrative and overhead expenses from \$863,260 to \$691,080 due to less travel and budget mitigation measures due to COVID.

**Non-operating Net Investment Income**

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Restrictions imposed by law on the types of investments PACT may utilize are similar to other local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of PACT’s investments are anticipated to be held to maturity. Non-operating net investment income was (\$3,670,262) for Fiscal Year end June 30, 2022 compared to (\$297,309) in 2021. The investment income was impacted by the mark to market value adjustment because of rising interest rates in fiscal year 2022. See Note 3 Investment Securities for more details.

The following is the Comparative Statements of Revenues, Expenses and Changes in Net Position for years ended June 30, 2022 and 2021.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<u>2022</u>	<u>2021</u>
Total revenues	<u>\$ 15,630,750</u>	<u>\$ 17,423,464</u>
Loss fund provision and program expenses	13,610,889	18,202,512
Administration expenses	<u>2,362,716</u>	<u>2,160,742</u>
Total expenses	<u>15,973,605</u>	<u>20,363,254</u>
<b>(Decrease) in operating net position</b>	<b>(342,885)</b>	<b>(2,939,790)</b>
Non-operating net investment income	<u>(3,670,262)</u>	<u>(297,309)</u>
<b>(Decrease) in net position</b>	<b><u>\$ (4,013,117)</u></b>	<b><u>\$ ( 3,237,099)</u></b>

**Capital Assets and Debt Administration:**

PACT has no physical assets and no borrowed funds. It has pledged certain investments to satisfy a regulatory solvency security requirement and thus, cannot access those funds without approval from the Nevada Division of Insurance.

**Subsequent Events:**

There were no subsequent events that would affect the financial statements for the current fiscal year.

**Requests for Information:**

While the purpose of this discussion and financial report is to provide a general overview of PACT’s financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790.

**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF NET POSITION**  
**June 30, 2022 and 2021**

<b>ASSETS</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 12,513,078	\$ 4,679,886
Investments	41,064,299	51,221,911
Investment income receivable	127,640	157,647
Member assessments receivable	4,260,433	4,557,165
Specific recoverable	1,520,070	626,101
Commissions receivable	60,225	62,378
Receivable from State of Nevada	46,423	306,927
Prepaid expenses	245,277	-
Total current assets	<u>59,837,445</u>	<u>61,612,015</u>
<b>Noncurrent assets:</b>		
Pledged investments	<u>5,670,340</u>	<u>5,053,333</u>
Total noncurrent assets	<u>5,670,340</u>	<u>5,053,333</u>
<b>TOTAL ASSETS</b>	<b><u>65,507,785</u></b>	<b><u>66,665,348</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	152,943	139,852
Commissions payable	60,790	60,449
Specific recoverable	956,838	626,102
Risk Management Grants payable	28,248	83,862
Current portion of reserve for claims losses	7,019,710	6,884,447
Total current liabilities	<u>8,218,529</u>	<u>7,794,712</u>
<b>Noncurrent liabilities:</b>		
Reserve for claims losses	<u>51,347,290</u>	<u>51,415,553</u>
Total non-current liabilities	<u>51,347,290</u>	<u>51,415,553</u>
<b>TOTAL LIABILITIES</b>	<b><u>59,565,819</u></b>	<b><u>59,210,265</u></b>
<b>NET POSITION</b>		
Net position -unrestricted	271,626	2,401,750
Net position -restricted for pledged securities	<u>5,670,340</u>	<u>5,053,333</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 5,941,966</u></b>	<b><u>\$ 7,455,083</u></b>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years ended June 30, 2022 and 2021**

<b>REVENUES</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Assessments for workers compensation	\$ 15,055,750	\$ 16,848,464
PCM risk management services	<u>575,000</u>	<u>575,000</u>
Total Revenues	<u>15,630,750</u>	<u>17,423,464</u>
<b>LOSS FUND AND PROGRAM EXPENSES</b>		
Claims and adjustment expenses	8,485,681	13,036,050
Excess insurance premium	474,027	467,538
Re-insurance premium	2,583,635	2,522,875
Member education and services	706,676	710,800
Risk management grants	19,217	76,400
Loss control expense	436,000	406,000
Underwriting and claims processing	<u>905,653</u>	<u>982,849</u>
Total loss fund and program expenses	13,610,889	18,202,512
<b>ADMINISTRATION EXPENSES</b>		
Management fees	642,735	698,625
Professional services	95,690	108,586
Administrative and overhead	691,080	863,260
Insurance Division fees	908,881	469,371
Nevada insolvency fund and related expenses	<u>24,330</u>	<u>20,900</u>
Total administration expenses	2,362,716	2,160,742
<b>Decrease in operating net position</b>	<b><u>(342,855)</u></b>	<b><u>(2,939,790)</u></b>
Non-operating net investment loss	<u>(3,670,262)</u>	<u>(297,309)</u>
<b>Decrease in net position</b>	<b><u>(4,013,117)</u></b>	<b><u>(3,237,099)</u></b>
Beginning net position	7,455,083	10,692,182
Capital contribution from Public Compensation Mutual	<u>2,500,000</u>	<u>-</u>
<b>Net position, end of year</b>	<b><u>\$ 5,941,966</u></b>	<b><u>\$ 7,455,083</u></b>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST**  
**STATEMENTS OF CASH FLOWS**  
**For Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Assessments and risk management services	\$ 15,929,635	\$ 16,872,261
Payment for claims	(8,418,681)	(9,021,790)
Payment to vendors	(8,078,113)	(7,727,505)
Net cash (used) provided from operating activities	<u>(567,159)</u>	<u>122,966</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and net realized investment income	835,067	1,004,293
Sale of investments	14,828,963	19,556,554
Purchases of investments	(9,763,679)	(19,222,778)
Net cash provided from investing activities	<u>5,900,351</u>	<u>1,338,069</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
PCM contribution of capital	<u>2,500,000</u>	<u>-</u>
Net cash provided from financing activities	<u>2,500,000</u>	<u>-</u>
Increase in cash and cash equivalents	7,833,192	1,461,035
Cash and cash equivalents, beginning of fiscal year	<u>4,679,886</u>	<u>3,218,851</u>
<b>Cash and cash equivalents, year ended June 30</b>	<b><u>12,513,078</u></b>	<b><u>4,679,886</u></b>
<b>RECONCILIATION FOR OPERATING LOSS</b>		
<b>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating net loss	(342,855)	(2,939,790)
<b>Adjustments to reconcile operating loss</b>		
<b>to net cash provided (used) by operating activities:</b>		
Decrease (increase) in member assessments receivable	296,732	(545,756)
Decrease (increase) Receivable from State of Nevada	260,504	(272,132)
(Increase) decrease in specific recoverable	(893,969)	100,996
(Increase) decrease in prepaid expenses	(245,277)	37,355
Decrease (increase) in agent compensation receivable	2,153	(5,447)
Increase (decrease) in accounts payable	13,091	(139,417)
Increase in agent compensation payable	340	4,045
Increase (decrease) in specific recoverable	330,736	(100,995)
(Decrease) in Risk Management Grants payable	(55,614)	(30,153)
Increase in loss reserves	67,000	4,014,260
<b>Net cash (used) provided by operating activities</b>	<b><u>\$ (567,159)</u></b>	<b><u>\$ 122,966</u></b>

See accompanying notes

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of program

Public Agency Compensation Trust (PACT) was formed by local governments for the purpose of organizing a self-insured workers' compensation group. The Trust began operations April 1, 1996. The Trust's objective is to provide members with a lower cost alternative achieved through enhanced claims management, program administration, and member services that will reduce the cost of claims. PACT provides workers' compensation coverage to member governmental entities and hospitals pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Trustees comprised of representatives of each member. Any member may withdraw from the program by giving 120 days' notice. PACT's independent actuary, who is an approved Rate Service Organization, develops PACT rates.

Principles of presentation

PACT has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. PACT prepares its financial statements on the accrual method of accounting recognizing income when earned and expenses when incurred. PACT has implemented Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement 38, *Certain Financial Statement Note Disclosures*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting. Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement focus and basis of accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash and cash equivalents

The Operating Fund has a checking account, money market investment account, and an investment account for long-term investments. For the purposes of the Statement of Cash Flows, the PACT considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Claims Fund has two checking accounts, one for payment of claims and the other for claims related expenses as required by Nevada Revised Statute 616B.368.

Investments and investment income

Investments consist of government and government backed securities and are reported at their fair value in the statement of position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the statement of activities and changes in net position. PACT is authorized to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, and in high-grade corporate backed securities. PACT also is authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations. PACT's investments have been restricted by policy of the Board to those allowable for local governments.

Income Taxes

In accordance with Internal Revenue Service Code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budget

Budgetary to actual results is not presented as there are no legal budgetary requirements.

Credit Risk

Credit risk is the risk that the issuer of a security will default on principal and interest of the security. PACT's policy is to invest in corporate debt issues with a minimum of an "AA" rating from Moody's or Standard and Poor's rating services or U.S. Government and government backed securities. In addition, PACT's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

Concentration of Credit Risk

PACT limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. No more than 20% of the total investment pool will be invested in any one class of security, industry or company. PACT will not directly invest in securities maturing more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. Government and government backed securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PACT will, to the extent possible, minimize this risk by matching investment maturities to liability due dates. This allows PACT to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from increasing interest rates is minimized by investing in investments with short to mid-term durations.

Member Assessments

Member assessments and reports are due 20 days after the end of the quarter. Assessment rates are based on independent actuarial estimates that are reviewed and approved by the Insurance Commissioner.

Losses and loss adjustment expense

Reserves for losses and allocated loss adjustment expenses are provided based on case-based estimates for losses reported and PACT's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary using a 75% confidence level. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

The liability represents the estimated ultimate cost of settling claims, including the effects of inflation and other societal and economic factors. The liability also includes unallocated costs which are estimated by management. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. The loss reserve estimates were not discounted. On November 4, 2019 the Board adopted the policy to no longer discount the reserves beginning in the year ended June 30, 2020 and going forward as the investment earnings will be used to offset administrative costs of the program rather than being held for future claim payments.

Insurance Division Annual Fees

The Insurance Division annually assesses fees to the Trust based on prior year's claims expenditures. It is the policy of management to record the invoice or credit received each year as the expense or credit to the expense for that year as these invoices cannot be estimated and therefore accrued.

Supplementary development schedule - Unaudited

The statements and development schedule reports claims paid on a reported year basis. The development schedule reflects undiscounted loss reserves for the 10 years reported.

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Changes in calculation of workers compensation rate

During the fiscal year, the Board approved the blending of the heart and lung rates with the police and fire rates based on the independent actuary's recommendations in the rate relativity study. This change in policy did not affect the current or prior year reserves or the loss provisions taken. This change is described in greater detail in Note 11.

Prior year reclassification

The prior year financial statements have been reclassified where applicable to conform to current year's presentation.

**NOTE 2 – CASH & EQUIVALENTS**

The carrying amount of PACT's deposits with financial institutions on June 30, 2022 and 2021 are \$12,513,078 and \$4,679,886 respectively. The financial institution balances were \$13,015,382 and \$5,396,992 respectively. The difference between the carrying amounts and financial institution balances results from outstanding checks and deposits not yet reflected in the bank's records.

	June 30, 2022	June 30, 2021
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	6,467,358	3,240,139
Cash equivalents at brokerage firm	6,298,024	1,906,853
Total deposits at financial institutions	<u>\$ 13,015,382</u>	<u>\$ 5,396,992</u>

PACT maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm up to the SPIC insurance limit are insured through SPIC and additional amounts are insured by the broker through an insurance policy.

**NOTE 3 – INVESTMENT SECURITIES**

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. Restricted investments are those investments pledged to the Insurance Commission. Corporate securities have bond ratings from A- to AAA.

A summary of investments as of June 30, 2022 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries	\$ 12,842,123	\$ 6,162,427	\$ 4,798,930	\$ 1,880,766	\$ -
U.S. Government & Agencies	-	-	-	-	-
U.S. Mortgage-backed securities	27,242,712	5,343	766,009	18,469	26,452,891
U.S. Government backed securities	280,239	-	50,594	229,645	-
Corporate backed securities	6,198,118	748,843	5,449,275	-	-
Less pledged investments	(5,498,893)	(487,500)	(2,024,867)	-	(2,986,526)
Total investments	<u>\$ 41,064,299</u>	<u>\$ 6,429,113</u>	<u>\$ 9,039,941</u>	<u>\$ 2,128,880</u>	<u>\$ 23,466,365</u>

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

**NOTE 3 – INVESTMENT SECURITIES (continued)**

A summary of investments as of June 30, 2021 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries	\$ 13,192,963	\$ 326,066	\$ 10,491,764	\$ 2,375,133	\$ -
U.S. Government & Agencies	61,595	61,595	-	-	-
U.S. Mortgage-backed securities	33,172,369	8,337	291,400	1,374,449	31,498,183
U.S. Government backed securities	2,557,150	2,033,277	158,305	-	365,568
Corporate backed securities	6,691,552	1,579,016	5,112,536	-	-
Less pledged investments	(4,453,718)	(326,066)	(656,641)	-	(3,471,011)
Total investments	\$ 51,221,911	\$ 3,682,225	\$ 15,397,364	\$ 3,749,582	\$ 28,392,740

Investment income receivable was \$ 127,640 on June 30, 2022 and \$ 157,647 on June 30, 2021.

PACT categorizes fair value measurement within the fair value hierarchy established by accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents the fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2022 and 2021:

	June 30, 2022	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Fair Value			
U.S. Treasuries	\$ 10,329,755	\$ 10,329,755	\$ -	\$ -
U.S. Government & Agencies	-	-	-	-
U.S. Mortgage-backed securities	24,256,187	-	24,256,187	-
U.S. Government backed securities	280,239	-	280,239	-
Corporate backed securities	6,198,118	-	6,198,118	-
Total cash and investments	\$ 41,064,299	\$ 10,329,755	\$ 30,734,544	\$ -

	June 30, 2021	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Fair Value			
U.S. Treasuries	\$ 12,210,256	\$ 12,210,256	\$ -	\$ -
U.S. Government & Agencies	-	-	-	-
U.S. Mortgage-backed securities	30,286,826	-	30,286,826	-
U.S. Government backed securities	2,033,277	-	2,033,277	-
Corporate backed securities	6,691,552	-	6,691,552	-
Total cash and investments	\$ 51,221,911	\$ 12,210,256	\$ 39,011,655	\$ -



**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 4 – MEMBER ASSESSMENTS RECEIVABLE**

Member assessments receivable were \$4,260,433 and \$4,557,165 for the years ended June 30, 2022 and 2021. Amounts receivable at both years' end are primarily assessments for the last quarter of the fiscal year determined based on the annual payroll audits. For year ended June 30, 2022 the amount includes a \$18,520 receivable from a re-insurer.

**NOTE 5 – LIABILITY OF MEMBERSHIP**

Members of PACT are jointly and severally liable to pay benefits to injured workers as required by law. Workers compensation pools can be subject to assessments by the Insurance Commissioner should other self-insured workers compensation pools encounter financial difficulties.

**NOTE 6 – REINSURANCE & EXCESS INSURANCE**

Public Agency Compensation Trust retains a portion of claims prior to the application of coverage provided by its reinsurance and excess insurance contracts. The retention amounts per event are as follows:

<b>Workers Compensation</b>	<b>2021-2022</b>	<b>2020-2021</b>
PACT Retention	\$300,000	\$300,000

**PACT Coverage Limits and Reinsurance**

Public Agency Compensation Trust offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown on the table below. However, PACT obtains various reinsurance and excess insurance policies from several reinsurance companies to bear a portion of the risks not retained by PACT under its retention. The limits shown below include the PACT retention.

**COVERAGE LIMITS:**

<b>Workers Compensation</b>	<b>2021-2022</b>	<b>2020-2021</b>
Workers Compensation Coverage Limit	Statutory	Statutory
Employers Liability Limit	\$2,000,000	\$2,000,000

**REINSURANCE:**

	<b>2021-2022</b>	<b>2020-2021</b>
Public Compensation Mutual Worker Compensation and Employers Liability	\$700,000 excess of Retention plus 25% of \$2,000,000 excess of \$1,000,000	\$700,000 excess of Retention plus 25% of \$2,000,000 excess of \$1,000,000
County Reinsurance Ltd.	75% of \$2,000,000 excess of \$1,000,000 workers compensation plus 75% of \$1,000,000 excess of \$1,000,000 employers liability	75% of \$2,000,000 excess of \$1,000,000 workers compensation plus 75% of \$1,000,000 excess of \$1,000,000 employers liability
Safety National Casualty Company	Statutory plus 50% of \$3,000,000 Quota Share excess of Loss Fund* subject to a minimum of \$9,573,446 aggregate retention	Statutory plus 50% of \$3,000,000 Quota Share excess of Loss Fund* subject to a minimum of \$10,000,000 aggregate retention
*Note	Loss Fund: \$3.68 per \$100 Payroll	Loss Fund: \$3.68 per \$100 Payroll

Both Public Compensation Mutual and County Reinsurance, Ltd. are nonprofit captive insurance companies in which PACT has a financial interest.

**PUBLIC AGENCY COMPENSATION TRUST  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021**

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**NOTE 7 - RELATED PARTY TRANSACTIONS**

PARMS Contract

Public Agency Risk Management Services, Inc. (PARMS) began to contract with the Nevada Risk Pooling (NRP) to provide management services from July 1, 2020 through June 30, 2022. The Board approved a two-year extension to July 1, 2024 at their April 21, 2022 meeting. PARMS serves as the Executive Director/Administrator.

Nevada Risk Pooling Grant

Effective July 1, 2020, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a five-year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of PACT, Wayne Carlson, and whose directors are Josh Foli, Paul Johnson, Geof Stark, and Gina Rackley. The cost of this grant is \$1,200,000 for the first year, \$1,242,000 in Fiscal Year 2020-2021, \$1,285,470 in Fiscal Year 2021-2022, \$1,330,461 for Fiscal Year 2022-2023 and \$1,377,028 in Fiscal Year 2023-2024. NRP manages all administrative and risk management duties for NPAIP and PACT. For year ended June 30, 2022 the contract cost was paid 50% by NPAIP and 50% by PACT and for the year ended June 30, 2021 43.75% and 56.25% respectively.

Effective August 1, 2021, Nevada Risk Pooling assumed the brokering and loss control duties previously provided by Willis Pooling. The Board approved bringing these services in-house at their August 24, 2021 meeting. The contract amounts for Fiscal Year Ending June 30, 2022 from PACT were \$399,666.

Grant costs to PACT for the years ending June 30, 2022 and 2021 were \$1,042,401 and \$698,625 respectively. PACT's minimum future payments of the contract are as follows:

2023	\$	1,101,231
2024		1,124,514
Total minimum future payments	\$	<u>2,225,745</u>

Pooling Resources, Inc. Grant

Effective July 1, 2015, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a grant to Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Josh Foli, Paul Johnson and Curtis Calder. PRI provides human resources management services to NPAIP members. PRI pays NRP a management fee to provide operational and financial oversight of PRI. In 2021-2022, PRI's grant cost allocation for POOL was to pay 65% and PACT 35%. Grant costs to PACT for the years ended June 30, 2022 and 2021 were \$467,900 and \$454,272.

Effective July 1, 2020, the grant provided to PRI was renewed for a period of five years. Minimum future payments of the contract are as follows:

2023	\$	481,937
2024		496,395
2025		511,287
Total minimum future payments	\$	<u>1,489,619</u>

Public Compensation Mutual

PACT is the sole owner and policy holder of Public Compensation Mutual which was formed by PACT as a non-profit pure captive mutual insurance company. PCM provided \$575,000 for the years ending June 30, 2022 and 2021 to PACT to provide risk management services to the membership. Since 2007, PACT has contributed \$53,700,939 into PCM. No contributions were made in fiscal year 2022 or 2021 to PCM. The Board approved the transfer of \$2,500,000 from PCM to PACT in Fiscal Year End June 30, 2022 and an additional transfer of \$2,000,000 to PACT by December 31, 2022 at the annual meeting.

Office accommodations

Nevada Public Agency Insurance Pool (NPAIP) owns the building occupied in part by PACT at no cost or obligation because PACT is comprised of common membership with NPAIP members.

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 8 – PLEDGED INVESTMENTS**

According to NRS 616B.353.1(d) and (e) and related regulations, an association of self-insured employers must deposit with the Commissioner a bond or other authorized security, payable to secure payment of the workers compensation benefits to employees. The amounts pledged for years ended June 30, 2022 and 2021 were \$5,670,340 and \$5,053,333. In the event that PACT becomes delinquent in its payment of workers compensation benefits, the proceeds will be used to satisfy losses, costs or expenses incurred by the Insurance Division.

The minimum required deposits were \$5,247,000 and \$4,180,000 for years ended June 30, 2022 and 2021. Management does not intend to withdraw available funds; however, a withdrawal of funds in excess of the minimum required deposit is available upon giving notice to and receiving approval from the Nevada Division of Insurance.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash equivalents	\$ 155,082	\$ 587,146
Investments	5,498,893	4,435,718
Investment income receivable	16,365	12,469
Total	<u>\$ 5,670,340</u>	<u>\$ 5,035,333</u>

**NOTE 9 – ALLOCATION AND RETURN OF ASSESSMENTS REVENUES**

The Nevada Revised Statute 616B.368 requires that 75% of assessment revenues collected be placed in a separate account and that disbursements from this account be limited to paying claims, claims related expenses, excess insurance costs, assessments, payments and penalties related to the subsequent injury fund and the uninsured employer's claim fund. Initially, all funds collected for member assessments and prepayments of assessments and deposits are deposited into the operating account. Periodically, 75% of the assessments are transferred to a separate bank or investment account to comply with this statute.

**NOTE 10 – UNPAID LOSS LIABILITIES**

The current portion of the long-term loss reserve for 2022 and 2021 is \$7,019,710 and \$6,884,447 with the long-term portion for 2022 and 2021 being \$51,347,290 and \$51,415,553 respectively.

Incurred losses and loss adjustment expenses are comprised of two significant factors. Provisions for events of the current year decreased from \$10,164,050 for 2021 to \$8,426,681 for 2022. The decrease in the provision for insured events of prior fiscal years of \$2,872,000 and \$59,000 for years 2021 and 2022 reflects changes in case reserves and actuarial reserve calculations for all prior years cumulatively. Individual case reserves may increase or decrease as the case develops over time for various reasons.

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 10 – UNPAID LOSS LIABILITIES (continued)**

The following represents changes in those aggregate liabilities:

	<u>2022</u>	<u>2021</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 58,300,000</u>	<u>\$ 54,285,740</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	8,426,681	10,164,050
Increase in provision for insured events of prior fiscal years	<u>59,000</u>	<u>2,872,000</u>
Total incurred losses and loss adjustment	<u>8,485,681</u>	<u>13,036,050</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,632,000)	(2,271,045)
Claims and claims adjustment expenses attributable to insured events of prior years	<u>(6,786,681)</u>	<u>(6,750,745)</u>
Total Payments	<u>(8,418,681)</u>	<u>(9,021,790)</u>
Unpaid claims and claims adjustment expenses at end of fiscal year	<u><u>\$ 58,367,000</u></u>	<u><u>\$ 58,300,000</u></u>

**NOTE 11– BLENDING OF HEART AND LUNG RATES**

At the annual meeting held on April 22, 2021, the Board approved the actuary’s rate relativity study which blended the heart lung rate with the class code rates for police officers and firefighters and blended the reserves for claim losses effective July 1, 2021.

Historically, the heart and lung loss rate reflected reserves set aside for the purpose of covering post-employment heart or lung disease claims that may be the responsibility of PACT members pursuant to the Last Injurious Exposure Rule interpretation of the law and court case that determined that coverage for such claims applies to former employees who meet the statutory eligibility requirements for the heart and lung disease benefit. Previously, post-employment claims were not reflected in the rate classification for the appropriate police officer and firefighter classification. A separate heart lung rate was assessed on these classifications to reserve for these claims reserves.

This heart lung assessment for 2021 was \$2,113,304 and the reserve for heart and lung claims losses were \$29,123,000. The reserve balance is now blended as Reserve for Worker’s Compensation claims losses and the blended assessments are classified as Assessments for workers compensation in the Statement of Revenues, Expenses and Changes in Net Position. The assessments and reserves for 2021 have been restated to reflect this combining of the reserves.

**PUBLIC AGENCY COMPENSATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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**NOTE 12 –SUBSEQUENT EVENTS**

Management has evaluated the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to and disclosure within the financial statements for the year ended June 30, 2022. Management has evaluated subsequent events through September 30, 2022 which is the date the financial statements were available for issue.

**PUBLIC AGENCY COMPENSATION TRUST**  
**COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT FOR WORKERS COMPENSATION – (UNAUDITED)**  
**EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,**

Required Contributions & Investment Income:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Earned	\$14,049,941	\$16,420,666	\$17,557,830	\$18,508,907	\$14,573,896	\$11,270,837	\$15,890,773	\$14,712,479	\$17,126,155	\$11,960,488
Ceded	1,196,334	1,178,052	1,626,286	1,621,360	1,770,677	2,457,932	2,144,133	2,670,526	2,990,413	3,057,662
Net earned	12,853,607	15,242,614	15,931,544	16,887,547	12,803,219	8,812,905	13,746,640	12,041,953	14,135,742	8,902,826
Unallocated Expenses	6,580,620	6,167,162	6,114,625	6,130,390	7,370,873	8,345,504	9,336,538	4,781,074	4,336,791	4,430,263
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681
Net Paid (cumulative) as of:										
End of policy year	1,861,690	1,564,723	1,512,648	1,581,898	1,788,670	1,734,359	2,245,351	2,453,286	2,271,045	1,632,000
One Year Later	3,221,497	2,848,563	2,901,684	3,378,486	4,153,214	3,738,335	4,193,000	5,213,000	4,583,000	
Two Years Later	3,754,301	3,434,826	3,545,887	4,117,819	5,062,121	4,341,000	5,674,000	6,252,000		
Three Years Later	4,110,874	3,859,081	3,855,565	4,541,756	5,478,000	4,840,000	5,915,000			
Four Years Later	4,169,758	3,989,877	3,929,559	4,769,000	5,950,000	5,061,000				
Five Years Later	4,189,790	4,064,157	3,985,000	5,127,000	6,266,000					
Six Years Later	4,274,071	4,151,000	4,092,000	5,649,000						
Seven Years Later	4,385,000	4,293,000	4,539,000							
Eight Years Later	4,576,000	4,618,000								
Nine Years Later	4,742,000									
Re-estimated ceded claims & Expenses		-	-	-	121,598	358,181	5,930	273,637	24,274	-
Re-estimated Claims & Expense										
End of policy year	8,503,886	8,561,944	8,324,685	8,809,127	8,905,595	8,020,826	8,054,118	10,592,201	10,164,050	8,426,681
One Year Later	8,064,886	8,461,944	8,035,685	8,841,127	9,105,595	7,561,826	8,059,118	9,665,459	9,934,305	
Two Years Later	7,583,886	8,171,944	7,921,685	8,772,127	9,116,595	9,460,826	8,553,118	9,366,459		
Three Years Later	7,436,886	7,991,944	7,702,685	8,638,127	9,173,595	7,509,826	8,103,118			
Four Years Later	7,138,886	7,754,944	7,570,685	8,499,127	9,467,595	7,704,826				
Five Years Later	6,984,886	7,637,944	7,411,685	9,092,127	9,425,595					
Six Years Later	6,986,886	7,562,944	7,419,685	9,159,127						
Seven Years Later	7,007,886	7,782,944	7,440,685							
Eight Years Later	7,247,886	7,775,944								
Nine Years Later	7,400,886									
Increase (decrease) in estimated incurred claims & expenses from end of policy year	<b>(1,103,000)</b>	<b>(786,000)</b>	<b>(884,000)</b>	<b>350,000</b>	<b>520,000</b>	<b>(316,000)</b>	<b>49,000</b>	<b>(1,225,742)</b>	<b>(229,745)</b>	-

This information is required by the Governmental Accounting Standards Board

**PACT Payroll Assessment Methodology**  
**April 7, 2023**

As discussed at the Joint Executive Committee meeting on March 20, 2023 and April 7, 2023 the following PACT Payroll Assessment Methodology is recommended for full Board consideration at the Annual Meeting. The recommendation is based on input from Josh Foli and the Task Force (Josh Foli, Paul Johnson and Gina Rackley) and the PACT Executive Committee.

***The PACT Payroll Assessment will be modified in the following manner:***

- 1. Use the actuarially determined fiscal year rates and experience modifications effective July 1, 2023.***
- 2. Continue to use calendar year payroll.***
- 3. Continue quarterly ACH payments on same basis as currently applied.***
- 4. Make an additional rate and experience modification adjustments effective January 1, 2024.***
- 5. Make future rate and experience modification changes effective January 1 for subsequent years.***

In discussion with the actuary and accounting staff regarding implementation of these factors, the following were noted:

1. Currently we use claims data as of 12/31 each year for both funding and experience rating purposes using 4 years of claims data.
2. To implement the proposed changes, claims data as of 6/30 would be needed and we could use four years as of 6/30 or for the transition use 4.5 years by adding an additional 6 months to the current as of date. Our actuary suggested that the additional 6 months would not be significant so we should use the current 18/19 through 21/22 years but as of 6/30/2022.
3. Rate and experience modification changes would occur twice in the 23-24 Fiscal Year which will have positive or negative effects on some members or be neutral on other members.
4. Because funding approval is part of the annual budget that is presented to the board in April, the board will need to delegate to the Executive Committee to approve future budgets and funding levels timed to meet the revised January 1<sup>st</sup> effective dates.
5. The PACT annual meeting would approve the coverage program to be effective July 1<sup>st</sup> each year as at present.

**Proposed Method**

PACT Assessment Option		Entities must Budget for this Period in FY 2023-24 Budget		Entities must Budget for this Period in FY 2024-25 Budget		
Description	January 1 - June 30, 2023	July 1- December 31, 2023	January 1 - June 30, 2024	July 1-December 31, 2024	January 1 - June 30, 2025	July 1-December 31, 2025
New PACT Rates and X-Mods effective 7-1-23 applied to payroll effective January	4th Quarter True-Up Based on 2022 Payroll and rates approved for July 1 2022. True is paid on July 20th ACH eliminating your PACT liability.	Payroll for the 6 months using July 1 Rates and X-Mods approved in April 2023 subject to the \$36,000 payroll cap.				
		January 1, 2024 New Rates and X-Mods effective 1-1-24 for entire calendar year 2024.	4th Quarter True-Up Based on 2023 Payroll and rates approved for January 1 2024. True is paid on July 20th ACH eliminating your PACT liability.	November Executive Committee approve change in rates		
				New Approved Rates and X-Mods effective January 1, 2025 to December 31, 2025	4th Quarter True-Up Based on 2025 Payroll and rates approved for January 2025. True is paid on July 20th ACH eliminating your PACT liability.	

**Notes:**

Quarterly ACH Payments Continue on Same Basis with 4th Quarter True Up.  
 New Quarterly Amount for FY 2023-2024 will be given in July for October payment using new July rates and quarterly amounts.  
 New Quarterly Amount for FY 2023-2024 will be given in January for April payment using new January rates and quarterly amounts.  
 PACT Payroll Audits: Continue the same using Calendar Year Payroll. Completed in February/March.  
 Entities Budgets: 6 months at One Rate 6 months at New Rate.  
 Assumes no special assessments required for claim payments.

The following gives background information on the technical reasons for the proposed change in Premium Collection Methodology.

**BACKGROUND:**

The following is background information on this item. The first section is a White Paper prepared by Josh and the second section is the information provided in 2007 when the current method was adopted.

**PACT Rate/Premium Assessment and Premium Collection Methodology  
 Whitepaper by Josh Foli  
 12/7/2021**

FISCAL YEARS

PACT Fiscal Year: July 1 – June 30  
 Members’ Fiscal Year: July 1 – June 30

PACT RATE/PREMIUM ASSESSMENT AND RATE COLLECTION METHODOLOGY

**PACT Rate/Premium Assessment**

PACT contracts for an actuarial rate study each year and takes the actuarially recommended rates to the Board at their annual meeting in April. Once the Board approves the rates, a notice is sent to each member entity of their rate before July of that year. The rate is effective for the first paycheck in July and thereafter.

PACT rates are assessed on the first \$36,000 of salary for an individual in a calendar year. This appears to be a statutory requirement.

**PACT Rate Collection**



PACT has adopted a collection methodology of quarterly withdrawals from each member's bank account. The withdrawals are done October, January, April, and July for each fiscal year. The quarterly withdrawals are based on previous full calendar year payroll times the rate approved for the member entity and divided by four. The July withdrawal is further adjusted up or down by the results of an annual audit of the member, performed by outside firm contracted by PACT.

### **PACT Member Audit**

PACT annually chooses an independent auditor to review the payrolls and rates of each member entity. After the close of each calendar year, the auditor obtains the payroll records of each entity for the prior calendar year. From those records, the auditor calculates the total premium owed for that calendar year by multiplying the first \$36,000 of salary for all individuals in each risk category by the applicable PACT rates that were established to be in effect for July of the calendar year being audited. Once the total calendar year premium for the entity is calculated, it is compared to the scheduled quarterly withdrawals for that fiscal year and any difference is used to adjust the July quarterly withdrawal to match the audited amount.

## ISSUES/CHALLENGES WITH THE PACT RATES/PREMIUMS AND COLLECTION METHODS

### **Rate Applied Retroactively**

In April, the PACT Board adopts a new rates to be effective for the first paycheck paid in July. However, the PACT Member Audit considers that rate to be retroactive to January 1, which generates a difference from the member entity books. This causes an issue for the members in that they have already processed payrolls for the first six month of the calendar year and done grant reporting and draws based on those figures.

Many, if not most, of the member's employees already have reached their first \$36,000 of salaries in the calendar year before a new rate has been implemented and some employees have left employment during that time period as well.

Another concern is the legality of applying a rate retroactively when all other indications are that a rate is effective starting the first payroll in July of each year.

If the rate truly starts at a new rate just for salaries starting in July payroll and after, it is more difficult to set up in a payroll system. It may also make auditing more of a challenge.

### **Fiscal Year Timing Differences**

Both PACT and the members operate on a fiscal year of July 1 – June 30. However, PACT member audits are done on a calendar year basis and fiscal year premiums are adjusted based on calendar year information. This creates timing differences between premiums being recorded by the member entity and collected by PACT.

Illustration:

Member Books

Premiums Due Based on Actual Payrolls

January – June 2019	\$160,000
July – December 2019	\$60,000
January – June 2020	\$180,000

Withdrawals by PACT

October 2019	\$50,000
January 2020	\$50,000
April 2020	\$50,000
July 2020	\$70,000 (\$20,000 additional from 2019 PACT Member Audit)

The member should have a liability to PACT at June 30 based on actual payroll calculations of **\$110,000**. This is based on July 2019 – June 2020 premiums of \$240,000 (\$60,000 plus \$180,000) minus PACT withdrawals from of October 2019 – April 2020 of \$150,000 plus the underpayment of \$20,000 from the prior calendar year from a January – December 2019 PACT Member audit (assuming the entire \$20,000 was generated in the January – June 2019 timeframe).

PACT Books

Withdrawals by PACT

October 2019	\$50,000
January 2020	\$50,000
April 2020	\$50,000
July 2020	\$70,000 (\$20,000 additional from PACT Member Audit)

PACT is showing a receivable from the member of **\$70,000** at June 30, 2020. This is based on the PACT member audit for calendar year 2019 showing an additional adjustment of \$20,000 plus the \$50,000 scheduled withdrawal in July 2020. PACT has no ability to measure the actual premiums due from the member for January – June 2020 due to the timing of the PACT member audit.

PACT will eventually get the proper amount of premiums from each member entity (setting aside the issue of retroactive application of rates). Each calendar year PACT does an audit of the member entity and adjusts automatic withdrawals from the member entity to make sure that PACT receives the proper amount of premiums from the entity.

PACT Financial Statements

In theory, PACT should show a receivable of \$110,000 (matching the member's books), with deferred inflows of \$40,000 on the governmental financial statements since they are operating under the modified accrual basis of accounting and won't receive the cash flows within 60 days of year-end. The PACT government-wide financial statements would increase revenues by the deferred inflows of \$40,000. It is possible that this is an immaterial amount for the PACT financial statements but an amount would need to be measured or reliably estimated to be considered to be waived.

Since the financial statements are as of June 30, generally accepted accounting principles (GAAP) outline that measurements should be taken as of the end of the financial statement period for balance sheet accounts. That is why cash is reconciled, investments are valued, and receivables and payables are measured as of June 30. It appears that the PACT member premium receivables are being valued as of December 31 and projected forward to June 30. If this is the case, it may be a GAAP departure.

#### Member Financial Statements

The members do not have a fiscal year balance from a PACT member audit to reconcile their general ledger against. There is a calendar year PACT member audit performed each year, but it is almost impossible for the member to balance their liability account to the PACT audit. It is possible that some members are just adjusting their year-end liability balances to match the July withdrawal, but as we see in the example, this will result in misstatement (possibly within materiality, possibly not) for the entity as there is a significant timing difference and a level of estimation in this approach. If a member doesn't adjust to the July balance (as that isn't truly the year-end payable), there really isn't a good solid figure to reconcile the outstanding liability against...which most likely will result in a greater and greater liability balance over a period of years that doesn't match the actual liability and the actual liability as of June 30 is almost impossible to measure for the member entity.

#### Additional Reconciliation Concerns Between PACT and Member Financial Statements

One approach to the reconciliation between member financial statements and PACT is that the premiums paid from October – July truly represent the member's total liability for that fiscal year. While this simplifies somewhat the measurement and reconciliation for PACT and the member, it opens Pandora's box on a myriad number of other issues. As an example, the PACT Board sets rates based on the first \$36,000 of salary in a fiscal year based on various risk categories. Those rates are calculated in each member payroll against each employee. Those payrolls are relied upon for grant reimbursements for federal and state grant purposes. An estimated premium that is not in fact directly assessed on individual salaries for each pay period now becomes a type of indirect cost that needs to be allocated to the grant, which requires a federal indirect cost allocation plan. To further complicate it, the true amount of the estimated premium is not measurable until the fiscal year is almost over and grant draws are required to be done on a monthly or quarterly basis.

A second problem with this approach is that it now doesn't match the statutory requirement of being actually based on the first \$36,000 of salary for each employee for a calendar year.

A third problem with this approach is that it does appear that PACT audits based on actual eligible salary in a cl

This approach seems to create more issues than it solves.

#### POTENTIAL SOLUTIONS

There usually are multiple ways to correct issues. There are two listed that may have merit.

One way to correct the PACT rate being applied retroactively would be to apply the new rate at the beginning of each calendar year. This is relatively easy for the member to budget for and implement. The only drawback to this is that it may initially cause a higher rate increase in the initial year of implementation due to the six month lag in time, but that should smooth over time.

One way to correct the PACT and member reconciling differences would be to start doing PACT member audits beginning in July to cover the period of the financial statements. While this involves slightly more work to reconcile calendar and fiscal year payrolls to the final fiscal year amount, it should be fairly easy now that most members can download the information in excel for the auditors. The auditors also don't have to spend the time to visit each site due to today's technology. PACT would then be able to reconcile their year-end receivables directly to member payrolls and members can also reconcile their books to the final liability reported by the PACT fiscal year-end member audit.

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### **PACT Payroll Methodology Adopted March 2007**

#### **Issue:**

The present method for calculating the payroll basis for PACT includes a \$36,000 cap on a calendar year basis as was required by NRS. However, during a previous legislative session, private insurers were able to amend the law to allow them to cap payroll on a policy year basis. Self-insured groups, however, were made exempt from any requirement to cap payroll and from any required period. The issue now is whether or not PACT should change its payroll cap period. PACT can utilize any basis as long as it has approval of the Insurance Division, including continuing with calendar year, switching to fiscal year or some other acceptable basis.

## **Background:**

As a result of a 2005-2006 payroll audit, two members complained that the auditor had charged them more than \$36,000 on certain employees and challenged the method for applying the cap. After extensive review with the payroll auditor, we found that under certain circumstances, individual employee amounts could exceed the cap. We also found that under other circumstances, no payroll would be charged as a basis for an employee who terminated. These situations arise in large part based upon the timing of hire or termination within the calendar year compared to the fiscal year.

## **Current Method:**

Calendar year payroll, capped at \$36,000 for each calendar year, is used as the basis for assessments calculations. To accomplish this, PA Solutions, the PACT payroll auditor, takes two quarters from each fiscal year that overlap the calendar year.

Once we have the final payroll audits, we calculate the final assessments and either bill the difference or refund it. We also use those figures to estimate the quarterly ACH transfers for the subsequent fiscal year installments and then true those up at the next audit.

The cap historically was required by law to be applied to the calendar year payroll. As a result, if an employee were hired in the fourth calendar quarter, a small portion of the payroll would be used. If the employee was hired in the first quarter of the calendar year, all of the payroll up to the cap would be used. When the auditor combines the calendar year quarters to arrive at the fiscal year amount, some employees' ratable payroll would be less than the cap and others would be the cap plus a partial quarter's actual. Illustrations of these effects can be found in the attached document prepared by the payroll auditor. Over multiple years, the effect becomes neutral when comparing fiscal year versus calendar year payrolls.

## **Options and Implementation Challenges:**

### **1) Fiscal Year in Lieu of Calendar Year Capped Payroll Subject to Audit at End of Fiscal Year**

There are consequences for consideration that may or may not be acceptable:

- a. The payroll audits would not be completed until September then sent to the members for confirmation. Additional or return charges would come outside of the member's fiscal year end.

- b. Since we would not know the actual payroll basis until the payroll audit is completed, we could run into a tight schedule for notifying the members of the ACH installments for the first fiscal quarter due October 20<sup>th</sup>.
- c. Reconciliation of the payroll is done to the 941s for each calendar year presently. Both the members and the auditor would have to manipulate the payroll data for fiscal year purposes, but would be unable to tie it to 941s since none are issued on fiscal years. However, if members' payroll systems are able to show both calendar and fiscal year payroll, it could ease part of the auditor's work.
- d. The transition could work favorably for some members and not for others depending upon the dates of hire or termination.

## **2) Calendar Year Capped Audited Payroll as Basis for ACH Installments for Subsequent Fiscal Year with Audit Adjustments at End of Subject Calendar Year**

Under this method, audited payroll would be capped at \$36,000 on a calendar year basis. That basis then would be used for the subsequent fiscal year. PACT would incur some lag in payroll bases which normally increase between 3.5% and 4% each year. The six month lag in payroll currency would be accounted for in the rates. There would be an audit at the end of each calendar year with billings at that time in lieu of the current post-fiscal year audit billings.

This method was the basis for PACT when it first started in 1996 and installments were fixed at the beginning of each quarter, subject to audit at the end of the fiscal year. The board subsequently changed the methodology to post-quarter payments subject to audit at the end of the fiscal year.

The difference under this option would be to have audit adjustments at the end of the calendar year, not the fiscal year.

## **3) Do Nothing**

PACT would continue its current methodology even though there are instances where the cap may have anomalies when applied to individual employees.

### **Implementation Concerns for Changes in Payroll Year and/or Cap:**

Regardless which methodology is adopted, the timing of the implementation may have disparate effects on individual Members in the initial changeover so the board will have to determine an appropriate effective date.

#### **Example 1: Option 2**

An audit for calendar year 2007 would affect the current fiscal year 2006-07 which normally is audited in the Fall. If the board were to have 2006-07 audited

under the current methodology, then switch to calendar year effective for 2007-08, the first 6 months of calendar year 2007 already would have been audited. The same data then would be used for the calendar year 2007. Any audit adjustments as of December 31, 2007 would be made within the first half of fiscal year 2007-08.

**Example 2: Option 2**

If the board chose to waive the audit under the current methodology for 2006-07, then have the calendar year method apply beginning with fiscal year 2007-08, any changes (up or down) in payroll during the first half of fiscal year 2006-07 would not be included, but the second half would be since it is part of the calendar year 2007. Any audit adjustments as of December 31, 2007 would be made within the first half of fiscal year 2007-08.

**Example 3: Option 1**

Switching from the current method to a fiscal year capped payroll would use the latter half of calendar year 2006 plus the first half of calendar year 2007 to arrive at the fiscal year payroll amount. Any audit adjustments as of June 30, 2007 would be made within the first half of fiscal year 2007-08.

**Current Method**

<b>PACT Assessment Option</b>		<b>Entities must Budget for this Period in FY 2023-24 Budget</b>		<b>Entities must Budget for this Period in FY 2024-25 Budget</b>		<b>Entities must Budget for this Period in FY 2025-26 Budget</b>	
<b>Description</b>	<b>January 1 - June 30. 2023</b>	<b>July 1- December 31. 2023</b>	<b>January 1 - June 30. 2024</b>	<b>July 1-December 31. 2024</b>	<b>January 1 - June 30. 2025</b>	<b>July 1-December 31. 2025</b>	<b>January 1. 2026-June 30. 2026</b>
April 21st Adopt New PACT Rates and X-Mods effective 7-1-23 applied to payroll effective January 1. 2023.		Results of 2022 Calendar Year Payroll Audit computes 4th Quarter True Up. Total Classification Payroll used with new rates to compute new Quaterly assessments.	4th Quarter True-Up Based on 2023 Payroll and rates approved for July 1 2023. True is paid on July 20th ACH eliminating your PACT liability.				
			April: Adopt New PACT Rates and X-Mods effective 7-1-24 applied to payroll effective January 1. 2024.	Results of 2023 Calendar Year Payroll Audit computes 4th Quarter True Up. Total Classification Payroll used with new rates to compute new Quaterly assessments.	4th Quarter True-Up Based on 2024 Payroll and rates approved for July 1 2024. True is paid on July 20th ACH eliminating your PACT liability.		
		<b>Entities must Budget for this Period in FY 2023-24 Budget</b>			<b>April 21st Adopt New PACT Rates and X-Mods effective 7-1-25 applied to payroll effective January 1. 2025.</b>	Results of 2024 Calendar Year Payroll Audit computes 4th Quarter True Up. Total Classification Payroll used with new rates to compute new Quaterly assessments.	4th Quarter True-Up Based on 2024 Payroll and rates approved for July 1 2025. True is paid on July 20th ACH eliminating your PACT liability.
				<b>Entities must Budget for this Period in FY 2024-25 Budget</b>		<b>Entities must Budget for this Period in FY 2025-26 Budget</b>	

**Notes:**

Quarterly ACH Payments Continue on Same Basis with 4th Quarter True Up.  
PACT Payroll Audits: Continue the same using Calendar Year Payroll. Completed in February/March.  
Entities Budgets: New July Rates applied to Calendar Year Payroll.  
Assumes no special assessments required for claim payments.

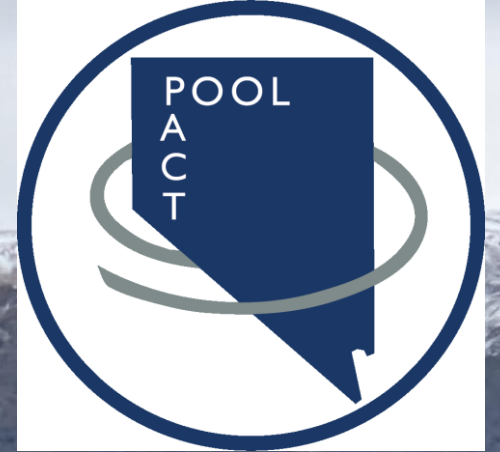


**Proposed Method**

<b>PACT Assessment Option</b>		<b>Entities must Budget for this Period in FY 2023-24 Budget</b>		<b>Entities must Budget for this Period in FY 2024-25 Budget</b>		
<b>Description</b>	<b>January 1 - June 30, 2023</b>	<b>July 1- December 31, 2023</b>	<b>January 1 - June 30, 2024</b>	<b>July 1-December 31, 2024</b>	<b>January 1 - June 30, 2025</b>	<b>July 1-December 31, 2025</b>
<b>April 21st Adopt New PACT Rates and X-Mods effective 7-1-23 applied to payroll</b>	4th Quarter True-Up Based on 2022 Payroll and rates approved for July 1 2022. True is paid on July 20th ACH eliminating your PACT liability.	Payroll for the 6 months using July 1 Rates and X-Mods approved in April 2023 subject to the \$36,000 payroll cap.				
		<b>January 1, 2024 New Rates and X-Mods effective 1-1-24 for entire calendar year 2024.</b>	4th Quarter True-Up Based on 2023 Payroll and rates approved for January 1 2024. True is paid on July 20th ACH eliminating your PACT liability.	November Executive Committee approve change in rates		
		<b>Entities must Budget for this Period in FY 2023-24 Budget</b>		<b>New Approved Rates and X-Mods effective January 1, 2025 to December 31,2025</b>	4th Quarter True-Up Based on 2025 Payroll and rates approved for January 2025. True is paid on July 20th ACH eliminating your PACT liability.	
				<b>Entities must Budget for this Period in FY 2024-25 Budget</b>		

**Notes:**

Quarterly ACH Payments Continue on Same Basis with 4th Quarter True Up.  
 New Quarterly Amount for FY 2023-2024 will be given in July for October payment using new July rates and quarterly amounts.  
 New Quarterly Amount for FY 2023-2024 will be given in January for April payment using new January rates and quarterly amounts.  
 PACT Payroll Audits: Continue the same using Calendar Year Payroll. Completed in February/March.  
 Entities Budgets: 6 months at One Rate 6 months at New Rate.  
 Assumes no special assessments required for claim payments.

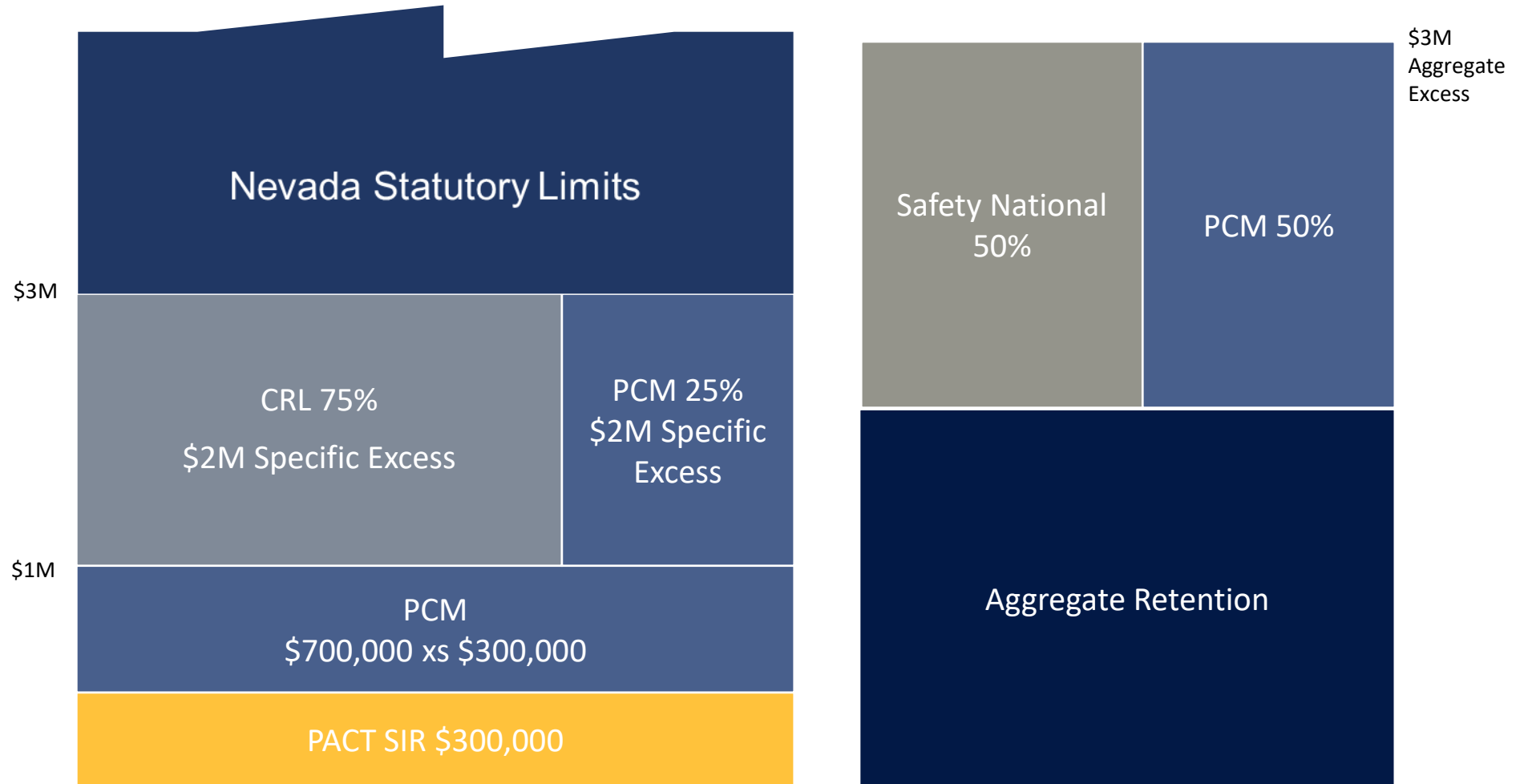


# 2023 – 2024 PACT Reinsurance Renewal Presentation

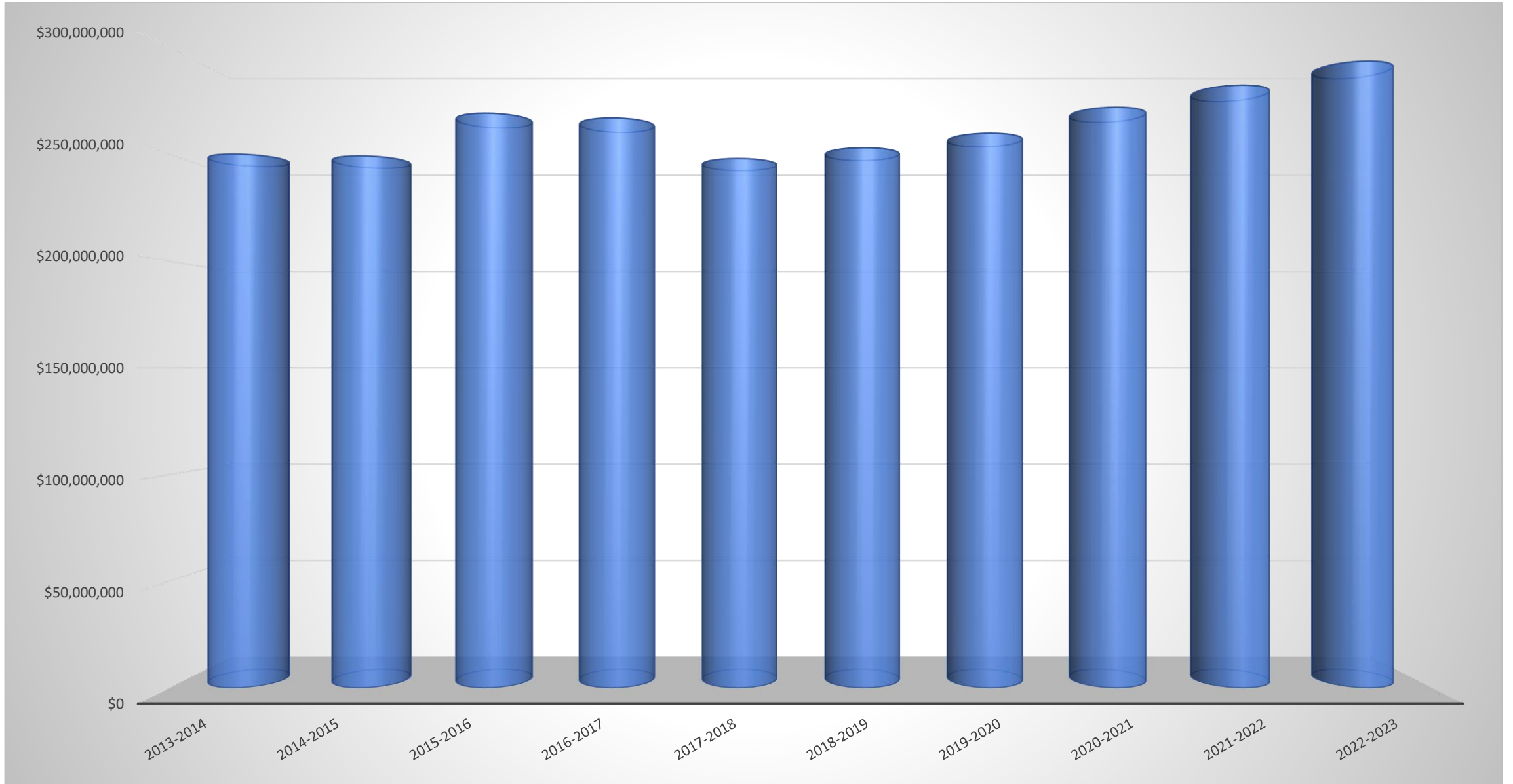
April 21, 2023

# Public Agency Compensation Trust 2023-2024

## Workers Compensation Structure



# PACT Historical Payroll



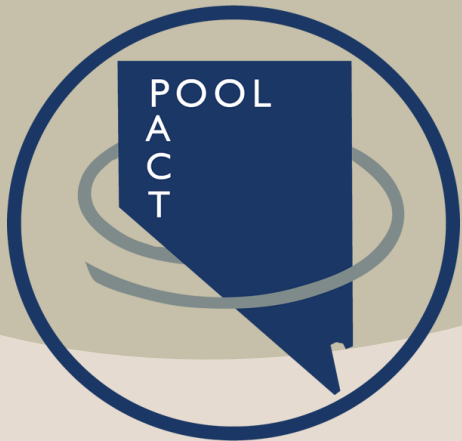


# 2023 – 2024 PACT Reinsurance Renewal Quotes

2023 - 2024 PACT Renewal Quotes & Indications				
	Premium with 2022 Rates applied to 2023 Exposures	Premium with 2023 Rates and 2023 Exposures		
Insurance Market	CRL/Safety National	CRL/Safety National		
	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	\$300,000 Retention PACT, \$700,000 xs \$300,000 PCM, 75/25 Quota Share with CRL up to \$3M with Safety National attaching at \$3M and aggregate split 50/50 between Safety National and PCM	% Rate Change	\$ Change
<b>Premium</b>				
PCM	\$2,775,450	\$2,912,546	4.94%	\$137,096
CRL	\$366,981	\$651,945	77.65%	\$284,964
Safety National	\$161,895	\$152,869	-5.58%	-\$9,026
<b>Total Premium</b>	<b>\$3,304,326</b>	<b>\$3,717,360</b>	<b>12.50%</b>	<b>\$413,034</b>
<b>Program Limits</b>				
PACT SIR	\$300,000	\$300,000	No Change	No Change
PCM Primary Layer	\$700k xs \$300k	\$700k xs \$300k	No Change	No Change
PCM 25% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
CRL 75% \$2M Specific Excess	\$2M xs \$1M	\$2M xs \$1M	No Change	No Change
Excess of \$3M	Statutory	Statutory	No Change	No Change
PCM 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
CRL 50% Aggregate Limit	\$3,000,000	\$3,000,000	No Change	No Change
Payroll	\$254,602,970	\$271,636,556	6.69%	\$17,033,586

# PACT Budget Annual Board Presentation

April 21, 2023





# Budget Elements

Assessments  
Actuarial Data

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Loss Fund & Insurance Expense

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Program Expenses

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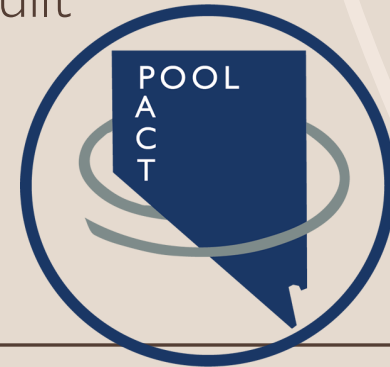
Administration Expenses

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SUMMARY

# ***PACT Financial Strength & Stability***

- Must fund the Legal Liability Created by Statutory Coverage....
- Collect the Rate During the Year of Operation  
The Goal is to never have a Special Assessment  
Claim payments can exceed 50 years
- Develop Programs and provide Risk Management Services to protect covered Employees and the Member's Financial Liability
- Member Owned Program.... Member pay the Claims...  
PACT – PCM – CRL Non-Profit Programs  
Safety National is the only For-Profit Insurance Company in the Quilt  
What's your Unfunded Liability? Nevada PERS
- Long-Term Program Commitment : Bend the Curve  
Support your Employees : Invest in Safety & Wellness





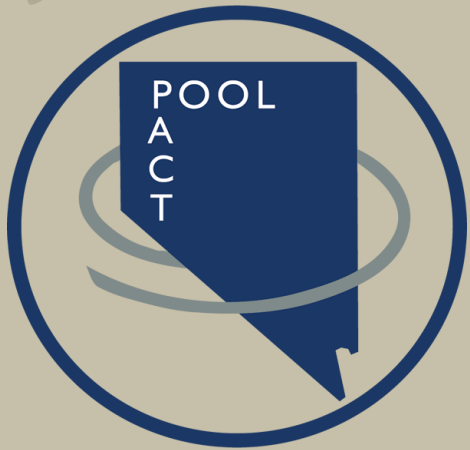
# PACT BUDGET 2023-2024

Presented at Executive Committee March 20 & April 7. Adoption set at Annual Meeting April 21, 2023.

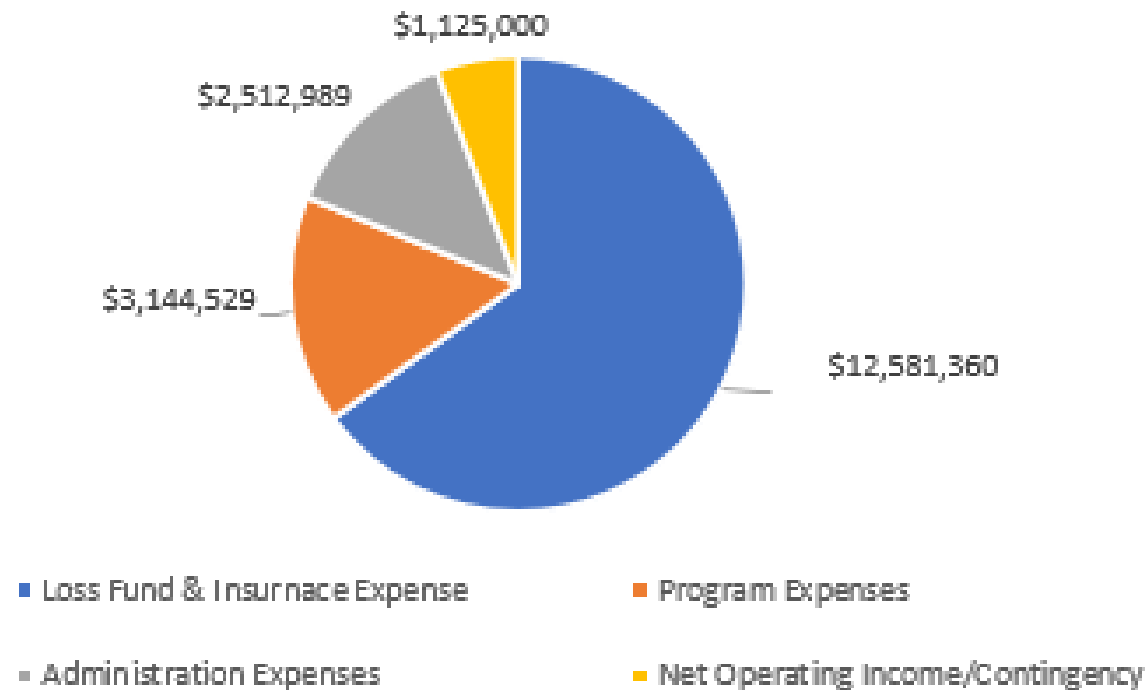
	<i>FY 2021-2022 Audit</i>	<i>Fy 22-23 Approved Budget 75% CL</i>	<i>FY 2023-24 Budget 75% CL</i>	<i>Dollar Change</i>	<i>Percentage Change</i>	<i>% of Total Revenues</i>	<i>Notes</i>
<b>Revenues</b>							
Assessments	\$ 15,055,750	\$ 16,050,150	\$ 17,663,878	\$ 1,613,728	<b>10.05%</b>	96.5%	23 24 Covered Payroll \$271,636,556 PY 22 23 Payroll \$254,602,970
Assessments for Heart Lung		-					Recommend 6% General Gov't 12% Police/Fire
PCM Risk Management Fee	575,000	575,000	575,000	\$ -	0.00%	3.5%	Blended in FY 22 Fixed Amount from PCM
<b>Total Revenues</b>	<b>\$ 15,630,750</b>	<b>\$ 16,625,150</b>	<b>\$ 18,238,878</b>	<b>\$ 1,613,728</b>	<b>9.71%</b>	<b>100.0%</b>	
<b>Loss Fund &amp; Insurance Expense</b>							
Claims and Adjustment Expenses including HL	\$ 8,485,681	\$ 8,094,000	\$ 8,864,000	\$ 770,000	9.51%	48.7%	80% CL adds \$336,000 to Claims & adjustment expenses <b>Listed at 75% Confidence Level:</b>
Heart Lung Loss Reserves Expenses	\$ -	-	\$ -	\$ -		0.0%	Heart Lung Losses blended in Claims & Adjustment Expenses FY 22
Excess Insurance Premiums	\$ 474,027	495,712	\$ 804,814	\$ 309,102	62.36%	3.0%	CRL/Safety National Quotes : Underwriting Formula
Reinsurance Premium (PCM)	\$ 2,583,635	2,601,409	\$ 2,912,546	\$ 311,137	11.96%	15.6%	<b>75% CL Plus PCM Admin Cost Allocation</b>
<b>Total Loss Fund and Insurance Expenses</b>	<b>\$ 11,543,343</b>	<b>\$ 11,191,121</b>	<b>\$ 12,581,360</b>	<b>\$ 1,390,239</b>	<b>12.42%</b>	<b>73.9%</b>	
<b>Program Expenses</b>							
Member Education and services	\$ 706,676	\$ 1,439,437	\$ 1,447,677	\$ 8,240	0.57%	8.7%	PRI, Target Solution, 24/7/365, CWP,EAP, MSDS On-line, E-learning
Loss control expenses	\$ 436,000	\$ 406,000	\$ 406,000	\$ -	0.00%	2.4%	Willis Fees: To NRP to provide services In-House : Same Rate
Risk Management Grants	\$ 19,217	\$ 425,000	\$ 425,000				Board Policy: LCC Monitor Amounts \$500K -\$75K ERMEP Incentives
Underwriting and claims processing	\$ 905,653	\$ 865,852	865,852	\$ -	0.00%	5.2%	Davies contract proposal new contract
<b>Total Program Expenses</b>	<b>\$ 2,067,546</b>	<b>\$ 3,136,289</b>	<b>\$ 3,144,529</b>	<b>\$ 8,240</b>	<b>0.26%</b>	<b>13.2%</b>	
<b>Administration Expenses</b>							
Management Services	\$ 642,735	\$ 665,231	\$ 688,514	\$ 23,283	3.50%	4.0%	Nevada Risk Pooling Management Team; Updated Apportionment 50/50
Professional Fees	\$ 95,690	\$ 149,325	\$ 153,058	\$ 3,733	2.50%	0.9%	Independent Audit, Payroll Audits, Actuarial
Administrative and Overhead	\$ 691,080	\$ 761,794	\$ 799,884	\$ 38,090	5.00%	4.6%	Rent, Utilities, Copier, Phone, Training, Technology, Support
Insurance Division Fees	\$ 908,881	\$ 700,490	\$ 850,633	\$ 150,143	21.43%	4.2%	<b>Reg Assessment for FY 22 Bud less 10% decrease</b>
Nevada Insolvency Fund and related expenses	\$ 24,330	\$ 20,900	\$ 20,900	\$ -	0.00%	0.1%	State of Nevada mandated fees
<b>Total Administrative Expenses</b>	<b>\$ 2,362,716</b>	<b>\$ 2,297,740</b>	<b>\$ 2,512,989</b>	<b>\$ 215,249</b>	<b>9.37%</b>	<b>15.1%</b>	
<b>Operating Income (Loss)</b>							
Investment Income	\$ (342,855)	\$ -	\$ -	\$ -		0.0%	Allows for legislative impacts on claims cost
	(3,670,262)	897,262	1,125,000	\$ 227,738	25.38%	5.4%	Earnings from Investment Portfolio managed by NEAM, SAA
<b>Net Gain (Loss)</b>	<b>\$ (4,013,117)</b>	<b>\$ 897,262</b>	<b>\$ 1,125,000</b>	<b>\$ 227,738</b>	<b>25.38%</b>	<b>-25.7%</b>	
<b>Net Gain (Loss) After Loss Control Grants</b>	<b>\$ (4,013,117)</b>	<b>\$ 897,262</b>	<b>\$ 1,125,000</b>	<b>\$ 227,738</b>			
<b>Transfer/Return of Capital from PCM To PACT</b>	<b>2,500,000</b>	<b>\$ 2,000,000.00</b>	<b>None at this time</b>				

# PACT Budget

PACT FY 24 Budget Allocation	% Total	% Allocation
Loss Fund & Insurnace Expense	\$ 12,581,360	64.97%
Program Expenses	\$ 3,144,529	16.24%
Administration Expenses	\$ 2,512,989	12.98%
Net Operating Income/Contingency	\$ 1,125,000	5.81%
<b>Total</b>	<b>\$ 19,363,878</b>	<b>100.0%</b>



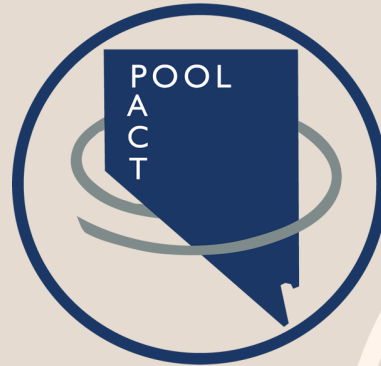
PACT FY 23-24 Budget  
Expense Allocation



# Assessments/Revenues

## Assessments

Covered Payroll \* Classification \* Mod Factor



### Mod-Factor Considerations FY 23 24

Individual Losses limited to \$100,000

Payroll amounts weighted based on class codes

Experience period 4 Year Period FY 19-FY 22

Max Change -10% +15%

PACT Average 1.0 Lowest 0.64 Highest 1.53

.60-.70 =1 .7-.80=2 .8 to .9=12 .9-1.0=62

76 Mod Decreased 74 Less than 1.0 7 Over 1.1

PCM Investment in Risk Mitigation Services  
(\$575,000 annually)

Investment Earnings (Interest Income Only)

# Loss Fund and Insurance Expense

## Claims & Claims Adjustment Expense (PACT Funding Layer)

Determined by Actuary 4 years of data:  
Various Confidence Levels provided  
\$8,864,000 @ 75% CL  
\$9,200,000 @ 80% CL

## Excess Insurance Premiums

CRL and Safety National  
\$804,814 10 Years Data

## PCM Reinsurance Premiums

Actuarial Rate + PCM Admin Expenses

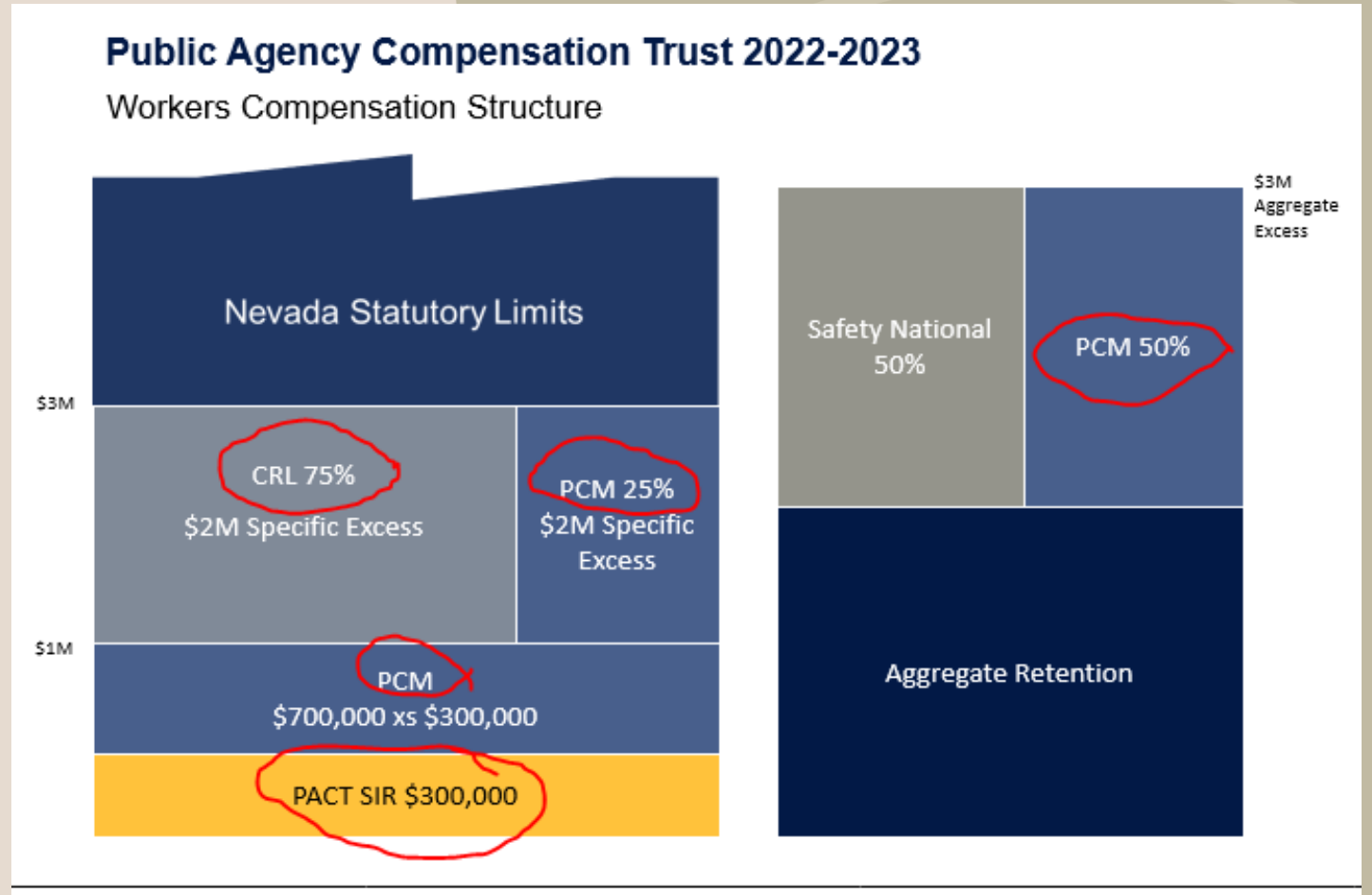
Est. Total **\$12,581,360** 73.9% Budget

Current Year Est. 85.8%

FY 22 = 76.7% FY 21 = 95.1%

FY 20 = 94.4% FY 19 = 96.7%

FY 18 = 92.4% FY 17 = 68.2%



# Actuarial Data: PACT Rating



# PACT Funding Projections

## *Public Agency Compensation Trust Workers' Compensation Actuarial Study*

The table below shows our funding recommendations for PACT for the 2023-24 fiscal year based on a \$300,000 SIR.

### Public Agency Compensation Trust Self-Insured Workers' Compensation Program Loss and ALAE Funding Guidelines for 2023-24 Self-Insured Retention (SIR) of \$300,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$7,810,000	\$8,575,000	\$8,864,000	\$9,200,000	\$9,614,000	\$10,153,000
Rate per \$100 of 2023-24 Payroll	\$2.88	\$3.16	\$3.26	\$3.39	\$3.54	\$3.74

The funding recommendations shown in the table above does not include any recognition of the existing funding margin at June 30, 2023. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

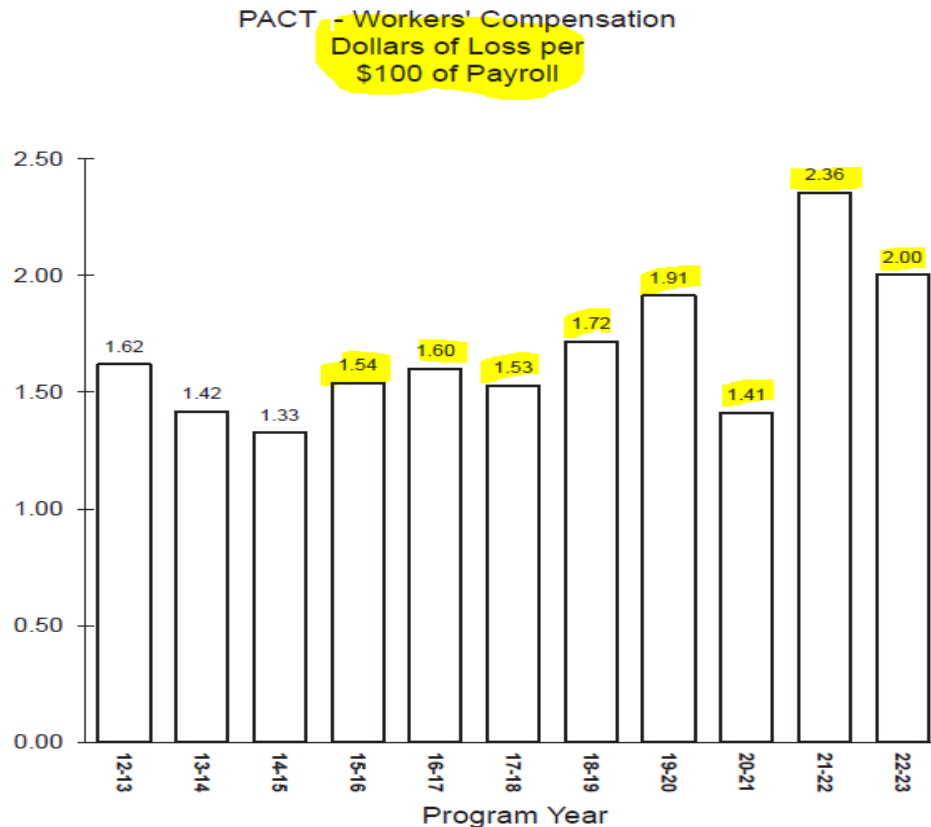


# Actuarial Projections

## C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

PACT's loss rate per \$100 of payroll has generally increased since 2014-15. Our projection for 2022-23 is \$2.00 per \$100 of payroll, similar to the average of the previous three years. For the purposes of this graph, all losses have been limited to \$100,000 per occurrence.

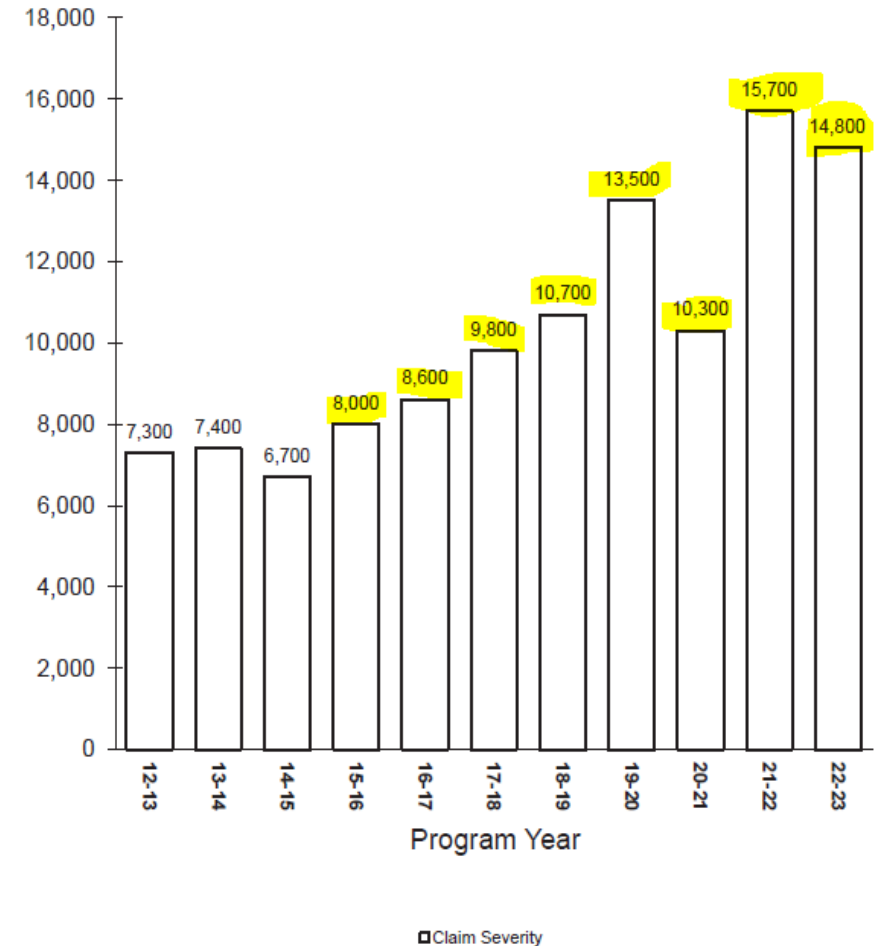
Graph 2



The average dollars of loss per claim, or severity, has also increased since 2014-15. Our projection for 2022-23 of \$14,800 is similar to the average of the most recent three years. Again, for the purposes of this graph, all losses have been limited to \$100,000 per occurrence.

Graph 3

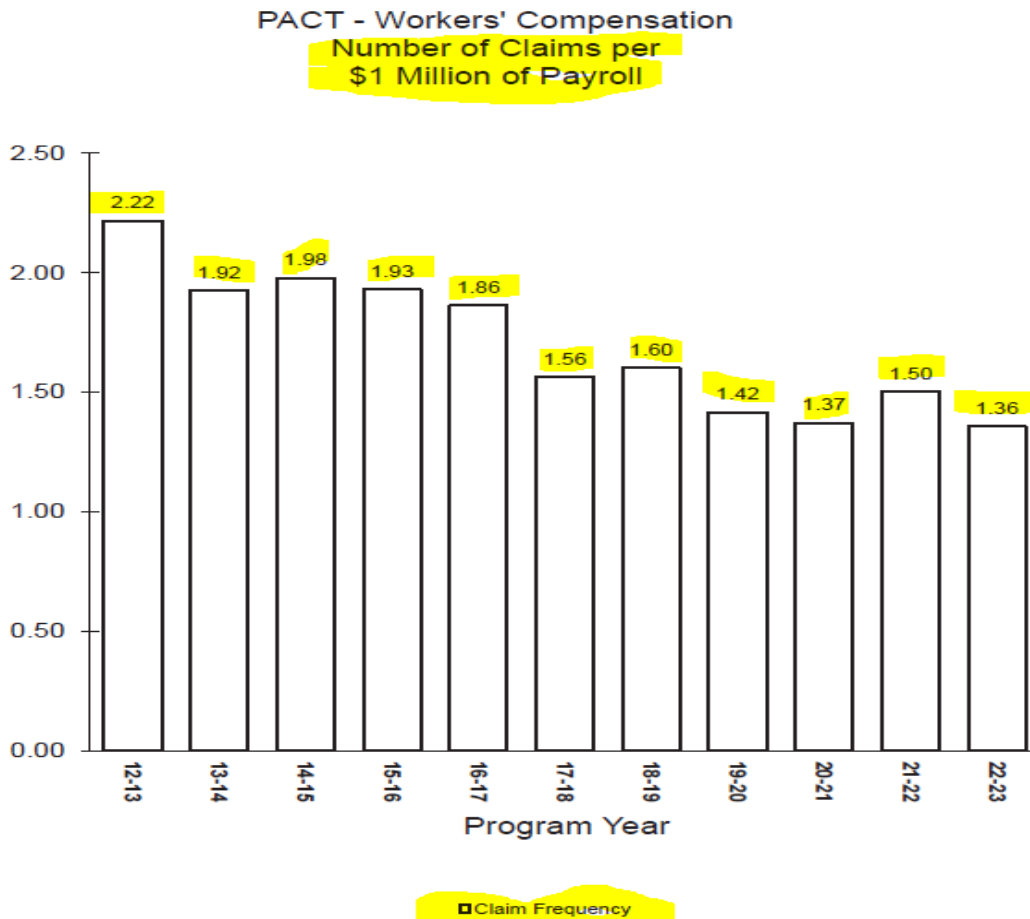
## PACT - Workers' Compensation Dollars of Loss per Claim



# Actuarial Projections

The number of claims per \$1 million of payroll, or frequency, generally decreased from 2012-13 to 2020-21. Our projection for 2022-23 is 1.36 claims per \$1 million of payroll.

Graph 4



## D. COMPARISON WITH OUR PREVIOUS RESULTS

The prior report for PACT was dated March 25, 2022. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/21 evaluation date of the prior report and the 12/31/22 evaluation date of the current report. These figures exclude Nye County and Town of Pahrump.

### Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
2001-2002	\$3,000	\$0	(\$3,000)
2002-2003	3,000	(1,000)	(4,000)
2003-2004	5,000	109,000	104,000
2004-2005	9,000	67,000	58,000
2005-2006	7,000	1,000	(6,000)
2006-2007	11,000	253,000	242,000
2007-2008	11,000	0	(11,000)
2008-2009	16,000	(26,000)	(42,000)
2009-2010	10,000	7,000	(3,000)
2010-2011	11,000	234,000	223,000
2011-2012	17,000	(1,000)	(18,000)
2012-2013	19,000	107,000	88,000
2013-2014	18,000	40,000	22,000
2014-2015	46,000	307,000	261,000
2015-2016	119,000	264,000	145,000
2016-2017	162,000	318,000	156,000
2017-2018	165,000	91,000	(74,000)
2018-2019	201,000	209,000	8,000
2019-2020	301,000	(217,000)	(518,000)
2020-2021	807,000	(396,000)	(1,203,000)
2021-2022	2,512,000	4,235,000	1,723,000
<b>Total</b>	<b>\$4,453,000</b>	<b>\$5,601,000</b>	<b>\$1,148,000</b>



# CRL and Safety National Rating: PACT

## County Reinsurance, Limited Workers' Compensation Renewal Summary

### Program Summary

Ceding Entity: Nevada Public Agency Compensation Trust  
 Coverage Period: Inception Date: 7/1/2023  
 Expiration Date: 7/1/2024

Payroll: \$271,636,556  
 CRL Premium: \$651,945  
 SNCC Premium: \$152,869  
 Total Premium: \$804,814

### CRL Reinsurance Structure

Ceding Entity's Retention: WC: \$1,000,000 per Occurrence; 25% of \$2,000,000 excess of \$1,000,000  
 EL: \$1,000,000 per Occurrence; 25% of \$1,000,000 excess of \$1,000,000

Reinsurance Limit: WC: 75% of \$2,000,000 excess of \$1,000,000  
 EL: 75% of \$1,000,000 excess of \$1,000,000

Method: Expenses inside the limit of liability  
 Deductibles inside the retention

Rate: 0.2400 (per \$100 in payroll)  
 Premium: \$651,945  
 Certificate: CRL WC Certificate Approved 12-27-17

### SNCC Excess Structure

Ceding Entity's Retention: WC: \$3,000,000 per Occurrence  
 EL: \$3,000,000 per Occurrence

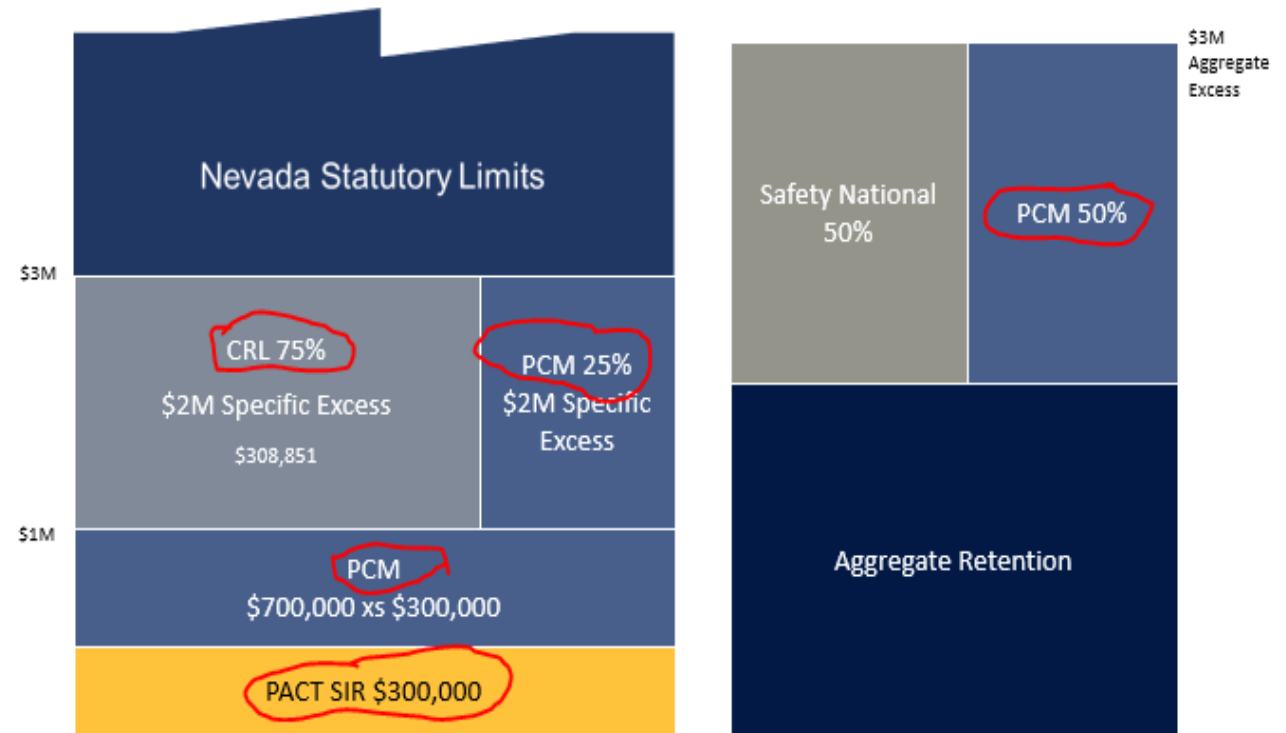
Excess Limit: WC: Difference between the Ceding Entity's Retention and Statutory Limits per Occurrence  
 EL: Difference between the Ceding Entity's Retention and \$5,500,000 per Occurrence

Method: Expenses inside the limit of liability  
 Deductibles inside the retention

Aggregate Excess: \$1,500,000 Aggregate Limit (50% of \$3,000,000); \$500,000 Loss Limit; \$3.98 Loss Fund Rate (\$10,811,135 Loss Fund)

## Public Agency Compensation Trust 2022-2023

### Workers Compensation Structure



# CRL and Safety National Rating: PACT

## Premium Analysis

**Rate**      x      **Exposure**      =      **Premium**  
**52.2%**                      **6.7%**                      **62.4%**

**Rates: 52.2%**

	Last Year's Losses	Renewal Losses	\$ Change	% Change
7/1/2010	\$0		\$0	N/A
7/1/2011	\$0	\$0	\$0	0.0%
7/1/2012	\$0	\$0	\$0	0.0%
7/1/2013	\$1,443,801	\$1,369,922	(\$73,879)	-5.1%
7/1/2014	\$0	\$0	\$0	0.0%
7/1/2015	\$0	\$0	\$0	0.0%
7/1/2016	\$685,610	\$517,063	(\$168,546)	-24.6%
7/1/2017	\$2,000,000	\$4,000,000	\$2,000,000	100.0%
7/1/2018	\$1,554,291	\$1,531,854	(\$22,437)	-1.4%
7/1/2019	\$0	\$529,868	\$529,868	1000.0%
7/1/2020		\$2,000,000	\$2,000,000	N/A
<b>Total:</b>	<b>\$5,683,701</b>	<b>\$9,948,707</b>	<b>\$4,265,006</b>	<b>75.0%</b>

**Exposures: 6.7%**

\*Composite change, based on overall changes in payroll.

**Premium: 62.4%**

Last Year	Renewal	\$ Change	% Change
\$495,712	\$804,814	\$309,102	62.4%

# CRL and Safety National Rating: PACT

## Loss Summary

Claimant	Date of Loss	Pool Policy Year	Net Incurred	Status	LDF	Trend	Estimated Total Incurred	Less Retention of \$1,000,000	Losses \$1,000,000 \$2,000,000	Losses \$2,000,000 to \$3,000,000
No Losses		7/1/2011	0	F	1.000	1.238	0	0	-	-
		<b>7/1/2011 Total</b>							-	-
No Losses		7/1/2012	0	F	1.000	1.230	0	0	-	-
		<b>7/1/2012 Total</b>							-	-
	1/14/2014	7/1/2013	1,833,907	O	1.068	1.210	2,369,922	1,000,000	1,000,000	369,922
	9/6/2013	7/1/2013	549,522	O	1.068	1.210	710,137	710,137	-	-
		<b>7/1/2013 Total</b>							1,000,000	369,922
No Losses		7/1/2014	0	F	1.000	1.208	0	0	-	-
		<b>7/1/2014 Total</b>							-	-
	1/5/2016	7/1/2015	599,337	O	1.090	1.205	787,199	787,199	-	-
	1/14/2016	7/1/2015	549,500	O	1.090	1.205	721,741	721,741	-	-
		<b>7/1/2015 Total</b>							-	-
	5/10/2017	7/1/2016	1,130,500	O	1.145	1.172	1,517,063	1,000,000	517,063	-
	10/10/2016	7/1/2016	725,433	O	1.145	1.172	973,488	973,488	-	-
		<b>7/1/2016 Total</b>							517,063	-
	2/7/2018	7/1/2017	2,781,379	O	1.242	1.138	3,931,189	1,000,000	1,000,000	1,000,000
	5/21/2018	7/1/2017	2,406,120	O	1.242	1.138	3,400,800	1,000,000	1,000,000	1,000,000
		<b>7/1/2017 Total</b>							2,000,000	2,000,000
	8/18/2018	7/1/2018	2,287,131	F	1.000	1.107	2,531,854	1,000,000	1,000,000	531,854
		<b>7/1/2018 Total</b>							1,000,000	531,854
	3/25/2020	7/1/2019	837,634	O	1.688	1.082	1,529,868	1,000,000	529,868	-
		<b>7/1/2019 Total</b>							529,868	-
	12/23/2020	7/1/2020	2,492,899	O	2.220	1.076	5,954,838	1,000,000	1,000,000	1,000,000
	1/26/2021	7/1/2020	392,819	O	2.220	1.076	938,335	938,335	-	-
		<b>7/1/2020 Total</b>							1,000,000	1,000,000

# Summary of Large Losses:

## *Claims Happen*

- **Heart Claim:** Duty Belt pressed on right thigh groin: DVT: HA \$2.8M  
(PACT \$300K, PCM \$1.15M CRL \$1.35M)
- **COVID Claim:** Contact with inmate with COVID: Death \$2.6M  
(PACT \$300K, PCM \$1.1M CRL \$1.2M)
- **COVID Claim:** LE : Died Lung Disease: \$2.5M  
(PACT \$300K, PCM \$1.075M CRL \$1.125M)
- **Head/Lung/Heart:** LE struck by car while directing traffic \$2.8M  
(PACT \$300K, PCM \$1.15M CRL \$1.35M)
- **Shot in Line of Duty:** LE responding to Casino Call Death \$2.2M  
(PACT \$300K, PCM \$1.0M CRL \$900K)

- **Fire Fighter:** Heart Myocardial infarction \$1.8M  
(PACT \$300K, PCM \$900K CRL \$600K)
- **Fire Fighter:** Exposed to toxic fumes, cancer lungs \$1.1M (PACT \$300K, PCM \$725K CRL \$75K)
- **Fire Fighter:** Heart, A Fib, Brain \$1.1M (PACT \$300K, PCM \$725K CRL \$75K)
- **Vol. Fire Fighters:** Major burns, fire caused by downed aircraft \$2.5M  
(PACT \$300K, PCM \$1.075M CRL \$1.125M)
- **Fire Fighter:** Exposed to toxic fumes, cancer, dead \$1.4M  
(PACT \$300K, PCM \$800K CRL \$300K)
- **Total Allocated Payments for these 10 Claims**

PACT	\$3,000,000	14.4%
PCM	\$9,700,000	46.6%
CRL	\$8,100,000	39.0%
Total	\$20,800,000	

# Summary of Large Losses

- **Fire Fighter:** Exposed to toxic fumes \$710K
  - **Building Inspector:** Slip, trip, fall multiple body parts \$787K
  - **Building Maintenance:** Slip, Trip, Fall off roof, multiple body parts \$722K
  - **Fire Fighter:** Strain, lifting patient, multiple body parts \$973K
  - **Vol Fire Fighters:** Major burns, fire caused by downed aircraft \$2.5M
  - **Building Maintenance:** Spreading ice melt, slipped, fell on head \$938,K
- NOTE:** Large Losses affect CRL and PCM Layer of Coverage

# PCM Reinsurance: PACT

## Public Compensation Mutual Self-Insured Workers' Compensation Program Funding Guidelines for 2023-24

Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$700K xs \$300K	\$1,923,000					
\$2M xs \$1M*	227,000					
\$3M xs Aggregate**	85,000					
<b>Total</b>	<b>\$2,235,000</b>	<b>\$2,584,000</b>	<b>\$2,715,000</b>	<b>\$2,866,000</b>	<b>\$3,056,000</b>	<b>\$3,300,000</b>

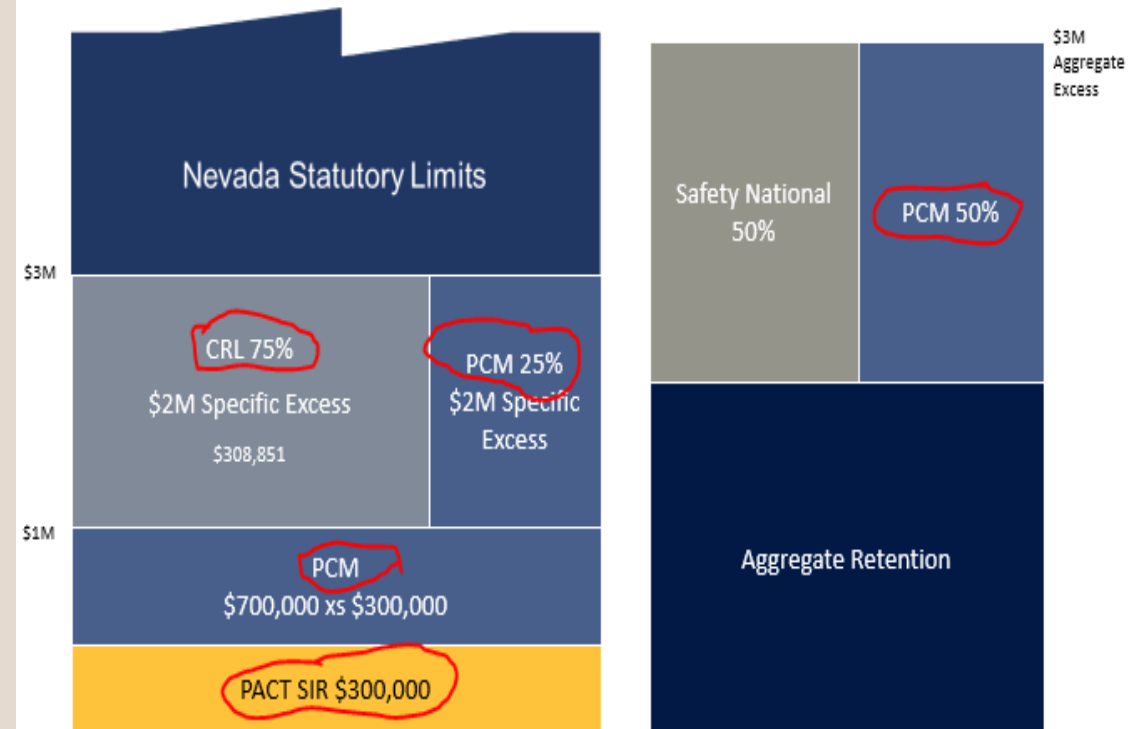
\*25% Quota Share

\*\*50% Quota Share

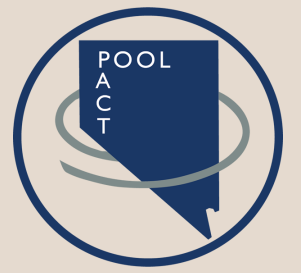
We have estimated the PCM 2023-24 expected funding to be \$2,235,000. This amount includes \$1,923,000 for the layer between PACT's SIR of \$300,000 and \$1.0 million, \$227,000 for the layer between \$1.0 million and \$3.0 million (assuming 25% quota share) and \$85,000 for the excess aggregate layer (assuming 50% quota share), as summarized on Exhibit 1. Amounts at various confidence levels are also provided in that exhibit. The

## Public Agency Compensation Trust 2022-2023

### Workers Compensation Structure

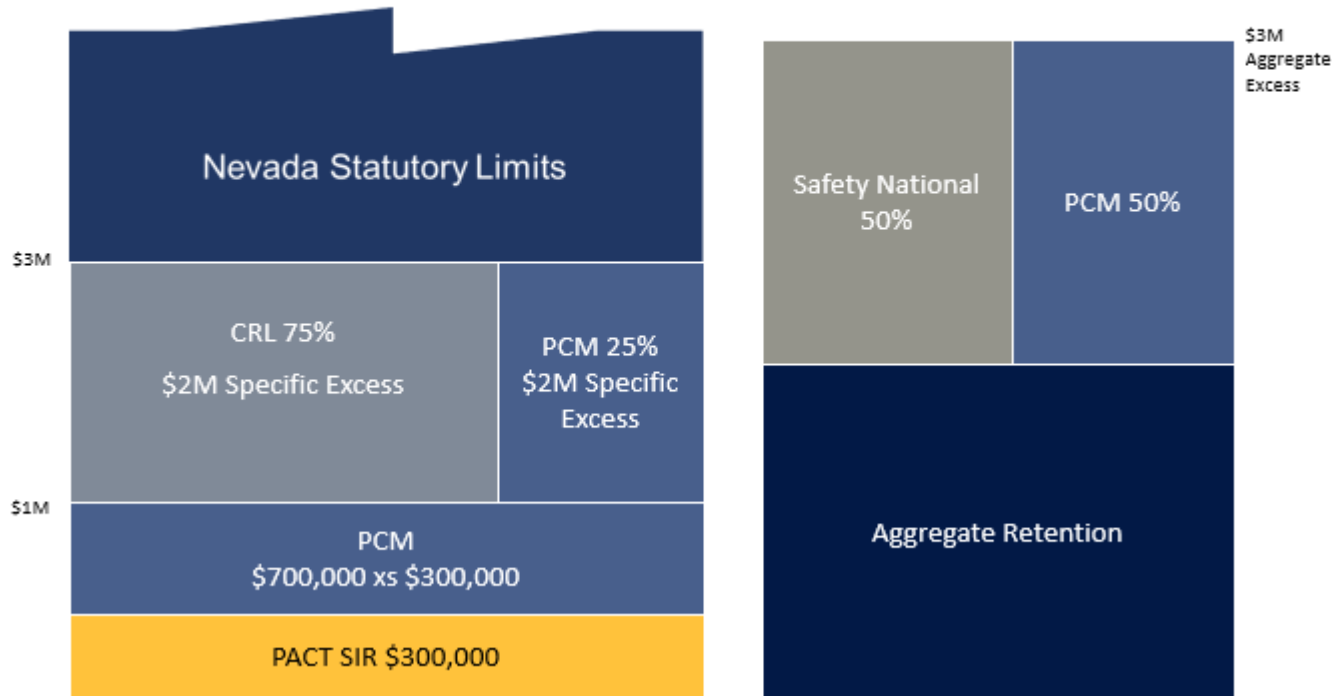


# PACT Cost of Coverage FY 2023-24 Budget 73.9%



## Public Agency Compensation Trust 2022-2023

Workers Compensation Structure



PACT: \$300,000 Layer  
75% CL = **\$8,864,000**  
Loss Fund Contribution

PCM: \$700,000 Layer + 25%  
75% CL = **\$2,912,546**  
Loss Fund Contribution

CRL: \$2M Specific Excess 75%  
Quota Share **\$804,814**



# Claims and Insurance Summary

PACT has not reached the 65% Benchmark for amount spent on Loss Fund and Claims expense in the past 6 years....

Best Rate was in FY 2017 at 68.2%....  
Worse Rate FY 2019 at 96.7%  
Six Year Average is 86.9%

Claims are driving the increases  
Proposed Budget **73.9%** of Costs





# Other PACT Budget Items

## PACT BUDGET 2023-2024

Presented at Executive Committee March 20 & April 7. Adoption set at Annual Meeting April 21, 2023.

	<i>FY 2021-2022 Audit</i>	<i>Fy 22-23 Approved Budget 75% CL</i>	<i>FY 2023-24 Budget 75% CL</i>	<i>Dollar Change</i>	<i>Percentage Change</i>	<i>% of Total Revenues</i>	<i>Notes</i>
<b>Program Expenses</b>							
Member Education and services	\$ 706,676	\$ 1,439,437	\$ 1,447,677	\$ 8,240	0.57%	8.7%	PRI, Target Solution, 24/7/365, CWP,EAP, MSDS On-line, E-learning
Loss control expenses	\$ 436,000	\$ 406,000	\$ 406,000	\$ -	0.00%	2.4%	Willis Fees: To NRP to provide services In-House : Same Rate
Risk Management Grants	\$ 19,217	\$ 425,000	\$ 425,000	\$ -			Board Policy: LCC Monitor Amounts \$500K -\$75K ERMEP Incentives
Underwriting and claims processing	\$ 905,653	\$ 865,852	\$ 865,852	\$ -	0.00%	5.2%	Davies contract proposal new contract
<b>Total Program Expenses</b>	<b>\$ 2,067,546</b>	<b>\$ 3,136,289</b>	<b>\$ 3,144,529</b>	<b>\$ 8,240</b>	<b>0.26%</b>	<b>13.2%</b>	
<b>Administration Expenses</b>							
Management Services	\$ 642,735	\$ 665,231	\$ 688,514	\$ 23,283	3.50%	4.0%	Nevada Risk Pooling Management Team; Updated Apportionment 50/50
Professional Fees	\$ 95,690	\$ 149,325	\$ 153,058	\$ 3,733	2.50%	0.9%	Independent Audit, Payroll Audits, Actuarial
Administrative and Overhead	\$ 691,080	\$ 761,794	\$ 799,884	\$ 38,090	5.00%	4.6%	Rent, Utilities, Copier, Phone, Training, Technology, Support
Insurance Division Fees	\$ 908,881	\$ 700,490	\$ 850,633	\$ 150,143	21.43%	4.2%	Reg Assessment for FY 22 Bud less 10% decrease
Nevada Insolvency Fund and related expenses	\$ 24,330	\$ 20,900	\$ 20,900	\$ -	0.00%	0.1%	State of Nevada mandated fees
<b>Total Administrative Expenses</b>	<b>\$ 2,362,716</b>	<b>\$ 2,297,740</b>	<b>\$ 2,512,989</b>	<b>\$ 215,249</b>	<b>9.37%</b>	<b>15.1%</b>	
<b>Operating Income (Loss)</b>	<b>\$ (342,855)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		0.0%	Allows for legislative impacts on claims cost
Investment Income	(3,670,262)	897,262	1,125,000	\$ 227,738	25.38%	5.4%	Earnings from Investment Portfolio managed by NEAM, SAA
<b>Net Gain (Loss)</b>	<b>\$ (4,013,117)</b>	<b>\$ 897,262</b>	<b>\$ 1,125,000</b>	<b>\$ 227,738</b>	<b>25.38%</b>	<b>-25.7%</b>	
<b>Net Gain (Loss) After Loss Control Grants</b>	<b>\$ (4,013,117)</b>	<b>\$ 897,262</b>	<b>\$ 1,125,000</b>	<b>\$ 227,738</b>			
<b>Transfer/Return of Capital from PCM To PACT</b>	<b>2,500,000</b>	<b>\$ 2,000,000.00</b>	<b>None at this time</b>				

# Summary

- PACT Loss Fund contribution based on 75% Confidence Level
- July 1, 2023 Rate Increase and X-Mod Updated by Actuary  
Recommended 6% General Government Class  
12% for Police and Fire Classifications
- January 1, 2024 Rates and X-Mod Updated by Actuary
- Separate Rate Adjustments for General Employees & Police/Fire Employees (Rate Relativity)
- Payroll Assessment Period is a Calendar Year Basis  
Payroll Audits February - March
- Covered Payroll Capped at \$36,000

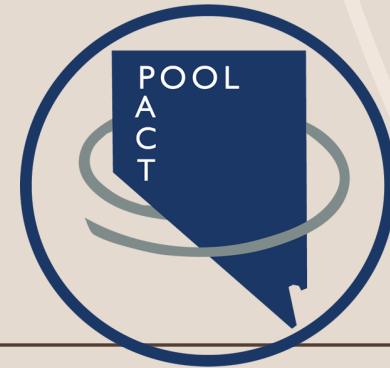
## **ACCOUNTABILITY**

It is not only what we do,  
but also what we do not do,  
for which we are accountable.

[Moliere]

# ***PACT Financial Strength & Stability***

- Must fund the Legal Liability Created by Statutory Coverage....
- Collect the Rate During the Year of Operation  
The Goal is to never have a Special Assessment  
Claim payments can exceed 50 years
- Develop Programs and provide Risk Management Services to protect covered Employees and the Member's Financial Liability
- Member Owned Program.... Member pay the Claims...  
PACT – PCM – CRL – Non-Profit Programs  
Safety National is the only For-Profit Insurance Company in the Quilt  
What's your Unfunded Liability? Nevada PERS
- Long-Term Program Commitment : Bend the Curve  
Support your Employees : Invest in Safety & Wellness
- Thank You for Your Membership



“

Continuing the Conversation...  
*Working Together We Achieve More*

”

## QUESTIONS AND ANSWERS



Thank You for Your Membership &  
Service to your Organization & Community

PACT Counties

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average Annual Cost 5 years 2017/2018-2021/2022	Average Annual Cost 3 years 2019/2020-2021/2022
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims Frequency	Claims Costs		
	7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	2017/2018-2021/2022	2017/2018-2021/2022		
CARSON CITY (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CHURCHILL COUNTY	35	\$ 106,323	26	\$ 85,435	20	\$ 174,605	29	\$ 24,387	28	\$ 44,560	138	\$ 435,310	\$ 87,062	\$ 81,184
DOUGLAS COUNTY (No Longer Membe	1	\$ 6,011	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 6,011	\$ 1,202	\$ -
ELKO COUNTY	46	\$ 148,402	55	\$ 500,666	53	\$ 727,388	42	\$ 31,517	58	\$ 372,721	254	\$ 1,780,693	\$ 356,139	\$ 377,208
ESMERALDA COUNTY	6	\$ 10,085	3	\$ 1,394	3	\$ 7,448	4	\$ 26,257	1	\$ 11,566	17	\$ 56,751	\$ 11,350	\$ 15,091
EUREKA COUNTY	6	\$ 2,413	6	\$ 1,616	12	\$ 130,762	18	\$ 91,672	46	\$ 15,569	88	\$ 242,032	\$ 48,406	\$ 79,334
HUMBOLDT COUNTY	15	\$ 160,867	13	\$ 375,167	27	\$ 62,514	9	\$ 5,118	8	\$ 20,739	72	\$ 624,405	\$ 124,881	\$ 29,457
LANDER COUNTY	9	\$ 257,822	14	\$ 1,203,362	12	\$ 285,942	7	\$ 6,587	5	\$ 2,691,781	47	\$ 4,445,494	\$ 889,099	\$ 994,770
LINCOLN COUNTY	4	\$ 3,711	5	\$ 25,937	6	\$ 7,066	2	\$ 19,264	7	\$ 3,905	24	\$ 59,882	\$ 11,976	\$ 10,078
LYON COUNTY	35	\$ 192,700	73	\$ 598,311	120	\$ 1,105,679	66	\$ 238,139	58	\$ 410,936	352	\$ 2,545,764	\$ 509,153	\$ 584,918
MINERAL COUNTY	6	\$ 18,547	6	\$ 5,242	8	\$ 49,873	6	\$ 7,252	10	\$ 87,458	36	\$ 168,372	\$ 33,674	\$ 48,194
NYE COUNTY (No Longer Member)	108	\$ 5,976,593	113	\$ 765,571	160	\$ 1,985,040	230	\$ 3,769,833	0	\$ -	611	\$ 12,497,036	\$ 2,499,407	\$ 1,918,291
PERSHING COUNTY	3	\$ 2,903	2	\$ 132,460	6	\$ 6,485	11	\$ 454,264	6	\$ 68,800	28	\$ 664,913	\$ 132,983	\$ 176,517
STOREY COUNTY	8	\$ 26,136	3	\$ 5,992	12	\$ 14,165	8	\$ 191,795	7	\$ 582,661	38	\$ 820,749	\$ 164,150	\$ 262,874
WHITE PINE COUNTY	29	\$ 180,019	15	\$ 11,717	20	\$ 92,965	11	\$ 25,966	8	\$ 88,402	83	\$ 399,068	\$ 79,814	\$ 69,111
<b>TOTAL</b>	<b>311</b>	<b>\$ 7,092,530</b>	<b>334</b>	<b>\$ 3,712,869</b>	<b>459</b>	<b>\$ 4,649,933</b>	<b>443</b>	<b>\$ 4,892,050</b>	<b>242</b>	<b>\$ 4,399,098</b>	<b>1,789</b>	<b>\$ 24,746,481</b>	<b>\$ 4,949,296</b>	<b>\$ 4,647,027</b>

PACT Cities

Member Name	Claims		Claims		Claims		Claims		Claims		TOTAL	TOTAL	Average	Average
	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Frequency	Claims Costs	Claims Frequency	Claims Costs	Annual Cost 5 years	Annual Cost 3 years
	7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	2017/2018-2021/2022	2017/2018-2021/2022	2017/2018-2021/2022	2019/2020-2021/2022
BOULDER CITY	17	\$ 19,128	34	\$ 206,129	29	\$ 267,697	26	\$ 419,036	61	\$ 607,038	167	\$ 1,519,029	\$ 303,806	\$ 431,257
CALIENTE	0	\$ -	2	\$ 31,671	1	\$ 141,072	0	\$ -	0	\$ -	3	\$ 172,743	\$ 34,549	\$ 47,024
CARLIN CITY	5	\$ 1,288	1	\$ 3,516	7	\$ 2,473	12	\$ 9,453	27	\$ 151,243	52	\$ 167,973	\$ 33,595	\$ 54,390
CITY OF ELKO	33	\$ 350,607	49	\$ 162,558	36	\$ 326,169	70	\$ 280,486	53	\$ 159,943	241	\$ 1,279,763	\$ 255,953	\$ 255,533
ELY CITY	4	\$ 16,869	10	\$ 29,624	5	\$ 323,347	3	\$ 137,629	7	\$ 131,117	29	\$ 638,585	\$ 127,717	\$ 197,364
CITY OF FALLON (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CITY OF FERNLEY	3	\$ 6,131	2	\$ 265	2	\$ 1,543	2	\$ 1,555	3	\$ 2,459	12	\$ 11,953	\$ 2,391	\$ 1,852
CITY OF LOVELOCK	3	\$ 1,071	6	\$ 57,887	5	\$ 4,783	5	\$ 11,154	3	\$ 5,703	22	\$ 80,598	\$ 16,120	\$ 7,213
MESQUITE CITY (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WELLS CITY	3	\$ 11,504	4	\$ 605	4	\$ 39,162	0	\$ -	3	\$ 447	14	\$ 51,718	\$ 10,344	\$ 13,203
CITY OF WEST WENDOVER	5	\$ 7,752	6	\$ 9,773	2	\$ 1,529	7	\$ 4,305	2	\$ 23,021	22	\$ 46,381	\$ 9,276	\$ 9,619
CITY OF WINNEMUCCA	10	\$ 40,125	4	\$ 46,552	9	\$ 2,444	12	\$ 52,938	10	\$ 68,308	45	\$ 210,367	\$ 42,073	\$ 41,230
CITY OF YERINGTON	5	\$ 43,737	0	\$ -	4	\$ 3,968	1	\$ 1,473	7	\$ 11,644	17	\$ 60,822	\$ 12,164	\$ 5,695
<b>TOTAL</b>	<b>88</b>	<b>\$ 498,211</b>	<b>118</b>	<b>\$ 548,578</b>	<b>104</b>	<b>\$ 1,114,190</b>	<b>138</b>	<b>\$ 918,029</b>	<b>176</b>	<b>\$ 1,160,923</b>	<b>624</b>	<b>\$ 4,239,932</b>	<b>\$ 847,986</b>	<b>\$ 1,064,381</b>

PACT Schools

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	Average	Average
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Claims	Claims	Annual Cost	Annual Cost
	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	2017/2018- 2021/2022	2017/2018- 2021/2022	2017/2018- 2021/2022	2019/2020- 2021/2022
ESMERALDA COUNTY SCHOOL DISTRICT	1	\$ -	3	\$ 5,544	3	\$ 9,841	7	\$ 272,641	4	\$ 13,376	18	\$ 301,402	\$ 60,280	\$ 98,619
EUREKA COUNTY SCHOOL DISTRICT	2	\$ 9,341	1	\$ 37,538	1	\$ 2,461	0	\$ -	0	\$ -	4	\$ 49,340	\$ 9,868	\$ 820
HUMBOLDT COUNTY SCHOOL DISTRICT(No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LANDER COUNTY SCHOOL DISTRICT	4	\$ 34,581	7	\$ 42,367	3	\$ 2,280	3	\$ 47,763	5	\$ 45,367	22	\$ 172,358	\$ 34,472	\$ 31,804
LINCOLN COUNTY SCHOOL DISTRICT	13	\$ 1,773	9	\$ 44,838	10	\$ 3,390	3	\$ 731	4	\$ 10,137	39	\$ 60,869	\$ 12,174	\$ 4,753
MINERAL COUNTY SCHOOL DISTRICT	12	\$ 27,497	28	\$ 4,358	7	\$ 4,575	10	\$ -	9	\$ 5,641	66	\$ 42,072	\$ 8,414	\$ 3,405
NYE COUNTY SCHOOL DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PERSHING COUNTY SCHOOL DISTRICT	4	\$ 16,156	8	\$ 240,701	9	\$ 1,700	8	\$ 35,019	2	\$ 4,002	31	\$ 297,578	\$ 59,516	\$ 13,574
WHITE PINE COUNTY SCHOOL DISTRICT	9	\$ 59,802	8	\$ 14,253	7	\$ 9,191	9	\$ 3,891	38	\$ 16,453	71	\$ 103,589	\$ 20,718	\$ 9,845
<b>TOTAL</b>	<b>45</b>	<b>\$ 149,150</b>	<b>64</b>	<b>\$ 389,600</b>	<b>40</b>	<b>\$ 33,439</b>	<b>40</b>	<b>\$ 360,044</b>	<b>62</b>	<b>\$ 94,975</b>	<b>251</b>	<b>\$ 1,027,207</b>	<b>\$ 205,441</b>	<b>\$ 162,819</b>

PACT Hospitals

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	Average	Average
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Claims Costs	Annual Cost	Annual Cost
	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	2017/2018- 2021/2022	2017/2018- 2021/2022	2017/2018- 2021/2022	2019/2020- 2021/2022
BATTLE MOUNTAIN GENERAL HOSPITAL	12	\$ 88,716	3	\$ 32,336	0	\$ -	1	\$ 567	4	\$ 7,231	20	\$ 128,851	\$ 25,770	\$ 2,599
BOULDER CITY HOSPITAL (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CARSON TAHOE HOSPITAL (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
GROVER C. DILS MEDICAL CENTER	16	\$ 58,106	7	\$ 33,063	7	\$ 4,521	6	\$ 84,518	7	\$ 15,472	43	\$ 195,679	\$ 39,136	\$ 34,837
HUMBOLDT GENERAL HOSPITAL	9	\$ 31,103	13	\$ 23,578	8	\$ 38,843	13	\$ 379,457	17	\$ 86,097	60	\$ 559,078	\$ 111,816	\$ 168,132
MT. GRANT GENERAL HOSPITAL	11	\$ 11,183	7	\$ 9,517	11	\$ 58,389	32	\$ 113,581	15	\$ 25,926	76	\$ 218,596	\$ 43,719	\$ 65,965
PERSHING GENERAL HOSPITAL	11	\$ 13,532	4	\$ 3,980	20	\$ 2,978	9	\$ 64,007	2	\$ 1,321	46	\$ 85,818	\$ 17,164	\$ 22,769
SO. LYON MEDICAL CENTER (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	10	\$ 55,508	13	\$ 12,538	13	\$ 12,540	5	\$ 8,028	21	\$ 25,614	62	\$ 114,228	\$ 28,557	\$ 15,394
<b>TOTAL</b>	<b>69</b>	<b>\$ 258,148</b>	<b>47</b>	<b>\$ 115,012</b>	<b>59</b>	<b>\$ 117,271</b>	<b>66</b>	<b>\$ 650,158</b>	<b>66</b>	<b>\$ 161,661</b>	<b>307</b>	<b>\$ 1,302,251</b>	<b>\$ 266,162</b>	<b>\$ 309,697</b>



PACT Special Districts and Towns

Member Name	Claims Frequency		Claims Costs		Claims Frequency		Claims Costs		Claims Frequency		Claims Costs		TOTAL Claims Frequency	TOTAL Claims Costs	Average Annual Cost 5 years	Average Annual Cost 3 years
	7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	2017/2018-2021/2022	2017/2018-2021/2022	2017/2018-2021/2022	2017/2018-2021/2022	2017/2018-2021/2022	2019/2020-2021/2022
<b>CARSON CITY:</b>																
NEVADA ASSOCIATION OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RISK POOLING, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	1	\$ 777	1	\$ 302	2	\$ 677	4	\$ 8,829	0	\$ -	8	\$ 10,586	\$ 2,117	\$ 3,169		
POOLING RESOURCES, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
<b>CLARK COUNTY:</b>																
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	2	\$ -	1	\$ -	5	\$ 93,125	6	\$ -	12	\$ 2,549	26	\$ 95,674	\$ 19,135	\$ 31,891		
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
<b>CHURCHILL COUNTY:</b>																
CC COMMUNICATIONS	2	\$ 641	1	\$ 5,593	2	\$ 5,563	1	\$ 8,274	0	\$ -	6	\$ 20,070	\$ 4,014	\$ 4,612		
CHURCHILL COUNTY MOSQUITO & ABATEMENT DISTRICT	0	\$ -	0	\$ -	1	\$ 284	0	\$ -	0	\$ -	1	\$ 284	\$ 57	\$ 95		
<b>DOUGLAS COUNTY:</b>																
DOUGLAS CO. MOSQUITO CONTROL DISTRICT	0	\$ -	1	\$ 1,333	0	\$ -	0	\$ -	0	\$ -	1	\$ 1,333	\$ 267	\$ -		
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT	0	\$ -	2	\$ 2,742	0	\$ -	0	\$ -	0	\$ -	2	\$ 2,742	\$ 548	\$ -		
EAST FORK FIRE & PARAMEDIC DISTRICT	26	\$ 741,902	27	\$ 518,780	22	\$ 470,098	26	\$ 157,073	17	\$ 441,215	118	\$ 2,329,068	\$ 465,814	\$ 356,129		
EAST FORK SWIMMING POOL DISTRICT	4	\$ 3,213	4	\$ 3,106	4	\$ 5,232	0	\$ -	2	\$ 3,279	14	\$ 14,830	\$ 2,966	\$ 2,837		
GARDNERVILLE, TOWN OF (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
GENOA, TOWN OF (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
INDIAN HILLS GENERAL IMPROVEMENT DISTRICT	1	\$ -	0	\$ -	0	\$ -	1	\$ 18,998	0	\$ -	2	\$ 18,998	\$ 3,800	\$ 6,333		
LAKERIDGE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MINDEN, TOWN OF (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	1	\$ 652	1	\$ -	0	\$ -	1	\$ 19,500	3	\$ 20,152	\$ 4,030	\$ 6,500		
NV TAHOE CONSERVATION DISTRICT	1	\$ 484	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 484	\$ 97	\$ -		
TAHOE DOUGLAS FIRE PROTECTION DISTRICT	12	\$ 115,489	11	\$ 313,563	9	\$ 230,968	24	\$ 419,430	19	\$ 553,362	75	\$ 1,632,812	\$ 326,562	\$ 401,253		
TAHOE TRANSPORTATION DISTRICT	0	\$ -	1	\$ 206,411	0	\$ -	1	\$ 2,281	0	\$ -	2	\$ 208,692	\$ 41,738	\$ 760		
TOPZA RANCH ESTATES GENERAL IMPROVEMENT DISTRICT	0	\$ -	1	\$ 339	1	\$ 426	0	\$ -	0	\$ -	2	\$ 765	\$ 153	\$ 142		
<b>ELKO COUNTY:</b>																
ELKO CENTRAL DISPATCH	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
<b>ESMERALDA COUNTY:</b>																
GOLDFIELD TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
SILVER PEAK TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
<b>LANDER COUNTY:</b>																
AUSTIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
AUSTIN VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
BATTLE MOUNTAIN, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
BATTLE MOUNTAIN VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
KINGSTON TOWN	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
KINGSTON VOL FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
<b>LINCOLN COUNTY:</b>																
ALAMO SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LINCOLN COUNTY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
LINCOLN COUNTY REGIONAL DEVELOPMENT AUTHORITY	0	\$ -	1	\$ 2,381	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,381	\$ 476	\$ -		
LINCOLN COUNTY WATER DISTRICT	0	\$ -	5	\$ 485	1	\$ -	1	\$ -	0	\$ -	7	\$ 485	\$ 97	\$ -		
NEVADA ASSOC OF CONSERVATION DISTRICTS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
PANACA VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
PIOCHE, TOWN OF	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
PIOCHE VOLUNTEER FIRE DEPT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
<b>LYON COUNTY:</b>																
CENTRAL LYON COUNTY FIRE PROTECT	6	\$ 172,809	5	\$ 13,192	10	\$ 193,489	13	\$ 125,374	8	\$ 216,501	42	\$ 721,364	\$ 144,273	\$ 178,455		
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MASON VALLEY FIRE PROTECTION DISTRICT	2	\$ 40,490	0	\$ -	5	\$ 13,209	0	\$ -	0	\$ -	7	\$ 53,700	\$ 10,740	\$ 4,403		
MASON VALLEY SWIMMING POOL DISTRICT	1	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -		
NORTH LYON COUNTY FIRE PROTECTION DISTRICT	2	\$ 1,734	1	\$ 3,054	6	\$ 3,655	11	\$ 51,379	12	\$ 159,613	32	\$ 219,435	\$ 43,887	\$ 71,549		
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
SMITH VALLEY FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	1	\$ 1,875	0	\$ -	0	\$ -	1	\$ 1,875	\$ 375	\$ 625		
WALKER RIVER IRRIGATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,453	0	\$ -	1	\$ 2,453	\$ 491	\$ 818		
WESTERN NEVADA REGIONAL YOUTH CENTER	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
<b>MINERAL COUNTY:</b>																
HAWTHORNE FIRE & VOL FIRE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
HAWTHORNE UTILITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		
MINERAL CO. CARE & SHARE	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -		

PACT Special Districts and Towns

<b>NYE COUNTY:</b>														
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
BEATTY WATER & SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 4,500	1	\$ 4,500	\$ 900	\$ 1,500
NORTHERN NYE HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PAHRUMP, TOWN OF (No Longer Member)	23	\$ 25,973	33	\$ 445,237	76	\$ 49,103	113	\$ 104,975	0	\$ -	245	\$ 625,289	\$ 125,058	\$ 51,359
PAHRUMP LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 875	1	\$ 875	\$ 175	\$ 292
ROUND MOUNTAIN, TOWN OF	0	\$ -	2	\$ 2,376	0	\$ -	2	\$ 3,898	0	\$ -	4	\$ 6,274	\$ 1,255	\$ 1,299
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TONOPAH LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TONOPAH, TOWN OF	0	\$ -	3	\$ 61,059	3	\$ 90,992	2	\$ 175	0	\$ -	8	\$ 152,225	\$ 30,445	\$ 30,389
<b>PERSHING COUNTY:</b>														
PERSHING COUNTY WATER CONSERVATION DISTRICT	0	\$ -	3	\$ 20,361	1	\$ 1,147	1	\$ 15,530	1	\$ 1,492	6	\$ 38,529	\$ 7,706	\$ 6,056
<b>STOREY COUNTY:</b>														
CANYON GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TRI GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 188,000	1	\$ 775	2	\$ 188,775	\$ 37,755	\$ 62,925
<b>WASHOE COUNTY:</b>														
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT	39	\$ 326,697	45	\$ 151,553	30	\$ 191,561	24	\$ 42,179	39	\$ 621,646	177	\$ 1,333,635	\$ 266,727	\$ 285,128
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	31	\$ 1,010,225	27	\$ 232,948	36	\$ 296,901	30	\$ 202,332	39	\$ 475,522	163	\$ 2,217,928	\$ 443,586	\$ 324,919
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	1	\$ -	1	\$ 908	0	\$ -	0	\$ -	0	\$ -	2	\$ 908	\$ 182	\$ -
RTC OF WASHOE COUNTY	0	\$ -	1	\$ 1,773	2	\$ 2,716	1	\$ 19,112	0	\$ -	4	\$ 23,601	\$ 4,720	\$ 7,276
SIERRA FIRE PROTECTION DISTRICT (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SUN VALLEY GENERAL IMPROVEMENT DIST (No longer member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT (No Longer Membe	1	\$ 88,900	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 88,900	\$ 17,780	\$ -
TRUCKEE MEADOWS REGIONAL PLANNING AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WASHOE FIRE SUPPRESSION DISTRICT	0	\$ -	0	\$ -	1	\$ 3,245	0	\$ -	0	\$ -	1	\$ 3,245	\$ 649	\$ 1,082
<b>WHITE PINE COUNTY:</b>														
MCGILL RUTH CONSOLIDATED SEWER & WATER GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA NORTHERN RAILWAY FOUNDATION	3	\$ 6,371	2	\$ 2,243	3	\$ 3,813	3	\$ 4,631	7	\$ 15,737	18	\$ 32,795	\$ 6,559	\$ 8,060
WHITE PINE COUNTY FIRE PROTECTION DISTRICT	1	\$ 1,516	3	\$ 4,529	1	\$ 2,795	1	\$ 1,644	0	\$ -	6	\$ 10,485	\$ 2,097	\$ 1,480
WHITE PINE COUNTY TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WHITE PINE COUNTY TV DISTRICT #1	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>159</b>	<b>\$ 2,537,220</b>	<b>183</b>	<b>\$ 1,994,920</b>	<b>223</b>	<b>\$ 1,660,874</b>	<b>267</b>	<b>\$ 1,376,569</b>	<b>160</b>	<b>\$ 2,516,566</b>	<b>992</b>	<b>\$ 10,086,149</b>	<b>\$ 2,017,230</b>	<b>\$ 1,851,336</b>

PACT Summary of All Claims  
as of 6/30/22

Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	TOTAL Claims Frequency	TOTAL Claims Costs	Average Annual Cost 5 years	Average Annual Cost 3 years
7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	2017/2018-2021/2022	2017/2018-2021/2022	2017/2018-2021/2022	2019/2020-2021/2022
672	\$ 10,535,259	746	\$ 6,760,980	885	\$ 7,575,707	954	\$ 8,196,850	706	\$ 8,333,223	3,963	\$ 41,402,020	\$ 8,280,404	\$ 8,035,260

**PACT Executive Committee**

	Term	Entity	Officers	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 1)	Special Districts (Total 1)	Hospitals (Total 1)
Mike Giles	2021-2023	City of Lovelock	Vice Chair	X				
Josh Foli	2021-2023	Lyon County	Fiscal Officer		X			
Amanda Osborne	2021-2023	Elko County			X			
Joe Westerlund	2021-2023	Town of Tonopah					X	
Robyn Dunckhorst	2022-2024	Humboldt General Hospital						X
Craig Roissum	2022-2024	City of Caliente		X				
Paul Johnson	2022-2024	White Pine Co. School District	Chair			X		

**Voting Special Districts/Towns:**

Tod Carlini or Lisa Owen	East Fork Fire Protection District	X
vacant	Incline Village GID	X
Joe Westerlund	Town of Tonopah	X
Scott Carls or Heather Anderson-Fintak	Southern Nevada Health District	X
Scott Lindgren	Tahoe Douglas Fire Protection District	X

**Voting Hospitals:**

Marla Sam or James Matheus	Battle Mountain General Hospital	X
Missie Rowe	Grover C Dils Hospital	X
Robyn Dunckhorst	Humboldt General Hospital	X
Jonalee Roberts or Hunter Balanos	Mt Grant General Hospital	X
Cindy Hixenbaugh or Lynn Broyles	Pershing General Hospital	X



Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
Telephone (775) 885-7475  
Facsimile (775) 883-7398

**Notice of Meetings and Agendas for the Meeting of  
the Board of Directors and of the Executive Committee of  
Nevada Public Agency Insurance Pool**

**Date: April 21, 2023**

**Location: Grand Sierra Resort, Grand Sierra Resort  
500 E 2nd St,  
Reno, NV 89595**

**Time: upon adjournment of Joint Board and Executive Committee Meeting, which starts at 8:00am,  
and the Public Agency Compensation Trust meeting.**

**AGENDA**

**Notices:**

- 1. Items on the agenda may be taken out of order;**
- 2. Two or more items on the agenda may be combined for consideration**
- 3. Any item on the agenda may be removed or discussion may be delayed at any time**
- 4. The general Public Comment periods are limited to those items not listed on the agenda. Public Comment periods are devoted to comments by the general public, if any, and may include discussion of those comments; however, no action may be taken upon a matter raised under Public Comments until the matter itself has been included specifically on an agenda as an item upon which action may be taken.**
- 5. At the discretion of the Chair of the meeting, public comments on specific agenda items may be allowed, but must be limited to the specific agenda item.**

- 1. Introductions and Roll**
- 2. Public Comment**
- 3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
  - a. Approval of Minutes of Board Meeting of April 21, 2022**
  - b. Acceptance of Interim Financial Statements**
  - c. Acknowledge PRM Articles of Incorporation and Bylaws Changes**
- 4. For Possible Action: Acceptance of Audit for June 30, 2022**
- 5. For Possible Action: Approval of Renewal Reinsurance and Insurance Proposals and Options**
- 6. For Possible Action: Approval of Budget for 2023-2024 including Actuarial Funding Update**
- 7. For Possible Action: Approval of POOL Coverage Form Changes for 2023-2043**

8. **For Possible Action:** Approval of POOL Cyber Risk Coverage Form Changes for 2023-2024
9. **For Possible Action:** Action regarding these topics:
  - a. Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition
  - b. Review of the loss experience of each Member of the association - Claims Experience Report Summary
  - c. Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition
10. **For Possible Action:** Election of Executive Committee for Two Year Terms from 2023-2025
  - a. One Representative from Counties and/or Cities with less than 35,000 Population
  - b. Two Representatives from Counties and/or Cities with 35,000 Population or More
  - c. One Representative of School Districts
11. **For Possible Action:** Election of Chair and Vice Chair
12. Public Comment
13. **For Possible Action:** Adjournment

This Agenda was posted at the following locations and on the State's Website [notice.nv.gov](http://notice.nv.gov):

N.P.A.I.P. / P.A.C.T.  
201 S. Roop Street, Suite 102  
Carson City, NV 89701

Carson City Courthouse  
885 E. Musser Street  
Carson City, NV 89701

Eureka County Courthouse  
10 S. Main Street  
Eureka, NV 89316

Churchill County Administration  
155 North Taylor Street  
Fallon, NV 89406

#### NOTICE TO PERSONS WITH DISABILITIES

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Nevada Public Agency Insurance Pool or Public Agency Compensation Trust in writing at 201 S. Roop Street, Suite 102, Carson City, NV 89701, or by calling (775) 885-7475 at least three working days prior to the meeting.



**Nevada Public Agency Insurance Pool  
Public Agency Compensation Trust**  
201 S. Roop Street, Suite 102  
Carson City, NV 89701-4779  
Toll Free Phone (877) 883-7665  
Telephone (775) 885-7475  
Facsimile (775) 883-7398

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**Minutes of the Meeting of  
the Board of Directors and of the Executive Committee of  
Nevada Public Agency Insurance Pool  
Date: April 21, 2022**

**Time: upon adjournment of Joint Board and Executive Committee Meeting, which starts at 8:00am,  
and the Public Agency Compensation Trust meeting.**

Please click this URL to view meeting documents.

**Virtual Only**

Join Zoom Meeting

<https://us02web.zoom.us/j/85892154845?pwd=MXgyN0JwMC93eVksTEV1c3pBd29EUT09>

Meeting ID: 858 9215 4845

Passcode: 554718

One tap mobile

+13462487799,,85892154845#,,,,\*554718# US (Houston)

+16699006833,,85892154845#,,,,\*554718# US (San Jose)

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+1 669 900 6833 US (San Jose)

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+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

+1 301 715 8592 US (Washington DC)

Meeting ID: 858 9215 4845

Passcode: 554718

Find your local number: <https://us02web.zoom.us/j/85892154845?pwd=MXgyN0JwMC93eVksTEV1c3pBd29EUT09>

**1. Introductions and Roll**

Chairman Josh Foli called the meeting to order at 11:45 AM

**2. Public Comment**

The Chair opened the public comment period; there were no comments.

**3. For Possible Action: Consent Agenda: Approve as a Whole Unless Moved from Consent Agenda**

**a. Approval of Minutes of Board Meeting of April 22, 2021**

**b. Acceptance of Interim Financial Statements**

On motion to approve consent agenda as a whole by Geof Stark , second by Elizabeth Frances, the motion carried.

**4. For Possible Action: Acceptance of Audit for June 30, 2021**

Alan Kalt, CFO reviewed the Audit PowerPoint presentation highlighting financial operations during the year, as well as, reviewing the actuarial report of fiscal year liabilities for the POOL. He noted that the Net Position increased by \$1.8M during the year. He noted that the reserves for claims and claims adjustment expenses increased during the year as determined by the independent actuary using the 75% confidence level based on board policy. The audit report notes the financial strength of the POOL.

On motion to approve acceptance of audit by Elizabeth Frances, second by Mike Giles, the motion carried.

**5. For Possible Action: Approval of Renewal Reinsurance and Insurance Proposals and Options**

Stephen Romero went over the structure graph of the POOL program and layers of coverage. He reminded the Board that each year the POOL goes out to bid or shops the coverage with the various markets to ensure the best overall price of the reinsurance program for the members. The property coverage is still being finalized by the London Willis Brokers anticipating a 7.5% increase due to an increase in claim cost on excess property losses. Next, Stephen reviewed the Year over Year graph showing the changes from the current year (expiring) to the renewal year. The Option for consideration is moving the school coverage to Old Republic rather than United Educators for a cost savings/reduction in the amount of increase to our school members. Furthermore, on the excess liability structure going with 100% of GEM rather than the 35% GEM, 40% Brit and 25% PRM. This move to GEM results in an estimated savings of \$122,500 over the expiring rates. Stephen empathized that the Year over Year comparison is for the reinsurance coverage only and the primary layer is with the POOL and will be addressed in the next agenda item of the POOL budget.

On motion to approve renewal of reinsurance proposals contained in Option 1 wherein the school liability coverage will be with Old Republic and the excess liability 100% with GEM by Curtis Calder, second by Mike Giles, the motion carried.

**6. For Possible Action: Approval of Budget for 2022-2023 including Actuarial Funding Update**

Alan Kalt, CFO, went over the 2022-2023 budget overview summary pages included in the packet. He noted that the increase in the property rate over the estimated 5% will increase the overall cost by an additional 0.85% as noted in Option 3 in his summary. Alan reminded the members that the POOL has a very active working layer as the SIR for property is \$200,000, Liability lay pays the first \$500,000 in claims costs with Cyber and Environmental paying the first \$250,000 of each and every claim. As such, the increase in these costs at the 75% CL funding as recommended by the independent actuary pushes the overall rate increase to 11.93% in the Option approved above in the reinsurance renewal.

After a brief discussion, on motion to approve the budget for 2022-2023 for POOL by Curtis Calder, second by Mike Giles, the motion carried.

**7. For Possible Action: Approval of Renewal Contract with Davies Claims Solutions**

Chairman Foli indicated that the contract was in the packet and was similar to the PACT contract. There were no additional questions.

On motion by Curtis Calder to approve renewal contract , second by Mike Giles, the motion carried.

**8. For Possible Action: Approval of POOL Coverage Form Changes for 2022-2023**

Wayne Carlson , Executive Director walked through the various changes in the POOL Coverage Form as recommended by outside legal counsel Jack Angaran.



After a brief discussion, on motion to approve POOL Coverage form changes by Curtis Calder, second by Mike Giles, the motion carried.

**9. For Possible Action: Approval of POOL Cyber Risk Coverage Form Changes for 2022-2023**

Wayne Carlson and Jack Angaran discussed the proposed changes in the POOL Cyber Risk Coverage Form as included in the packet. They noted that these changes were necessary to agree to the coverage terms and conditions of the reinsurance carriers and limit reductions.

On motion to approve POOL Cyber Risk Coverage form changes by Mike Giles, second by Curtis Calder, the motion carried.

**10. For Possible Action: Action regarding these topics:**

- a. **Review of financial condition of each member and prompt notification to the Members of any Member determined to be operating in a hazardous financial condition**
- b. **Review of the loss experience of each Member of the association - Claims Experience Report Summary**
- c. **Review for removal of Members with excessive loss experience or Members determined by the Board to be operating in a hazardous condition**

A discussion was held on these three items. It was noted that we were not aware of any member operating in a hazardous financial condition that warranted removal from the POOL. Donna Squires, Davies Claims Manager, noted the excessive claims experience of Nye County as noted in the Claims report included in the packet. It was noted that members with higher claims experience will pay a higher rate as determined by the independent actuary. At this time, there was no action taken.

**11. For Possible Action: Election of Executive Committee for Two Year Terms from 2022-2024**

- a. **One Representative from Special Districts**
- b. **One Representative from Counties and/or Cities with less than 35,000 Population**
- c. **One Representative of School Districts**

The declared candidates for the Executive Committee were Scott Lindgren from Tahoe Fire District representing the Special Districts, Ann Cyr from Carson City School District for the School District representative, and Gina Rackley representing Counties/Cities with less than 35,000 population for two-year terms for 2022-2024. Amanda Osborne will serve the remaining term vacated by Cash Minor through 2023.

On motion to approve the declared candidates by Curtis Calder, second by Dave Mendiola, the motion carried.

**12. For Possible Action: Election of Chair and Vice Chair**

Chair Josh Foli indicated that he is willing to continue to serve as Chair if elected by the board. Geof Stark indicated that he was willing to serve as Vice Chair if elected.

On motion to approve Josh Foli as POOL Chair and Geof Stark as Vice Chair by Mike Giles, second by Gina Rackley, the motion carried.

**13. Public Comment**

The Chair called for Public Comments. There were no comments.

**14. For Possible Action: Adjournment**

Chair Foli adjourned the meeting at 12:46 PM

DRAFT

## NEVADA PUBLIC AGENCY INSURANCE POOL

Balance Sheet  
February 28, 2023

## ASSETS

Current Assets	
Cash - Claims - Wells Fargo	(\$ 75,302.79)
Cash - Admin. - Wells Fargo	7,043,366.92
A/R PARMS	47.00
Building Accounts Receivable	<u>32.34</u>
Total Current Assets	6,968,143.47
Property and Equipment	
Land - 2nd & Roop Streets	466,653.05
Building - 2nd & Roop Streets	1,783,715.41
Building Depreciation	(902,526.31)
Equipment	71,510.74
Equip Accumulated Depreciation	(173,115.01)
Building Equipment	71,227.13
Building Equipment Acc. Depr.	(1,155.00)
Building Fixtures	290,970.31
Building Furniture	<u>4,359.75</u>
Total Property and Equipment	1,611,640.07
Other Assets	
Lease Asset	300,005.00
Investment Cash Equivalents	531,527.68
Investments	24,718,688.60
Investment Income Receivable	99,262.01
Assessments Receivable	571,241.78
Specific Recoverable	3,578,951.68
Maintenance Deductibles	169,319.05
A/R - Other	2,742.43
Prepaid Reinsurance	3,145,352.05
Prepaid Commission - Current	445,297.94
Prepaid ASC	63,466.95
Prepaid Schools Security Program	7,805.00
Other Prepaid	474.00
Prepaid Casualty Insurance	<u>22,328.49</u>
Total Other Assets	<u>33,656,462.66</u>
Total Assets	<u>\$ 42,236,246.20</u>

## LIABILITIES AND CAPITAL

Current Liabilities	
Payable For Risk Mgmt Grants	\$ 182,478.68
Deferred Revenues	137,840.00
Lease Obligations	162,165.00



NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2023

	Current Month		Year to Date	
<b>Revenues</b>				
PRM Risk Mitigation Services	\$ 0.00	0.00	\$ 237,500.00	1.65
Rental Income	15,192.89	1.06	152,318.32	1.06
Building Supplies Reimbursement	0.00	0.00	0.00	0.00
Copier Paper Reimbursement	0.00	0.00	0.00	0.00
Equipment Lease Reimbursement	0.00	0.00	0.00	0.00
Bldg Equip Maint Reimbursement	0.00	0.00	0.00	0.00
Phone Charges Reimbursement	0.00	0.00	0.00	0.00
Postage Reimbursement	0.00	0.00	0.00	0.00
Technology Services Reimbursement	13,454.51	0.94	107,636.08	0.75
Assessments Written	0.00	0.00	21,344,807.00	148.32
Taxes Written	0.00	0.00	7,040.59	0.05
Change in Unearned Assessments	1,779,026.00	123.68	(7,116,116.00)	(49.45)
Investment Interest Income	55,694.49	3.87	436,078.13	3.03
Investment Discount/Premium	(3,990.74)	(0.28)	(18,529.05)	(0.13)
Invest. Unrealized Gain/(Loss)	(420,982.15)	(29.27)	(806,993.88)	(5.61)
Other Income	0.00	0.00	47,519.50	0.33
<b>Total Revenues</b>	<b>1,438,395.00</b>	<b>100.00</b>	<b>14,391,260.69</b>	<b>100.00</b>
<b>Cost of Sales</b>				
Reinsurance Ceded	786,332.00	54.67	5,729,079.00	39.81
Aiport Liability Program	0.00	0.00	0.00	0.00
Loss Fund Expense	561,827.00	39.06	4,494,616.00	31.23
Commission Expense - Current	111,323.00	7.74	890,354.00	6.19
In-House Broker/Underwriting	21,250.00	1.48	170,000.00	1.18
ASC Claims Admin. Fees	63,466.00	4.41	610,124.21	4.24
Tax Expense	0.00	0.00	22,309.62	0.16
Loss Control Fees	20,833.00	1.45	166,664.00	1.16
<b>Total Cost of Sales</b>	<b>1,565,031.00</b>	<b>108.80</b>	<b>12,083,146.83</b>	<b>83.96</b>
<b>Gross Profit</b>	<b>(126,636.00)</b>	<b>(8.80)</b>	<b>2,308,113.86</b>	<b>16.04</b>
<b>Expenses</b>				
Sponsorship Fees	2,500.00	0.17	5,000.00	0.03
Counsel Opinions	7,675.00	0.53	35,997.50	0.25
Travel	5,869.72	0.41	30,012.93	0.21
Casualty Insurance	4,542.00	0.32	36,336.00	0.25
Dues & Seminar Fees	0.00	0.00	9,655.46	0.07
Audit Expense	0.00	0.00	11,596.00	0.08
Printing/Copying/Subscriptions	363.28	0.03	5,766.95	0.04
Postage	133.68	0.01	133.68	0.00
Office Supplies	139.45	0.01	10,881.31	0.08
Communications Expense	1,700.32	0.12	2,374.77	0.02
Legal Expense	0.00	0.00	180.00	0.00
Board & Committee Meetings	2,962.56	0.21	17,351.21	0.12
Actuary Expense	0.00	0.00	9,970.00	0.07
Member Education & Services	31,966.85	2.22	427,419.65	2.97
Bank Charges	0.00	0.00	393.03	0.00

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 28, 2023

	Current Month		Year to Date	
Loss Control Excellence Awards	0.00	0.00	0.00	0.00
Consultants Appraisals	0.00	0.00	57,162.50	0.40
PRI Grant	74,585.50	5.19	596,684.00	4.15
Loss Control Grants	24,800.22	1.72	235,349.00	1.64
Technology Services	9,031.14	0.63	107,912.68	0.75
Cyber/Data Project	14,458.08	1.01	124,638.05	0.87
NRP Grant	55,436.00	3.85	443,488.00	3.08
Investment Expense	370.86	0.03	27,358.18	0.19
Identity Guard Program	0.00	0.00	0.00	0.00
Building Maintenance & Repairs	4,224.00	0.29	20,275.72	0.14
Conference Room Expense	0.00	0.00	63.28	0.00
Custodial Services	2,350.00	0.16	15,628.51	0.11
Building Depreciation Expense	3,716.00	0.26	29,728.00	0.21
Bldg. Equipment Maintenance	1,737.52	0.12	11,559.37	0.08
Building Equipment Lease	0.00	0.00	5,681.30	0.04
Building Copier Paper	577.67	0.04	938.94	0.01
Building Insurance Expense	1,039.00	0.07	8,312.00	0.06
Building Office Supplies	0.00	0.00	784.08	0.01
Building Tax Expense	0.00	0.00	4,951.73	0.03
Postage For Meter	0.00	0.00	1,225.00	0.01
Building Utilities	1,805.48	0.13	15,884.28	0.11
	<u>251,984.33</u>	17.52	<u>2,310,693.11</u>	16.06
Total Expenses				
Net Income	<u>(\$ 378,620.33)</u>	(26.32)	<u>(\$ 2,579.25)</u>	(0.02)

**Amended ARTICLES OF INCORPORATION**

**OF**

**PUBLIC RISK MUTUAL**

The undersigned, named incorporators for the purpose of associating to establish a nonprofit captive mutual insurer, pursuant to and by virtue of Chapter 694C and Chapter 81 of the Nevada Revised Statutes, do hereby certify and adopt the following Articles of Incorporation.

**ARTICLE I**

**NAME**

The name of the corporation shall be Public Risk Mutual.

**ARTICLE II**

**PRINCIPAL OFFICE**

The location of the principal office of the corporation in the State of Nevada is 201 S. Roop Street, Suite 102, Carson City, Nevada 89701. The Board of Directors may from time to time, by resolution, change the location of the principal office within the State of Nevada. The corporation may also maintain an office or offices at such other place or places, either within or without the State of Nevada, as may be resolved, from time to time, by the Board of Directors.

**ARTICLE III**

**RESIDENT AGENT**

The name and address of the Resident Agent of the corporation in the State of Nevada is: Katherine F. Parks | President | Thorndal Armstrong Delk Balkenbush & Eisinger 6590 S. McCarran Blvd., Suite B | Reno, NV 89509

## ARTICLE IV

### **PURPOSES AND POWERS**

In accordance with the provisions of NRS 694C.300, the purposes for which this corporation is organized is to transact property and casualty insurance, as defined in Chapter 681A of the Nevada Revised Statutes, for which the corporation is or shall be qualified under Title 57 of the Nevada Revised Statutes.

This corporation is being formed as a non-profit cooperative corporation without stock in accordance with the provisions of NRS 81.410 *et seq.*

## ARTICLE V

### **MEMBERS**

**Section 5.1** Nevada Public Agency Insurance Pool (POOL) is the sole policyholder of one or more contracts of insurance issued by the corporation, shall be a member of the corporation and shall have such right to vote as hereinafter expressly provided for so long as the policy or contract of insurance remains in force.

**Section 5.2** At meetings of the Policyholder wherein the Policyholder shall be entitled to vote, POOL shall be entitled to one vote only, regardless of the number of policies or amount of insurance held by the Policyholder.

**Section 5.3** Any action required or permitted to be taken by the Policyholder of the corporation must be effected at the annual meeting or a special meeting of members of the corporation. Policyholder may consent in writing to the taking of any action.



**Section 5.4** Without the affirmative vote of the Policyholder, the corporation shall not:

- (a) sell, lease or exchange all, or substantially all of its assets; or
- (b) enter into any merger or similar transaction.

## ARTICLE VI

### DIRECTORS

**Section 6.1** The corporate powers of the corporation shall be vested in a Board of Directors and shall be exercised by any such officers, agents, employees and committees as the Board may, in its discretion, from time to time appoint and empower. The Board shall have the power from time to time to make, amend or repeal such bylaws, rules and regulations for the transaction of the business of the corporation as the Board may deem expedient and as are consistent with these Articles of Incorporation and the laws of the State of Nevada.

**Section 6.2** The Board of Directors shall consist of not less than three and not more than seven Directors, as shall be determined from time to time by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors then in office.

**Section 6.3** Except as otherwise provided in the Nevada Revised Statutes, a director or officer is not individually liable to the corporation for any damages as a result of any act or failure to act in his capacity as a director or officer unless it is proven that:

(a) His act or failure to act constituted a breach of his fiduciary duties as a director or officer; and

(b) His breach of those duties involved intentional misconduct, fraud or a known violation of law.

As authorized by law, the expenses of officers and directors incurred in defending a civil



**PUBLIC RISK MUTUAL  
(PRM)**

**BYLAWS**

**Adopted May 25, 2004  
Amended May 15, 2007  
Amended June 16, 2020  
Amended December 14, 2022**

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## BYLAWS OF PUBLIC RISK MUTUAL

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# **BYLAWS OF PUBLIC RISK MUTUAL (PRM)**

## **ARTICLE I: PRM PHILOSOPHY AND STRUCTURE**

### **SECTION 1.01. PHILOSOPHY.**

The philosophy of Public Risk Mutual (PRM) is to maintain long term stability in the costs and coverages provided by PRM to Nevada Public Agency Insurance Pool (POOL) and the accumulation and maintenance of surplus in order to maintain financial soundness to assure POOL that it will fulfill its obligations.

### **SECTION 1.02. GENERAL STRUCTURE.**

PRM is governed by its Board of Directors composed of at least five POOL Representatives each serving for a term of four (4) years. Directors may be reelected to new terms. The Board of Directors will designate one Director to be Chair, one Director to be Vice-Chair, and one Director to be Fiscal Officer. The Board of Directors will appoint a President to act as chief executive and operating officer and will appoint any other Officer they deem necessary.

### **SECTION 1.03. DUTIES AND RESPONSIBILITIES.**

The responsibilities of PRM to POOL shall be:

- (a) To provide a source of reinsurance coverage which will complement coverage provided by POOL (Nevada Public Agency Insurance Pool);
- (b) To provide such risk management services and materials for education purposes to support POOL as the Board determines necessary and affordable;
- (c) To conduct the business of PRM to continue to operate as a lawful nonprofit pure captive mutual insurance company; and
- (d) To collect and disburse fees and other trusts for the sound financial organization and operation of PRM.

### **SECTION 1.04. DUTIES AND RESPONSIBILITIES OF POOL**

The duties and responsibilities of POOL shall be:

- (a) To comply in spirit and letter with the Bylaws, rules, regulations and objectives of PRM;

- (b) To make timely submissions to PRM and its reinsurers of contributions of any applicable reinsurance premiums;
- (c) To comply with all requirements of PRM and to submit claims to the POOL claims servicing organization promptly,

## ARTICLE II: OFFICES

### SECTION 2.01. PRINCIPAL OFFICE.

PRM's principal office shall be fixed and located in such place as the Board shall determine. The Board is granted full power and authority to change said principal office from one location to another.

### SECTION 2.02. OTHER OFFICES.

Branch or subordinate offices may be established at any time by the Board at any place or places.

## ARTICLE III: ANNUAL MEETINGS

### SECTION 3.01. PLACE OF MEETINGS

Meetings shall be held at any place designated by the Board.

### SECTION 3.02. ANNUAL MEETINGS.

The annual meeting of PRM shall be held prior to the end of each fiscal year. The Board of Directors of PRM shall be elected at the annual meeting of POOL. Once the PRM board has been elected, PRM may hold its annual meeting and conduct any other proper business at the PRM annual meeting.

### SECTION 3.03. SPECIAL MEETINGS.

Special meetings shall be held as may be determined necessary by the Board.

### SECTION 3.04. NOTICE OF ANNUAL OR SPECIAL MEETINGS.

Written notice of each annual or special meeting shall be given not less than ten nor more than ninety days before the date of the meeting to POOL; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail or by electronic mail, the notice shall be given not less than twenty days before the meeting. Such notice shall state the place, date and hour of the meeting, and

- (a) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or

- (b) in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action.

#### SECTION 3.05. CONDUCT OF MEETINGS.

The Chair of the Board may preside as chair at all meetings of the Policyholders. The Chair shall conduct each such meeting in a businesslike and fair manner, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure.

### ARTICLE IV: DIRECTORS

#### SECTION 4.01. POWERS.

Subject to any limitations contained in these Bylaws or any Law relating to action required to be approved by POOL, the activities and affairs of PRM shall be conducted and all powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of PRM to any person or persons, management company, or committee however composed, provided that the activities and affairs of PRM shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all officers, agents and employees of PRM, prescribe powers and duties for them consistent with law or these Bylaws, fix their compensation and require from them such security, if any, for faithful service as the Board may deem appropriate;
- (b) To conduct, manage and control the affairs and activities of PRM, and to make such rules and regulations therefore consistent with Law, the Agreement or these Bylaws, as they may deem appropriate;
- (c) To borrow money and incur indebtedness for the purposes of PRM, and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidence of debt and securities therefore.

#### SECTION 4.02. RIGHTS OF INSPECTION.



POOL shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of PRM.

#### SECTION 4.03. VACANCIES.

- (a) Subject to the provisions of the Agreement, any Director may resign effective upon giving written notice to the Chair of the Board, the President, or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be selected before such time, to take office when the resignation becomes effective.
- (b) Vacancies on the Board, except those existing as result of a removal of a Director, may be filled by a majority of the remaining Directors, although less than a quorum, or by a sole remaining Director at any regular or special meeting of the Board. Each Director so selected shall hold office until the next meeting of POOL and until a successor has been selected and qualified. POOL shall at its next regular meeting appoint a replacement Director.
- (c) A vacancy in the Board shall be deemed to exist in case of the death, resignation, or removal of any Director, or if the authorized number of Directors be increased, or if POOL fails to elect an authorized Director.
- (d) The Board may declare vacant the office of a Director who has been declared of unsound mind by a final order of court, convicted of a felony, or been found by a final order or judgment of any court to have breached any duty arising under the laws of the State of Nevada or PRM Articles of Incorporation or Bylaws. In addition, the Board may remove, and declare vacant, the office of a Director who fails to attend any Board meetings within any one fiscal year.

#### SECTION 4.04. REMOVAL OF DIRECTORS.

Except as otherwise provided by the Law, any or all Directors may be removed with or without cause, if approved by the Board of Directors of POOL.

#### SECTION 4.06. FEES AND COMPENSATION.

Directors shall not receive any compensation for their services as Directors or as members of committees or commissions, but, by resolution of the Board, reimbursement or advancement may be made for any expenses incurred or paid by them for the benefit of PRM.

PRM shall not make any loan of money or property to, or guarantee the obligation of,

any Director or officer, unless approved by the Nevada Commissioner of Insurance.

#### SECTION 4.06. REPRESENTATIVES MUST BE AN OFFICER OR ANY EMPLOYEE OF A POOL MEMBER.

The Voting Representative or Alternate Voting Representative must be an officer or employee of a POOL Member. No other person or organization shall be permitted to serve on the Board of Directors, except as provided elsewhere in these Bylaws.

#### SECTION 4.07. PLACE OF MEETINGS.

The Board of Directors shall meet at least one time each year in the State of Nevada. All other meetings of the Board of Directors shall be held at any place designated by the Board.

#### SECTION 4.08 SPECIAL MEETINGS.

Special meetings of the Board shall be held as may be determined necessary by the Board.

### ARTICLE V: COMMITTEES

#### SECTION 5.01. STANDING OR SPECIAL COMMITTEES.

- (a) If the Board determines that the management of the Organization would benefit by the establishment of one or more standing or special committees, the Board may from time to time establish one or more such committees.
- (b) The term "standing committee" or "special committee" shall mean any committee appointed by the Board, which is authorized by specific delegation, without further Board action, to make and implement decisions on behalf of the Board, or to implement, with some degree of discretion, decisions of the Board pursuant to guidelines established by the Board.
- (c) The establishment of a standing or special committee shall be effected by a resolution of the Board approved by the vote of the majority of the directors then in office, which specifically sets forth the powers and duties delegated to such committee and specifically identifies the committee as a "standing" or "special committee." Each such committee shall consist of two or more Directors and shall be presided over by a Director selected by the Board.
- (d) Notice of, and procedures for, meetings of standing or special committees shall be as prescribed by the chair of each such standing or special committee, and meetings of standing or special committees may be called by the Board or the chair of the standing or special committee.

## SECTION 5.02. LIMITATIONS UPON COMMITTEES OF THE BOARD.

No committee of the Board shall have any of the authority of the Board with respect to:

- (a) The approval of any action for which the Law, Articles of Incorporation or the Bylaws also requires approval of POOL;
- (b) The filling of vacancies on the Board or on any committee which has the authority of the Board;
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; and
- (e) The appointment of other committees of the Board or the Policyholders thereof if such committee will have the authority of the Board.

## SECTION 5.03. ADVISORY COMMISSIONS.

The Chair of the Board, the Board, or the President may from time to time appoint such task forces as deemed appropriate, consisting of Directors or persons who are not Directors, but such task forces shall not be deemed committees of the Board and shall not exercise any powers of the Board. Such task forces shall exist for a limited period not to exceed a period of 12 months unless extended for an additional period in order to complete its task prior to the annual board meeting. Notice of, and procedures for, meetings of task forces shall be as prescribed by the chair of each such task force, and meetings of task forces may be called by the Chair of the Board, the Board, the President, or the chair of the task force.

## ARTICLE VI: OFFICERS

### SECTION 6.01. OFFICERS.

The officers of PRM shall be the President, Vice President, Secretary, and Treasurer appointed by the Board of Directors.

### SECTION 6.02. ELECTION.

The Board of Directors shall elect one Director, by a majority of the votes cast, to serve

a four (4) year term as Chair and one Director to serve a four (4) year term as Vice Chair.

#### SECTION 6.03. REMOVAL AND RESIGNATION.

The Chair or any other officer may be removed at any time, either with or without cause, by the vote of two-thirds of the entire Board.

Any officer may resign at any time by giving written notice to PRM, but without prejudice to the rights, if any, of PRM under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified herein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### SECTION 6.04. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

#### SECTION 6.05. CHAIR OF THE BOARD.

The Chair of the Board shall assume the duties and responsibilities normally associated with the position or those duties assigned by the Board.

#### SECTION 6.06. VICE CHAIR OF THE BOARD.

The Vice Chair of the Board shall assume the duties and responsibilities normally associated with the Chair in the absence, incapacity or inability of the Chair to serve or in the event of a conflict of interest of the Chair.

#### SECTION 6.07. FISCAL OFFICER.

The Board shall designate a Member of the Board to serve as Fiscal Officer of PRM for a term of four (4) years.

#### SECTION 6.08. PRESIDENT.

The President shall be the chief administrative officer of PRM and, subject to the control of the Board, shall:

- (a) Supervise, direct, and control the business and affairs of PRM;
- (b) Provide adequate staff to administer PRM;
- (c) Supervise, direct, and control the collection, deposit, investment, and disbursement of all funds of PRM in accordance with the specific or general instructions of the Board;
- (d) Be a nonvoting ex-officio Member of the Board and all standing committees and, whenever practical, serve as the staff advisor and recording secretary thereof;
- (e) Have the general powers and duties of management usually vested in the office of President or general manager of a quasi-governmental organization or mutual insurance company; and
- (f) Have such other powers and duties as may be prescribed by the Board or these Bylaws.

## ARTICLE VII: EQUITY

### SECTION 7.01. EQUITY.

POOL has no title or interest in POOL's contributions, whether equitable or otherwise, except as expressly provided in this Agreement.

To assure financial stability and long-term viability of PRM, the accumulation and maintenance of equity is necessary. PRM will accumulate equity until the Board determines that sufficient equity exists to support PRM's retention of risk and to allow for contingencies.

Upon the Boards determination to close a policy year, the President will report to the Board the net addition to equity available. The Board shall act to determine whether that year's net addition to equity will be retained or distributed and the form of the distribution.

### SECTION 7.02. EQUITY UPON DISSOLUTION.

POOL shall have no other rights in any of the assets of PRM whether denominated as equity, surplus, contributions or otherwise, except as provided in Section 7.02.

POOL is responsible for assuring that PRM has sufficient assets to discharge its liabilities and is eligible to share in the distribution of assets should PRM cease operations.

Any funds provided by POOL to PRM, whether as formation expenses or as initial capitalization of PRM or as additions to capital/surplus will be returned in full.

## ARTICLE VIII: MISCELLANEOUS

### SECTION 8.01. INSPECTION OF ARTICLES AND BYLAWS.

PRM shall keep in its principal office in the State of Nevada the original or a copy of its Articles of Incorporation and of these Bylaws as amended to date, which shall be open to inspection by POOL at all reasonable times during office hours. PRM shall upon the written request of any Policyholder furnish a copy of the Agreement or Bylaws as amended to date.

### SECTION 8.02. ENDORSEMENT OF DOCUMENTS: CONTRACTS.

Subject to the provisions of applicable law, no note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between PRM and any other person shall be valid and binding on PRM unless the signing officers had the authority to execute the same. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind PRM by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

### SECTION 8.03. CONSTRUCTION AND DEFINITIONS.

Unless the context otherwise requires, the general provision, rules of construction and definitions contained in the provisions of Nevada Law shall govern the construction of these Bylaws.

### SECTION 8.04. MAINTENANCE OF CORPORATE RECORDS.

The accounting books, records, minutes of proceedings of the Board and the Executive Committee shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal business office of PRM. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed, or printed form.

### SECTION 8.05. ANNUAL REPORT.

The Board shall cause an annual report including audited financial statements in accordance with applicable statutes to be furnished to the Directors and Policyholders not later than one hundred twenty days after the close of PRM's fiscal year. The annual report shall be accompanied by any report thereon of an independent certified public accountant,. The annual report shall contain in appropriate detail the following:

- (a) The assets and liabilities of PRM as of the end of the fiscal year;

- (b) The principal changes in assets and liabilities during the fiscal year;
- (c) The revenue or receipts of PRM, both unrestricted and restricted to particular purposes, for the fiscal year; and
- (d) The expenses or disbursements of PRM, for both general and restricted purposes, during the fiscal year.

SECTION 8.06. FISCAL YEAR.

The fiscal year of PRM shall commence on July 1 of each year and end on June 30 of the following year.

ARTICLE IX: AMENDMENTS

SECTION 9.01. BYLAWS.

- (a) New Bylaws may be adopted, or current Bylaws may be amended or repealed by the vote of two-thirds of the Board.
- (b) In addition to the right of POOL as provided in subparagraph (a) to adopt, amend or repeal Bylaws, and except as otherwise provided in the Law, Bylaws may be adopted, amended or repealed by the Board by a two-thirds vote of the Directors present and voting (but not less than a majority of the entire Board) at a Board meeting unless the action would materially and adversely affect the rights of POOL as to voting.

SECTION 9.02. ADOPTION.

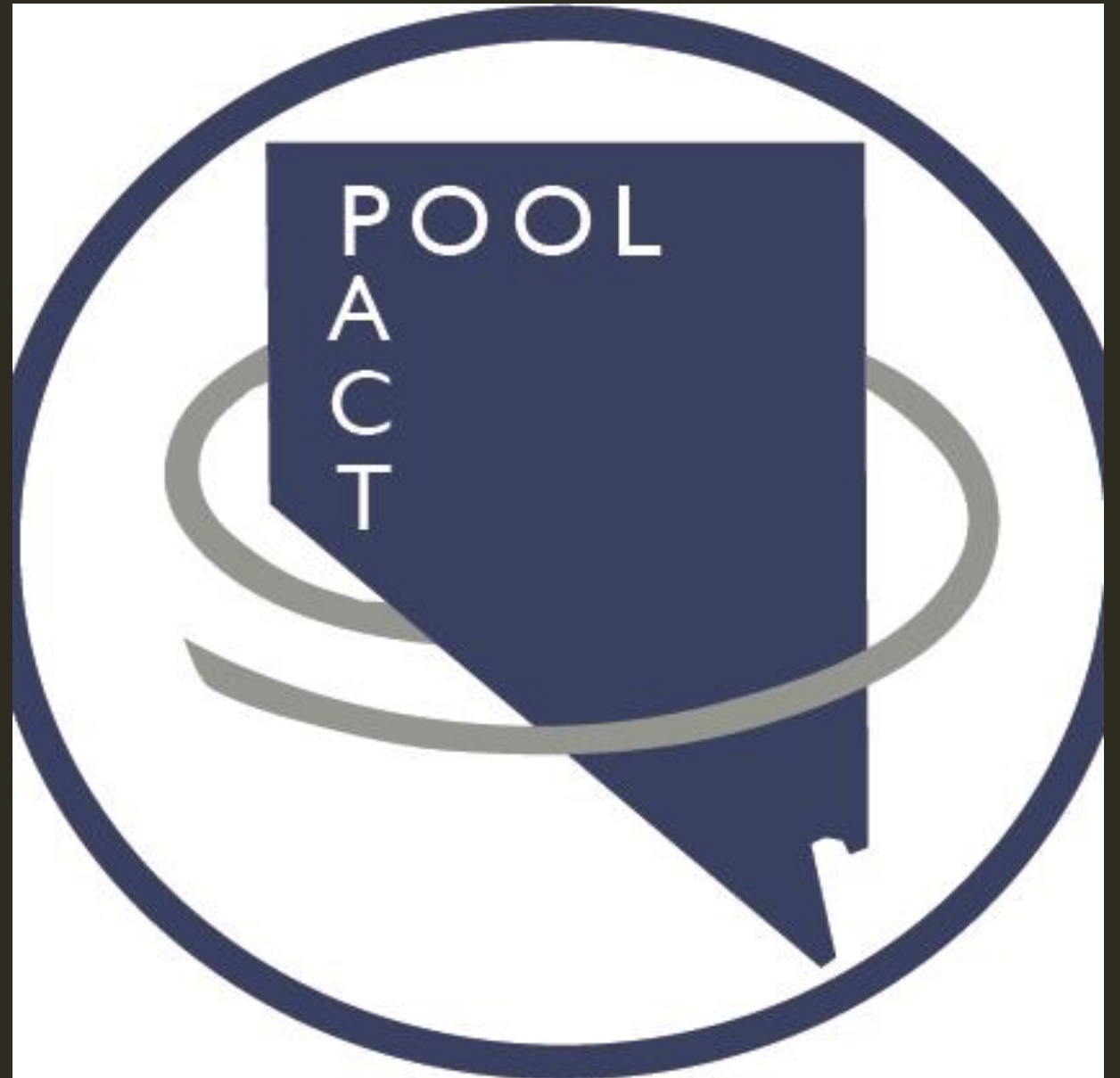
These Bylaws shall become effective immediately upon adoption. Subsequent amendments shall repeal and supersede all previous Bylaws of PRM.

I hereby certify that the foregoing amended Bylaws were adopted by the Board of Directors at a meeting held December 14, 2022 and are the current Bylaws of PRM.

Wayne Carlson  
December 14, 2022 by Wayne Carlson , President

# POOL AUDIT OVERVIEW

Fiscal Year Ending  
June 30, 2022





# KEY PLAYERS

Wayne Carlson,  
Executive Director  
POOL/PACT

Alan Kalt, CFO

Deb Connally,  
Controller

Melissa Mack,  
Accounting Tech

Josh Foli, Chair  
NPAIP, Chair PRM

Paul Johnson,  
Chair PACT, Chair  
PCM

Josh Foli, Audit  
Committee  
Member

Gina Rackley,  
Audit Committee  
Member

Michael Bertrand:  
Bertrand &  
Associates: Audit  
Firm

Kathy Parks,  
General Counsel

Donna Squires,  
Davies, Claims  
Management

Derek Burkhalter,  
Actuary



# KEY SECTIONS OF THE AUDIT REPORT

Executive Director's Letter

Management Discussion and Analysis

Independent Auditors Report

Financial Statements:

Statement of Net Position

Statements of Revenues, Expenses and Changes

in Net Position

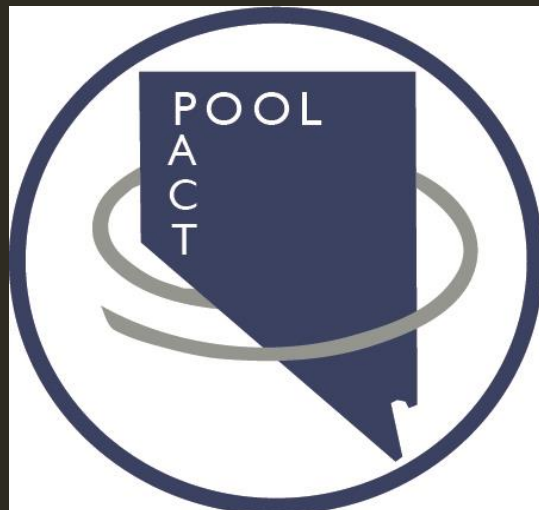
Statements of Cash Flows

Supplemental Schedule on Unpaid Loss Liabilities

Comparative Schedule of Claim Development



# NEVADA PUBLIC AGENCY INSURANCE POOL



## NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Net Position June 30, 2022 and 2021

	<u>2022</u>	<u>Restated 2021</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,482,628	\$ 983,799
Investments	23,186,859	26,500,122
Accrued interest	84,162	86,345
Deductibles receivable	285,189	46,124
Assessments receivable	22,248	24,272
Other Receivables	35,017	11,353
Specific and aggregate recoverables	3,212,427	2,026,949
Prepaid expense	409,535	25,082
<b>Total current assets</b>	<b>31,718,065</b>	<b>29,704,046</b>
Capital assets:		
Land, building & equipment, net	1,641,368	1,709,091
Non current assets:		
Lease assets	300,005	460,591
<b>Total Assets</b>	<b>33,659,438</b>	<b>31,873,728</b>
<b>LIABILITIES</b>		
Other current liabilities:		
Accounts payable	402,943	72,299
Risk Management Grants payable	130,422	139,192
Current portion of reserve for claims and claims adjustment expenses	4,917,758	4,606,327
<b>Total current liabilities</b>	<b>5,451,123</b>	<b>4,817,818</b>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	7,658,242	7,185,673
<b>Total non-current liabilities:</b>	<b>7,658,242</b>	<b>7,185,673</b>
<b>Total Liabilities</b>	<b>13,109,365</b>	<b>12,003,491</b>
<b>DEFERRED INFLOWS</b>		
Current portion of lease obligations	162,165	160,586
Lease obligations	137,840	300,005
<b>Total Deferred inflows</b>	<b>300,005</b>	<b>460,591</b>
<b>NET POSITION</b>		
Net Position, unrestricted	18,608,700	17,700,555
Net Position, invested in capital assets	1,641,368	1,709,091
<b>Total Net Position</b>	<b>\$ 20,250,068</b>	<b>\$ 19,409,646</b>

# STATEMENT OF NET POSITION NOTES

Cash increased from \$983,799 to \$4,482,628 ... to be invested in FY 23

Investments decreased from \$26,500,122 to \$23,186,859 ... Mark to Market

Implement GASB 87 Leases Lease Assets \$300,005

Claims Reserves ST \$4,917,758 LT \$7,658,224 Total \$12,576,000 **75% CL**

Total Claim Reserves increased \$784,000 +6.6%

Deferred Inflows \$300,005 Lease Obligations

Net Position \$20,250,068 increase of \$840,452 **+4.33%**

# NEVADA PUBLIC AGENCY INSURANCE POOL



## NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Revenues, Expenses and Changes in Net Position For Years Ended June 30, 2022 and 2021

	2022	Restated 2021
<b>OPERATING REVENUES</b>		
Premiums written	\$ 20,536,646	\$ 18,306,983
Lease income	232,730	229,891
PRM risk mitigation services	475,000	475,000
Other Income	42,009	57,436
<b>Total revenues</b>	<b>21,286,385</b>	<b>19,069,310</b>
<b>PROGRAM EXPENSES</b>		
Losses and loss adjustment expenses	4,768,614	4,277,923
Excess insurance premiums	8,101,074	7,672,109
Special insurance programs	487,110	-
In-house brokering & loss control fees	505,000	505,000
Third party administrator fees	738,117	780,375
Member education and training	1,369,381	1,337,130
Loss control awards and grants	158,945	135,539
Agent commissions	1,290,182	1,196,500
Taxes written	6,589	6,923
<b>Total program expenses</b>	<b>17,425,012</b>	<b>15,911,499</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Management fees	642,735	543,372
Building maintenance and utilities	81,469	107,440
Depreciation	73,985	67,396
Travel	40,830	8,776
Casualty insurance	53,677	50,440
Operating expenses	214,783	235,257
Legal expenses	2,594	4,662
Consultant appraisals	127,749	96,317
Technology services	48,248	4,354
<b>Total pool administration expenses</b>	<b>1,286,070</b>	<b>1,118,014</b>
<b>Total program and administration expenses</b>	<b>18,711,082</b>	<b>17,029,513</b>
<b>Increase in operating net position</b>	<b>2,575,303</b>	<b>2,039,797</b>
<b>Non-operating net investment loss</b>	<b>(1,734,881)</b>	<b>(176,048)</b>
<b>Increase in net position</b>	<b>840,422</b>	<b>1,863,749</b>
Beginning net position	19,409,646	17,545,897
<b>Net position, end of year</b>	<b>\$ 20,250,068</b>	<b>\$ 19,409,646</b>

# STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION **NOTES**

Total Revenues increased from \$19,069,310 to \$21,286,385 +\$2,217,075 **+11.6%**

Program Expenses increased from \$15,911,499 to \$17,425,012 +\$1.5M **+9.55%**

Losses and Loss Adjustment increased \$490,691 **+11.5%** Loss Activity

Excess Insurance Premiums increased \$428,965 **+5.6%** UE School Rate

Special Insurance Student Accident and Environmental Coverage \$487,110

Administrative Expenses = **6.9%** of Total Expenses \$1,286,070 +\$168,056

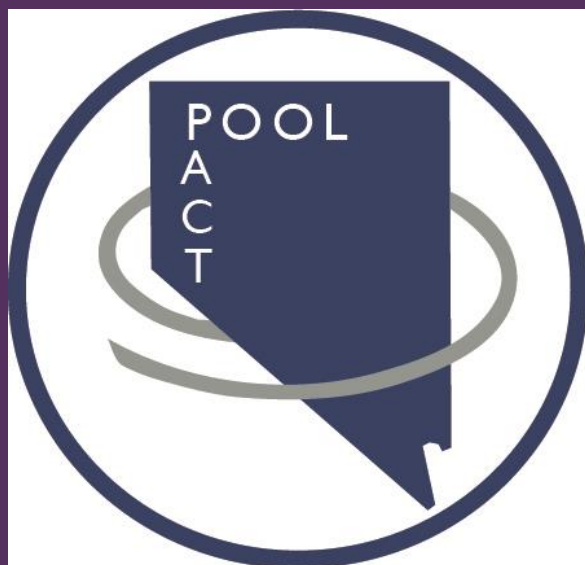
Increase in Operating Net Position 2022 \$2,575,303 2021 \$2,039,797

Non-operating net investment loss 2022 (\$1,734,881) 2021 (\$176,048)

2022 Pool Total Return -6.15% Price Return -8.17% **Income Return 2.02%**

Increase in Net Position 2022 **\$840,422** 2021 \$1,863,749

# NEVADA PUBLIC AGENCY INSURANCE POOL



## NEVADA PUBLIC AGENCY INSURANCE POOL Statements of Cash Flows For Years Ended June 30, 2022 and 2021

	<b>2022</b>	<b>Restated 2021</b>
<b>Cash flows from operating activities:</b>		
Premiums written	\$ 18,929,877	\$ 18,241,063
Lease income	232,730	238,195
PRM risk mitigation services	475,000	475,000
Other revenues	42,009	57,436
Payments for claims	(3,982,614)	(3,760,923)
Payments to vendors	(13,770,293)	(12,765,049)
Net Cash Provided from Operating Activities	<b>1,926,709</b>	<b>2,485,722</b>
<b>Cash flows from investing activities:</b>		
Interest and dividend income, net of expenses	522,834	604,705
Purchases of investments	(4,296,446)	(10,613,887)
Proceeds from sales of investments	5,351,994	7,409,356
Net Cash provided (used) from Investing Activities	<b>1,578,382</b>	<b>(2,599,826)</b>
<b>Cash flows from capital activities:</b>		
Equipment purchases	(6,262)	(115,077)
Net Cash Used for Capital Activities	<b>(6,262)</b>	<b>(115,077)</b>
Increase (decrease) in Cash Equivalents	3,498,829	(229,181)
Cash and Cash Equivalents, beginning of fiscal year	983,799	1,212,980
<b>Cash and Cash Equivalents, year ended June 30</b>	<b>4,482,628</b>	<b>983,799</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Net Income	2,575,303	2,048,101
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	73,985	67,396
Decrease in accrued interest	2,183	7,770
(Increase) decrease in deductibles receivable	(239,065)	82,501
(Increase) in other receivables	(21,640)	(5,305)
(Increase) in recoverables	(1,185,478)	(143,116)
(Increase) decrease in prepaid expense	(384,453)	74,415
Decrease (increase) lease assets	160,586	(460,591)
Increase (decrease) in accounts payable	330,644	(106,800)
(Decrease) in Risk Management Grants liability	(8,770)	(56,240)
(Decrease) increase in lease obligations	(160,586)	460,591
Increase in reserve for claims and loss adjustments	784,000	517,000
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,926,709</b>	<b>\$ 2,485,722</b>



# NPAIP LOSS TRIANGLE DEVELOPMENT SCHEDULE



## COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT (UNAUDITED) EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Required Contributions &amp; Investment Income:</b>										
Earned	\$14,843,453	\$15,203,196	\$15,129,697	\$15,659,967	\$13,926,199	\$14,701,651	\$17,193,234	\$19,357,153	\$18,893,262	19,551,504
Ceded	(4,812,711)	(4,919,456)	(5,253,026)	(5,044,561)	(5,633,992)	(5,794,600)	(5,960,178)	(6,807,601)	(7,672,109)	(8,101,074)
Net earned	10,030,742	10,283,740	9,876,671	10,615,406	8,292,207	8,907,051	11,233,056	12,549,552	11,221,153	11,450,430
<b>Unallocated Expenses</b>										
	5,485,380	5,672,515	5,755,797	6,213,405	6,801,212	7,157,245	7,591,756	5,358,681	5,079,480	5,354,285
<b>Estimated Incurred Claims &amp; Expense End of Policy Year:</b>										
Incurred	5,370,000	4,851,000	4,317,000	5,255,500	7,062,141	5,939,000	6,142,102	6,433,168	7,529,891	10,799,669
Ceded	-	-	-	(87,500)	(1,427,141)	(201,000)	(145,102)	(261,168)	(279,968)	(4,195,669)
Net Incurred	5,370,000	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,249,923	6,604,000
<b>Paid (cumulative) as of:</b>										
End of policy year	652,000	788,000	551,000	485,000	988,000	1,232,000	1,160,000	776,000	1,079,000	1,418,000
One Year Later	1,670,000	1,538,000	1,681,000	2,291,000	2,367,000	2,984,000	2,240,000	1,886,000	2,036,000	
Two Years Later	1,937,000	2,142,000	2,061,000	3,272,000	3,253,000	3,353,000	2,536,000	2,414,000		
Three Years Later	2,548,000	2,656,000	2,277,000	3,939,000	3,958,000	3,628,000	3,100,000			
Four Years Later	2,797,000	2,973,000	2,395,000	4,529,000	4,281,000	3,707,000				
Five Years Later	2,894,000	2,997,000	2,608,000	4,519,000	4,571,000					
Six Years Later	2,944,000	3,046,000	3,015,000	4,532,000						
Seven Years Later	3,094,000	3,046,000	3,015,000							
Eight Years Later	3,098,000	3,054,000								
Nine Years Later	3,080,000									
Re-estimated ceded claims & Expenses	478,625	2,112,138	480,478	3,069,083	4,990,281	1,781,597	2,216,454	261,168	279,968	4,195,669
Re-estimated Claims & Expense										
End of policy year	5,370,000	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,529,891	6,604,000
One Year Later	4,425,000	4,159,000	3,864,000	4,769,000	5,269,000	5,269,000	4,774,000	4,747,000	5,916,000	
Two Years Later	3,650,000	3,713,000	3,134,000	5,406,000	4,761,000	4,569,000	4,353,000	4,354,000		
Three Years Later	3,137,000	3,285,000	3,140,000	4,838,000	5,048,000	4,172,000	4,242,000			
Four Years Later	3,350,000	3,229,000	3,080,000	4,875,000	4,828,000	3,814,000				
Five Years Later	3,235,000	3,196,000	3,177,000	4,626,000	4,812,000					
Six Years Later	3,119,000	3,157,000	3,030,000	4,580,000						
Seven Years Later	3,105,000	3,055,000	3,021,000							
Eight Years Later	3,102,000	3,055,000								
Nine Years Later	3,102,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(2,268,000)	(1,796,000)	(1,296,000)	(588,000)	(823,000)	(1,924,000)	(1,755,000)	(1,818,000)	(1,333,923)	-

This information is required by the Governmental Accounting Standards Board



Total Capital Contributions to PRM	\$29,477,263
PRM Total Surplus 12-31-2021	<b>\$50,082,077</b>
Investment Balance at 6-30-2022	\$23,186,859
Total Assets at 6-30-2022	\$33,659,438
Reserves for claim losses	<b>\$12,576,000</b>
Net Investment Income for 2022	(\$1,734,881)
Net Position June 30, 2022	\$20,250,068
Total Premiums Revenues FY 2022	\$20,536,646
Member education and services	\$ 1,369,381
Total Loss Fund and program expenses	<b>\$17,425,012</b>
Total Administration Expenses	<b>\$ 1,286,070</b>

## NEVADA PUBLIC AGENCY INSURANCE POOL

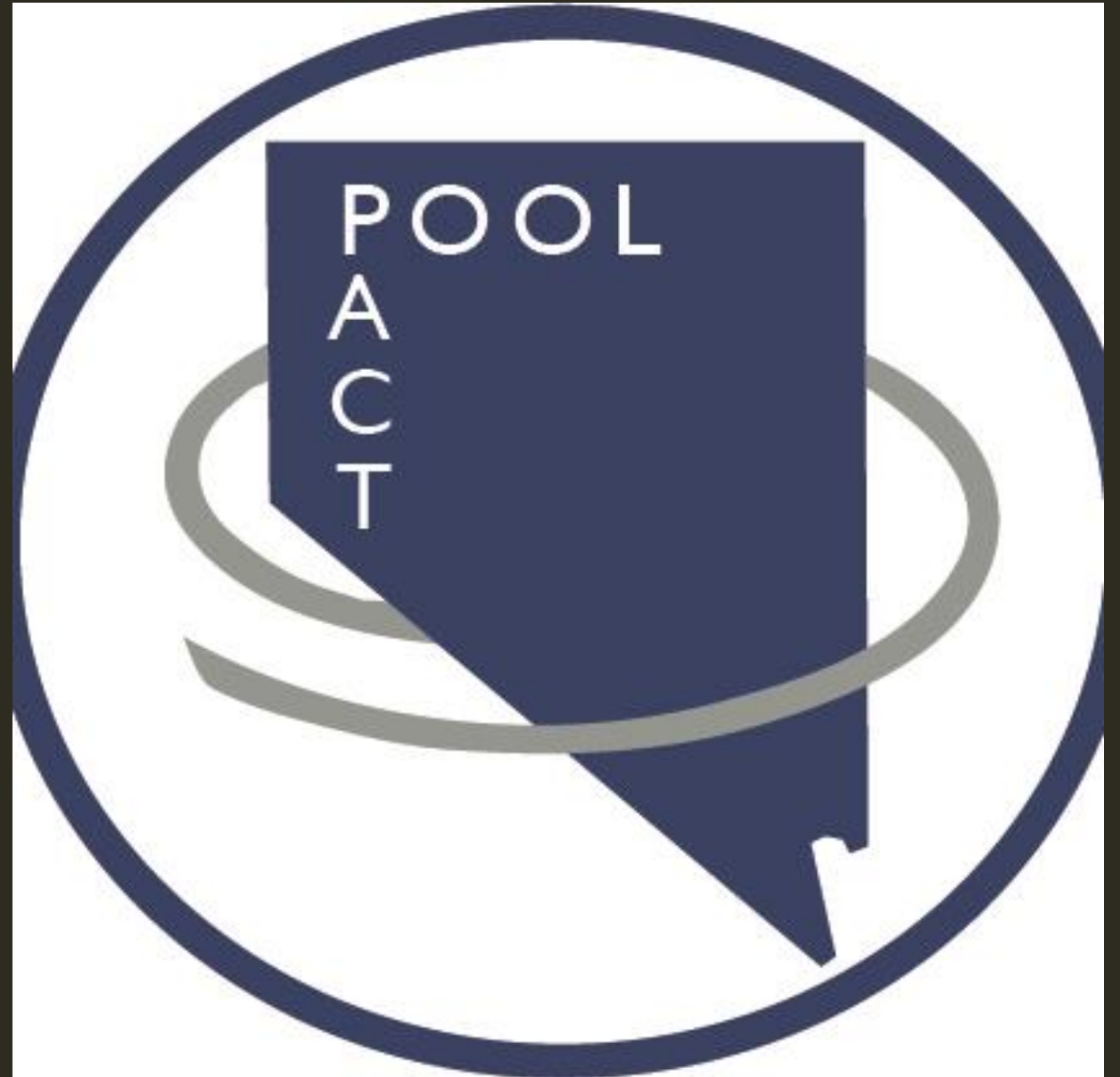
## KEY FINANCIAL FIGURES

See detailed financial statements and notes for more details.



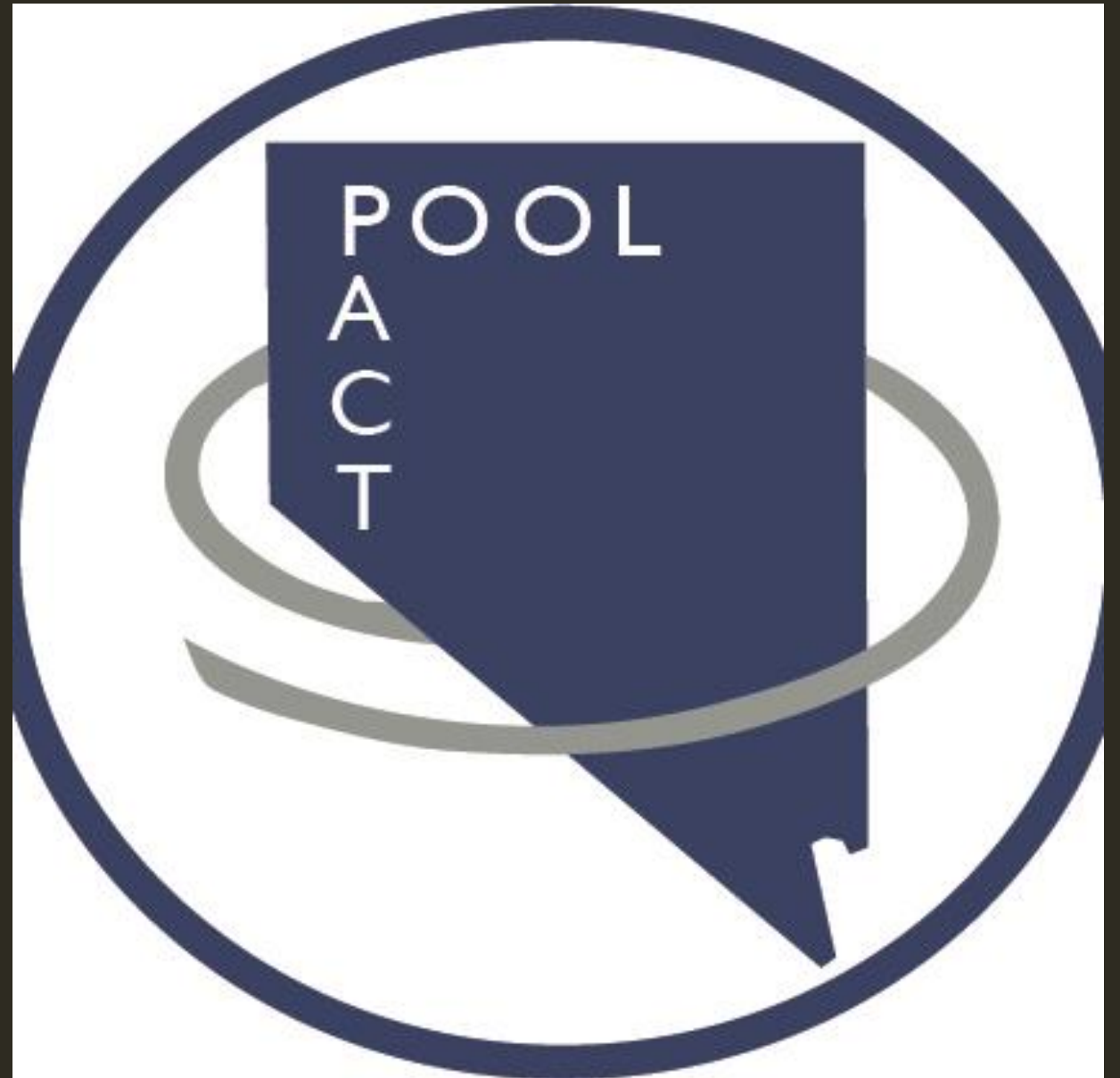
**POOL AUDIT  
QUESTIONS &  
ANSWERS**

Fiscal Year Ending  
June 30, 2022



THANK YOU FOR  
YOUR FINANCIAL  
LEADERSHIP

*Working Together  
We Achieve Superior Results*



**NEVADA PUBLIC AGENCY INSURANCE POOL  
FINANCIAL STATEMENTS  
June 30, 2022 and 2021**

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## EXECUTIVE DIRECTOR'S LETTER

Members of Nevada Public Agency Insurance Pool

As the Executive Director, I am pleased to present the NPAIP Annual Audited Financial Statements for the year ended June 30, 2022, the conclusion of our 35<sup>th</sup> full year of operations. As noted in part of NPAIP's Mission Statement, we excel in financial strength, security, durability, and cost-effective risk sharing and financing. This financial report will demonstrate our commitment to our Mission Statement.

In addition to the preparation of the audited financial statements in accordance with GASB pronouncements and other financial standards, this report includes a required Management Discussion and Analysis of the financial results during the years.

Over the years, the NPAIP Board adopted fiscally responsible policies to retain net position to achieve long-term, stable financial results for members. In 2016, they adopted a Net Assets policy to target net position at a minimum of twenty times the highest self-insured retention. In 2021, the Board revised the policy to a minimum of ten times with a goal of twenty to provide greater flexibility in coverage placement. In 2020, the Board approved a change in the accounting policy related to the transfer of capital to Public Risk Mutual (PRM) to expense 100% in the year of transfer effective retroactively to July 1, 2018 noting that the unamortized balances reduced NPAIP's Net Position as Contributed Surplus to PRM was eliminated in the restatement of the 2019 financial statement.

As of July 1, 2018, Contributed Surplus to PRM from NPAIP was \$29,477,263 with accumulated amortization of \$15,830,593 resulting in Contributed Surplus, net of accumulated amortization, of \$13,646,670 which was eliminated in the July 1, 2018 Net Position. Even with this accounting change, a restated Net Position of \$13,332,286 on July 1, 2018, we have exceeded the Net Assets to Retention goal for 2019 (28.1:1) and has grown to 40.5:1 in the current year as shown in the audit. Net position increased during the year because of an increase in operating net position of \$2,575,303 which was offset with a non-operating net investment loss of (\$1,734,881) due to unrealized loss in value due to the book rate being less than the market rate interest on our fixed rate investments.

Since Fiscal Year 2004, NPAIP has contributed \$29,477,263 to the PRM captive to serve as one of the reinsurers for NPAIP for certain property, liability and cyber risk coverage during the year. The benefits of the captive include reduced administrative costs, reinsurance opportunities and a broader investment portfolio including risk assets. As PRM grows in financial strength, additional member services and program costs can be funded directly through the captive. See the separate annual audited financial statements of PRM for more details.

Through the oversight of the Audit Committee, Executive Committee, and the Board of Directors, NPAIP members can be assured that NPAIP will remain financially sound. Members should be proud of the success we have achieved together.

NPAIP continues serving its membership for over 35 years. We are government risk experts with a passion for risk management services. We provide comprehensive coverage and risk management solutions for our members. As the risk management arm for our members, NPAIP manages claims and provides a broad array of in-depth loss control services, training, and risk consultation. With services such as POOL/PACT Human Resources, our extensive support system for human resources issues, members receive unmatched support services. Our e-learning program has an extensive library and support to create member specific

trainings. Our interactive loss control programs and resources guide our members' efforts toward reducing the probability of losses and the impact of losses that do occur.

Both property and casualty coverages can experience significant volatility particularly when the retention levels per loss are high. Because NPAIP retains a substantial portion of the property and casualty risk, it is important to the long-term viability of NPAIP to be able to meet its financial obligations to its Members by growing its Net Position. Insurance market conditions periodically make it important to be able to increase our retentions. Increased retention results in higher volatility that requires a stronger funding cushion. Consistent with NPAIP board policy, funding at a 75% actuarial confidence level for pricing is a prudent level to develop a strong financial position in keeping with the NPAIP Board's goals of creating and sustaining a durable financial position. NPAIP is the sole owner of PRM and is its sole policyholder and is entitled to a return of those capital contributions before any other distributions can be made by PRM. The captive continues to enjoy financial success as a reinsurance partner for NPAIP.

NPAIP continued its membership in the following reinsurers in which it has a financial interest:

- ❖ Public Risk Mutual, its own pure captive, which provides reinsurance for property and liability coverage
- ❖ County Reinsurance, Ltd., a captive mutual reinsurer for all members other than schools for liability coverage
- ❖ Government Entities Mutual (GEM), a captive mutual reinsurer, which provides a layer of liability reinsurance

The table below shows some key financial ratios tracked by management and the board to benchmark NPAIP's financial condition and risk retention strategies:

Financial Ratios	POOL 2016/2017	POOL 2017/2018	POOL as Restated 2018/2019	POOL 2019/2020	POOL 2020/2021	POOL 2020/2021
Total Revenue	\$ 14,159,528	\$ 14,702,604	\$ 15,998,979	\$ 17,925,920	\$ 19,077,614	\$ 21,286,385
Total Net Income	\$ (3,121,709)	\$ (4,761,722)	\$ 736,503	\$ 3,477,108	\$ 1,863,749	\$ 840,422
Net Operating Income	\$ (2,824,698)	\$ (4,710,455)	\$ (411,812)	\$ 2,045,875	\$ 2,048,101	\$ 2,575,303
Net Investment Income	\$ (297,011)	\$ (51,267)	\$ 1,148,315	\$ 1,431,233	\$ (184,352)	\$ (1,734,881)
Total Assets	\$42,074,070	\$ 39,014,428	\$ 25,210,903	\$ 29,195,428	\$ 31,413,137	\$ 33,659,438
Total Liabilities	\$ 10,333,392	\$ 12,035,472	\$ 11,142,114	\$ 11,649,531	\$ 12,003,491	\$ 13,109,365
Net Position	\$31,740,678	\$ 26,978,956	\$ 14,068,789	\$ 17,545,897	\$ 19,409,646	\$ 20,250,068
Net Position to SIR (Board target: 20:1)	63.5	54.0	28.1	35.1	38.8	40.5
SIR to Net Position (Benchmark: captives <.10; group captives <.25)	0.016	0.019	0.036	0.028	0.026	0.025
% Assets attributable to Net Position	75.4%	69.2%	55.8%	60.1%	61.8%	60.2%
Total assets/total liabilities	4.07	3.24	2.26	2.51	2.62	2.57
Revenues to Net Position (Benchmark: <2.5:1 and >0)	0.45	0.54	1.14	1.02	0.98	1.05
Loss Reserves to Net Position (discounted): Benchmark <3:1 and >0	0.36	0.43	0.82	0.65	0.59	0.62
Total liabilities to liquid assets: Benchmark <100%	38%	59%	59%	59%	40%	24%
Change in Net Position: >-10%	-9.0%	-15.0%	-55.7%	-35.0%	38.0%	15.4%
Return on Net Position: Net Operating Income/Net Position	-8.9%	-17.5%	-2.9%	11.7%	10.6%	12.7%
Return on Net Position: Total Income/Net Position	-9.8%	-17.6%	5.2%	19.8%	9.6%	4.2%

We continue to provide stability in the mist of uncertainty, allowing members to focus on serving their communities. We will continue to offer reliability and stability in a risky property and casualty world.

### Economic Factors:

For fiscal year ending June 30, 2022, economic conditions showed continued signs of growth and inflation continuing for the nation and Nevada. NPAIP's investments, although showing negative results this year due to unrealized losses, have performed consistently with fixed income investment markets considering the statutory requirements to invest in governmental securities. NPAIP's investments are anticipated to be held to maturity. NPAIP is restricted by Nevada statutes to invest in governmental

securities in the same manner as other political subdivisions. Management adjusts the mix of investments as market conditions change.

Medical inflation continues to be higher than the overall consumer price index nationally, which affects the underlying costs of liability claims payable by NPAIP. Based upon claims activity and the tendency of plaintiffs to appeal judgments more often, litigation costs continue to rise. NPAIP's defense costs have risen because of the types of cases being filed and the increase in the hourly rate that assures retention of competent counsel to defend civil rights cases. Fiscal year ending June 30, 2022 evidenced hardening insurance market conditions for property and liability reinsurance. Inflation in property claim costs impacts results. Rates in property coverage experienced increases as did liability rates. NPAIP was able to retain its coverage capacity at current levels.

Preparation of this report included the efficient and dedicated services of the entire staff. Staff includes Wayne Carlson, Executive Director, Steven Romero, Member Relations, Marshall Smith, Risk Manager, Jarrod Hickman, Risk Management, Alan Kalt, Chief Financial Officer, Debbie Connally, Controller, Melissa Mack, Accounting Technician, Zaria Hanses, Administrative Assistant, Jennifer Turner, Administrative Data Analyst and Mike Van Houten, e-learning Manager and Webmaster. Thanks also to the dedicated professional staff from Bertrand & Associates, LLC, our independent auditors, for their contribution and support throughout the audit process. Special thanks to the Executive Committee, Audit Committee and Board of Directors for their keen interest and support in the planning and conducting of the financial operations of NPAIP in a responsible and progressive manner.

Thank you for your participation in NPAIP and for having confidence in our ongoing ability to meet the Mission, Vision, and Motto you set for our member services consortium. We welcome your comments and suggestions to further strengthen NPAIP's financial position, to provide you with additional information and to enhance Member services. I am honored to serve as Executive Director. Thank you for your continued active participation as a Member of NPAIP.

Sincerely,

*Wayne Carlson*

NPAIP Executive Director



# **BERTRAND & ASSOCIATES LLC**

## **CERTIFIED PUBLIC ACCOUNTANTS**

Member American Institute of Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

777 E. William St. Suite 206  
Carson City, NV 89701  
Tel 775.882.8892  
Fax 775.562.2667  
E-mail: michael@bertrandcpa.com

To the Executive Director and the Board of Directors  
Nevada Public Agency Insurance Pool  
Carson City, Nevada

### **Opinion**

We have audited the accompanying statements of net position of the Nevada Public Agency Insurance Pool as of June 30, 2022 and 2021 and the related statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nevada Public Agency Insurance Pool as of June 30, 2022 and 2021 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nevada Association of County Commissioners and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nevada Public Agency Insurance Pool's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada Public Agency Insurance Pool's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 8 and the 10-year claims development schedule on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Bertland # ASSOCIATES, LLC*

Carson City, Nevada  
September 30, 2022

NEVADA PUBLIC AGENCY INSURANCE POOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022, AND 2021

Nevada Public Agency Insurance Pool's (NPAIP) discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the entity's financial activities, (c) identify changes in NPAIP's financial position (its ability to address next and subsequent years challenges), and (d) identify any material deviations from the financial plan.

We encourage readers to read this information in conjunction with the Executive Director's letter, financial statements, and notes to gain a more complete understanding of the information presented.

**Organization Overview**

Nevada Public Agency Insurance Pool is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the state of Nevada and organized to operate as a group self-insurer. The purpose of the organization is to seek the prevention or lessening of casualty losses to its members and injuries to persons, which might result in claims being made against such members. In addition to self-funding property, casualty and cyber coverage, the program provides risk management services with emphasis on loss control, claims administration, and management support services. NPAIP is fully funded by member participants. Members file claims with Davies Claims Solutions (DCS) (formerly Alternative Services Concepts, LLC) which has been contracted to perform claims management services for NPAIP.

NPAIP provides property, casualty, and cyber coverage to member governmental entities pursuant to state statutes. The program is fully funded by member entities and is governed by a Board of Directors composed of representatives of each member. Any member may withdraw from the program by giving 120 days' notice in advance of the renewal date. NPAIP's independent actuary develops required NPAIP contributions to be assessed and collected.

**Background:**

NPAIP is subject to Governmental Accounting Standards Board (GASB) requirements set forth in GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. NPAIP's financial information must be accompanied by enhanced analysis, both short and long term, and explanations of significant financial statement elements. Since NPAIP operates as an enterprise created pursuant to NRS 277, the Interlocal Cooperation Act, its financial statements will be presented in a manner that reflects its operations similar to a private company.

**Using this Annual Report:**

Since the financial statements report information about NPAIP uses accounting methods like those used by private sector organizations, these statements offer short- and long-term financial information about NPAIP's activity. The financial statements show a comparison of two audited years ending June 30, 2022, and June 30, 2021 to facilitate understanding of changes in the financial position over time.

The Statement of Net Position includes all NPAIP's assets and liabilities and information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation of the capital structure and for assessing the solvency, liquidity, and financial flexibility of NPAIP.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of NPAIP's operations for the fiscal year compared to the previous fiscal year and can be used as a measure of NPAIP's credit worthiness and whether NPAIP successfully recovers its costs through its sources of revenue.

The Statement of Cash Flows serves to provide information about NPAIP's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, capital and related financing activities and investing activities. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since NPAIP incurs financial obligations to pay for

claims that occurred in the past from current year resources and at the same time receives revenue that it must retain for payment of future claims from future resources, cash flow may vary significantly from year to year.

### **Financial Highlights**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, including the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

The auditor's report offers an unmodified opinion on the financial statements, the best opinion that can be attained.

### **Critical Accounting Estimates**

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the accounting period. Actual results could differ from these estimates.

NPAIP has identified the estimates inherent in the valuation of investments and loss reserves (including reserves for incurred but not reported claims (IBNR) as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability. In developing these estimates, management makes subjective and complex judgments that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate and conservative based upon the facts available as of the date of the financial statements. NPAIP uses the assistance of an independent outside actuarial firm in relation to the IBNR and overall loss reserve adequacy.

NPAIP has implemented GASB 87 related to recognizing leases. NPAIP leases office space to various tenants with varying renewal dates. The prior year statements were restated for this change. The leases are capitalized at a rate of 2% which is our estimation of the average rate of return on fixed income investments at the time the leases were entered into. As such, interest income is recorded on the leases annually based on this rate.

### **Investments**

One significant estimate inherent in the valuation of investments is the evaluation of fair value. Investments consist predominantly of government and government backed securities and reported at their fair value in the Statement of Net Position. Fair value is determined utilizing the market value of the investments as reflected on the applicable brokerage statements. Net increases and decreases in the fair value are included in the Statement of Revenue, Expenses and Changes in Net Position. Nevada Revised Statutes and the Board approved Investment Policy outlines the restrictions on the types of allowed investments. NPAIP is authorized to make investments in bonds and debentures of the United States, bills, and notes of the U.S. Treasury, and in high-grade corporate backed securities. NPAIP is authorized to purchase negotiable certificates of deposits issued by commercial banks or insured savings and loan associations.

Cash and investments of \$27,669,487 are available to meet current liabilities, including reserves for loss and loss adjustment expenses of \$5,451,123. Total current liabilities include accounts payable, risk management grants payable, specific recoverables and current portion of reserves for claims. This is a conservative measure of cash and investments available to pay current obligations. NPAIP's cash ratio is 5.1, meaning that it has 5.1 times the unrestricted cash and investments on hand to meet its obligations. Last year's cash ratio was 5.7. The reduction in the cash ratio is due primarily to the increase in the current portion of accounts payable of \$402,943 compared to prior year of \$72,299 an increase of \$330,644. This is further aided by the increase in the current portion of reserve for claims and claims adjustment expenses of \$4,917,758 compared to the prior year of \$4,606,327 an increase of \$311,431.

Investment balances as of June 30, 2022, were \$23,186,859 compared to the prior year amount of \$26,500,122. This represents a decrease of \$3,313,263 or 12.5% The decrease is due primarily to the increase in cash of \$3,498,829 and investment income and operations during the year. As noted in Note 3, the following is a summary of the fair value of investments as of June 30, 2022:

### Investment Allocations



- US Treasuries
- US Government & Agencies
- US Mortgage-backed securities
- US Government backed securities
- Corporate Bonds

### Investment Descriptions

Investment Descriptions	Fair Value 6-30-2022	Fair Value 6-30-2021
U.S. Treasuries	\$ 5,154,639	\$ 4,299,625
U.S. Government & Agencies		42,011
U.S. Mortgage-backed securities	13,137,403	17,237,129
U.S. Government backed securities	188,641	353,228
Corporate bonds	<u>4,706,176</u>	<u>4,568,129</u>
Total investments	<u>\$23,186,859</u>	<u>\$26,500,122</u>

### 2022 Maturities



- 1 Yr or Less
- 1-5 Years
- 5-10 Years
- Over 10 Years

### Accrued Interest

The investment income receivable on June 30, 2022, is \$84,162 compared to \$86,345 in 2021. This is a change of (\$2,183) or -2.5%. This is due primarily to the increase in investment balances at year end and the timing of the payment of accrued interest on the investments.

### Specific and Aggregate Recoverables

Specific and aggregate recoverables on June 30, 2022, are \$3,212,427, compared to \$2,026,949 in 2021. This is an increase of \$1,185,478 or 58.5% due to timing of collections during the fiscal year from the reinsurance companies. This amount includes \$1,551,961 owed by United Educators on a settled Elko County School District case. United Educators is disputing coverage arising from NPAIP's settlement. See Note 10 for more details.

### Contributed Surplus Public Risk Mutual

In May of 2004, NPAIP's board of directors authorized the startup of a member-owned nonprofit captive mutual insurance company and contributed surplus to the company. The company, named Public Risk Mutual, ("PRM") is domiciled in Nevada. PRM subsequently converted from an association captive to a pure captive form owned by NPAIP. PRM is one of the reinsurers for NPAIP. The benefits of the captive include reduced administrative costs, reinsurance opportunities, a broader investment portfolio which can include risk assets, and to build equity to enable provision of coverage not obtainable elsewhere. Management considers the contributed surplus costs a development cost that can provide lower operating costs in the future and estimates that the savings in reinsurance cost to NPAIP will recoup the contributed capital. At the annual meeting held on April 17, 2020, the Board approved a change in the accounting policy related to the transfer of capital to PRM to expense 100% in the year of transfer effective retroactively to July 1, 2018 noting that the unamortized balances will reduce NPAIP's Net Position and Contributed Surplus to PRM would be eliminated in the restatement of the 2019 financial statement. As of July 1, 2018, Contributed Surplus from NPAIP was \$29,477,263. As of June 30, 2018, the accumulated amortization was \$18,125,819 resulting in Contributed Surplus, net of accumulated amortization of \$11,351,444 and the same reduction in NPAIP's Net Position as of July 1, 2018. This accounting change impacts NPAIP's financial benchmarks and makes NPAIP more comparable with our peers in years without the transfer. The following chart indicates NPAIP's surplus contributions to PRM since inception:

Fiscal Year	Contributions	Total Contributions
2004	\$ 1,000,000	\$ 1,000,000
2005	\$ -	\$ 1,000,000
2006	\$ -	\$ 1,000,000
2007	\$ 1,000,000	\$ 2,000,000
2008	\$ 1,100,000	\$ 3,100,000
2009	\$ 3,800,000	\$ 6,900,000
2010	\$ 808,416	\$ 7,708,416
2011	\$ 5,265,924	\$12,974,340
2012	\$ 2,276,619	\$15,250,959
2013	\$ 1,237,581	\$16,488,540
2014	\$ 1,500,000	\$17,988,540
2015	\$ -	\$17,988,540
2016	\$ 1,488,723	\$19,477,263
2017	\$ 4,300,000	\$23,777,263
2018	\$ 5,700,000	\$29,477,263
2019	\$ -	\$29,477,263
2020	\$ -	\$29,477,263
2021	\$ -	\$29,477,263
2022	\$ -	\$29,477,263

As noted above, NPAIP has contributed \$29,477,263 to PRM in accordance with NPAIP's Capitalization Strategy Policy which allows NPAIP's Executive Committee to distribute a portion of the Net Assets to provide additional capitalization of PRM to reduce reliance on other excess or reinsurance providers. PRM increased its reinsurance capacity and thereby reduced NPAIP's retention because of the additional contributions to PRM's surplus.

### Reserves for Claim Losses

Loss reserves are estimates of losses and loss development and as such will differ from the ultimate results. Therefore, one of the critical accounting estimates is the proper amount of reserves to be set aside to meet future liabilities of the current in-force business. Changes in or deviations from the assumptions used to develop the loss reserves can significantly affect NPAIP's reserve levels and related future operations. Assumptions include company methodology for underwriting and claims handling and current estimates of the legal, inflation rate, and social environment. Annually, NPAIP retains an outside independent actuary to provide a loss reserve opinion and to establish a range for NPAIP's loss reserves. NPAIP's policy is to book reserves at the 75% confidence level as recommended by the actuary. The actuarial analysis for the current fiscal year revealed an overall increase in case reserves and IBNR reserves over prior years estimated incurred losses. The current analysis for June 30, 2022, reflects that NPAIP's retention is in addition to the member deductible. This resulted in an increased reserve for NPAIP and a lower reserve

for PRM. See Note 6 Unpaid Claim Liabilities and the Supplemental Schedule of Claim Development in the financial statements for more details.

Reserves for current portion of claims increased from \$4,917,758 to \$4,606,327 in fiscal year ending June 30, 2022. The noncurrent reserve for claims and claims loss adjustment expenses increased from \$7,185,673 to \$7,658,242 in 2022. Total reserves increased to \$12,576,000 from \$11,792,000 an increase of \$784,000 or 6.6% based on claim payments and increased claims costs and development as calculated by the actuary. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years included in the financial statements for more details.

### Change in Net Position

NPAIP's Total Net Position increased from \$19,409,646 to \$20,250,068 during the fiscal year ending June 30, 2022, an increase of \$840,422 or 4.3%. This increase resulted from an overall increase in operating net position of \$2,575,303 and offset by net investment income loss of (\$1,734,881) for fiscal year 2022. The following is the comparative Statements of Net Position for NPAIP as of June 30, 2022, and 2021.

### CONDENSED STATEMENTS OF NET POSITION

	<u>2022</u>	<u>Restated 2021</u>
Cash and investments	\$ 27,669,487	\$ 27,483,921
Accrued interest	84,162	86,345
Receivables	3,554,881	2,108,698
Prepaid expense	409,535	25,082
Capital assets, net	1,641,368	1,709,091
Lease assets	300,005	460,591
Total assets	<u>33,659,438</u>	<u>31,873,728</u>
Accounts payable	402,943	72,299
Risk management grants payable	130,422	139,192
Reserve for claims and claims related expense	12,576,000	11,792,000
Total liabilities	<u>13,109,365</u>	<u>12,003,491</u>
Total Deferred Inflows - Lease obligations	<u>300,005</u>	<u>460,591</u>
Net position -unrestricted	18,608,700	17,700,555
Net position -invested in capital assets	1,641,368	1,709,091
Total net position	<u>\$ 20,250,068</u>	<u>\$ 19,409,646</u>

### Total Operating Revenues

NPAIP's primary revenue source comes from premiums written. Premium written increased from \$18,306,983 to \$20,536,646 during fiscal year ending June 30, 2022, an increase of \$2,229,663 or 12.2%. This increase is attributable to a rate increase needed to fund increased claims, allocation of special insurance programs into the rates, changes in members deductible options and operating programs. In fiscal year 2022 and 2021, NPAIP received \$475,000 from PRM to pay for risk mitigation services to support member services.

### Program Expenses

Total program expenses increased to \$17,425,012 from \$15,911,499 in Fiscal Year 2021. This reflects an increase of \$1,513,513 or 9.5% in the current year driven by increases in the losses and loss adjustment expense and the reinsurance/excess insurance program during the year. Losses and loss adjustment expenses increased \$490,691 or 11.5% due to increased claims cost during the year. The reinsurance/excess insurance premiums increased \$428,965 from \$7,672,109 to \$8,101,074 because of hardening in the global reinsurance market causing increased premium rates and increased losses and loss adjustments in the prior year. Special insurance programs covering student accident and environmental coverage were \$487,110. Agent commissions increased from \$1,196,500 to \$1,290,182 an increase of \$93,682 or 7.8%. The other changes in program expenses were insignificant.

### Administration Expenses

Total administrative expenses were \$1,286,070 in Fiscal Year ending June 30, 2022, compared to \$1,118,014 in FY 2021. This represents an increase of \$168,086 or 15.0%. The management fees increased from \$543,372 to \$642,735 to account for the in-house brokering and loss control services. Operating expenses decreased from \$235,257 to \$214,783 a reduction of \$20,474 or 8.7% due to expense mitigation efforts and reduced travel because of COVID-19 restrictions. Technology services increased to \$48,248 from \$4,354 due to timing of replacements.

### Non-operating Net Investment Income

Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Restrictions imposed by law on the types of investments NPAIP may utilize are like other local governments. The investment portfolio consists of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. NPAIP's investments are anticipated to be held to maturity. Non-operating net investment income was (\$184,352) for Fiscal Year end June 30, 2021, compared to (\$1,734,881) in 2022. The investment income was negative for NPAIP because of the mark to market value adjustment because of decreasing interest rates in fiscal year 2022. The POOL portfolio total return was (6.15%) with the portfolio price reduction of (8.17%) offset by the portfolio income return of 2.02%. This is the result of rising interest rates based on the actions of the Federal Reserve. See Note 3 Investment Securities for more details.

### Revenues, Expenses and Changes in Net Position:

#### CONDENSED STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

	<u>2022</u>	<u>Restated 2021</u>
Revenues	\$ 21,286,385	\$ 19,069,310
Loss fund provision and program expenses	17,425,012	15,911,499
Administration expenses	1,286,070	1,118,014
Total expenses	<u>18,711,082</u>	<u>17,029,513</u>
Increase in operating net position	2,575,303	2,039,797
Non-operating net investment loss	<u>(1,734,881)</u>	<u>(176,048)</u>
Increase in net position	840,422	1,863,749
Net position- beginning balance	19,409,646	17,545,897
Net position, end of year	<u><u>\$ 20,250,068</u></u>	<u><u>\$ 19,409,646</u></u>

### Capital Assets and Debt Administration:

NPAIP owns land and the office building as the only physical assets and no borrowed funds. The capital assets of land, building and equipment net is \$1,641,368 as of June 30, 2022. This represents 4.9% of the total assets. This building generates rental income and diversifies NPAIP's investments. NPAIP remains debt free.

### Subsequent Events:

There were no subsequent events that would affect the financial statements for the current fiscal year.

### Requests for Information:

While the purpose of this discussion and financial report is to provide a general overview of NPAIP's financial position, address requests for additional financial information to Wayne Carlson, Executive Director, 201 S. Roop St., Suite 102, Carson City, NV 89701-4790.



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Net Position**  
**June 30, 2022 and 2021**

<b>ASSETS</b>	<b><u>2022</u></b>	<b><u>Restated 2021</u></b>
Current assets:		
Cash and cash equivalents	\$ 4,482,628	\$ 983,799
Investments	23,186,859	26,500,122
Accrued interest	84,162	86,345
Deductibles receivable	285,189	46,124
Assessments receivable	22,248	24,272
Other Receivables	35,017	11,353
Specific and aggregate recoverables	3,212,427	2,026,949
Prepaid expense	409,535	25,082
Total current assets	<u>31,718,065</u>	<u>29,704,046</u>
Capital assets:		
Land, building & equipment, net	<u>1,641,368</u>	<u>1,709,091</u>
Non current assets:		
Lease assets	<u>300,005</u>	<u>460,591</u>
<b>Total Assets</b>	<b><u><u>33,659,438</u></u></b>	<b><u><u>31,873,728</u></u></b>
<b>LIABILITIES</b>		
Other current liabilities:		
Accounts payable	402,943	72,299
Risk Management Grants payable	130,422	139,192
Current portion of reserve for claims and claims adjustment expenses	4,917,758	4,606,327
Total current liabilities	<u>5,451,123</u>	<u>4,817,818</u>
Noncurrent liabilities:		
Reserve for claims and claims adjustment expenses	<u>7,658,242</u>	<u>7,185,673</u>
Total non-current liabilities:	<u>7,658,242</u>	<u>7,185,673</u>
<b>Total Liabilities</b>	<b><u><u>13,109,365</u></u></b>	<b><u><u>12,003,491</u></u></b>
<b>DEFERRED INFLOWS</b>		
Current portion of lease obligations	162,165	160,586
Lease obligations	137,840	300,005
<b>Total Deferred inflows</b>	<b><u><u>300,005</u></u></b>	<b><u><u>460,591</u></u></b>
<b>NET POSITION</b>		
Net Position, unrestricted	18,608,700	17,700,555
Net Position, invested in capital assets	1,641,368	1,709,091
<b>Total Net Position</b>	<b><u><u>\$ 20,250,068</u></u></b>	<b><u><u>\$ 19,409,646</u></u></b>

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>Restated 2021</u>
<b>OPERATING REVENUES</b>		
Premiums written	\$ 20,536,646	\$ 18,306,983
Lease income	232,730	229,891
PRM risk mitigation services	475,000	475,000
Other Income	42,009	57,436
Total revenues	<u>21,286,385</u>	<u>19,069,310</u>
<b>PROGRAM EXPENSES</b>		
Losses and loss adjustment expenses	4,768,614	4,277,923
Excess insurance premiums	8,101,074	7,672,109
Special insurance programs	487,110	-
In-house brokering & loss control fees	505,000	505,000
Third party administrator fees	738,117	780,375
Member education and training	1,369,381	1,337,130
Loss control awards and grants	158,945	135,539
Agent commissions	1,290,182	1,196,500
Taxes written	6,589	6,923
Total program expenses	<u>17,425,012</u>	<u>15,911,499</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Management fees	642,735	543,372
Building maintenance and utilities	81,469	107,440
Depreciation	73,985	67,396
Travel	40,830	8,776
Casualty insurance	53,677	50,440
Operating expenses	214,783	235,257
Legal expenses	2,594	4,662
Consultant appraisals	127,749	96,317
Technology services	48,248	4,354
Total pool administration expenses	<u>1,286,070</u>	<u>1,118,014</u>
Total program and administration expenses	<u>18,711,082</u>	<u>17,029,513</u>
<b>Increase in operating net position</b>	<b><u>2,575,303</u></b>	<b><u>2,039,797</u></b>
Non-operating net investment loss	<u>(1,734,881)</u>	<u>(176,048)</u>
<b>Increase in net position</b>	<b><u>840,422</u></b>	<b><u>1,863,749</u></b>
Beginning net position	<u>19,409,646</u>	<u>17,545,897</u>
<b>Net position, end of year</b>	<b><u>\$ 20,250,068</u></b>	<b><u>\$ 19,409,646</u></b>

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Cash Flows**  
**For Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>Restated 2021</u>
<b>Cash flows from operating activities:</b>		
Premiums written	\$ 18,929,877	\$ 18,241,063
Lease income	232,730	238,195
PRM risk mitigation services	475,000	475,000
Other revenues	42,009	57,436
Payments for claims	(3,982,614)	(3,760,923)
Payments to vendors	(13,770,293)	(12,765,049)
Net Cash Provided from Operating Activities	<u>1,926,709</u>	<u>2,485,722</u>
<b>Cash flows from investing activities:</b>		
Interest and dividend income, net of expenses	522,834	604,705
Purchases of investments	(4,296,446)	(10,613,887)
Proceeds from sales of investments	5,351,994	7,409,356
Net Cash provided (used) from Investing Activities	<u>1,578,382</u>	<u>(2,599,826)</u>
<b>Cash flows from capital activities:</b>		
Equipment purchases	(6,262)	(115,077)
Net Cash Used for Capital Activities	<u>(6,262)</u>	<u>(115,077)</u>
Increase (decrease) in Cash Equivalents	3,498,829	(229,181)
Cash and Cash Equivalents, beginning of fiscal year	983,799	1,212,980
<b>Cash and Cash Equivalents, year ended June 30</b>	<u><b>4,482,628</b></u>	<u><b>983,799</b></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Net Income	2,575,303	2,048,101
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	73,985	67,396
Decrease in accrued interest	2,183	7,770
(Increase) decrease in deductibles receivable	(239,065)	82,501
(Increase) in other receivables	(21,640)	(5,305)
(Increase) in recoverables	(1,185,478)	(143,116)
(Increase) decrease in prepaid expense	(384,453)	74,415
Decrease (increase) lease assets	160,586	(460,591)
Increase (decrease) in accounts payable	330,644	(106,800)
(Decrease) in Risk Management Grants liability	(8,770)	(56,240)
(Decrease) increase in lease obligations	(160,586)	460,591
Increase in reserve for claims and loss adjustments	784,000	517,000
<b>Net Cash Provided by Operating Activities</b>	<u><b>\$ 1,926,709</b></u>	<u><b>\$ 2,485,722</b></u>

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 1 - NATURE OF ORGANIZATION**

The Nevada Public Agency Insurance Pool (NPAIP) is a quasi-governmental entity formed by an intergovernmental agreement between political subdivisions of the state of Nevada and organized to operate as a group self-insurer. The purpose of the organization is to seek the prevention or lessening of casualty losses to its members and injuries to persons, which might result in claims being made against such members. In addition to self-funding and excess insurance protection, the program provides risk management services with emphasis on loss control, claims administration, and management support services. The NPAIP is fully funded by member participants. Members file claims with Davies Claims Solutions, which has been contracted to perform claims adjustments for the NPAIP.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Presentation

The Nevada Public Agency Insurance Pool has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. NPAIP has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*.

The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises, where applicable, which may differ from the basis of accounting followed in statutory reporting.

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting

The financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Expenditures are recorded when the related fund liability is incurred.

Cash Equivalents

For purposes of the statement of cash flows, the NPAIP considers investments with original maturity dates less than 90 days to be cash equivalents.

Investment and Interest Income

Investments are recorded at fair market value. Interest income, and realized and unrealized gains and losses are shown as net investment income.

The NPAIP is authorized, by state statutes, to make investments in bonds and debentures of the United States, bills and notes of the U.S. Treasury, the maturities of which cannot be more than 10 years from date of purchase except as permitted by law. The NPAIP is also authorized to purchase negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, the U.S. Postal Service and Government National Mortgage Association securities.

Budget

A budget is prepared by management though there is no legal budgetary requirement.

Credit Risk

Credit risk is the risk that the issuer of a security will default on principal and interest of the security. NPAIP's policy is to invest in securities with credit ratings of AAA, AA, or A as rated by a Nationally Recognized Statistically Rating Organization pursuant to statutory limitations. In addition, NPAIP's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Concentration of Credit Risk

NPAIP limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. Corporate bond allocation cannot exceed 20% of the total par value of the portfolio. NPAIP will not directly invest in securities that have a weighted average life of more than ten (10) years from the date of purchase, except as permitted by law. The policy does not place a limit on the purchase of U.S. government and government backed securities.

Liquidity Risk

Liquidity risk is the risk that an investment may not be converted into cash if a need for cash arises. Management minimizes liquidity risk through planning investment maturities to ensure that funds are available to meet cash flow needs and maintain a portion of the funds in money market mutual funds which offer same-day liquidity for short-term funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Management seeks to minimize this risk by matching investment maturities to liability due dates. This allows NPAIP to hold investments to maturity thus mitigating losses from the sale of investments prior to their maturity date. Additionally, exposure to fair value losses arising from increasing interest rates is minimized by investing in investments with short to mid-term durations.

Deductibles and Specific Excess Recoverable Receivables

Deductibles receivable represents the portion of a claim to be collected from members. Specific excess recoverables represents amounts to be collected from excess insurers on claims made by members against the NPAIP in excess of the NPAIP's retention.

Fixed Assets

Equipment on the books is depreciated over the estimated useful lives of the assets using the straight-line method and the lives assigned to assets range from 5 years to 7 years. The capitalization policy allows for the recording as an asset and depreciation for amounts of and in excess of \$5,000. The office building cost is depreciated using the straight-line method over a period of 40 years and building improvements depreciated over 20 years with no salvage value.

Lease assets

Lease assets represents the amounts to be collected on office space that NPAIP has leased to various tenants. Lease obligation represents the obligation the Organization has to provide that leased space over the term of the contract. Leases are capitalized at a rate of 2% which is management's estimation based on the average rate of return NPAIP earned on investments at the time the lease was entered into. Interest income is recorded on the leases annually based on this rate. Lease assets and the related obligation are reduced each year as rental income is recognized.

Legal Fees

Legal fees included in administration expenses are primarily for corporate legal work only; all legal expenses associated with a particular claim are charged directly to that claim's experience. Legal work on claims affects losses incurred and loss adjustment expenses.

Losses and Loss Adjustment Expenses

Reserves for losses and allocated loss adjustment expenses are provided based on case basis estimates for losses reported and NPAIP's historical loss experience for claims incurred but not reported (IBNR). The liability for unpaid losses and loss adjustment expenses includes the estimated cost of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined based on an evaluation prepared by management and an independent consulting actuary using a 75% confidence level. Although such estimates are best estimates of the expected values, the actual results may vary from these values.

Member Loss Fund Contributions and Unearned Member Loss Fund Contributions

Member contributions are collected in advance and recognized as revenue in the period for which insurance protection is provided.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Federal Income Taxes

In accordance with Internal Revenue Service code Section 115, organizations formed, operated and funded by political subdivisions may exclude income from those activities that qualify for exclusion. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Supplementary Development Schedule - Unaudited

The Claims Development Schedule reports claims on a reported year basis.

New Accounting Standard adopted

NPAIP has adopted the new GASB 87 standard for the reporting of leases. NPAIP offers rental leases to several organizations and reports the leases as lease assets and the deferred rental income as deferred lease revenues. To conform to current year's presentation, the prior year financial statements have been restated. \$460,591 was added as leased assets and lease obligations and rental income was reclassified to report \$8,304 in interest income.

**NOTE 3 – CASH AND INVESTMENTS**

The carrying amount of NPAIP's deposits with financial institutions at June 30, 2022 and 2021 was \$4,482,628 and \$983,799. The financial institution balance at June 30, 2022 and 2021 was \$5,055,049 and \$1,532,553 respectively. The difference between the carrying amount and bank balance results from outstanding checks and/or deposits not yet reflected in the bank's records.

	<u>2022</u>	<u>2021</u>
Amounts insured by FDIC	\$ 250,000	\$ 250,000
Amounts collateralized	2,334,203	435,629
Amounts uninsured and uncollateralized	-	-
Cash equivalents at brokerage firm	<u>2,470,846</u>	<u>846,924</u>
Total deposits at financial institutions	<u><u>\$ 5,055,049</u></u>	<u><u>\$ 1,532,553</u></u>

NPAIP maintains its cash, cash equivalents and investments in a commercial bank and a brokerage institution. All amounts in the commercial bank are insured by the FDIC or collateralized. Amounts at the brokerage firm are insured through SIPC and additional amounts above SIPC coverage limits are insured by the broker through an insurance policy.

A summary of investments as of June 30, 2022 is as follows:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>1 year or less</u>	<u>1-5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$ 5,154,639	\$ 1,469,202	\$ 3,363,656	\$ 321,781	\$ -
U.S. Government & Agencies	-	-	-	-	-
U.S. Mortgage-backed securities	13,137,403	1,458	1,077,854	9,877	12,048,214
U.S. Government backed securities	188,641	-	34,438	154,203	-
Corporate bonds	4,706,176	250,909	4,455,267	-	-
Total investments	<u><u>\$ 23,186,859</u></u>	<u><u>\$ 1,721,569</u></u>	<u><u>\$ 8,931,215</u></u>	<u><u>\$ 485,861</u></u>	<u><u>\$ 12,048,214</u></u>

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 3 – CASH AND INVESTMENTS (continued)**

A summary of investments as of June 30, 2021 is as follows:

	Fair Value	Investment Maturities in Years			
		1 year or less	1-5	5-10	Over 10
U.S. Treasuries	\$ 4,299,625	\$ -	\$ 897,750	\$ 3,401,875	\$ -
U.S. Government & Agencies	42,011	42,011	-	-	-
U.S. Mortgage-backed securities	17,237,129	-	767,200	850,665	15,619,264
U.S. Government backed securities	353,228	-	107,754	-	245,474
Corporate bonds	4,568,129	253,442	4,314,687	-	-
Total investments	<u>\$ 26,500,122</u>	<u>\$ 295,453</u>	<u>\$ 6,087,391</u>	<u>\$ 4,252,540</u>	<u>\$ 15,864,738</u>

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay with or without call or prepayment penalties. NPAIP categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents the fair value hierarchy for financial instruments measured at fair value on a recurring basis as of June 30, 2022 and 2021:

	June 30, 2022 Fair Value	Quoted price in active markets for identical assets		
		(Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasuries	\$ 5,154,639	\$ 5,154,639	\$ -	\$ -
U.S. Government & Agencies	-	-	-	-
U.S. Mortgage-backed securities	13,137,403	-	13,137,403	-
U.S. Government backed securities	188,641	-	188,641	-
Corporate bonds	4,706,176	-	4,706,176	-
Total cash and investments	<u>\$ 23,186,859</u>	<u>\$ 5,154,639</u>	<u>\$ 18,032,220</u>	<u>\$ -</u>

	June 30, 2021 Fair Value	Quoted price in active markets for identical assets		
		(Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasuries	\$ 4,299,625	\$ 4,299,625	\$ -	\$ -
U.S. Government & Agencies	42,011	-	42,011	-
U.S. Mortgage-backed securities	17,237,129	-	17,237,129	-
U.S. Government backed securities	353,228	-	353,228	-
Corporate bonds	4,568,129	-	4,568,129	-
Total cash and investments	<u>\$ 26,500,122</u>	<u>\$ 4,299,625</u>	<u>\$ 22,200,497</u>	<u>\$ -</u>

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 4 – LAND, BUILDING AND EQUIPMENT**

Building and equipment are reported at cost less accumulated depreciation and land at cost. Depreciation is calculated on the straight line basis over the estimated useful lives of the assets. NPAIP capitalizes equipment and building related expenditures that are greater than \$5,000. When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations. Activity for the years ended June 30, 2022 and 2021 was as follows:

Property and equipment activity for the year ended June 30, 2022 was as follows:

	<b>Estimated Useful Life</b>	<b>June 30, 2021</b>	<b>Additions</b>	<b>Dispositions</b>	<b>June 30, 2022</b>
Land	-	\$ 466,652	\$ -	\$ -	\$ 466,652
Building	40	1,783,716	-	-	1,783,716
Equipment, furniture, fixtures & vehicles	5-7	431,806	6,262	-	438,068
		<u>2,682,174</u>	<u>6,262</u>	<u>-</u>	<u>2,688,436</u>
Less accumulated depreciation		(973,083)	(73,985)	-	(1,047,068)
Capital assets net accumulated depreciation		<u>\$ 1,709,091</u>	<u>\$ (67,723)</u>	<u>\$ -</u>	<u>\$ 1,641,368</u>

Property and equipment activity for the year ended June 30, 2021 was as follows:

	<b>Estimated Useful Life</b>	<b>June 30, 2020</b>	<b>Additions</b>	<b>Dispositions</b>	<b>June 30, 2021</b>
Land	-	\$ 466,653	\$ -	\$ -	\$ 466,653
Building	40	1,783,715	-	-	1,783,715
Equipment, furniture, fixtures & vehicles	5-7	316,729	115,077	-	431,806
		<u>2,567,097</u>	<u>115,077</u>	<u>-</u>	<u>2,682,174</u>
Less accumulated depreciation		(905,687)	(67,396)	-	(973,083)
Capital assets net accumulated depreciation		<u>\$ 1,661,410</u>	<u>\$ 47,681</u>	<u>\$ -</u>	<u>\$ 1,709,091</u>

Depreciation expense for years ended June 30, 2022 and 2021 was \$73,985 and \$67,396 respectively.

**NOTE 5 – RETENTION**

Nevada Public Agency Insurance Pool retains a portion of claims prior to the application of coverage provided by its reinsurance contracts. The retention amounts per event are as follows:

	<b>2021-2022</b>	<b>2020-2021</b>
Property	\$200,000	\$200,000
Liability	\$500,000	\$500,000
Monies & Securities	\$500,000	\$500,000
Equipment Breakdown	\$50,000	\$50,000
Cyber Risk	\$250,000 except \$500,000 for school districts	\$250,000 except \$500,000 for school districts



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 6 – UNPAID CLAIMS LIABILITIES**

NPAIP estimates losses and loss adjustment expense based on historical experience and payment and reporting patterns. These estimates are based on data available at the time of the estimate and are reviewed by NPAIP’s independent consulting actuary.

Inherent in the estimates of the ultimate liability for unpaid claims are expected trends in claim severity, claim frequency, and other factors that may vary as claims are settled. The amount and uncertainty in the estimates are affected by such factors as the knowledge of the actual facts and circumstances and amount of historical claims experienced relative to the development period that has been affected by the change in premium levels and increase in closing and settlement of claims.

As discussed in Note 2, the NPAIP establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the NPAIP in the last two years:

	<u>2022</u>	<u>2021</u>
Unpaid losses and loss adjustment expenses at beginning of year or period	<u>\$ 11,792,000</u>	<u>\$ 11,275,000</u>
Incurred losses and loss adjustment expenses:		
Provision for insured events of current year	6,604,000	7,249,923
Decrease in provision for insured events of prior fiscal years	<u>(1,837,386)</u>	<u>(2,972,000)</u>
Total incurred losses and loss adjustment	4,766,614	4,277,923
Payments:		
Claims and claim adjustment expenses attributable to insured events of current fiscal year/period	(1,418,000)	(1,079,000)
Claims and claims adjustment expenses attributable to insured events of prior	<u>(2,564,614)</u>	<u>(2,681,923)</u>
Total Payments	(3,982,614)	(3,760,923)
<b>Unpaid claims and claims adjustment expenses At end of fiscal year</b>	<u><u>\$ 12,576,000</u></u>	<u><u>\$ 11,792,000</u></u>

In 2022 the current portion of the reserve, cash expected to be paid within 12 months, is \$4,917,758 and the long-term portion is \$7,658,242. At the end of 2021 the current portion was \$4,606,327 and the long-term portion was \$7,185,673.

At June 30, 2022 and 2021, NPAIP recorded the liability for losses and loss adjustment expenses based on an estimate by its independent consulting actuary. The reserve balances were developed by an independent actuary and are management’s best estimate of reserves at June 30, 2022 and 2021.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 7 - RELATED PARTY TRANSACTIONS**

PARMS

PARMS, a service corporation wholly owned by Mr. Wayne Carlson, leased space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a lease agreement for the Executive Director’s office space.

Nevada Risk Pooling

Effective July 1, 2019, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a five-year grant to Nevada Risk Pooling, Inc. (NRP), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Josh Foli, Paul Johnson, Geof Stark, Gina Rackley. The NRP contract allocation is for POOL to pay 50% and PACT 50%. NRP will manage all administrative and risk management duties for NPAIP and PACT.

Effective August 1, 2021, Nevada Risk Pooling assumed the brokering and loss control duties previously provided by Willis Pooling. The Board approved bringing these services in-house at their August 24, 2021 meeting. The contract amounts for Fiscal Year Ending June 30, 2022 from POOL were \$462,917.

Grant costs to POOL for the years ending June 30, 2022 and 2021 were \$1,105,652 of which \$642,735 was recorded as management fees and \$543,372 respectively. POOL’s minimum future payments of the contract are as follows:

2023	\$ 1,170,230
2024	1,193,514
Total future grant payments	<u><u>\$ 2,363,744</u></u>

NRP leases office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a separate lease agreement that coincides with the term of the grant agreement.

Pooling Resources, Inc

Effective July 1, 2006, Nevada Public Agency Insurance Pool (NPAIP) jointly with Public Agency Compensation Trust (PACT) provided a grant to Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Josh Foli, Paul Johnson, and Curtis Calder. PRI provides human resources management services to NPAIP members. The total contract is allocated for POOL to pay 65% and PACT 35%. The cost of this grant for POOL was \$868,958 and \$843,648 for the years ended June 30, 2022 and 2021 respectively. The grant was renewed for five years beginning July 1, 2021 through June 30, 2025. Future grant payments are as follows:

2023	895,026
2024	921,877
2025	949,533
Total future grant payments	<u><u>\$ 2,766,436</u></u>

PRI leases office space at 201 S. Roop St. in Carson City, Nevada from the Nevada Public Agency Insurance Pool through a separate lease agreement that coincides with the term of the grant agreement.

Other Related Party Transactions

NPAIP is the sole policy holder of Public Risk Mutual Company (PRM) which was formed by NPAIP as a non-profit captive mutual insurance company. PRM provided \$475,000 for both years ending June 30, 2022 and 2021 to NPAIP to provide risk management services to the membership. Since, 2004, NPAIP has contributed \$29,477,263 into PRM. No contributions were made in fiscal year 2022 or 2021 to PRM.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 7 - RELATED PARTY TRANSACTIONS (continued)**

Other Related Party Transactions

On July 1, 2017, NPAIP at no cost to NPAIP assumed ownership from PARMS of servers, computers and software and absorbed all costs related to the maintenance, replacement, and improvements for all technological needs of NPAIP, PACT, PRM, (Public Risk Mutual), PCM (Public Compensation Mutual), NRP (Nevada Risk Pooling) and PRI (Pooling Resources, Inc). The related companies of PACT, PRM, PCM, PARMS, NRP, and PRI make payments to NPAIP for use of the information technology equipment and services.

**NOTE 8 – EXCESS INSURANCE OR REINSURANCE**

Nevada Public Agency Insurance Pool offers limits as shown in the policy form. Highlights of some of the limits and sub-limits are shown on the table below. However, NPAIP obtains various reinsurance policies from several reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention. The limits shown below include the NPAIP retention:

**COVERAGE LIMITS:**

<b>PROPERTY</b>	<b>2021-2022</b>	<b>2020-2021</b>
Property per event	\$300,000,000	\$300,000,000
Earthquake aggregate	\$150,000,000	\$150,000,000
Flood aggregate	\$150,000,000	\$150,000,000
except flood zone A and X	\$25,000,000	\$25,000,000
Equipment breakdown	\$100,000,000	\$100,000,000

<b>LIABILITY</b>	<b>2021-2022</b>	<b>2020-2021</b>
Per Event and Aggregate per Member	\$10,000,000	\$10,000,000
Per Wrongful Act and Aggregate per Member	\$10,000,000	\$10,000,000
Law Enforcement per Event and Aggregate per Member	\$10,000,000	\$10,000,000
Emergency Response to Pollution Sublimit Aggregate	\$1,000,000	\$1,000,000
Sexual Abuse Sublimit per Event and Aggregate per Member	\$2,500,000	\$2,500,000

<b>CYBER RISK COVERAGE</b>	<b>2021-2022</b>	<b>2020-2021</b>
Per Private or Security Liability Event	\$3,000,000	\$3,000,000

**REINSURANCE:**

<b>Property</b>	<b>2021-2022</b>	<b>2020-2021</b>
Public Risk Mutual	\$300,000 excess of retention plus 4% of \$100,000,000 excess of \$50,000,000	\$300,000 excess of retention plus 3% of \$100,000,000 excess of \$50,000,000
Travelers Boiler Re	\$100,000,000 excess of retention	\$100,000,000 excess of retention
Lloyds of London various syndicates	\$300,000,000 excess of retention, excluding equipment breakdown and monies and securities	\$300,000,000 excess of retention, excluding equipment breakdown and monies and securities

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 8 – EXCESS INSURANCE OR REINSURANCE (continued)**

**REINSURANCE:**

<b>Liability</b>	<b>2021-2022</b>	<b>2020-2021</b>
Public Risk Mutual	30% of \$2,500,000 excess of retention excluding school districts; 25% of \$7,000,000 excess of \$3,000,000 for all Members	30% of \$2,500,000 excess of retention excluding school districts; 25% of \$7,000,000 excess of \$3,000,000 for all Members
County Reinsurance, Ltd.	70% of \$2,500,000 excess of retention excluding school districts	70% of \$2,500,000 excess of retention excluding school districts
United Educators	\$2,500,000 excess of retention for all school districts	\$2,500,000 excess of retention for all school districts
Government Entities Mutual, Inc.	35% of \$7,000,000 excess of \$3,000,000 for all Members	35% of \$7,000,000 excess of \$3,000,000 for all Members
Lloyds of London Brit Syndicates, Ltd	40% of \$7,000,000 excess of \$3,000,000 for all Members	40% of \$7,000,000 excess of \$3,000,000 for all Members

<b>Cyber Risk</b>	<b>2021-2022</b>	<b>2020-2021</b>
Public Risk Mutual	\$1,000,000 excess of \$2,000,000 per Event	\$1,000,000 excess of \$2,000,000 per Event plus \$250,000 excess of \$250,000 for school districts only
County Reinsurance, Ltd.	\$2,000,000 excess of retention per Event	\$2,000,000 excess of retention per Event excluding school districts
United Educators		\$1,500,000 excess of retention for school districts

**NOTE 9 – LEASES**

NPAIP has long term lease agreements with six organizations to rent office space in the building it owns at 201 S. Roop Street, Carson City, Nevada. Three of the rental agreements are with organizations related to NPAIP and are discussed in Related Parties Note 7. All long-term leases are classified as operating leases. One of those leases is a short-term lease and as a practical expedient management has elected to simply included the lease payments on the income statement and not create a related lease asset and lease liability. The following table shows the gross value of leases and the net lease asset balances on June 30, 2022.

<b>Lease description by tenant</b>	<b>Gross asset balance</b>	<b>Recognized deferred income</b>	<b>Net Asset balance</b>
PARMS	\$ 37,092	\$ 21,816	\$ 15,276
Nevada Risk Pooling	269,220	158,316	110,904
State of Nevada - Sagebrush Ecosystem	55,050	27,525	27,525
CCMSI, Inc	113,400	56,700	56,700
State of Nevada, Risk Management Division	170,999	81,399	89,600
	<u>\$ 645,761</u>	<u>\$ 345,756</u>	<u>\$ 300,005</u>

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 9 – LEASES (continued)**

PARMS rental agreement

A five-year lease with PARMS for the Executive Director’s office space was entered into for the period of July 1, 2019 to June 30, 2024 at a rate of \$7,128 per year adjusted annually by a 2% increase in subsequent years. The agreement does not have an option to renew, and termination is allowed upon mutual agreement. Payments received in years ended June 30, 2022 and 2021 were \$7,416 and \$7,272. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable		
2023	\$	7,560
2024		7,716
		<u>\$ 15,276</u>

Nevada Risk Pooling agreement

A five-year lease with Nevada Risk Pooling, Inc. (NRP) for office space was entered into July 1, 2019 to June at a rate of \$51,732 per year adjusted annually by a 2% increase in subsequent years. The agreement does not have an option to renew, and termination is allowed upon mutual agreement. Payments received in years ended June 30, 2022 and 2021 were \$53,832 and \$52,764. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable		
2023	\$	54,900
2024		56,004
		<u>\$ 110,904</u>

State of Nevada, on behalf of the Sagebrush Ecosystem program

A two-year lease with the State of Nevada, Department of Administration, Public Works Division on behalf of the Department of Conservation and Natural Resources, Sagebrush Ecosystem program for office space was entered into July 1, 2021 for a rate of \$ 27,525 per year until July 1, 2023. There is not renewal included in the lease and the lease can be terminated by the tenant for any legitimate reason related to an impairment of funding from its federal or state sources. Payments received in years ended June 30, 2022 and 2021 were \$27,525 for both years. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable		
2023	\$	27,525
		<u>\$ 27,525</u>

CCMSI, Inc.

A three-year lease with CCMSI, Inc. for office space was entered into January 1, 2021 at a rate of \$37,800 per year until December 31, 2023. There is no renewal provision and the lease can be terminate at any time by mutual agreement. Payments received in years ended June 30, 2022 and 2021 were \$37,800 and \$ 38,74. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable		
2023	\$	37,800
2024		18,900
		<u>\$ 56,700</u>

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 9 – LEASES (continued)**

State of Nevada, Risk Management Division

A five-year lease was entered into with the State of Nevada, Department of Administration, Public Works Division on behalf of the Department of Administration, Risk Management Division on February 1, 2020 at a rate of \$33,195 per year for the first year, \$34,025 for each of the next two years and \$ 34,876 for each of the last two years of the agreement ending on January 31, 2025. There is not renewal included in the lease and the lease can be terminated by the tenant for any legitimate reason related to an impairment of funding from its federal or state sources. Payments received in years ended June 30, 2022 and 2021 were \$34,025 and \$33,541. Lease payments are discounted with a present value of 2%. Future lease receipts are as follows.

Lease asset receivable		
2023		\$ 34,380
2024		34,876
2025		20,344
		<u>\$ 89,600</u>

Pooling Resources, Inc

A one-year rental agreement with Pooling Resources Inc. (PRI) was entered into July 1, 2021. Payments received in years ended June 30, 2022 and 2021 were \$79,919 and \$73,348. The agreement does not have an option to renew. This is a short-term lease and a lease asset and liability was not created and all payments are shown as lease income.

**NOTE 10 - SPECIFIC AND AGGREGATE RECOVERABLES**

Specific reinsurance recoverables represent amounts to be collect from reinsurers on claims made by members against the NPAIP in excess of the NPAIP's retention. The Specific and aggregate recoverable at year-end June 30, 2022 and 2021 are \$3,176,427 and o \$2,026,949 respectively. These amounts include \$1,551,961 owed by United Educators on a settled Elko County School District case. United Educators is disputing coverage arising from NPAIP's settlement.

Both parties to the coverage dispute essentially agree upon the facts in the underlying complaint and in defense counsel's report. However, United Educators asserts that certain of its coverage exclusions are triggered by language in the NPAIP Coverage Form that creates a sublimit of \$2,500,000. NPAIP asserts that the language in question triggers a sublimit within the coverage, not an exclusion. The parties agreed to enter voluntary mediation scheduled for November 16 and 17, 2022, to attempt to resolve the matter short of litigation. NPAIP management believes that it will prevail in mediation to recover the full amount owed by United Educators under the reinsurance agreement.

**NOTE 11 –SUBSEQUENT EVENTS**

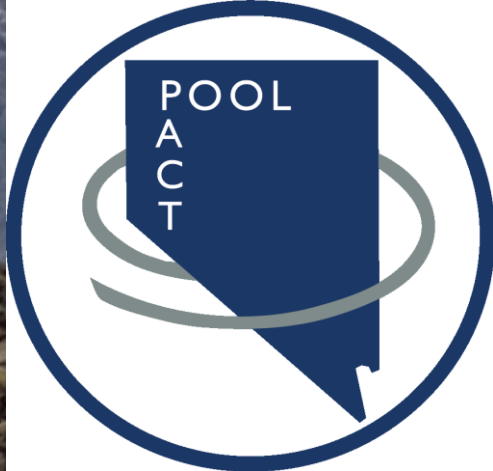
Management has evaluated the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2022. Management has evaluated subsequent events through September 30, 2022 which is the date the financial statements were available for issue.

**COMPARATIVE SCHEDULE OF CLAIMS DEVELOPMENT (UNAUDITED)**  
**EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - YEAR ENDED JUNE 30,**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Required Contributions & Investment Income:										
Earned	\$14,843,453	\$15,203,196	\$15,129,697	\$15,659,967	\$13,926,199	\$14,701,651	\$17,193,234	\$19,357,153	\$18,893,262	19,551,504
Ceded	(4,812,711)	(4,919,456)	(5,253,026)	(5,044,561)	(5,633,992)	(5,794,600)	(5,960,178)	(6,807,601)	(7,672,109)	(8,101,074)
Net earned	10,030,742	10,283,740	9,876,671	10,615,406	8,292,207	8,907,051	11,233,056	12,549,552	11,221,153	11,450,430
Unallocated Expenses	5,485,380	5,672,515	5,755,797	6,213,405	6,801,212	7,157,245	7,591,756	5,358,681	5,079,480	5,354,285
Estimated Incurred Claims & Expense End of Policy Year:										
Incurred	5,370,000	4,851,000	4,317,000	5,255,500	7,062,141	5,939,000	6,142,102	6,433,168	7,529,891	10,799,669
Ceded	-	-	-	(87,500)	(1,427,141)	(201,000)	(145,102)	(261,168)	(279,968)	(4,195,669)
Net Incurred	5,370,000	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,249,923	6,604,000
Paid (cumulative) as of:										
End of policy year	652,000	788,000	551,000	485,000	988,000	1,232,000	1,160,000	776,000	1,079,000	1,418,000
One Year Later	1,670,000	1,538,000	1,681,000	2,291,000	2,367,000	2,984,000	2,240,000	1,886,000	2,036,000	
Two Years Later	1,937,000	2,142,000	2,061,000	3,272,000	3,253,000	3,353,000	2,536,000	2,414,000		
Three Years Later	2,548,000	2,656,000	2,277,000	3,939,000	3,958,000	3,628,000	3,100,000			
Four Years Later	2,797,000	2,973,000	2,395,000	4,529,000	4,281,000	3,707,000				
Five Years Later	2,894,000	2,997,000	2,608,000	4,519,000	4,571,000					
Six Years Later	2,944,000	3,046,000	3,015,000	4,532,000						
Seven Years Later	3,094,000	3,046,000	3,015,000							
Eight Years Later	3,098,000	3,054,000								
Nine Years Later	3,080,000									
Re-estimated ceded claims & Expenses	478,625	2,112,138	480,478	3,069,083	4,990,281	1,781,597	2,216,454	261,168	279,968	4,195,669
Re-estimated Claims & Expense										
End of policy year	5,370,000	4,851,000	4,317,000	5,168,000	5,635,000	5,738,000	5,997,000	6,172,000	7,529,891	6,604,000
One Year Later	4,425,000	4,159,000	3,864,000	4,769,000	5,269,000	5,269,000	4,774,000	4,747,000	5,916,000	
Two Years Later	3,650,000	3,713,000	3,134,000	5,406,000	4,761,000	4,569,000	4,353,000	4,354,000		
Three Years Later	3,137,000	3,285,000	3,140,000	4,838,000	5,048,000	4,172,000	4,242,000			
Four Years Later	3,350,000	3,229,000	3,080,000	4,875,000	4,828,000	3,814,000				
Five Years Later	3,235,000	3,196,000	3,177,000	4,626,000	4,812,000					
Six Years Later	3,119,000	3,157,000	3,030,000	4,580,000						
Seven Years Later	3,105,000	3,055,000	3,021,000							
Eight Years Later	3,102,000	3,055,000								
Nine Years Later	3,102,000									
Increase (Decrease) in Estimated Incurred Claims & Expenses from End of Policy Year	(2,268,000)	(1,796,000)	(1,296,000)	(588,000)	(823,000)	(1,924,000)	(1,755,000)	(1,818,000)	(1,333,923)	-

This information is required by the Governmental Accounting Standards Board





# 2023 – 2024 POOL Reinsurance Renewal Presentation

April 21, 2023



## State of the Market

The global economics has made for an even harder insurance market. Carriers in all lines of coverage are feeling the impact of inflation. Large losses from natural disasters continue and law enforcement liability claims are having nuclear vertices. Sexual assault and molestation loss remain, as many state look at reviver legislation, changing the statute of limitations.

For buyers, the marketplace still has its challenges. The thought from last year that the market was starting to stabilize has completely changed. Capacity is getting harder to fill programs and all insurance is felling that impact.

### Property

- Capacity is strained. Inflation with insured values has provided additional correcting in pricing, but the markets have also been impacted by under valuation of property. Climate change loss, wildfire and floodings from atmospheric rivers, has become more frequent as well. Markets reinsurance treaties have impacted pricing, as the markets have had 30%-45% increases in their coverage placement, along with raised retentions.

### Liability

- Due to inflation, including social inflation, and its impact on claim cost, civil turmoil/law enforcement and uncertainty around litigation in a post-pandemic world, Liability markets are remaining conservative in pricing. For the Liability and Excess Liability, markets are remaining close to last year at a 10% - 20% increase, depending on risk hazard and could be higher due to adverse loss development.

### Workers Compensation

- With the continued rise in health care costs, markets will continue to look for rate increases. Depending on the hazard classes and losses, rates can expect between a 5% and 15% increase.

### Cyber

- There has been no secret to the events that have happened within the cyber world. Markets continue to reduce limits and increase retentions along with increase pricing 30% - 50%. Our program has felt the impact and changes will be discussed with the renewal presentation.

# 2023-2024 NPAIP Reinsurance Renewal Submission

## Markets Approached

### Property

- Lloyd's of London
- Public Risk Mutual (PRM)

### Casualty

- Old Republic – Schools Only
- CRL – Other than Schools and Cyber for all members
- GEM – All Members
- Public Risk Mutual (PRM) – All Members

### Cyber

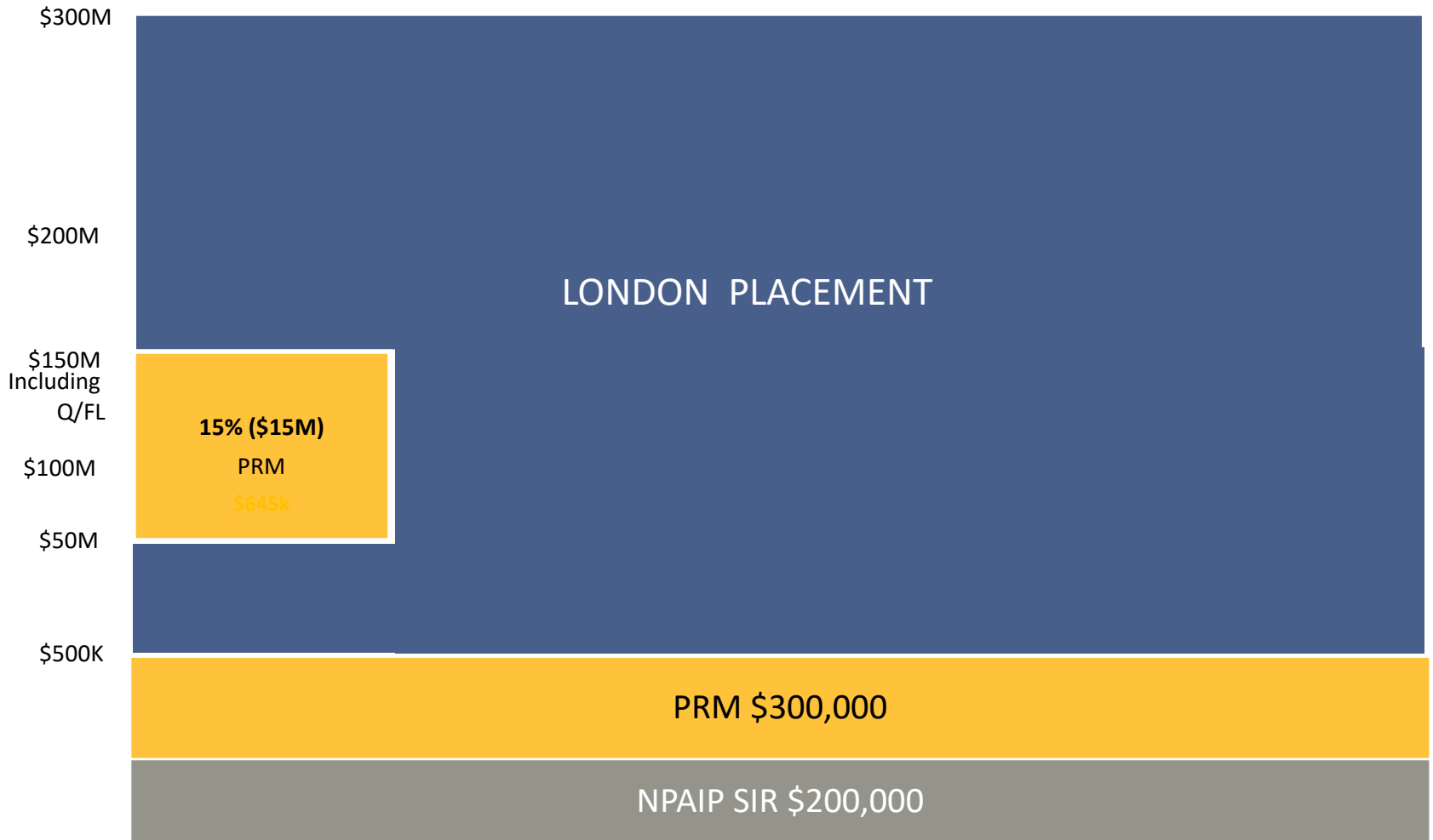
- CRL – All Members
- PRM – All Members
- Tokio Marine – Provide an indication

### Joint Purchase Insurance Programs

- Travelers Boiler Re – Equipment Breakdown
- Gerber - Student Accident
- Ironshore – Environmental Liability
- Lloyd's of London – Property and Casualty Terrorism

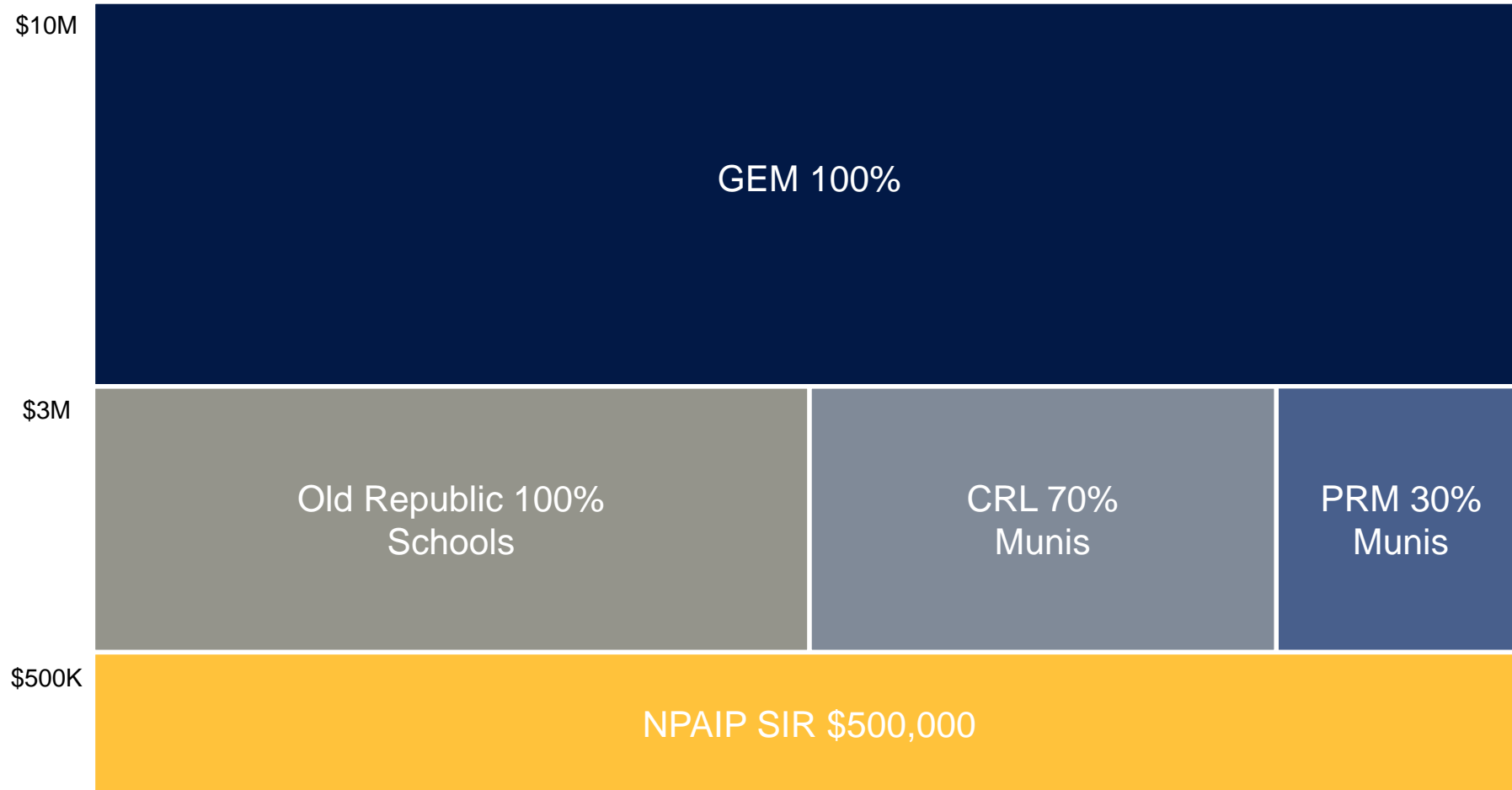
# Nevada Public Agency Insurance Pool 2023-2024

## Property Structure



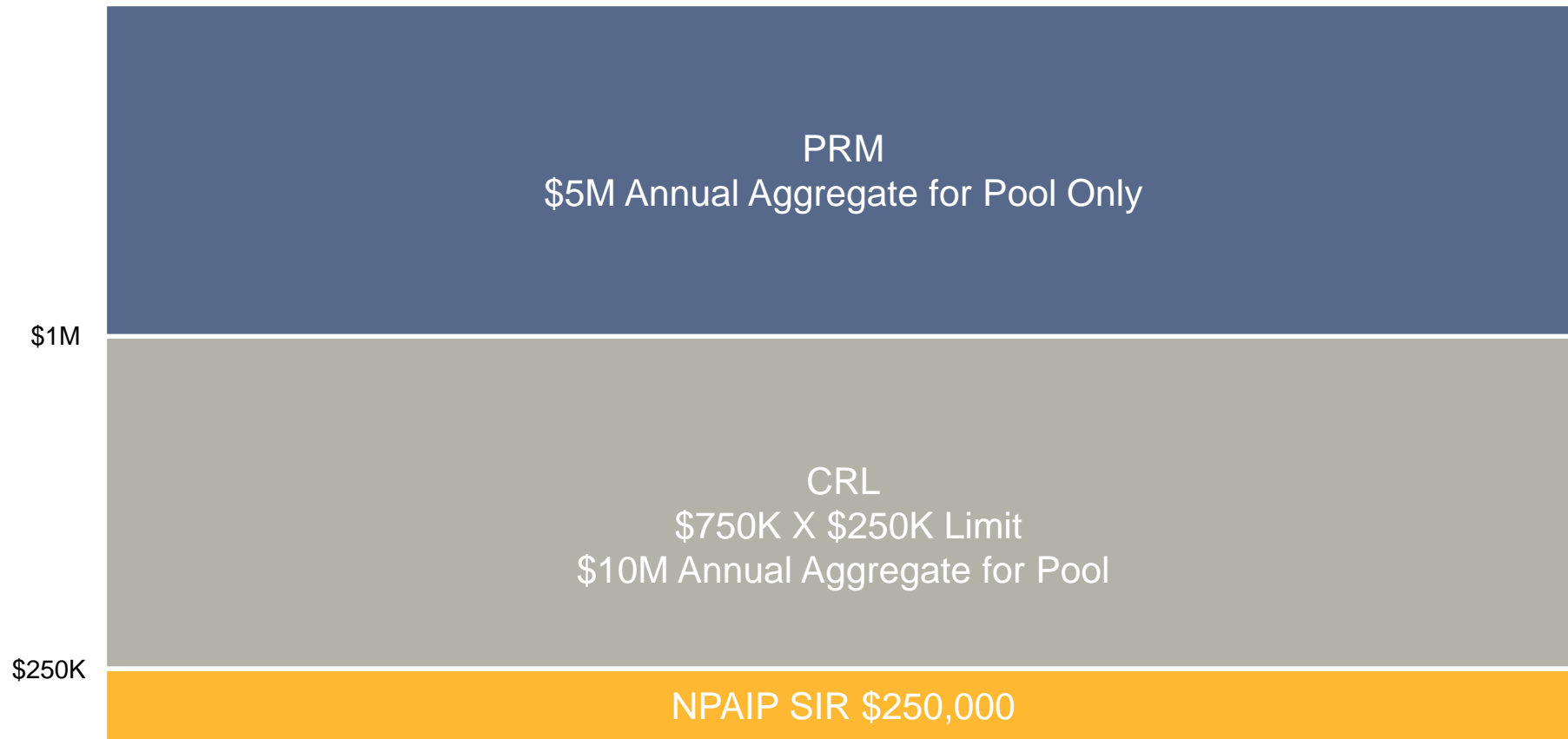
# Nevada Public Agency Insurance Pool 2023-2024

## Liability Structure



# Nevada Public Agency Insurance Pool 2023-2024

## Cyber Liability Structure - \$1M Limit with a \$15M Pool Aggregate



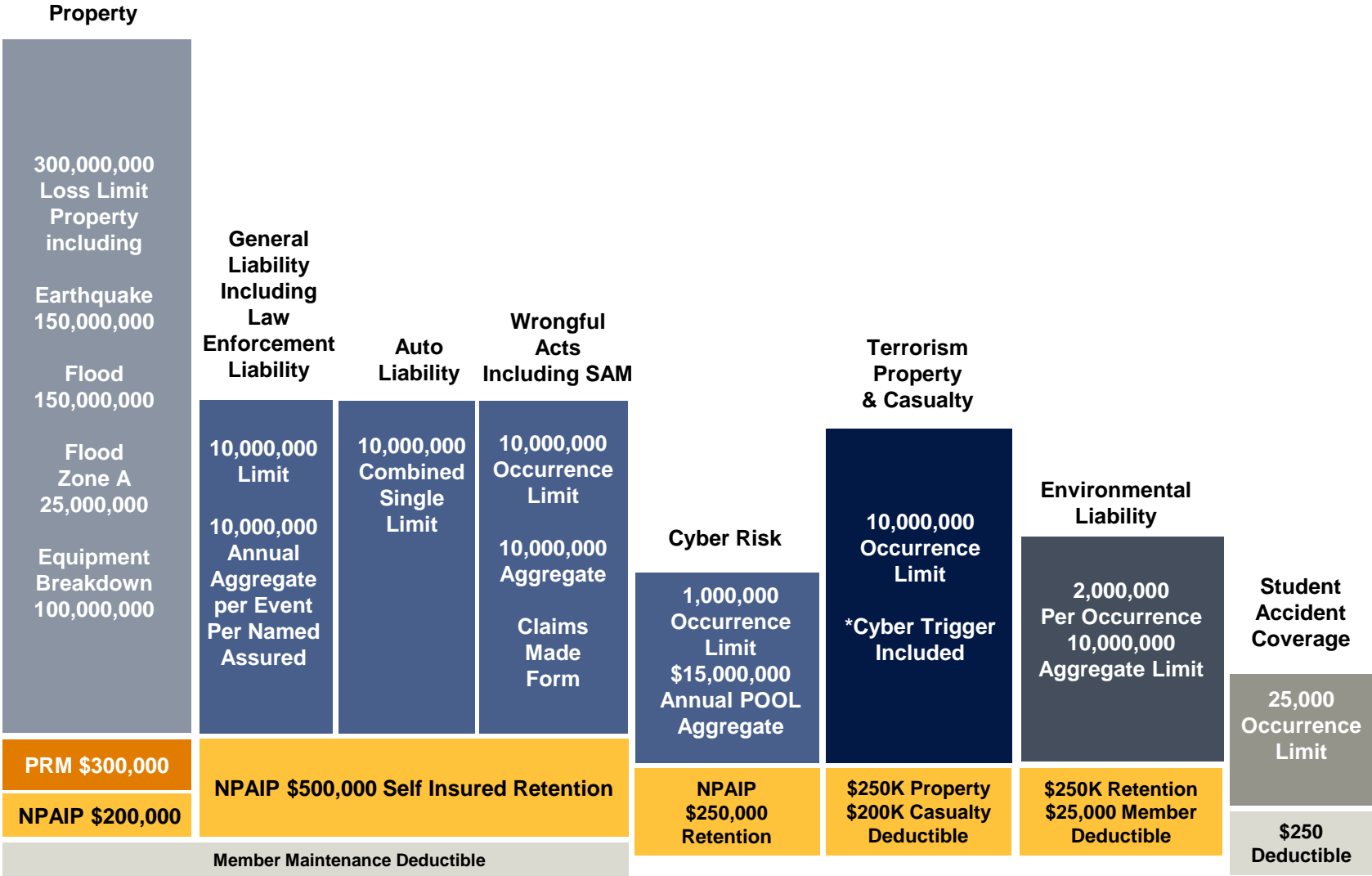
# NPAIP Reinsurance Program Structure and Exposures 2022 vs. 2023

	2022 - 2023 Expiring	2023 - 2024 Renewal - As Expiring	
<b>Retentions</b>			
Property - NPAIP and PRM	\$500,000	\$500,000	
Casualty - NPAIP Only	\$500,000	\$500,000	
<b>Participation in NPAIP Structure</b>			
CRL Casualty w/o school exposure	70% of \$2.5M xs \$500K	70% of \$2.5M xs \$500K	
PRM Casualty w/o school exposure	30% of \$2.5M xs \$500K	30% of \$2.5M xs \$500K	
Old Republic - Casualty Schools	100% of \$2.5M xs \$500K	100% of \$2.5M xs \$500K	
GEM Casualty	100% of \$7M xs \$3M	100% of \$7M xs \$3M	
Boiler Re (Equipment Breakdown Limits)	\$100,000,000	\$100,000,000	
PRM Property	\$300K xs \$200K	\$300K xs \$200K	
PRM Property	15% of \$100M xs \$50M	15% of \$100M xs \$50M	
Lloyds Property	\$300,000,000 xs \$500k	\$300,000,000 xs \$500k	
Lloyds Property - Flood Zone A Limits	\$25,000,000	\$25,000,000	
<b>Exposure Data</b>			
Property TIV	5,839,588,056	6,459,742,859	<b>10.62%</b>
EB TIV	5,235,037,564	5,830,049,660	<b>11.37%</b>
Liability Payroll	726,999,838	786,530,896	<b>8.19%</b>
Liability Payroll, no schools	383,047,610	430,732,776	<b>12.45%</b>
ADA	45,978	46,384	<b>0.88%</b>
<i>(1) 2022 rate averaged by using payroll as exposure and includes Cyber premium for all Members at <b>\$1M Limit</b></i>			
<i>(2) 2022 rate averaged by using TIV as exposure</i>			
<i>(3) Premium includes the Cyber Liability for all Members</i>			

# NPAIP Renewal Reinsurance Comparison and Quotes

2023 - 2024 NPAIP Renewal Quotes			
	Premium with 2022 Rates applied to 2023 Exposures	Premium with 2023 Rates applied to 2023 Exposures	
Coverages	\$300 Million Property and \$150 Million Flood and Quake, EXCEPT \$25 Million Flood Zone A, \$100 Million Equipment Breakdown, \$2.5M xs \$500K Old Republic 100% (Schools), 70% CRL & 30% PRM (Non-Schools), \$7M xs \$3M GEM 100%	\$300 Million Property and \$150 Million Flood and Quake, EXCEPT \$25 Million Flood Zone A, \$100 Million Equipment Breakdown, \$2.5M xs \$500K Old Republic 100% (Schools) includes a \$7,500 RM Grant, 70% CRL & 30% PRM (Non-Schools), \$7M xs \$3M GEM 100%	Expiring % Rate Change
CRL - Casualty w/o Schools (1)	\$937,200	\$1,153,282	23.06%
Old Republic - Casualty Schools	\$786,888	\$837,250	6.40%
PRM Casualty (3)	\$611,033	\$923,073	51.07%
GEM	\$841,196	\$848,352	0.85%
Lloyds of London/Property	\$5,110,637	\$6,000,000	17.40%
PRM Property (2)	\$1,143,649	\$1,107,073	-3.20%
NPAIP Cyber Liability	\$300,000	\$300,000	0.00%
Travelers Boiler Re	\$187,932	\$160,909	-14.38%
<b>Total</b>	<b>\$9,918,533</b>	<b>\$11,329,939</b>	<b>14.23%</b>
Joint Purchase Insurance Programs			
Terrorism Property - Retention \$200K	\$165,369	\$165,369	0.00%
Terrorism Liability Retention \$250K	\$44,000	\$44,000	0.00%
Student Accident - \$25,000 Limit	\$164,663	\$164,663	0.00%
Environmental Liability \$250k Ded.	\$365,524	\$357,923	-2.08%
<b>Total</b>	<b>\$739,557</b>	<b>\$731,956</b>	<b>-1.03%</b>
<b>Grand Total</b>	<b>\$10,658,090</b>	<b>\$12,061,895</b>	<b>13.17%</b>

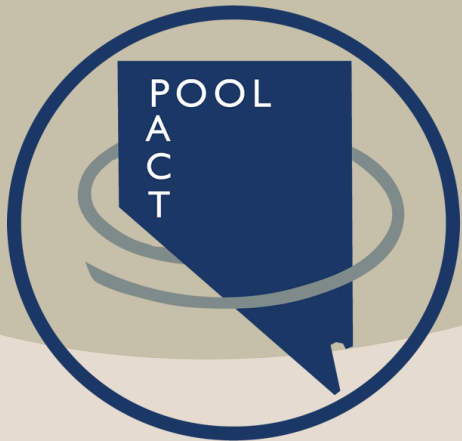
# NPAIP 2023-2024 Program Structure





# POOL Budget Annual Board Presentation

April 21, 2023





# Budget Elements

Assessments  
Actuarial Data

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Loss Fund & Insurance Expense

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Program Expenses

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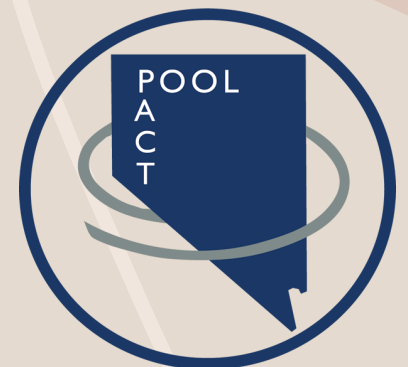
Administration Expenses

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SUMMARY

# ***POOL Financial Strength & Stability***

- Member Owned...Member Governed.... Members Served
- Focused on Solutions.. Members United.. Promoting Best Practices / Ideas
- Sound Risk Financing Solutions to Create Long-term Stability  
Collections of Premiums to Manage Risks and Pay Claims  
Challenge of Social Inflation in Claims, Nuclear Verdicts, Inflation in Building Cost
- Develop Programs and provide Human Resources and Risk Management Services to protect Members, Employees and the Member's Financial Liability
- Member Owned Program.... Member pay the Claims...  
POOL – PRM – CRL - GEM Non-Profit Programs  
Lloyds Property Program is the For-Profit Insurance Company in the Quilt  
What's your Unfunded Liability? Nevada PERS
- Long-Term Program Commitment : Bend the Curve : Rate Stability  
Support your Organization, Employees and Community  
Invest in Human Resources, Risk Management, E-Learning, Cyber Security, Law Enforcement and School Safety, and Health & Wellness

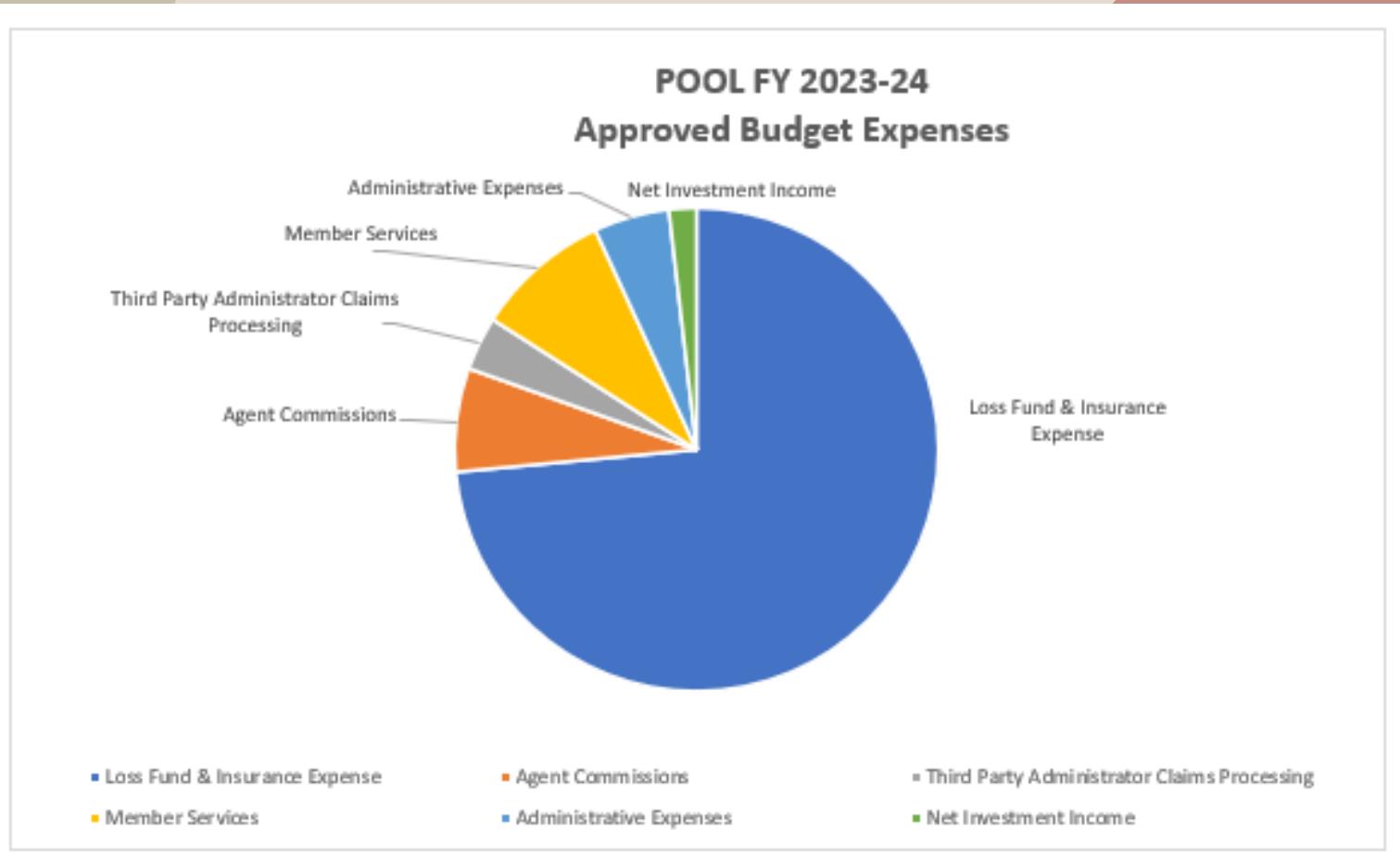
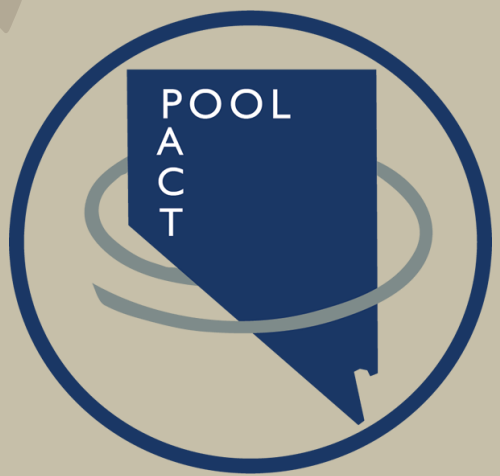


## POOL BUDGET 2023-2024

	FY 2021-2022 Audit	FY 2022-2023 Budget 75% CL 100% OR GEM 100%	FY 2023-2024 Budget 75% CL 100% OR GEM 100%	Dollar Difference	Percentage Change	% of Total Revenues	Notes
<b>Revenues</b>							
Premiums Written	20,536,646	22,673,880	\$ 25,792,551	\$ 3,118,671	13.8%	97.0%	Estimated Required Premium
Other Income	232,730	50,000	\$ 50,000	\$ -	0.0%	0.2%	Technology reimbursement
Rental Income	475,000	253,310	\$ 260,909	\$ 7,599	3.0%	1.0%	Rent for building offices, FMV
PRM Risk Management Services Payment	42,009	475,000	\$ 475,000	\$ -	0.0%	1.8%	Fixed Amount from PRM
<b>Total Revenues</b>	<b>\$ 21,286,385</b>	<b>\$ 23,452,190</b>	<b>\$ 26,578,461</b>	<b>\$ 3,126,271</b>	<b>13.3%</b>	<b>100%</b>	
<b>Loss Fund and Insurance Expenses</b>							
Losses and loss adjustment expenses	4,768,614	\$ 7,348,000	\$ 8,038,000	\$ 690,000	9.4%	30.2%	Actuarial Amount at 75% CL
Excess Insurance Premiums	8,101,074	9,313,555	11,539,308	\$ 2,225,753	23.9%	43.4%	Property, Liability Insurance, OR, 100% GEM
Special Insurance programs	487,110	502,101	519,663	\$ 17,562	3.5%	2.0%	Environmental & Student Accident
Agent Commissions & Taxes Written	1,296,771	1,567,177	1,609,366	\$ 42,189	2.7%	6.1%	7% Board Policy ... State Tax Regs
<b>Total Loss Fund and Insurance Costs</b>	<b>\$ 14,653,569</b>	<b>\$ 18,730,833</b>	<b>\$ 21,706,337</b>	<b>\$ 2,975,504</b>	<b>15.9%</b>	<b>81.7%</b>	
<b>Program Expenses</b>							
Pooling and loss control fees	505,000	\$ 505,000	\$ 505,000	\$ -	0.0%	1.9%	Willis Broker & LC Services: NRP In-house
Third party administrator fees	738,117	\$ 800,575	\$ 800,575	\$ -	0.0%	3.0%	Davies Claims Administration
Loss Control Grants & Educational Incentives	158,945	\$ 425,000	\$ 425,000				
Member education and training	1,369,381	\$ 1,547,526	\$ 1,593,808	\$ 46,282	3.0%	6.0%	Members Services Dividend
<b>Total Program Expenses</b>	<b>\$ 2,771,443</b>	<b>\$ 3,278,101</b>	<b>\$ 3,324,383</b>	<b>\$ 46,282</b>	<b>1.4%</b>	<b>12.5%</b>	
<b>Administrative Expenses</b>							
Management Services	\$ 642,735	\$ 665,231	\$ 688,514	\$ 23,283	3.5%	2.6%	Nevada Risk Pooling Management Team
Casualty Insurance, Travel, Technology Services	\$ 142,755	167,337	174,452	\$ 7,115	4.3%	0.7%	Insurance, Travel, Technology support
Operating expenses	\$ 214,783	169,319	231,966	\$ 62,647	37.0%	0.9%	Copier, phones, utilities, meeting costs
Legal Expenses, Consultant appraisals	\$ 130,343	138,059	141,900	\$ 3,841	2.8%	0.5%	Coverage Counsel, Asset Works Appraisals
<b>Total pool administration expenses</b>	<b>\$ 1,130,616</b>	<b>\$ 1,139,946</b>	<b>\$ 1,236,831</b>	<b>\$ 96,885</b>	<b>8.5%</b>	<b>4.7%</b>	
<b>Total Loss Fund, Program and Administration Expenses</b>	<b>\$ 18,555,628</b>	<b>\$ 23,148,880</b>	<b>\$ 26,267,551</b>	<b>\$ 3,118,671</b>	<b>13.5%</b>	<b>98.8%</b>	
<b>Net Operating Income (Loss)</b>	<b>\$ 2,730,757</b>	<b>\$ 303,310</b>	<b>\$ 310,909</b>	<b>\$ 7,599</b>	<b>2.5%</b>	<b>1.2%</b>	
Non-Operating Investment Income	\$ (1,734,881)	413,421	541,800	\$ 128,379	31.1%	2.0%	Earnings from investment portfolio
<b>Net Gain (Loss)</b>	<b>\$ 995,876</b>	<b>\$ 716,731</b>	<b>\$ 852,709</b>	<b>\$ 135,978</b>	<b>19.0%</b>	<b>3.2%</b>	
Building Cost Expenses as noted below	\$ 155,454	171,149	176,053				
<b>Net Gain (Loss) including Loss Control Grants &amp; Build Exp</b>	<b>\$ 840,422</b>	<b>\$ 545,582</b>	<b>\$ 676,656</b>			<b>2.5%</b>	Net Margin for Contingencies/Loss Development

# POOL Budget

Pool Budget	Proposed Budget	% Allocation
Loss Fund & Insurance Expense	\$ 20,096,971	76.2%
Agent Commissions	\$ 1,609,366	6.1%
Third Party Administrator Claims Processing	\$ 800,575	3.0%
Member Services	\$ 2,098,808	8.0%
Administrative Expenses	\$ 1,236,831	4.7%
Net Investment Income	\$ 541,800	2.1%
<b>Total Budget</b>	<b>\$ 26,384,351</b>	<b>100.0%</b>

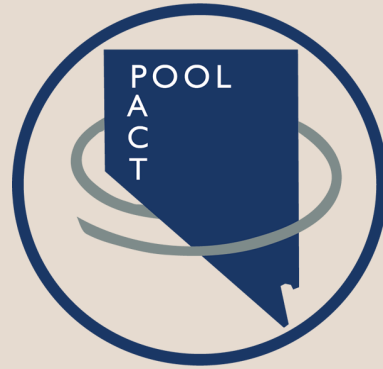


# Loss Fund & Insurance

## Loss and Loss Adjustment Expenses:

Historical Loss Ratios: 65% Benchmark

FY 2017-2018	90.9%
FY 2018-2019	76.0%
FY 2019-2020	65.0%
FY 2020-2021	69.0%
FY 2021-2022	68.9%
FY 2022-2023 Est	79.9%
FY 2023-2024 Budget	81.7%



### POOL BUDGET 2023-2024

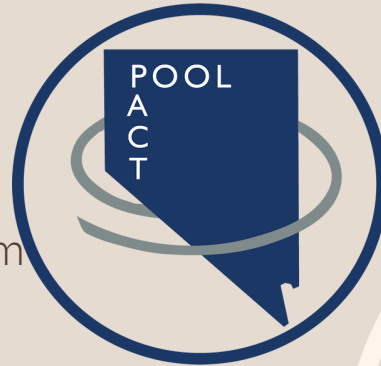
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<b>Total Loss Fund and Insurance Costs</b>	<b>\$ 14,653,569</b>	<b>\$ 18,730,833</b>	<b>\$ 21,706,337</b>	<b>\$ 2,975,504</b>	<b>15.9%</b>	<b>81.7%</b>	



# Loss Fund & Insurance

## Loss and Loss Adjustment Expenses:

Actuary Determination : 75% Confidence Level



### Excess Insurance Premiums

Property: POOL, PRM, Lloyds Syndicate, Terrorism

Equipment Breakdown: Boiler Re

School Liability: POOL, Old Republic, GEM

Muni-Liability: POOL, PRM, GEM, CRL

Cyber: POOL, PRM, CRL

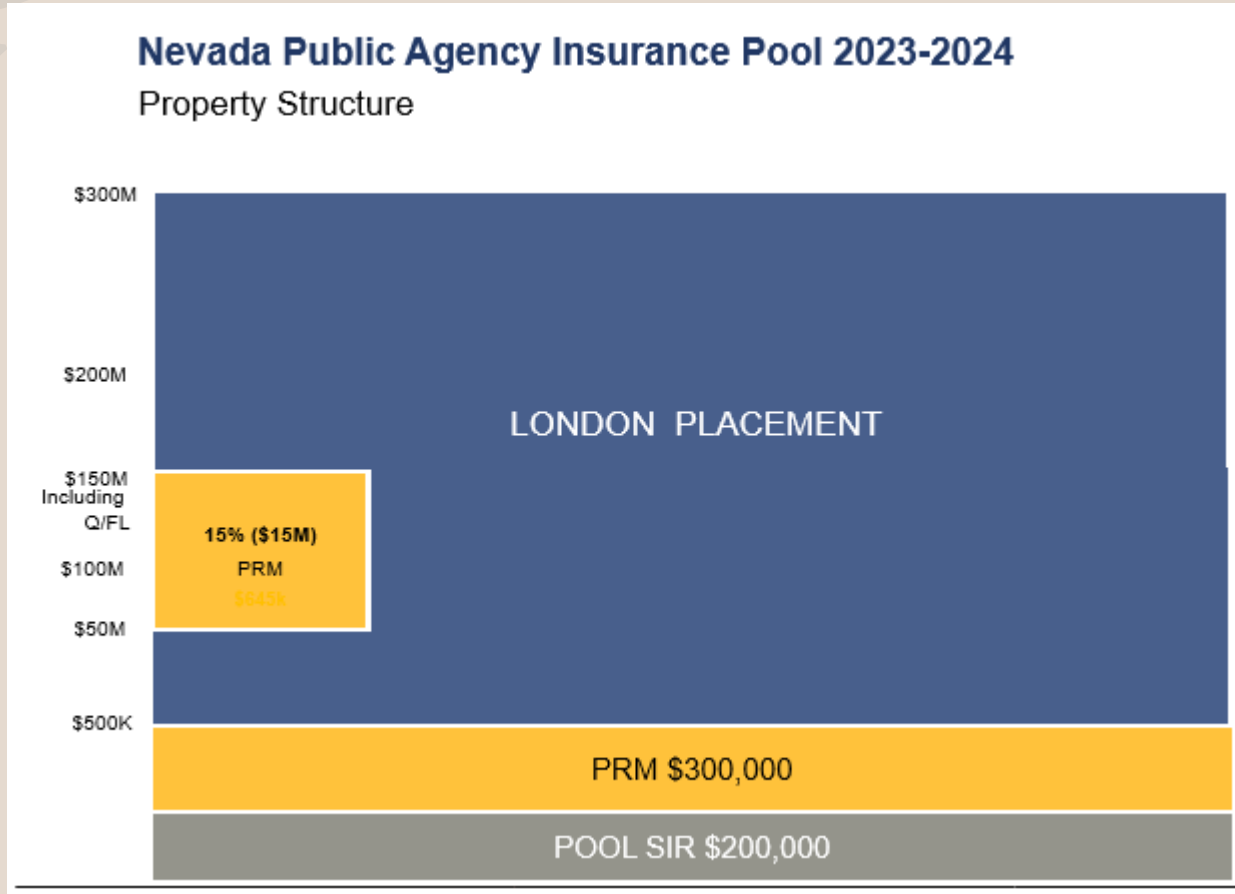
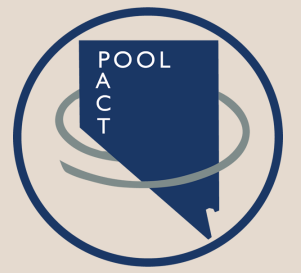
### Special Insurance:

Student Accident: Gerber Life

Environmental Liability: Ironshore

Developing Capacity and Coverage : Quilt Math

# POOL Cost of Coverage FY 2023-24 Property



**POOL:** \$200,000 Layer  
75% CL = **\$3,499,000**  
Loss Fund Contribution

**PRM:** \$300,000 Layer  
75% CL = **\$1,107,073**  
Loss Fund Contribution

**Lloyds Property:** \$6,000,000  
**Lloyd Terrorism Property:** \$165,369



# POOL Property Funding Actuary Projections POOL & PRM

## Nevada Public Agency Insurance Pool Property Actuarial Study

The table below shows our funding recommendations for NPAIP for the 2023-24 fiscal year based on a \$200,000 SIR.

### Nevada Public Agency Insurance Pool Self-Insured Property Program Loss and ALAE Funding Guidelines for 2023-24 Self-Insured Retention (SIR) of \$200,000

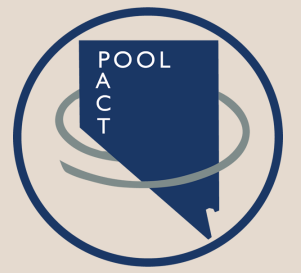
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE: Gross of Members' Deductibles	\$3,311,000					
Expected Amount from Members' Deductibles	(471,000)					
Loss and ALAE – Net of Members' Deductible	\$2,840,000	\$3,289,000	\$3,499,000	\$3,749,000	\$4,058,000	\$4,473,000
Rate per \$100 of 2023-24 Total Insured Value	\$0.043	\$0.050	\$0.053	\$0.057	\$0.061	\$0.068

As you requested, we have completed our review of the Public Risk Mutual (PRM) self-insured property captive program. This captive became effective on September 1, 2004 and provides coverage for some of the excess layers of insurance for the primary program, known as Nevada Public Agency Insurance Pool (POOL). Currently, PRM retains the per occurrence layer between \$200,000 and \$500,000. Effective July 1, 2022, PRM also provides 15% coverage in the layer \$150,000,000 excess of \$50,000,000. The table below shows our funding recommendations for 2023-24.

### Public Risk Mutual Self-Insured Property Program Funding Guidelines for 2023-24

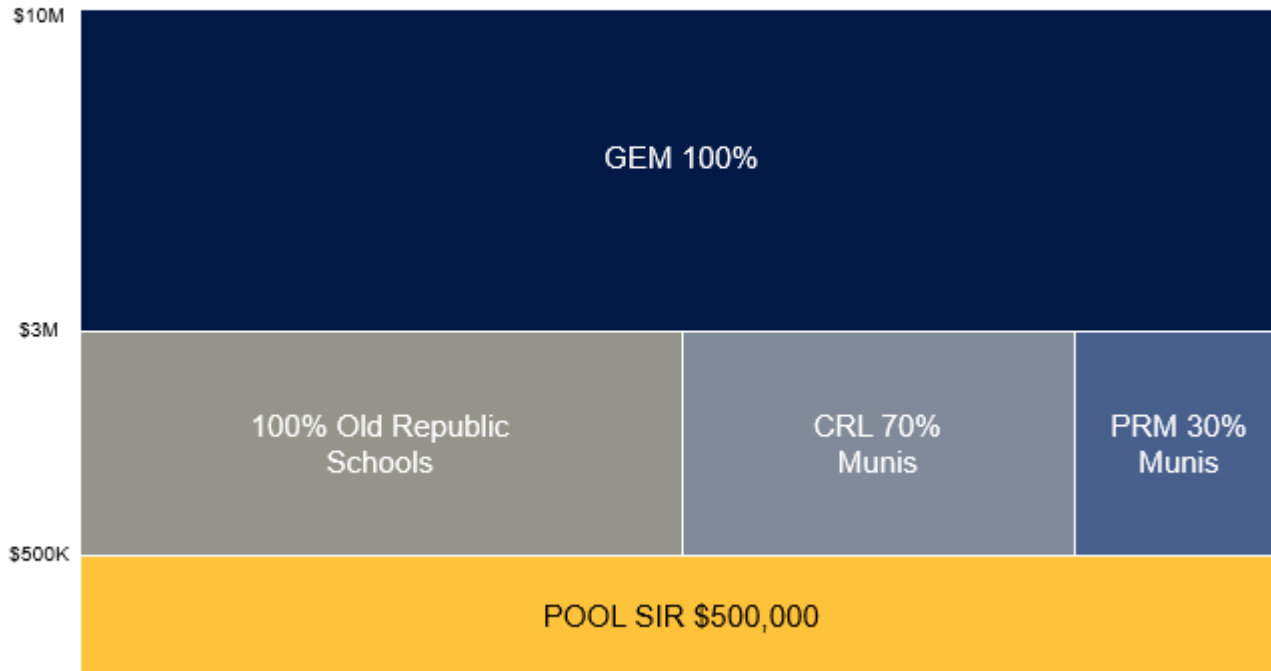
Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$300K xs \$200K	\$928,000	\$975,000	\$1,004,000	\$1,047,000	\$1,113,000	\$1,228,000

# POOL Cost of Coverage FY 2023-24 Liability



## Nevada Public Agency Insurance Pool 2023-2024

### Liability Structure



**POOL:** \$500,000 Layer  
75% CL = **\$4,539,000**  
Loss Fund Contribution

**PRM:** 30% Layer of \$2.5M  
75% CL = **\$923,073**  
Loss Fund Contribution

**CRL:** 70% Layer of \$2.5M \$1,153,282  
**Old Republic:** \$2.5M \$837,250  
**GEM:** \$7M XS \$3M \$848,352

# POOL Liability Funding

## Actuary Projections POOL & PRM

### Nevada Public Agency Insurance Pool Liability Actuarial Study

The table below shows our funding recommendations for NPAIP for the 2023-24 fiscal year based on a \$500,000 SIR.

#### Nevada Public Agency Insurance Pool Self-Insured Liability Program Loss and ALAE Funding Guidelines for 2023-24 Self-Insured Retention (SIR) of \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE: Gross of Members' Deductibles	\$4,950,000					
Expected Amount from Members' Deductibles	(1,281,000)					
Loss and ALAE – Net of Members' Deductible	\$3,669,000	\$4,260,000	\$4,539,000	\$4,865,000	\$5,276,000	\$5,823,000
Rate per \$100 of 2023-24 Payroll	\$0.455	\$0.528	\$0.563	\$0.603	\$0.654	\$0.722

### Public Risk Mutual Self-Insured Liability Program Funding Guidelines for 2023-24

Layer	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
\$500K xs \$500K (Schools) <sup>1</sup>	\$0					
\$500K xs \$500K (Other) <sup>2</sup>	148,000					
\$1M xs \$1M (Schools) <sup>1</sup>	0					
\$1M xs \$1M (Other) <sup>2</sup>	187,000					
\$1M xs \$2M (Schools) <sup>1,3</sup>	26,000					
\$1M xs \$2M (Other) <sup>2,3</sup>	117,000					
<b>Total</b>	<b>\$478,000</b>	<b>\$703,000</b>	<b>\$820,000</b>	<b>\$957,000</b>	<b>\$1,128,000</b>	<b>\$1,359,000</b>

<sup>1</sup>Full coverage by Old Republic

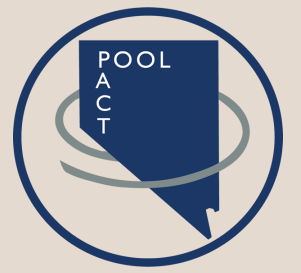
<sup>2</sup>30% Quota Share

<sup>3</sup>Cyber Claim Coverage

Currently, PRM retains a 30% quota share per occurrence for the layer between \$500,000 and \$3,000,000 for non-school entities. Old Republic provides full coverage for school entities in the layer between \$500,000 and \$3,000,000.

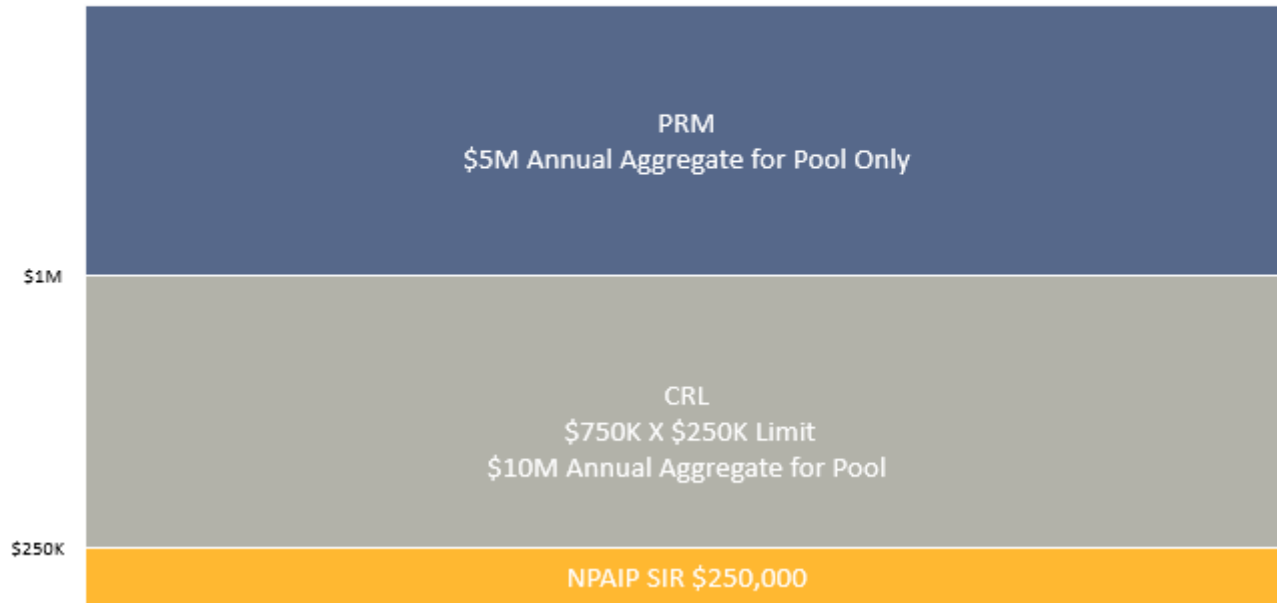
Effective July 1, 2022, PRM also retains the layer \$1,000,000 excess of \$2,000,000 for all member Cyber Liability claims, up to an annual aggregate of \$5,000,000.

# POOL Cost of Coverage FY 2023-24 Cyber



## Nevada Public Agency Insurance Pool 2023-2024

### Cyber Liability Structure - \$1M Limit with a \$15M Pool Aggregate



# Claims Happen - Large Losses

- **Property Flood Loss:** Flash flood happened over a community that included 4 of our members. Current reserved loss is \$3.58M (POOL \$200K, PRM \$300K, Market \$3.08M)
- **Property Water Damage Loss:** Faulty valve did not close and caused 500K gallons of water to fill a building. Incurred loss \$991K (POOL \$200K, PRM \$300K, Market \$491K)
- **Property Equipment Fire:** Fire to equipment, total loss and included business interruption. Incurred loss \$1.1M (POOL \$200K, PRM \$300K, Market \$600K)
- **Property Fire:** Fire to building was a total loss. Current reserved loss is \$491K (POOL \$200K, PRM \$291K)
- **Property Flood Loss:** Heavy rains came through roof and caused damage to gym floor. Current reserved loss \$350K (POOL \$200K, PRM \$150K)
- **Property Water Damage:** Frozen pipe caused water damage. Current reserved at \$277K (POOL \$200K, PRM \$77K)
- **E&O Liability:** Built houses on old landfill. Incurred loss \$2.6M (POOL \$500K, PRM \$630K, CRL \$1.47M)
- ▶ **E&O Liability (School):** Sexual Molestation. Incurred loss \$2.6M (POOL \$500K, UE/Old Republic \$2.1M)
- ▶ **E&O Liability (School):** Violation of ADA. Incurred loss \$2.3M (POOL \$500K, UE/Old Republic \$1.8M)
- ▶ **Police Liability:** In Custody Death. Incurred loss \$2M (POOL \$500K, PRM \$450K, CRL \$1.05M)
- ▶ **Liability:** Alleged negligence with connection to flooding of property. Incurred loss \$1.7M (POOL \$500K, PRM \$360K, CRL \$840K)
- ▶ **Liability:** Alleged negligence due to flooding. Incurred loss \$1.64M (POOL \$500K, PRM \$342K, CRL \$798K)
- ▶ **Police Liability:** Release of motorist that was DUI and subsequently caused fatal auto accident. Current reserve of \$1.2M (POOL \$500K, PRM \$210K, CRL \$490K)
- ▶ **Police Liability:** Officer shot and killed individual. Incurred loss \$1.1M (POOL \$500K, PRM \$180K, CRL \$420K)



# Claims and Insurance Summary

POOL has reached the 65% Benchmark for amount spent on Loss Fund and Claims expense only once in the past 8 years....

Best Rate was in FY 2020 at 65.0%....  
Worse Rate FY 2018 at 90.0%  
Eight Year Average is 74.21%

Claims and related insurance cost are driving the increases  
Proposed Budget **81.7%** of Costs



# POOL Program and Administrative Expenses

## POOL BUDGET 2023-2024

	FY 2021-2022 Audit	FY 2022-2023 Budget 75% CL 100% OR GEM 100%	FY 2023-2024 Budget 75% CL 100% OR GEM 100%	Dollar Difference	Percentage Change	% of Total Revenues	Notes
<b>Program Expenses</b>							
Pooling and loss control fees	505,000	\$ 505,000	\$ 505,000	\$ -	0.0%	1.9%	Willis Broker & LC Services: NRP In-house
Third party administrator fees	738,117	\$ 800,575	\$ 800,575	\$ -	0.0%	3.0%	Davies Claims Administration
Loss Control Grants & Educational Incentives	158,945	\$ 425,000	\$ 425,000				
Member education and training	1,369,381	\$ 1,547,526	\$ 1,593,808	\$ 46,282	3.0%	6.0%	Members Services Dividend
<b>Total Program Expenses</b>	<b>\$ 2,771,443</b>	<b>\$ 3,278,101</b>	<b>\$ 3,324,383</b>	<b>\$ 46,282</b>	<b>1.4%</b>	<b>12.5%</b>	
<b>Administrative Expenses</b>							
Management Services	\$ 642,735	\$ 665,231	\$ 688,514	\$ 23,283	3.5%	2.6%	Nevada Risk Pooling Management Team
Casualty Insurance, Travel, Technology Services	\$ 142,755	167,337	174,452	\$ 7,115	4.3%	0.7%	Insurance, Travel, Technology support
Operating expenses	\$ 214,783	169,319	231,966	\$ 62,647	37.0%	0.9%	Copier, phones, utilities, meeting costs
Legal Expenses, Consultant appraisals	\$ 130,343	138,059	141,900	\$ 3,841	2.8%	0.5%	Coverage Counsel, Asset Works Appraisals
<b>Total pool administration expenses</b>	<b>\$ 1,130,616</b>	<b>\$ 1,139,946</b>	<b>\$ 1,236,831</b>	<b>\$ 96,885</b>	<b>8.5%</b>	<b>4.7%</b>	

# Summary

- POOL and PRM Loss Fund contribution based on 75% Confidence Level
- Growth in Total Insured Values
- Coverage and Capacity Remain Strong
- Human Resource & Risk Management Services to address Member's Needs
- Claims Management : Proactive
- E-Learner: Member Development

## **ACCOUNTABILITY**

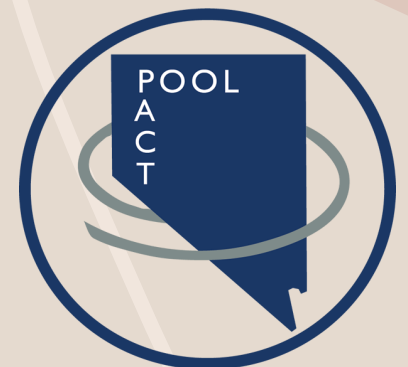
It is not only what we do,  
but also what we do not do,  
for which we are accountable.

[Moliere]



# ***POOL Financial Strength & Stability***

- Member Owned...Member Governed.... Members Served
- Focused on Solutions.. Members United.. Promoting Best Practices / Ideas
- Sound Risk Financing Solutions to Create Long-term Stability  
Collections of Premiums to Manage Risks and Pay Claims  
Challenge of Social Inflation in Claims, Nuclear Verdicts, Inflation in Building Cost
- Develop Programs and provide Human Resources and Risk Management Services to protect Members, Employees and the Member's Financial Liability
- Member Owned Program.... Member pay the Claims...  
POOL – PRM – CRL - GEM Non-Profit Programs  
Lloyds Property Program is the For-Profit Insurance Company in the Quilt  
What's your Unfunded Liability? Nevada PERS
- Long-Term Program Commitment : Bend the Curve : Rate Stability  
Support your Organization, Employees and Community  
Invest in Human Resources, Risk Management, E-Learning, Cyber Security, Law Enforcement and School Safety, and Health & Wellness



“

Continuing the Conversation...  
*Working Together We Achieve More*

”

## QUESTIONS AND ANSWERS



*Thank You for Your Membership &  
Service to your Organization & Community*

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## NEVADA PUBLIC AGENCY INSURANCE POOL (POOL) COVERAGE FORM

All terms or phrases in **bold print** in the body of the Coverage Form are defined terms.

**Section I. Named Assured:** The **Named Assured** means each member listed on Attachment A of this Coverage Form and all Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured** whether now or hereafter constituted.

It is agreed that the unqualified word **Assured** wherever used within this coverage includes not only the **Named Assured** but also:

1. (a) any official, trustee, director, officer, volunteer or employee of the **Named Assured** while acting within the course and scope of their duties as such, and

(b) a student intern participating in any supervised student work-based program, field work experience, clinical training, or internship program that satisfies an educational curriculum requirement of the student intern.

A supervised student work-based program means an educational activity, approved by any **Named Assured** and designed to give students supervised practical application of previously studied theory, performed under the direction and control of a **Named Assured**.

(c) unless otherwise excluded under this Coverage Form, any person, organization, trustee or estate to whom the **Named Assured** is obligated by written contract or agreement to provide insurance or coverage such as is offered by this coverage, but only with respect to operations by or on behalf of the **Named Assured**; such coverage does not apply to any **Event** that takes place prior to the execution of such contract or agreement,

2. as respects Section VI. Liability Coverage and subject to the Definitions and Conditions therein, any person or organization specified in a written contract or agreement to be named an additional assured and who leases equipment to the **Named Assured** or whose land or premises is used by the **Named Assured**, but only with respect to liability for the use of the leased equipment, land or premises by the **Named Assured**, and not to exceed the limits of liability required in the written contract or agreement nor in any case to exceed the sublimit shown in the Declarations per **Event**, such sublimit applying as part of and not in addition to the Section VI Limits of Liability available to the **Named Assured**.

Such coverage does not apply:

- (a) to any **Event** that takes place prior to the execution of such contract or agreement,
- (b) to any **Event** which takes place after the equipment lease expires or use of the land or premises ceases;
- (c) to any **Wrongful Act** or **Law Enforcement Activities**;
- (d) to any **Event** arising out of the sole negligence of such person or organization;
- (e) to structural alterations or new construction performed by or on behalf of such person or organization;

**Commented [AJ1]:** This includes student interns as **Assureds** under this Coverage Form.

3. any person while using an owned **automobile** or a hired **automobile**, and any person or organization legally responsible for the use thereof, provided the actual use of the **automobile** is by the **Named Assured** or with its permission, and any **Assured** with respect to the use of non-owned **automobiles** in the business of the **Named Assured**. This Coverage with respect to any person or organization other than the **Named Assured** does not apply:
- (a) to any person or organization, or to any agent or employee thereof, operating an **automobile** sales agency, repair shop, service station, storage garage or public parking place, with respect to any accident arising out of the operation thereof;
  - (b) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured while such employment in an accident arising out of the maintenance or use of the **automobile** in the business of such employer;
  - (c) with respect to any hired **automobile**, to the owner or a lessor thereof, other than the **Named Assured**, nor to any agent or employee of such owner or lessor;
4. the interest of the **Named Assured** in any joint venture or interlocal cooperation agreement to which the **Named Assured** is a party and any activities under the supervision or control of the **Named Assured** whether now or hereafter constituted, provided no separate independent legal entity is formed and subject to the Other Insurance or Coverage provisions contained herein.

## Section II. Property Limits, Liability Limits and Maintenance Deductible

### 1. PROPERTY LIMITS

- A. The Limit per Loss shown in the Declarations applies to all Covered Property of all Assureds combined as described in the Schedule of Locations.
- B. POOL's maximum Limit per Loss for direct physical loss or damage to Covered Property resulting from any one loss shall not exceed the Limit per Loss set forth in the Property Declarations, subject to any coverage extensions, sublimits, exclusions, restrictions or limitations.
- C. All sublimits apply as part of and not in addition to the Limit per Loss.

### 2. LIABILITY LIMITS

- A. The Limit of Liability applies separately to each **Named Assured** listed on Attachment A.
- B. POOL's maximum Limit of Liability for all loss resulting from any one **Event** shall not exceed the Per **Event** Limit of Liability set forth in the Liability Declarations nor the Annual Aggregate Limit of Liability, regardless of the number of persons, Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured**.
- C. The inclusion hereunder of more than one **Assured** shall not operate to increase the Pool's Limit of Liability for the **Named Assured**.
- D. All sublimits apply as part of and not in addition to the Limit of Liability
- E. All expenses including related medical and legal costs are included when calculating appropriate deductible amounts and limits of liability within this coverage section.
- F. All defense costs, including attorney's fees, incurred by NPAIP in defense of an Assured reduce the deductible amounts and limits of liability within this coverage section.

### 3. MAINTENANCE DEDUCTIBLE

Pool will not be liable for loss or damage in any one loss/**Event** until the amount of loss or damage exceeds the Maintenance Deductible amount shown on the declarations page of this Coverage Form. If two or more Maintenance Deductibles apply to a single loss/**Event**, then the largest Maintenance Deductible amount will apply. However, this Coverage Form allows for application of (a) separate and distinct Maintenance Deductibles; and (b) Maintenance Deductibles for specific loss categories; as shown in the Declarations.

## Section III. General Conditions – All Sections

- 1. SALVAGE AND RECOVERY CLAUSE: All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this coverage shall be applied as if recovered or received prior to the settlement and all necessary adjustments shall be made by the parties hereto.
- 2. CANCELLATION/NONRENEWAL: If the **Named Assured** fails to pay the Contribution by the date specified by the POOL in its written invoice, 30 days written notice of cancellation will be given. This Coverage is otherwise cancelable only at the end of a coverage period. Either of the parties may cancel by giving written notice to the other party, provided notice is issued at least 120 days prior to the end of the current coverage period.
- 3. BANKRUPTCY AND INSOLVENCY: In case of bankruptcy or insolvency of the **Named Assured** or any entity comprising the **Named Assured**, POOL shall not be relieved of the payment of any claim

**Commented [TP2]:** This specifies that the Named Assured is subject to this Condition.

**Commented [TP3]:** This specifies that the Named Assured is subject to this Condition.

to the **Assured** or its liquidator, receiver or statutory successor under this Coverage Form without diminution because of the insolvency of the **Named Assured**.

4. OTHER INSURANCE OR COVERAGE: If any other coverage, bond or insurance is available that covers a loss covered herein, except for coverage, bond or insurance purchased to apply specifically in excess of this coverage, then this coverage will apply in excess of the other valid and collectable coverage, bond or insurance. When this coverage is excess over other coverage, bond or insurance, POOL will pay only the amount of loss, if any, that exceeds the sum of all deductibles (and self-funded amounts) and the amount all such other coverage, bond or insurance would pay for the loss in the absence of this coverage.
5. MORTGAGE CLAUSE: The interest of any creditor, lien holder or mortgagor on property covered hereunder is included as if a separate endorsement were attached hereto to the extent of the amount of the debt, lien or mortgage as of the date of loss subject to the limits of liability set forth in this coverage.
6. SUBROGATION AND RECOVERIES: POOL shall be subrogated to all rights which the **Assured** has against any person or other entity in respect to any claim or payment made under this coverage, and the **Assured** shall cooperate with POOL to secure the rights of POOL. In case any reimbursement is obtained or recovery made, the net amount of such reimbursement or recovery, after deducting the actual cost incurred by the **Assured** and/or POOL in obtaining or making the same, shall be applied in the following order: (a) to reduce the amount of loss which exceeds the applicable limit of liability; (b) to reduce POOL loss until POOL is fully reimbursed; (c) to reduce the **Assured's** loss because of the application of the deductible.
7. WAIVER OF SUBROGATION: This coverage shall not be invalidated if the **Assured** by written agreement has waived or shall waive its right of recovery from any party for loss or damage covered hereunder; provided that any such waiver is made prior to the occurrence of said loss or damage.
8. ASSIGNMENT/TRANSFER OF RIGHTS AND DUTIES: The **Assured's** rights, interests, benefits and/or duties (both pre-loss and post loss) under this Coverage Form may not be transferred or assigned without POOL's prior written consent. Any such transfer or assignment without POOL's prior written consent is void and invalid.
9. CHANGES: By acceptance of this coverage, the **Assured** agrees that it embodies all agreements existing between the **Assured** and POOL relating to this coverage. None of the provisions, conditions or other terms of this coverage shall be waived or altered except by written endorsement; nor shall notice to any agent or knowledge possessed by any agent or other person be held to be a waiver or change in any part of this coverage.
10. CONCEALMENT, MISREPRESENTATION OR FRAUD: POOL will not pay for any loss or damage in any case of intentional concealment or misrepresentation or fraud committed by the **Assured** at any time and relating to a claim under this coverage.
11. LIMITATION ON RIGHT TO SUE. An **Assured** shall not sue or maintain any litigation or lawsuit for damages against POOL. By acceptance of this coverage, the **Assured** specifically agrees to waive any right to sue or maintain any litigation or lawsuit for damages against POOL. However, this Section does not prohibit any declaratory relief action seeking to interpret wording of this Coverage Form. Carson City County, Nevada shall be the sole venue for any and all disputes or declaratory relief litigation brought by an **Assured** relating to this Coverage Form or the POOL.



#### Section IV. General Exclusions – All Sections

1. WAR AND TERRORISM EXCLUSION: Coverage does not apply herein for loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:
  - (A) war, invasion, acts of foreign enemies, hostilities or warlike operations, (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
  - (B) any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to an act by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), government(s), power(s), authority(ies) or military force(s),

- (i) that:
  - a. involves the use of force or violence and/or the threat thereof against human life or property;
  - b. is dangerous to human life or property; or
  - c. interferes with or disrupts an electronic or communication system; and
- (ii) the purpose or effect of which is to
  - a. intimidate, coerce or harm a government or the civilian population of a country, state or community;
  - b. disrupt the economy of a country, state or community; or
  - c. influence or affect the policy or conduct of the government of a country, state or community.

An act of terrorism includes but is not limited to an "act of terrorism" as defined by the Terrorism Risk Insurance Act of 2002, as amended, ("TRIA") or any law enacted to reauthorize or succeed TRIA.

Coverage does not apply to loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (A.) and/or (B.) above.

2. NUCLEAR INCIDENT EXCLUSION:

DEFINITIONS - As used in this exclusion, "hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility; "nuclear facility" means (a) any nuclear reactor, (b) any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing spent fuel, or handling, processing or packaging waste, (c) any equipment or device used for the processing, fabrication or alloying of special nuclear material if at any time the total amount of such material in the custody of the **Assured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235, or (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

**PROPERTY-** This coverage does not apply to any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however caused. But if Fire is covered and a Fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this Coverage Form) be covered. **LIABILITY-** This coverage does not apply under any Liability Coverage, to injury, sickness, disease, death or destruction:

- (A) with respect to which an **Assured** under the coverage is also an **Assured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an **Assured** under any such policy but for its termination upon exhaustion of its limit of liability; or
- (B) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the **Assured** is, or had this coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- (C) resulting from the hazardous properties of nuclear material if
  - (1) the nuclear material (a) is at any nuclear facility owned by, or operated by or on behalf of, an **Assured** or (b) has been discharged or dispersed therefrom;
  - (2) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **Assured**; or
  - (3) the injury, sickness, disease, death or destruction arises out of the furnishing by an **Assured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion- 2 (C) (3) - applies only to injury to or destruction of property at such nuclear facility.

With respect to injury to or destruction of property, the words "injury" or "destruction" include all forms of radioactive contamination of property.

3. **POLLUTION HAZARD** - It is agreed that this coverage does not apply to:

- A) any loss or damages which would not have occurred in whole or in part but for the actual, alleged or threatened existence, discharge, dispersal, seepage, migration, release or escape of pollutants, irritants or hazardous substances at any time; "Pollutant" means any solid, liquid, gaseous or thermal irritant, corrosive or contaminant, including but not limited to smoke, vapors, soot, fumes, acids or alkalis, chemicals, metals and waste. Waste also includes materials to be recycled, reconditioned or reclaimed.
- B) any loss, cost or expense arising out of any:
  - (1) request, demand or order that any **Assured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any other way respond to, or assess the effects of pollutants; or
  - (2) claim or suit by or on behalf of a governmental authority or others for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of pollutants.

However, coverage does apply to any loss or damage arising out of:

- i) Heat, smoke or fumes from a hostile fire;
- ii) Backup or overflow of any sewer;
- iii) Use of teargas, mace, or similar substance by any public safety officer within the scope of employment for the **Named Assured**;

- iv) Collision, upset or overturn of any vehicle;
- v) Loss or damage caused by an employee or official of the **Named Assured** (but only while acting within the scope of duty and on behalf of the **Named Assured**) and where property or persons are in danger because of sudden and unexpected discharge, dispersal, release or escape of any pollutant. The onset of the discharge, dispersal, release or escape of pollutants must have occurred no more than 72 hours prior to any **Assured's** arrival at the site or location of the **Event**. POOL's Limit of Liability for all such loss will not exceed the sublimit shown in the Declarations for any one **Event** or in the aggregate annually.
- vi) Water intended for sale or use by an **Assured**, provided the damages arise out of pollution that was accidental, demonstrated as having commenced during the term of the Coverage Form, became known to the **Assured** within 120 hours, was reported by the **Named Assured** within 14 calendar days from the start of the **Event**, and efforts to terminate the **Event** were expended as soon as reasonably possible;
- vii) Use of chemicals approved by the U.S. Environmental Protection Agency to disinfect or purify a swimming pool owned or operated by the **Assured**;
- viii) Cost of cleanup at the premises of the **Assured** made necessary as a result of covered loss or damage to Covered Property.
- ix) Weed spraying operations by or on behalf of any **Assured**; coverage is extended only for **Property Damage** liability; damage must manifest itself and be reported to POOL within 180 days of the spraying; POOL's Limit of Liability for all such loss will not exceed the limit of liability shown in the Declarations page for any one **Event** or in the aggregate annually.

4. **LEAD:** This coverage does not apply to: any loss or damages arising out of lead or the hazardous properties of lead; any loss or damages for remedial investigations or feasibility studies or the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of lead or any item(s) containing lead; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
5. **SILICA DUST OR ASBESTOS:** This coverage does not apply to any loss or damages arising out of Asbestosis, Silicosis, Mesothelioma, Emphysema, Pneumoconiosis, Pulmonary Fibrosis, Pleuritis, Endothelioma or any lung disease or any ailment caused by or aggravated by asbestos in any form or by silica dust; any loss or damages arising out of the existence of asbestos in any form or of silica dust, including the costs of investigations or feasibility studies, or to the costs of testing, monitoring, abatement, mitigation, cleaning, removal or disposal of any property or substance; any loss or damages arising out of any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; or any obligation to share damages with or repay someone else who must pay damages in connection with the above.
6. **MOLD, MILDEW AND FUNGUS CLAUSE AND MICROORGANISM EXCLUSION (MAP)**  
(Time Limit and Sublimit)

- A) This Coverage Form only covers physical loss or damage to **Assured** property by mold, mildew or fungus when directly caused by a peril covered by this Coverage Form occurring during the policy period.

This coverage is subject to all limitations in the Coverage Form and, in addition, to each of the following specific limitations:

- (1) Said property must otherwise be covered under this Coverage Form for physical loss or damage by that peril.
- (2) The **Assured** must report to the Pool the existence and cost of the physical loss or damage by mold, mildew or fungus as soon as practicable, but no later than twelve (12) months

after the peril first caused any physical loss or damage to covered property during the coverage period. This Coverage Form does not cover any physical loss or damage by mold, mildew or fungus first reported to the Pool after that twelve (12) month period.

Regardless of circumstance or other Coverage Form provisions, the maximum amount covered and payable under this Coverage Form for all mold, mildew or fungus caused by or resulting from such peril is the sublimit shown in the Declarations for all parts of any claim and in total (the aggregate sublimit) for the Coverage period. This sublimit applies to all sections or extensions of the Coverage Form combined under which any claim arises or is made.

- B) Except as set forth in the foregoing Section A, this Coverage Form does not cover any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This exclusion applies regardless whether there is (i) any physical loss or damage to covered property; (ii) any covered peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

#### 7. COMMUNICABLE DISEASE EXCLUSION

This Coverage Form, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of coverage. Consequently and notwithstanding any other provision of this Coverage Form to the contrary, this Coverage Form does not cover any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

1. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
  - 1.1. for a Communicable Disease, or
  - 1.2. any property covered hereunder that is affected by such Communicable Disease.
2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
  - 2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
  - 2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
  - 2.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property covered hereunder.
3. This exclusion applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

#### 8. PROPERTY CYBER AND DATA EXCLUSION

1. Notwithstanding any provision to the contrary within this Coverage Form or any endorsement thereto this Coverage Form excludes any:

- 1.1 **Cyber Loss**, unless subject to the provisions of paragraph 2;  
1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any **Data**, including any amount pertaining to the value of such **Data**, unless subject to the provisions of paragraph 3;

regardless of any cause or event contributing concurrently or in any other sequence thereto.

2. Subject to all the terms, conditions, limitations and exclusions of this Coverage Form or any endorsement thereto, this Coverage Form covers physical loss or physical damage to property covered under this Coverage Form caused by any ensuing fire or explosion which directly results from a **Cyber Incident**, unless that **Cyber Incident** is caused by, contributed to by, resulting from, arising out of or in connection with a **Cyber Act** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act**.
3. Subject to all the terms, conditions, limitations and exclusions of this Coverage Form or any endorsement thereto, should **Data Processing Media** owned or operated by the **Assured** suffer physical loss or physical damage covered by this Coverage Form then this Coverage Form will cover the cost to repair or replace the **Data Processing Media** itself plus the costs of copying the **Data** from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the **Data**. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank **Data Processing Media**. However, this Coverage Form excludes any amount pertaining to the value of such **Data**, to the **Assured** or any other party, even if such **Data** cannot be recreated, gathered or assembled.
4. In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
5. This exclusion supersedes and, if in conflict with any other wording in the Coverage Form or any endorsement thereto having a bearing on **Cyber Loss**, **Data** or **Data Processing Media**, replaces that wording.

#### Definitions

6. **Cyber Loss** means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any **Cyber Act** or **Cyber Incident** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act** or **Cyber Incident**.
7. **Cyber Act** means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any **Computer System**.
8. **Cyber Incident** means:
- 8.1. any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any **Computer System**; or

8.2. any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any **Computer System**.

9. **Computer System** means:

9.1. any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the **Assured** or any other party.

10. **Data** means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a **Computer System**.

11. **Data Processing Media** means any property covered by this Coverage Form on which **Data** can be stored but not the **Data** itself.

9. CYBER RISK COVERAGE EXCLUSION.

All cyber risk threat, loss, security and data privacy coverage, however described and by whatever name called, is excluded from this Coverage Form. Any cyber risk coverage is exclusively contained within the separate Pool Cyber Risk Coverage Form and is specifically and entirely excluded from this Coverage Form.

**Commented [A14]:** This is intended to make clear that all types of cyber coverage, however described or by whatever name called, is excluded from this Coverage Form.

**Section V. PROPERTY COVERAGE**

**A. Property Coverage Agreement**

POOL agrees subject to the limits, exclusions, conditions and other terms of this Coverage Form to pay on behalf of the **Assured** for direct physical loss or damage to Covered Property except as excluded or limited in this Coverage Form.

**B. Covered Property**

This Property Coverage Section covers property, unless excluded, as described in the Schedule of Locations, wherever located, agreed to and kept on file by POOL or its designees that the **Assured**:

- Owns;
- Operates;
- Controls;
- or Contractually agrees to cover for physical loss or damage, to the extent of such contractual obligation.

Covered Property shall also include:

1. New construction, including property while in the course of construction;
2. Additions under construction;
3. Alterations and repairs to any building or structure;
4. Improvements and Betterments in which, the **Assured** has a legal interest;
5. Materials, equipment and supplies for new construction, additions, buildings or structures;
6. Temporary structures;
7. **Electronic Data Processing Equipment** as defined in this Coverage Form;
8. Machinery, equipment, and fixtures that are permanently attached to the building;
9. **Automobiles** and mobile equipment as per schedule agreed to and kept on file by POOL or its designees;

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10. Covered Property in transit;
11. Personal property of officers and employees of the **Named Assured**, while at a location described in the Schedule of Locations;
12. The **Assured's** interest in and legal liability for property of others, while at a location described in the Schedule of Locations; and
13. **Valuable Papers and Records** as defined in this Coverage Form.

### C. Coverage Extensions

This Property Coverage Section includes the following Coverage:

- i. are subject to the applicable limit of liability;
- ii. will not increase the POOL limit of liability; and
- iii. are subject to POOL coverage provisions, including applicable exclusions, definitions and deductibles, all as shown in this section and elsewhere in the POOL Coverage Form.

#### 1. Accounts Receivable

This Coverage Form is extended to cover all amounts due the **Named Assured** from customers, which the **Named Assured** is unable to collect, as a result of direct physical loss or damage to accounts receivable records up to the sublimit of liability shown in the Property Declarations.

Coverage includes:

- a. Interest charges on any loan to offset impaired collections pending repayment of sums that cannot be collected.
- b. Collection expenses in excess of normal collection costs.
- c. Other reasonable expenses incurred by the **Named Assured** in recreating records of accounts receivable.

However, there shall be no coverage under this extension for bookkeeping, accounting, or billing error or omission; or alteration, falsification, manipulation, concealment, destruction or disposal of accounts or records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, **securities** or other property.

#### 2. Arson Reward

This Coverage Form is extended to cover payment of any reward offered on the **Named Assured's** behalf for information that leads to conviction of the perpetrator(s) of arson or vandalism to Covered Property that sustains direct physical loss or damage covered by this agreement.

POOL's total liability for any one award is ten percent (10%) of the physical loss or damage to Covered Property up to the sublimit of liability shown in the Property Declarations.

POOL's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.

#### 3. Debris Removal:

POOL shall pay for the reasonable and necessary expense incurred to remove debris from a described location that remains as a result of direct physical loss or damage to Covered Property for which there is coverage under this Property Coverage Section. Subject to the Debris Removal – Mold/Asbestos/Lead sublimit shown in the Property Declarations, Debris Removal shall also include removal of mold, and asbestos or lead containing materials necessitated as a result of direct physical loss or damage to Covered Property caused by a covered loss including the costs of an environmental consultant.

**Commented [AJ5]:** Lead is now subject to the Debris Removal coverage extension and sublimit.

#### 4. Earthquake and Flood:

**Earthquake and Flood** are covered perils, as defined in this Coverage Form subject to the sublimit shown in the Property Declarations.

#### 5. Equipment Breakdown

A. Under Section V. F. Perils Excluded, items 4, 5 and 6 are deleted in their entirety with respect to Covered Property. However, there shall be no coverage under this extension for any of the following:

1. Insulating or refractory material; footing, foundation, mounting pad or settings, or piling.
2. Vessel or vessel part not under pressure of its contents or under vacuum.
3. Sewer piping, fire protection piping, or water piping; except piping solely supplying boiler feed water or boiler condensate.
4. **Automobiles**, dragline, excavation or construction equipment.
5. Products manufactured by the **Named Assured** unless permanently installed.
6. Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace.
7. Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification.
8. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection.
9. The functioning of any safety or protective device.
10. The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
11. Any loss or damage to any boiler, fired vessel, electric steam generator, or electrical or electronic equipment while undergoing a test which subjects such equipment to greater than maximum allowable operating conditions as identified by the manufacturer of such equipment.

B. Under Section V. F. Perils Excluded, items 5 and 14 are deleted in their entirety with respect to **Electronic Data Processing Equipment, Electronic Data Processing Media and Electronic Data Processing Data**.

C. The following is added to Section V. G. Property Conditions, item 4 Basis of Valuation:

New Generation:

If Covered Property damaged under this coverage extension is valued at replacement cost, cannot be repaired and requires replacement, the damaged Covered Property may be replaced with newer generation Covered Property of the same capacity which improves the environment, increases efficiency or enhances safety. POOL will pay up to an additional 50% of the damage amount for the Covered Property. This additional amount is included in, not in addition to, the applicable Equipment Breakdown coverage limit.

D. This Coverage Extension is subject to the following limitations of coverage and sublimits shown in the Property Declarations:

1. Loss of Income and Extra Expense:

Coverage is extended to pay for actual **Loss of Income** and **Extra Expense** as defined in this Coverage Form sustained due to a loss covered by this coverage extension.

2. Hazardous Substance Coverage:



Coverage is extended to clean, repair, replace, or dispose of Covered Property that is damaged, contaminated or polluted by a substance declared to be hazardous by a governmental agency as a result of direct physical loss or damage covered by this extension of coverage. The coverage provided by this extension of coverage does not include loss to perishable goods due to contamination from the release of a refrigerant, including but not limited to ammonia.

### 3. Spoilage Coverage:

Coverage is provided for covered perishable goods due to spoilage resulting from direct physical loss or damage covered by this coverage extension, including damage to perishable goods due to contamination from the release of refrigerant, including but not limited to ammonia. Perishable goods are defined as Covered Property that is subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.

### 4. Cost to Restore **Electronic Data Processing Data** and any **Electronic Data Processing Media**:

Coverage is extended to pay for the **Named Assured**'s reasonable and necessary cost to research, replace or restore lost **Electronic Data Processing Data** and any **Electronic Data Processing Media** upon which it is stored. However, there shall be no coverage for a loss to media or data that results from any error in machine programming or machine instructions, or media or data that results from any error in machine programming or machine instructions.

### 5. Electrical Risk Improvements:

When Covered Property sustains direct physical loss or damage under this coverage extension resulting from artificially generated electrical current (including arcing) that necessitates its repair or replacement, POOL will pay up to an additional 10% of the amount actually paid for all loss or damage covered by this coverage extension, not to exceed the sublimit shown in the Property Declarations, for costs the **Named Assured** incurs to make material improvements to the electrical system at the location of the loss.

This coverage extension does not pay for:

- a. Stock, work in process, raw materials, finished goods or merchandise.
- b. Any personal property of the **Named Assured**'s employees or officers.
- c. Any Covered Property that is repaired or replaced due to direct physical loss or damage as covered by this coverage extension.
- d. Any **Loss of Income** or **Extra Expense**.

These expenses must be reported in writing within 180 days of direct physical loss or damage covered by this coverage extension.

### 6. Expediting Expenses:

Subject to the sublimits shown in the Property Declarations, POOL shall pay for reasonable and necessary extra costs to expedite:

- a. Temporary repairs to; and
- b. Permanent repairs to or replacement of;

Covered Property sustaining direct physical loss or damage covered by this Coverage Section.

Expediting Expenses do not include:

- 1) Expenses payable elsewhere in the Property Coverage Section.
- 2) The cost of permanent repair or replacement.

## 7. Unintentional Errors and Omissions:

Subject to an additional Maintenance Deductible of 10% of amount of the loss, POOL will accept as covered that property and/or location as being covered subject to the applicable sublimit shown in the Property Declarations for each loss, provided the property and/or location is the same in form and substance as other real and personal property which are scheduled.

The **Named Assured** agrees to report such errors or omissions as soon as reasonably possible after discovery of such, and to schedule the proper locations and values then and thereafter.

**Commented [AJ6]:** This change provides that coverage under this Unintentional Errors and Omissions extension is now subject to an additional Maintenance Deductible of 10 percent of the amount of the loss.

## 8. Money and Securities

**Money and securities** of the **Named Assured** only are Covered Property with respect to this coverage extension subject to the **sublimits** shown in the Property Declarations.

Under Section V. F., Perils Excluded, item 2 is deleted in its entirety but only for this coverage extension. This coverage extension shall apply to direct physical loss or damage resulting from:

- a. Dishonest or fraudulent acts including theft and forgery committed by an official, trustee, director, officer, volunteer or employee of the **Named Assured** acting alone or in collusion with others while in the **Named Assured's** service and who the **Named Assured** compensates directly with salary, wages or commissions; or who are furnished to the **Named Assured** by an employment agency or service and under the **Named Assured's** direct control while performing such services in substituting for a permanent employee on leave, or meeting seasonal or short-term workload conditions.

For purposes of this extension, direct physical loss or damage means loss or damage to tangible property, and does not include consequential, detrimental economic impact or a diminution of value to covered property. Tangible property means property that has physical form and characteristics.

- b. The actual destruction or disappearance of such property.
- c. A peril covered by this Property Coverage Section.

The following are added to Section V. F., Perils Excluded, but only for this coverage extension:

17. Misappropriation, conversion, infidelity, dishonest or fraudulent acts committed by any:
  - a. Agent, broker, consignee, independent contractor, subcontractor or similar representatives;
  - b. Employee of the **Named Assured** who has previously committed dishonest or fraudulent acts resulting in direct physical loss or damage to **money and securities**; or
  - c. Person (excluding employees) to whom the property may be entrusted; Whether committed alone or in collusion with others at any time, on the part of the **Named Assured** or any additional interest.

18. The **Named Assured's** inability to realize income that would have been earned had there been no loss of **money or securities**; Loss or damage when the only proof of such loss or damage is an inventory computation, or a profit and loss computation.

19. Loss or damage to **money or securities** while in transit or at an unnamed location except for:

**Commented [TP7]:** There is only one sublimit applicable to this section.

- a) Robbery while such property is in the care and custody of an employee of the **Named Assured**, or
- b) Actual destruction or disappearance while at a banking institution or similar safe depository.

20. Accounting or arithmetical errors or omissions.

#### 9. Protection and Preservation of Property:

POOL shall pay for the reasonable and necessary costs incurred to temporarily protect or preserve Covered Property at a described location in order to avoid or prevent immediately impending physical loss or damage from a peril covered by this Property Coverage Section.

#### 10. Ordinance or Law:

If at the time of direct physical loss or damage covered by this Coverage Form, there is in force any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures, POOL shall pay for increased costs that are the result of enforcement of such law or ordinance as a direct result of such loss or damage, including:

- a.) the cost to demolish any physically undamaged portion of the buildings or structures and:
- b.) the cost incurred to actually rebuild the physically damaged and the demolished portions of such buildings or structures with materials and in a manner to comply with the law or ordinance, or
- c.) at the Member's option, the cost to repair, replace or reconstruct such damaged or destroyed property with material of like kind and quality that qualifies under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System of the U.S, but only up to the sublimits shown in the Property Declarations.

#### 11. Loss of Income and Extra Expense:

POOL shall pay for actual **Loss of Income** and **Extra Expense** sustained by the **Named Assured** due to the necessary suspension of the **Named Assured's** operations during the **Period of Restoration** as defined in this Coverage Form. The suspension must be caused by direct physical loss of or damage to Covered Property at premises that are described in the Schedule of Locations agreed to and kept on file by POOL or its designees, such loss being caused by a covered peril.

Coverage shall also be provided for actual **Loss of Income** sustained and **Extra Expense** caused when access to the described location is prohibited by order of civil authority. This order must be given as a direct result of physical loss or damage from a peril of the type covered by this Property Coverage Section. POOL will be liable for the actual amount of loss sustained at such location for a period of up to 30 consecutive days from the date of this action.

In order to determine any **Loss of Income** and/or **Extra Expense** loss payable, POOL shall give consideration to the experience of the **Named Assured** before and the probable experience after the **Period of Restoration** and continuation of only those normal charges and expenses that would have existed had no interruption of or suspension of business operations or services occurred.

POOL will not be liable for any loss payable under this coverage extension to the extent that it can be reduced by the **Named Assured** through use of any suitable property or service owned or controlled by the **Named Assured**, or obtainable from other sources.

Any salvage value of such property remaining at the end of the period of interruption for property obtained above will be taken into consideration in the adjustment of any loss.

For purposes of determining the loss payable under this Coverage Extension, **Loss of Income** and **Extra Expense** will not include:

- a. Any loss during any period in which goods would not have been produced.
- b. Any loss during any period in which business operations or services would not have been maintained.
- c. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license, or order.
- d. Any loss due to:
  - 1.) Fines or damages for breach of contract.
  - 2.) Late or non-compliance of orders or penalties of any nature whatsoever.
  - 3.) Any other consequential or remote loss.
- e. Any loss resulting from physical loss or damage to property in transit.

## 12. Transmission Facilities:

This Coverage Form is extended to cover direct physical loss or damage covered by this Property Coverage Section to electrical and telecommunication equipment; electrical, telecommunication, fuel, water, steam, and refrigeration transmission lines; all situated on or within 1000 feet of the described location.

Coverage is excluded for loss resulting from:

- a) The lack of incoming services described above; or
- b) Physical loss or damage to transmission facilities providing these services;

that occurs beyond 1000 feet of the described location.

## D. Property Definitions

**Actual Cash Value** is the replacement value of the property, at the time and place of the loss or damage, less proper deduction for depreciation.

**Automobile** means any land motor vehicle or trailer/semi-trailer) or mobile equipment owned by the **Named Assured** or for which the **Assured** has an obligation to provide coverage.

**Earthquake** shall mean earthquake, volcanic eruption, subterranean fire, landslide, subsidence, earth sinking, rising, shifting or any such convulsion of nature including a resulting tsunami. If more than one earthquake shock shall occur within one hundred sixty-eight (168) hours during the term of this coverage, such shocks shall be deemed to be a single earthquake.

**Electronic Data Processing Data** is defined as all information stored on media devices, including facts, concepts, or computer programs converted to a form usable in a data processing operation, which are legally required to be stored.

**Electronic Data Processing Equipment** is defined as data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic data processing equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Electronic data processing equipment does not mean property in the course of manufacture or property you hold for sale or demonstration.

**Electronic Data Processing Media** is defined as all materials on which data is recorded including magnetic tapes, disc packs, paper tapes, and cards used in data processing equipment. **Electronic Data Processing Media** does not include any memory bank attached to production machinery or any property you hold for sale or demonstration.

**Extra Expense** means necessary expenses incurred by the **Named Assured** during the **Period of Restoration** that would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a covered loss.

**Flood** shall mean surface waters, tide and tidal water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water or spray, whether wind driven or not, from any of the foregoing or by water which backs up through sewers or drains; or mudslide.

**Loss of Income** means the Net Income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses incurred, including payroll.

**Money** means physically tangible currency and coin used by the United States of America government.

**Period of Restoration** is defined as the period from the time of direct physical damage covered by this Property Coverage Section to the time when, with due diligence and dispatch, physically damaged property could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to such damage.

**Securities** mean physically tangible negotiable and nonnegotiable instruments representing money.

**Total Loss** means complete physical destruction of the tangible property and/or its function.

**Valuable Papers and Records** are inscribed, printed or written: documents; manuscripts or records including abstracts; and, books, deeds, drawings, films, maps, or mortgages. Valuable Papers are not: money, securities and stamps; converted data programs or instructions used in the **Named Assured's** data processing operations; or, materials on which data is recorded.

#### **E. Property Excluded**

There shall be no coverage for loss or damage to the following property unless coverage is specifically included in Section V. C. Coverage Extensions, or elsewhere in this Property Coverage Section:

1. Land, water, or any substance in or on land, pavement and roadways, sidewalks, curbs, gutters, drains, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.
2. Underground mines and mining property located below the surface of the ground.
3. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.
4. Docks, piers, and wharves which are not a structural part of the building.
5. Furs and fur garments, jewels, jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys for loss caused by theft.
6. **Money, securities,** accounts, bills, tickets, tokens, evidences of debt, **Electronic Data Processing Media and Data.**
7. Satellites, property undergoing insulation tests, aircraft, and watercraft over fifty (50) feet in length. For purposes of this exclusion, "aircraft" includes but is not limited to both manned aircraft and unmanned aerial vehicles. "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft, including drones. This exclusion does not apply to "unmanned aerial vehicles" under 55 pounds in weight as equipped and as per the schedule agreed to and kept on file by POOL.
8. Personal property in the custody of the **Assured** acting as a warehouseman, bailee for hire, or carrier for hire.

**Commented [AJ8]:** E. Property Excluded specifically excludes loss or damage to sidewalks, curbs, gutters, and drains.

#### **F. Perils Excluded**

There shall be no coverage for loss or damage caused by any of the following perils, unless coverage is specifically included in **Section V. C. Coverage Extensions**, or elsewhere in this Property Coverage Section; however, if loss or damage not excluded results, then that resulting loss or damage is covered.

1. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a covered peril or otherwise; loss caused by any legal proceeding.
2. Misappropriation, conversion, infidelity or any dishonest act; whether committed alone or in collusion with others at any time, on the part of the **Assured** or any additional interest, employees, directors, officers, or agents of the **Assured**, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the **Assured**, without the knowledge of the **Assured**, resulting in physical damage, is covered.

3. Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee. There will be no coverage for the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretense.

4. Explosion, rupture, bursting, cracking, burning or bulging of steam boilers, steam turbines, gas turbines and steam engines; rupture, bursting, cracking, burning or, bulging of: pressure vessels, or piping or apparatus; attached to any steam boilers, steam turbines, gas turbines and steam engines; while all such property is owned, operated or controlled by the **Assured** or under the **Assured's** obligation to cover. This Coverage Form will cover physical loss or damage resulting from: the explosion of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines; or within the flues or passages which conduct the gases of combustion therefrom. Loss by fire ensuing from any of the above is covered by this Property Coverage Section.

5. Centrifugal force on rotating or moving parts of machinery; electrical, mechanical, or structural breakdown of machinery or equipment, including moving or stationary parts within or forming an integral part of such machinery or equipment.

6. The lack of power or other incoming service supplied from off the described location, however caused. If physical loss or damage covered herein results to Covered Property at a location described in the Schedule of Locations, the resulting damage is covered.

7. **Earthquake** as defined in this Property Coverage Section.

8. **Flood** as defined in this Property Coverage Section.

9. Wear and tear, gradual deterioration, inherent vice, latent defect, vermin or insects.

10. Defects in materials, faulty workmanship (whether the product or process), faulty construction or faulty design.

11. Dampness or dryness of atmosphere; changes of temperature; freezing, except damage to fire protective equipment caused by freezing; heating; shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion.

12. Settling, cracking, shrinkage, bulging, or expansion of foundations, walls, floors, roofs, or ceilings. This exclusion will not apply to loss or damage resulting from collapse of a building or structure or of a material part of a building or structure.

13. Exposure to rain, sleet, snow, sand or dust to personal property in the open.

14. Electronic or magnetic injury or disturbance of any kind.

15. Loss arising from errors in machine or systems programming or instructions to machines or systems, unless physical damage not excluded by this coverage results, and then only for direct loss or damage caused by such covered peril.

16. Direct physical loss or damage to tangible Covered Property resulting from seizure or destruction of property by order of governmental authority

#### **G. Property Conditions**

1. Notice to POOL:

The **Assured** will:

- a) give immediate notice to the POOL of any loss involving Covered Property via the POOL's designated claims service organization.

- b) protect the property from further loss or damage
- c) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, **Actual Cash Value**, replacement value and amount of loss claimed.
- d) as often as may be reasonably required, permit the POOL to inspect the property proving the loss or damage and examine the books and records of the **Assured**.
- e) cooperate as requested by POOL in the POOL's investigation, adjustment, and valuation of any claim for loss or damage to Covered Property.

2. No Benefit to Bailee:

No person or organization, other than the **Assured**, having custody of **Assured** property will benefit from this coverage.

3. Vacant and Unoccupied Locations:

Permission is given to cease operations and for locations to be vacant or unoccupied for:

- a. Sixty (60) consecutive days; or
- b. Up to (120) consecutive days for seasonally operated facilities; or
- c. More than sixty (60) consecutive days with the written consent of POOL;

Provided that the **Assured** maintains the same degree of:

- 1) Fire protection; and
- 2) Watch and alarm service;
- 3) Winterizing measures;

as existed prior to the discontinuance of operations. POOL shall reduce the loss payable by 15% on any vacant or unoccupied building. Buildings under construction or renovation are not considered vacant.

4. Loss Payment:

POOL has the sole right to adjust, value, evaluate and pay claims for loss or damage to covered property on behalf of the **Assured**.

- a. In the event of loss or damage to Covered Property, POOL, at its option, will either:

- 1) Pay the value of lost or damaged property;
- 2) Pay the cost of repairing or replacing the lost or damaged property;
- 3) Take all or any part of the property at an agreed or appraised value; or
- 4) Repair, rebuild or replace the property with other property of like kind and quality.

POOL will determine the value of lost or damaged property, or the cost of repair or replacement, in accordance with the applicable terms of paragraph 5, entitled "Basis of Valuation" or any applicable provision of this Coverage Form which amends or supersedes these valuation conditions.

- b. POOL will give notice under paragraph 3.a within a reasonable time after receiving written notice of loss from the **Assured**.

5. Basis of Valuation:

Adjustment of loss amount(s) under this Property Coverage Section will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

The following property, unless endorsed, will be valued at the time of loss as follows:

- a. On property of others: the amount for which the **Assured** is legally liable, but not exceeding the replacement cost.
- b. Fine Arts are valued at the lesser of:
  - 1.) The cost to repair or restore the article to the condition that existed immediately prior to the loss;

- 2.) The cost to replace the article; or
  - 3.) The value designated for the article on the schedule of fine arts on file with POOL.
- In case of physical loss or damage to an article that is part of a pair or a set, POOL will pay the full amount of the value of such pair or set only if the damaged article cannot be repaired or restored to its condition before the loss and the **Assured** surrenders the remaining article or articles of the pair or set to POOL.

- c. Accounts receivable is valued at the sum due which the **Assured** is unable to collect from customers, and includes:
- 1.) Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected;
  - 2.) Collection expenses in excess of normal collection cost; and
  - 3.) Other reasonable expenses incurred by the **Assured** in recreating records of accounts receivable.

If the **Assured** is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:

- i. Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which loss occurs; and
- ii. Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.

Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted. After payment of loss by POOL, all amounts recovered by the **Assured** on accounts receivable for which the **Assured** has been indemnified will belong to and be paid to the POOL by the **Assured** up to the total amount of loss paid by the POOL. All recoveries in excess of such amounts will belong to the **Assured**.

- d. **Automobiles** and mobile equipment are valued at the cost to repair or the market value for like kind and quality at the time of loss.
- e. **Specialized Operations Vehicles (Fire, Ambulance, School Buses or other Specialized Vehicles):** If such vehicles are listed on the schedule of vehicles on file with the POOL with an Agreed Value and:
- 1) at the time of loss, a vehicle is determined to be a **Total Loss**, or
  - 2) a physically damaged vehicle is inspected and cannot be certified by a professional mechanic, certified in evaluating emergency vehicles, to be in safe operating condition as an emergency vehicle, then the **Assured** will be paid the Agreed Value.
- f. **Valuable Papers and Records** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored with other of like kind or quality, POOL will pay the blank value of such **Valuable Papers and Records**.
- g. Property while in transit is valued as follows:
- 1) For property shipped to or for account of the **Assured**: the actual invoice to the **Assured**, together with such costs and charges (including the commission of the **Assured** as selling agent) as may have accrued and become legally due on such property.
  - 2) For property that has been sold by the **Assured** and shipped to or for account of the purchaser (if covered by this Property Coverage Section): the amount of the **Assured's** selling invoice, including prepaid or advanced freight.
  - 3) For property not under invoice: the actual cash market value at point of destination on the date of disaster, less any charges saved which would have become due and payable upon delivery at destination.
- h. **Money and Securities** are valued as follows:  
**Money** is valued in United States of America currency for all locations, unless specified otherwise.  
**Money** issued in currencies other than United States of America currency will be valued in United



States dollar equivalent determined by the last rate of exchange quoted in the Wall Street Journal on the date of loss.

**Securities** are valued at:

- 1) The cost to replace or restore the security with other of like kind or quality including the cost of issuing duplicate **securities**, if replaced; or
- 2) The value of each security as of the close of business on the date of loss, if the **securities** cannot be replaced or restored with other of like kind or quality; provided the **Assured** must assign all rights, titles, and interest in such **securities** to POOL.

~~i. Property in Transit is valued as follows:~~

- ~~1) Property in transit; Actual invoice value, plus costs and charges (including commission as selling agent) which have accrued and are legally due.~~
  - ~~2) Property shipped to or for the account of the **Assured**; selling invoice value, including prepaid or advanced freight, for property which has been sold by the **Assured**.~~
  - ~~3) Property shipped to or for the account of the purchaser; **Actual Cash Value** at the point of destination on the date of loss or damage, less any charges saved which would have become due and payable upon delivery at destination for property not under invoice.~~
- i. Valuation for real property reported under the Unintentional Errors or Omissions Extension shall be on a replacement cost basis and valuation for all other property shall be on actual cash value.

**Commented [TP9]:** This language is duplicative of the language in 5. g.

**Commented [AJ10]:** This language specifies the different valuation methods for real property reported under the Unintentional Errors or Omissions Extension and all other property.

j. The **Named Assured** may:

- 1) Rebuild or have the property rebuilt at another site, provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.
- 2) Give notice of claim to be calculated on **Actual Cash Value** of the property lost or damaged until repair or replacement has been completed.

k. Replacement cost is subject to all the terms, conditions and limitations of the POOL Coverage Form (including any endorsements) and the following additional provisions:

- 1) In no event will payment exceed the actual repairs, replacement, or the limit of liability stated in this Coverage Form, whichever is the lesser.
- 2) If during the term of this Coverage Form, any **Assured** real property is offered for sale, the value of loss or damage will not exceed the lesser of:
  - a. The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or
  - b. The cost to repair or replace. If the **Assured** fails to comply with any of the valuation provisions or does not elect replacement cost within two (2) years from the date of loss, the basis of valuation will be limited to the **Actual Cash Value** as defined in this Coverage Form.

l. Scheduled Property with an Agreed Value:

The POOL will pay the Agreed Value for property listed on the Named Assured's Agreed Value Schedule of Property, as agreed upon by the Assured and POOL, in the event of a **Total Loss** of the property which cannot be repaired or replaced. If the property can be repaired or replaced, the maximum liability shall not exceed the least of:

1. the cost to repair or restore the property to the condition that existed immediately before the loss; or
2. the cost to replace the property; or
3. the Agreed Value.

**Commented [TP11]:** This specifies that the Named Assured is subject to this Condition.

6. Appraisal:

If the **Assured** and POOL are unable to agree as to the amount necessary to rebuild, repair or replace the damaged or destroyed property or the actual value of loss, each party shall name a competent and disinterested appraiser and the two so chosen shall, before proceeding further, appoint a competent and disinterested umpire. The appraisers together shall obtain repair or replacement estimates, calculate the value of loss, and failing to agree shall submit their differences to the umpire. The award, in writing, duly verified by any two shall determine the points in question. Both parties shall pay the cost of their own appraisers and equally pro rate the cost of the umpire.

7. Suspension:

Upon discovery of a dangerous condition, POOL may immediately suspend the coverage with respect to any Covered Property by giving written notice to the **Assured**. The coverage that is suspended may be reinstated by POOL. If coverage is suspended, it will also be immediately suspended for any mortgagee, lender or additional named interest by written notice of suspension.

8. Conditions Applicable to Property Extension 8. Monies and Securities:

a. Cancellation as to Any Employee

1). This coverage is cancelled as to act of any employee immediately upon notice to or discovery by the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) of theft or any other dishonest act committed by that employee whether before or after becoming employed by the **Named Assured**.

b. Discovery

1) Coverage applies for **loss** sustained through acts committed or events occurring at any time and discovered by the **Named Assured**

a) during the coverage period; or

b) one year after the date of cancellation, termination or expiration of this coverage period.

2) Discovery of loss occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) first becomes aware of facts from which a reasonable person would know or should know that a loss covered by this coverage has been or will be incurred even though the exact amount or details of loss may not then be known. Discovery also occurs when the **Named Assured** or any official or employee of the **Named Assured** authorized to manage, govern or control employees (who is not in collusion with the employee) receives notice of an actual or potential claim against the **Named Assured** alleging facts that if true would constitute a covered loss under this Coverage Form.

## Section VI. LIABILITY COVERAGE

### A. Liability Coverage Agreement (Note: Claims-Made for Wrongful Acts)

In consideration of the payment of the Contribution and subject to the Limits of Liability, exclusions, conditions and other terms of coverage, POOL agrees with the **Assured** to pay on behalf of the **Assured** the total sum of damages which the **Assured** becomes legally obligated to pay as damages resulting from an **Event**, such sum (including related medical and legal costs) being reached either through adjudication or compromise after proper deductions for all recoveries and salvages.

Coverage applies to damages due to an **Event** taking place anywhere in the world, provided that the **Assured**'s responsibility to pay damages arising out of such **Event** is determined in a suit on the merits in the United States of America or in a settlement of such suit agreed to by the POOL.

### B. Liability Definitions

1. **Automobile** means any land motor vehicle, mobile equipment, trailer/semi-trailer, and attached equipment.
2. **Bodily Injury** means physical injury to any person, including death, sickness, disease or any mental anguish, shock or disability associated with or arising from such physical injury.
3. **Employment-based Benefit Plan Administration** means giving counsel or coverage interpretation to active or prospective benefit plan participants, handling of related records, or effecting enrollment,

notification, revision, termination or cancellation of coverage under any employment-based benefit plan. Employment-based benefit plan includes life insurance, accident or health insurance, profit sharing plans, pension plans, stock subscription plans, workers' compensation, unemployment insurance, social security, disability benefits, vacation plans and any other similar employment-based benefit plans.

4. **Event** means one or more of the following:
  - a. an accident that causes **Bodily Injury** or **Property Damage** during this coverage period, excluding consequential **Bodily Injury** that arises out of a **Personal Injury**;
  - b. **Personal Injury** caused by an offense committed during this coverage period;
  - c. **Law Enforcement Activities** during this coverage period which cause **Bodily Injury**, **Property Damage**, **Personal Injury** or the violation of civil rights of a third party; ~~however, any damages arising out of employment practices of the Named Assured (including discrimination related to recruitment, hiring, evaluation, training, promotion, demotion, discipline or termination of an employee) will be considered a Wrongful Act herein;~~
  - d. any injury caused by errors or omissions arising out of **Employment-based Benefit Plan Administration** committed during this coverage period;
  - e. a **Wrongful Act** taking place during this coverage period or on or after the retroactive date shown in the declarations page of this Coverage Form and reported to POOL during this coverage period or reported to POOL during any extended reporting period added to this coverage by endorsement, but a **Wrongful Act** does not include damages arising out of an **Event** as defined in a., b., c. or d. above.
5. **Law Enforcement Activities** means performance while acting within the scope of duty, including policy making, supervisory and executive functions relating to law enforcement, (a) as a law enforcement officer or reserve officer, (b) as an officer of a jail, (c) as any **Assured** representing a law enforcement agency, and (d) including activities performed for other than the **Named Assured** which are approved in advance by an authorized representative of the **Named Assured**.
6. **Personal Injury** means injury, including consequential **Bodily Injury**, arising out of one or more of the following offenses: False arrest, detention, or imprisonment; malicious prosecution; false or improper service of process; publication or utterance of libel or slander or disparaging material or a publication or utterance in violation of an individual's right to privacy; violation of right of public occupancy; wrongful eviction, wrongful entry, or invasion of premises; assault and/or battery; discrimination; piracy and infringement of copyright of property.
7. **Property Damage** means physical injury to or loss of use of tangible property of others including damage to structures or portions thereof rented to or leased to the **Assured**, including fixtures permanently attached thereto.
8. **Wrongful Act** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including misfeasance, malfeasance, and nonfeasance by the **Assured**. **Wrongful Act** includes actual or alleged violations of the United States Constitution or any State constitution, or any law affording protection for civil rights, provided coverage is otherwise afforded hereunder for such **Wrongful Act**.  
Any damages arising out of employment practices of the Named Assured (including discrimination related to recruitment, hiring, evaluation, training, promotion, demotion, discipline or termination of an employee) will be considered a Wrongful Act.
9. The term **Sexual Abuse** as used hereunder shall mean any actual, attempted or alleged sexual conduct towards or to another person or persons, whether intentional, expected or unintentional, which

**Commented [AJ12]:** The phrase describing "damages arising out of employment practices..." is moved from the Law Enforcement Activities Event to the definition of Wrongful Act Event where it belongs.

**Commented [AJ13]:** The addition of the phrase "of a third party" after the wording: "violation of civil rights", is intended to avoid a conflict with violation of civil right of a first party covered by the definition of Wrongful Act. It clarifies that a Law Enforcement Activities Event applies to claims by a third-party (not an employee of the Assured) alleging civil rights violations and Wrongful Act Event applies to first party civil rights violations.

causes physical and/or mental injuries. **Sexual Abuse** includes, but is not limited to, sexual molestation, sexual assault, sexual contact or touching and/or sexual exploitation or sexual injury.

**Sexual Abuse** does NOT include **Sexual Harassment** as defined in this Coverage Form.

10. The term **Sexual Harassment** as used hereunder shall mean any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature towards or to another person or persons, which causes physical and/or mental injuries. **Sexual Harassment** includes:
- a. The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
  - b. The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

**Sexual Harassment** does NOT include **Sexual Abuse** as defined in this Coverage Form.

### C. Liability Exclusions

1. Coverage does not apply to any claim for damages, whether direct or consequential, which is covered under any other Section of this Coverage Form. Coverage does not apply to property owned by the **Assured**, or to loss of use of tangible property owned by the **Assured**.
2. Coverage does not apply to any claim brought about or contributed to by acts intended or expected by the **Assured** to cause **Bodily Injury** or **Property Damage**. Any act of any one **Assured** will not be imputed to any other **Assured** for the purpose of determining the application of this exclusion.
3. Coverage does not apply to any claim made against any **Assured** flowing from or originating out of the **Assured** gaining any profit or advantage to which ~~the Assured they was/were~~ not legally entitled including, but not limited to, any wrongful or erroneous collection of taxes, fees or other charges, by whatever name called.
4. Coverage does not apply to any claim arising out of any criminal, dishonest, fraudulent or malicious act, error or omission of any **Assured**, committed with actual, criminal, dishonest, fraudulent or malicious purpose or intent. However, notwithstanding the foregoing, the **Assured** will be reimbursed up to the aggregate limit shown in the Liability Declarations for reasonable attorney fees and costs when incurred in the defense of any criminal proceeding arising out of what would otherwise be within the scope of the **Assured's** employment, provided the **Assured** is exonerated from all charges or all charges are subsequently withdrawn or dismissed. When an **Assured** is a defendant represented by the same attorney or law firm representing other defendants in the same criminal proceeding who are not an **Assured** under this Coverage Form, payment hereunder shall be limited to the **Assured's** proportionate share of the total of the reasonable attorney fees.

If the **Named Assured** is required by law to provide for an employee's legal defense in a criminal proceeding, this coverage will reimburse the **Assured** in accordance with such law.

Whenever coverage under this Coverage Form would be excluded, suspended or lost because of any exclusion relating to criminal, dishonest, fraudulent or malicious conduct by any person covered hereunder, it is agreed that coverage as would otherwise be afforded herein shall be applicable with respect to an **Assured** who did not personally participate or personally acquiesce in or remain passive (including failure to give timely notice) after having knowledge of such conduct.

5. Coverage does not apply to liability arising out of the ownership, maintenance, loading or unloading, use, operation or entrustment to others of any aircraft, airfields, runways, hangers, buildings, or other properties in connection with aviation activities. For purposes of this exclusion, "aircraft" includes but

**Commented [AJ14]:** In Liability Exclusion 3, we have simplified the wording to eliminate the reference to "they" and return to the singular: the **Assured** .

is not limited to both manned aircraft and any "unmanned aerial vehicles." "Unmanned aerial vehicle" means an aircraft that is not designed, manufactured or modified to be controlled directly by a person from within or on the aircraft including drones.

However, this exclusion does not apply to liability arising out of the use of **automobiles** of the **Assured** used in connection with the operation of an airport and on the premises of an airport owned, maintained, or operated by the **Assured**.

Also, this exclusion does not apply to **Wrongful Acts** arising out of airport ownership.

This exclusion does not apply to "unmanned aerial vehicles" under 55 pounds in weight as equipped and as per the schedule agreed to and kept on file by POOL.

6. Coverage does not apply to any obligation for which the **Assured** may be held liable: (a) to any employee under the Fair Labor Standards Act (FLSA) or under any similar laws, however, coverage is extended for costs of defense of actions alleging violation of such laws; (b) under any workers' compensation, unemployment compensation, disability benefits, uninsured or underinsured motorists law, or under any similar laws; or (c) for bodily injuries to any employee of an **Assured** arising out of and in the course of employment by the **Assured** or arising out of performing duties related to the conduct of the **Assured's** business or **Bodily Injury** to any family member of an employee arising out of such activities. The exclusion under (c) applies whether the **Assured** may be liable as an employer or in any other capacity and to any liability for indemnity or contribution brought by any party for **Bodily Injury**.

7. Coverage does not apply to any liability arising out of or in any way connected with the operation of the principles of eminent domain, condemnation, inverse condemnation, or taking of any property interest, by whatever name(s) called, whether such liability accrues directly against the **Assured** or by any agreement entered into by or on behalf of the **Assured**.

This exclusion also applies to any liability arising out of or connected with allegations that the **Assured's** actions constitute a taking of any property interest in violation of substantive due process, including but not limited to any allegations that the **Assured's** actions lack any substantial relation to the public health, safety or general welfare and/or that the **Assured's** actions are arbitrary, capricious, irrational or unreasonable and/or not related to any legitimate governmental purpose.

8. Coverage does not apply to any liability arising out of the rendering of or failure to render the following professional services (including furnishing of food or beverages in connection therewith):
  - a. medical, surgical, dental, radiological or nursing service or treatment except by forensic medical examiners or coroners;
  - b. furnishing or dispensing of drugs or medical, dental or surgical supplies;
  - c. services by any person as a member of a formal accreditation or similar professional board or committee of the **Assured**, or as a person charged with the duty of executing directives of any such board or committee, except the administrative, certification, and training duties of an ambulance services medical director (including law enforcement and firefighting agencies as required by law) and medical supplies approving authority.

Further, coverage does not apply in any way to liability arising out of the ownership, operation, management or oversight of any hospital.

This exclusion does not apply to incidental malpractice liability arising out of the rendering of, or failure to render, professional health care services by ambulance crews, emergency medical technicians, paramedics, firefighters or police officers, or nurses including those providing forensic blood draw services in connection with a variety of law enforcement investigational activities, allowed or required by Nevada law. The scene of such medical services may be outside the scope of employment or outside the **Assured's** jurisdiction. However, this coverage will not apply if the individuals rendering medical services are doing so on behalf of and while working or volunteering for another medical services organization not an **Assured** under this coverage.

This exclusion does not apply to services by a public health official arising out of their official duties to protect the health and safety of the general public.

9. Coverage does not apply to any liability arising out of any breach of or failure to perform a contractual obligation including warranties of any kind and including labor agreements. However, this exclusion does not apply to employment related contracts other than labor agreements.

This exclusion does not apply to any statutory implied agreement between law enforcement agencies, in the absence of interlocal or cooperative agreement, to defend, hold harmless, and indemnify claims or liability arising out of the act or omission of the **Assured's** employee while participating in a request for assistance, under NRS 277.035 or Nevada law.

10. Coverage does not apply to any claim based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if such opinion, treatment, consultation or service was rendered or failed to have been rendered while the **Assured** was engaged in any activity for which they received compensation from any source other than the **Named Assured**.
11. Coverage does not apply to any claim arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans.
12. Coverage does not apply to any claim for a **Wrongful Act** arising out of failure to supply a specific amount of electrical power or fuel due to interruption of the electrical power or fuel supply or transmission thereof.

However, an **Event** (other than a **Wrongful Act**) arising from interruption of the electrical power or fuel supply or transmission thereof is covered.

13. Coverage does not apply to any claim based upon or arising out of:
- a. the issuance, modification or cancellation of debt instruments, including, but not limited to, loans or transfers, and interest payable, whether legal or illegal; the collection or payment of taxes, fees or other charges or the collection of or payment of taxes, fees or other charges, to or for any other entity, including, but not limited to, hospitals, schools, commissions, joint commissions, boards, agencies, internal or external funds, districts and authorities;
  - b. the failure or alleged failure to comply with any regulatory act or statute such as those governing Medicare or similar Federal programs, the Nevada State Indigent Accident Funds or similar State programs; or
  - c. any fiduciary obligation or duty imposed by the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefit Act, the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), or Section 89 of the Internal Revenue Code, or any amendments thereto or similar provisions of any federal, state, local, statutory, or common law.
14. Coverage does not apply to any liability arising out of the performance or non-performance of an investment.

- ~~15.~~ Coverage does not apply to any damages, awards of interest, costs, civil fines, penalties, fees, including attorney's fees, or expenses that the **Assured** may become obligated to pay as a result of an adverse judgment for equitable, injunctive or declaratory relief. ~~Coverage does not apply for any restitution, refund or reimbursement, whether called damages or otherwise, or to any cost or expense in processing such restitution, refund or reimbursement.~~

- ~~15-16.~~ Coverage does not apply for any restitution, refund or reimbursement, whether legal or equitable relief (specifically including backpay, front pay, employment benefits, lost income, and employer payments to the Nevada Public Employees' Retirement System (PERS)), whether called damages or otherwise, or to any cost or expense in processing such restitution, refund or reimbursement.

**Commented [AJ15]:** The second sentence of Exclusion 15 has been moved to a separate Exclusion 16, with examples of employment benefits historically excluded by the Pool Liability Coverage Part.

**Commented [AJ16]:** The phrase "or committee" was removed from Exclusion 8 c as it has no known application.

16.17. Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement action from any federal, state, or local government regulatory agency. However, defense costs related to such actions will be reimbursed for an amount not to exceed the amount shown in the Liability Declarations per **Event**.

17.18. Coverage does not apply to any criminal court sanctions, fines, penalties, fees, costs, expenses or interest awarded against an **Assured** or to any award of attorney's fees and litigation expenses to a prevailing party in a criminal case after a finding by the court that the **Assured's** position in pursuing the criminal action was vexatious, frivolous or in bad faith under NRS Chapter 41, state, or federal law.

18.19. Coverage does not apply to any liability arising out of:

- a. Failure of performance of contract by any insurer;
- b. Failure to procure insurance or the failure of such insurance to adequately cover risks.

19.20. Coverage does not apply to any liability with respect to **Employment Based Benefit Plan Administration** arising out of:

- a. Insufficiency of funds to meet any obligations under any plan included in the employment-based benefit plan;
- b. Errors in providing information on past performance of investment vehicles;
- c. Advice given to any person with respect to that person's decision to participate or not participate in any plan included in the employment-based benefit plan;
- d. Failure of any investment to perform as represented;
- e. Investment or non-investment of funds or the performance or nonperformance of any investment;
- f. Legal advice or investment advice given to an employee or beneficiary;
- g. Any loss resulting from the termination of any plan included in the employment-based benefit plan or termination of the employment-based benefit plan;
- h. Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law; or
- i. Any act or omission of a third-party administrator, or any person other than an employee, who administers an employment-based benefit plan.

20.21. Coverage does not apply to any damages for **Bodily Injury, Property Damage, Personal Injury**, or other injury that is continuous or progressively deteriorating, and that is first manifest prior to the effective date or after the expiration of this Coverage Form. This exclusion applies even if such injury or damage continues or deteriorates during the term of this Coverage Form.

The most POOL will pay for **Bodily Injury, Property Damage, Personal Injury** and any other injury that is continuous or progressively deteriorating, and that is first manifest during the period of this Coverage Form, is the applicable limit of coverage shown in the Declarations of this Coverage Form. This is the only limit that applies to all related **Bodily Injury, Property Damage, Personal Injury** or other injury, regardless of whether such injury or damage existed before, or continues or progressively deteriorates after, the period of this Coverage Form.

Within the meaning of this exclusion, injury or damage is manifest when appreciable harm occurs that is or should be known to the **Assured** or the person or organization harmed.

21.22. Coverage does not apply to any claim arising out of the act of **Sexual Abuse** by the **Assured**. Any such act pertaining to any one **Assured** will be imputed to any other **Assured** who personally participated or personally acquiesced in or remained passive (including failure to give timely notice) after having knowledge of such **Sexual Abuse**.

Coverage for any other **Assured** shall not exceed the sublimit shown in the Liability Declarations.

2223. Coverage does not apply to liability of any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.

**D. Liability Conditions**

1. Duties of the **Assured** – If there is an **Event**, loss, incident, occurrence, demand, notice, summons or claim that might involve this coverage, the **Assured** shall submit written notice to POOL as soon as reasonably practicable via POOL's designated claims service organization including particulars sufficient to identify parties involved, time, place, circumstances, nature of any injury or damage, witnesses and any other pertinent information.
2. Cooperation – The POOL has no duty to defend but may at its sole discretion defend an **Assured** against any claim for damages. Where the POOL has exercised its discretion to defend an **Assured**, the POOL has the sole right to investigate, defend or settle any claim against an **Assured** for damages. The **Assured** shall cooperate with POOL, its claims representatives and investigators, and attorneys assigned by POOL to represent the **Assured**, and if requested, attend hearings and trials, assist in securing and obtaining evidence, and obtaining the attendance of witnesses. The **Assured** shall not admit to any liability, assume any obligation, voluntarily make any payment or incur any expense other than first aid to others at the time of an accident. The **Assured** agrees to comply with all terms and conditions in all sections of this Coverage Form. The **Assureds** shall not waive any immunities granted to local governments.
3. Records - The records as kept by the **Assured** shall be made available to POOL or its representatives as necessary to determine the amount of loss or damage covered hereunder.
4. Appeal – If the **Assured** and POOL are unable to agree to appeal a judgment, a disinterested attorney, mutually agreeable to POOL and the **Assured**, shall be retained to render a written opinion concerning such appeal. Such written recommendation shall be binding on both the **Assured** and POOL. Fees of such retained attorney shall be borne equally by both parties.
5. Opportunity to Associate - It is understood that, when so requested, POOL may afford the **Assured** an opportunity to associate, at the **Assured's** own expense, with the POOL in the defense or control of any claim, suit or proceeding.
6. Severability of Certain Interests: If liability is incurred by reason of injury suffered by an employee of one **Assured**, which does not arise out of the injured employee's employment, for which another **Assured** is liable, then this coverage shall pay on behalf of the **Assured** for such liability in the same manner as if separate coverage documents had been issued to each **Assured**. If liability is incurred because of **Property Damage** to property belonging to any **Assured** for which another **Assured** is liable, then this coverage shall pay on behalf of such **Assured** in the same manner as if separate coverage documents had been issued to each **Assured**. Nothing contained in this Condition shall operate to increase POOL limits of liability or to provide coverage for any **Assured** who, directly or indirectly, causes damages to their **Assured** employer or principal.
7. For the purpose of determining the limit of POOL's liability and the Maintenance Deductible of the **Named Assured**, all damages arising out of one or more related **Events** or arising out of a series of continuous, repeated or interrelated **Events** will be considered as arising out of one **Event**; furthermore, all such damages, whether attributable directly or indirectly to one **Event**, will be added together and the total amount of such damages shall be deemed one **Event**, regardless of the period of time or area over which the **Event** occurs.
8. If any **Event** other than a **Wrongful Act** includes allegations of and is associated with a **Wrongful Act** then all damages arising out of that **Event** and the **Wrongful Act** shall be deemed one **Event** at the time the claim is first made, and the only applicable coverage is that which is in effect at the time the claim is first made.



9. An **Event** with no associated **Wrongful Act** which takes place during more than one coverage period shall be deemed an **Event** during only one coverage period and only the most recent coverage period during which the **Event** took place shall apply.
10. If a **Wrongful Act** did not take place during this coverage period, but commenced on or after the retroactive date shown on the Liability Declarations page of this Coverage Form and prior to the beginning of this coverage period, and a claim because such **Wrongful Act** is made against the **Assured** and reported to POOL during this coverage period, this coverage is extended to damages resulting from such a **Wrongful Act**. Coverage does not apply to damages resulting from a **Wrongful Act** that commenced prior to the retroactive date.
11. Extended Reporting Periods:
- a. POOL will provide one or more reporting periods, as described below, if this coverage is cancelled or not renewed for any reason other than nonpayment of loss fund contributions or any other amount owed to POOL.
  - b. The reporting periods do not extend the coverage period or change the scope of coverage provided. The reporting periods apply only to claims first made against an **Assured** during the applicable reporting period for damages because of a **Wrongful Act** that occurred before the end of the coverage period.
  - c. The reporting periods do not reinstate or increase the limits of liability.
  - d. A Basic Reporting Period of 30 days from the effective date of cancellation or non-renewal of this form is automatically provided without an additional charge. Subject to the terms and conditions of this coverage, the Basic Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Basic Reporting Period.
  - e. An Optional Extended Reporting Period will take effect on the effective date of cancellation or non-renewal of this coverage and will remain in effect for a period of one to five years, depending on which Optional Extended Reporting Period is purchased. Subject to the terms and conditions of this coverage, the Optional Extended Reporting Period applies to claims for damages that are first made against the **Assured** and reported in accordance with all coverage provisions no later than the end of the Optional Extended Reporting Period. The additional Contribution for this Optional Extended Reporting Period will depend upon which option is chosen. POOL must receive a written request from the **Assured**, together with payment of Contribution due, within 60 days after the effective date of cancellation or non-renewal of this coverage if purchase of one of the Optional Extended Reporting Periods is desired. Once POOL acknowledges receipt of the additional Contribution, the Optional Extended Reporting Period may not be cancelled and the Contribution for the Optional Extended Reporting Period is fully earned.
  - f. The Basic Reporting Period or the Optional Extended Reporting Period does not apply to claims covered under any other coverage purchased subsequent to or to replace this coverage.

## Required Notice to Claims Contacts

AFTER INFORMATION IS DISCOVERED THAT MAY RESULT IN A PRIVACY OR SECURITY EVENT OR A CYBER SECURITY THREAT UNDER THIS CYBER RISK COVERAGE FORM, THE NAMED ASSURED MUST IMMEDIATELY NOTIFY THE POOL AS REQUIRED IN THE COVERAGE FORM.

THE NAMED ASSURED MUST ALSO IMMEDIATELY NOTIFY THE INDIVIDUAL CLAIMS CONTACTS LISTED BELOW.

<p><b>Donna Squires</b> Claim Manager</p>  <p>639 Isbell Rd, Suite 390, Reno, NV 89509 P. +1 775-391-6785 M. +1 615-571-6473 E. <a href="mailto:Donna.Squires@us.davies-group.com">Donna.Squires@us.davies-group.com</a></p> <p><b>Claims reporting email:</b> <a href="mailto:ASC_NPAIP@us.davies-group.com">ASC_NPAIP@us.davies-group.com</a></p>	<p><b>Marshall Smith</b> Risk Manager</p>  <p>201 S. Roop Street, Suite 102 Carson City, NV 89701 Phone: 775.885.7475</p>
<p><b>Antonio A. (Tony) Rucci</b></p> <p>Independent CyberSecurity Consultant <a href="tel:865.719.1715">865.719.1715</a>   <a href="mailto:Tony@TonyRucci.com">Tony@TonyRucci.com</a> <a href="https://www.TonyRucci.com">https://www.TonyRucci.com</a></p>	 <p>John R. Funk, Esq. Shareholder Gunderson Law Firm 3895 Warren Way Reno, Nevada 89509 (775) 829-1222 Telephone (775) 829-1226 Facsimile <a href="mailto:jfunk@gundersonlaw.com">jfunk@gundersonlaw.com</a></p>

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the change **NEVADA PUBLIC AGENCY INSURANCE POOL (POOL)**

**CYBER RISK COVERAGE FORM DECLARATIONS**

FORM NUMBER	COVERAGE PERIOD	NAMED ASSURED	MAINTENANCE DEDUCTIBLE
CRCF 2023 <del>22</del> 43	07/01/2023 <del>2</del> – 07/01/2024 <del>3</del> 12:01 A.M., Standard Time	Per Attachment A	none

CYBER SECURITY RISK COVERAGE		
<b>PART ONE: Terms and Conditions</b>		
<b>SECURITY RISK COVERAGE LIMITS</b>	Limit per <b>Named Assured</b> Per <b>PRIVACY OR SECURITY EVENT</b>	Annual Aggregate Limit Per All <b>Named Assureds</b>
PART TWO: Privacy or Security Liability <a href="#">Coverage Limits</a>	\$13,000,000	\$13,000,000 up to \$15,000,000 aggregate all POOL Members combined
<b><i>The following sublimits are a part of and not in addition to the Limits of Liability:</i></b>		
PART THREE: Security Failure/Privacy Event Management Coverage <a href="#">Limit</a>	\$100,000	
PART FOUR: Network Interruption Coverage <a href="#">Limit</a>	\$250,000	
Proof of Loss Preparation Costs (as defined, Separate Limit)	\$50,000	
Retroactive Date		July 1, 2013

**Commented [TP1]:** This change reflects that the new Limit is now \$1,000,000 per Named Assured per Privacy or Security Event.

**Commented [TP2]:** This change reflects that the new Annual Aggregate Limit per all Named Assureds is now \$1,000,000 up to \$15,000,000 aggregate for all Pool Members combined.

*This Declarations Page, together with the Nevada Public Agency Insurance Pool (hereinafter referred to as POOL) Cyber Risk Coverage Form, edition 2023~~2~~-2024~~3~~, outlines the coverage provided by POOL. In accepting coverage, the **Named Assured** agrees to pay an annual contribution, as determined by POOL.*

Countersigned:



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## **MANDATORY IMMEDIATE NOTICE TO POOL!**

*AFTER INFORMATION IS **DISCOVERED** THAT MAY RESULT IN A **PRIVACY OR SECURITY EVENT, OR A CYBER SECURITY THREAT** UNDER THIS CYBER RISK COVERAGE FORM, THE **NAMED ASSURED** MUST IMMEDIATELY NOTIFY THE POOL.*

### **POOL CYBER-RISK COVERAGE FORM**

#### **PART ONE: COMMON TERMS & CONDITIONS:**

All terms or phrases in **bold print** in the body of this Coverage Form are defined terms.

**Named Assured:** The **Named Assured** means each member listed on Attachment A of this Coverage Form and all Boards, Departments, Divisions, Commissions, and Authorities under the supervision or control of the **Named Assured** whether now or hereafter constituted.

It is agreed that the unqualified word **Assured** wherever used within this coverage includes not only the **Named Assured**, but also:

1. any official, trustee, director, officer, volunteer or employee of the **Named Assured** while acting within the course and scope of their duties as such, and
2. the interest of the **Named Assured** in any joint venture or interlocal cooperation agreement to which the **Named Assured** is a party and any activities under the supervision or control of the **Named Assured** whether now or hereafter constituted, provided no separate independent legal entity is formed and subject to the Other Insurance or Coverage provisions contained herein.

#### **1. LIMIT OF LIABILITY**

##### a) In General

- i. ~~The Limit of Liability shown in the Declarations establishes the most the POOL will pay, regardless of the number of Privacy or Security Events, Cyber Security Threats, Assureds, Claims made, First Party Claims made, or individuals or entities making such Claims or First Party Claims. Limit of Liability shown in the Declarations is the POOL'S maximum liability for all Claims under all Coverage Sections of this Cyber Risk Coverage Form combined and t~~The POOL shall not be responsible to pay any loss upon exhaustion of the Limit of Liability.
- ii. If a Sublimit of Liability is stated in the Declarations with respect to a Coverage Section of this Coverage Form, then such Sublimit of Liability shall be the

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**Commented [AJ3]:** This change simplifies the language regarding the Limit of Liability. It now states that the Limit of Liability "establishes the most the POOL will pay," regardless of the number of Privacy or Security Events, Cyber Security Threats, Assureds, Claims made, First Party Claims made, or individuals or entities making such Claims or First Party Claims.

POOL'S maximum liability for all loss with respect to such Coverage Section and the POOL shall not be responsible to pay any loss under such Coverage Section upon exhaustion of such Sublimit of Liability. Each Sublimit of Liability shall be part of and not in addition to the Limit of Liability and shall in no way serve to increase the Limit of Liability.

- iii. The Limit of Liability applies separately to each **Named Assured** listed on Attachment A. The Annual Aggregate Limit Per **Named Assured** shown in the Declarations applies per **Named Assured** listed on Attachment A without regard to any subentities listed on Attachment A. ~~under the Named Assured.~~ Subentities ~~of a Named Assured~~ do not receive separate limits of liability.

b) Pool Aggregate Limit

- i. All **Cyber Risk Coverage** is subject to a Pool Aggregate Limit ~~as stated in the Declarations of \$15,000,000~~ for each Coverage Period. The Pool Aggregate Limit is a shared limit among the **Named Assureds** (including all associated **Assureds**) and is the most the POOL will pay for all **Cyber Risk Coverage**, including **Claim Expenses**, for all **Named Assureds** (including all associated **Assureds**) covered under any Coverage Period. **Claim Expenses** erode the Pool Aggregate Limit.
- ii. If the Pool Aggregate Limit is exceeded, the amount recoverable by any **Named Assured** (including all associated **Assureds**) will be reduced pro rata in the same proportion that the loss of the **Named Assured** (including all associated **Assureds**) bears to the total amount of loss of all **Named Assureds** (including all associated **Assureds**).
- iii. The POOL may pay **Claims** ~~or First Party Claims~~ for **Cyber Risk Coverage** on a provisional basis until all liabilities and expenses for a particular Coverage Period are resolved, as determined by the POOL. If the POOL determines that the Pool Aggregate Limit may be exceeded, the POOL may delay claims payments until the POOL determines that all liabilities and expenses for a Coverage Period have been resolved.
- iv. Once all liabilities and expenses for a Coverage Period are resolved, the POOL will give notice to all **Named Assureds** with **Claims** ~~or First Party Claims~~ of their pro rata share of covered losses. If a **Named Assured** (including any associated **Assureds**) received claims payments in excess of its pro rata share, the **Named Assured** will remit the excess amount to the POOL within thirty (30) days of the date on which the POOL gives notice. If a **Named Assured** (including any associated **Assureds**) received claims payments that are less than its pro rata share, the POOL will remit the deficiency to the **Named Assured** within thirty (30) days of the date on which the POOL receives the last payment due from **Named Assureds** who received claims payments in excess of their pro rata shares.

**Commented [AJ4]:** This change simplifies the language in this section. It also removes a redundancy in the prior language -- namely, "...without regard to any subentities listed on Attachment A under the Named Assured."

**Commented [TP5]:** This change provides that all Cyber Risk Coverage is subject to the Pool Aggregate Limit as stated in the Declarations.

**Commented [AJ6]:** To distinguish **Claims**, that are third party/occurrence based, from first party claims that are claims made, we added the term **First Party Claims**, defined as "a claim based upon a First Party Event."

- v. For purposes of the Pool Aggregate Limit, “**Cyber Risk Coverage**” means all amounts covered under all Coverage [PartsSections](#) of this Cyber Risk Coverage Form. Determinations made by the POOL relating to the Pool Aggregate Limit will be made in the sole and absolute discretion of the POOL.

## 2. NOTICE AND AUTHORITY

Except for the giving of a notice of [Claim or First Party Event](#), which shall be governed by the provisions of the NOTICE OF CLAIM OR EVENT Section of these Common Terms and Conditions, all notices required under this Coverage Form to be given by a **Named Assured** to the POOL shall be given in writing to the POOL at the address stated in the Declarations.

It is agreed that any **Named Assured** shown on Attachment A shall act on behalf of all of its **Assureds** with respect to the giving of notice of a [Claim or First Party Event](#), the giving and receiving of notice of cancellation and nonrenewal, the payment of contributions and the receiving of any return contributions that may become due under this Coverage Form, the receipt and acceptance of any endorsements issued to form a part of this Coverage Form, the exercising or declining of the right to tender the defense of a **Claim** to the POOL and the exercising or declining to exercise any right to a Discovery Period.

Commented [AJ7]: Through out the cyber form, **Claims** and **First Party Claims** are now distinguished.

## 3. NOTICE OF CLAIM OR [FIRST PARTY EVENT](#)

- a) The **Named Assured** shall, as a condition precedent to the obligations of the POOL under this Coverage Form, give written notice to the POOL of any **Claim** made against the **Named Assured** or a [First Party Event](#) immediately after:
  - i. any personnel in the office of any **Named Assured** first becomes aware of the **Claim**; or
  - ii. any [First Party Event](#) commences or, solely with respect to a Discovery Coverage Section, is discovered.

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Notwithstanding the foregoing and regardless of whether any personnel described in (i) above has become aware, in all events each **Claim** under a Claims-Made and Reported Coverage Section must be reported no later than either:

- iii. sixty (60) days after the end of the Coverage Period; or
  - iv. the end of any applicable Discovery Period.
- b) If written notice of a **Claim** or a First Party Event has been given to the POOL pursuant to Clause a) above, then:
    - i. any subsequent **Claim** made against any **Assured**; or
    - ii. any subsequent First Party Event;

arising out of, based upon or attributable to the facts giving rise to such **Claim** or First Party Event for which such notice has been given, or alleging any related act thereto, shall be considered made at the time such notice was given; and

- c) Solely with respect to any Claims-Made and Reported Coverage Section, if during the Coverage Period or during the Discovery Period (if applicable), any **Assured** shall become aware of any circumstances which may reasonably be expected to give rise to a **Claim** being made, the **Named Assured** shall give immediate written notice to the POOL of such circumstances, the Third Party Events, allegations anticipated and the reasons for anticipating such a **Claim**, with full particulars as to dates, persons and entities involved, then any **Claim** which subsequently is made against an **Assured** and reported to the POOL alleging, arising out of, based upon or attributable to such circumstances or alleging any related act to that alleged or contained in such circumstances, shall be considered made at the time such written notice of circumstances was given.
- d) Notice as described herein shall be given in writing to the POOL Claims Service organization.

Any notice must reference the Coverage Form Number set forth in the Declarations and the Coverage Section(s) under which a **Named Assured** is providing notice.

If mailed or transmitted by electronic mail, the date of such mailing or transmission shall constitute the date that such notice was given and proof of mailing or transmission shall be sufficient proof of notice.

#### 4. NAMED ASSURED'S OBLIGATIONS

##### Compliance with Vulnerability Assessments

The **Named Assureds** shall fully participate and cooperate in any periodic vulnerability assessments provided by the POOL or its cybersecurity consultants, which identify weak areas of security, and shall implement the recommendations within a reasonable period of time, as determined by the POOL. Failure to timely implement and comply with the vulnerability assessment recommendations may subject the **Named Assured** to a financial penalty.

In connection with all **Claims** under this Coverage Form, each **Named Assured** shall:

- a) send the POOL copies of all demands, suit papers, other related legal documents and invoices for defense costs received by such **Named Assured**, as soon as practicable;
- b) immediately record the specifics of any **Claim** and the date such **Named Assured** first received such **Claim**;
- c) cooperate with and help the POOL and/or any counsel or representative appointed pursuant to the terms of this Coverage Form, including, without limitation, as follows:
  - i. by not admitting liability;
  - ii. in making settlements;
  - iii. in enforcing any legal rights any **Named Assured** may have against anyone who may be liable to any **Named Assured**;

**Commented [TP8]:** This addition provides that the **Named Assureds** shall participate and cooperate in any periodic vulnerability assessments provided by the Pool or its cybersecurity consultants. This provision, which is new to the Form, provides that failure to timely implement and comply with the assessment's recommendations may subject the **Named Assured** to a financial penalty.



- iv. by attending depositions, hearings, and trials;
  - v. by securing and giving evidence, and obtaining the attendance of witnesses;
  - vi. by preserving and furnishing any and all documentation, **Computer Systems, Electronic Data**, or any other item within the possession, custody or control of such **Named Assured** that may be required; and
  - vii. by taking such actions that such **Named Assured** and the POOL agree are necessary and practicable to prevent or limit loss arising from any **Claim**.
- d) unless required to do so by law, **Named Assureds** shall not, without the POOL'S prior written consent:
- i. assume any financial obligation or incur any cost unless specifically allowed to settle any **Claim** on behalf of the POOL pursuant to the Coverage Sections under this Coverage Form.
  - ii. take any action or fail to take any required action which prejudices the POOL'S rights under this Coverage Form.
  - iii. fail to comply with all terms and conditions in all sections of this Cyber Risk Coverage Form.
  - iv. destroy, dispose, compromise, or discard any **Computer System, Electronic Data**, or other item relevant to the **Claim**.
  - v. waive any immunities granted to local governments.

In connection with all **First Party Claims** under this Coverage Form:

All adjusted **First Party Claims** shall be due and payable thirty (30) days after the presentation and written acceptance by the POOL of satisfactory proof of claim to the address set forth in the Common Terms and Conditions. The costs and expenses of establishing or proving a **Named Assured's First Party Claim** under this Coverage Section, including, without limitation, those connected with preparing a proof of loss, shall be such **Named Assured's** obligation, and are not covered under this Coverage Form.

## 5. DISCOVERY

This Clause applies solely to Claims-made and reported coverage Sections of this Coverage Form, but shall not apply in the event of cancellation for non-payment of contribution:

- a) Automatic Discovery Period: If the **Named Assured** or the POOL shall cancel or refuse to renew this Coverage Form the **Named Assured** shall have the right following the effective date of such cancellation or nonrenewal to a period of sixty (60) days (the "Automatic Discovery Period") in which to give written notice to the POOL of **Claims** first made against a **Named Assured** during the Automatic

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- Commented [AJ9]: This **First Party Claim** adjustment provision was moved to the **Named Assureds Obligations of Part One** from Part Two and Part Three., so that conditions are consolidated at the beginning pf the Coverage Form.
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Discovery Period for **Claims** occurring prior to the end of the Coverage Period and otherwise covered by this Coverage Form. The Automatic Discovery Period shall not apply where an Optional Discovery Period has been purchased or to **Claims** that are covered under any subsequent coverage a **Named Assured** purchases or that is purchased for a **Named Assured's** benefit, or that would be covered by any subsequent coverage but for the exhaustion of the amount of coverage applicable to such **Claims** or any applicable retention amount.

- b) Optional Discovery Period: Except as indicated below, if the **Named Assured** or the POOL shall cancel or refuse to renew this Coverage Form or in the event of Bankruptcy (as that term is defined in Clause 10. below), the **Named Assured** shall have the right to a period of up to three (3) years following the effective date of such cancellation or nonrenewal (an "Optional Discovery Period"), upon payment of an additional contribution amount of up to:
- i. one hundred percent (100%) of the full annual contribution, for a period of one (1) year,
  - ii. one hundred and seventy-five percent (175%) of the full annual contribution, for a period of two (2) years, or
  - iii. two hundred percent (200%) of the full annual contribution, for a period of three (3) years,

in which to give written notice to the POOL of **Claims** first made against a **Named Assured** during the Optional Discovery Period for any Third-Party Events occurring prior to the end of the Coverage Period and otherwise covered by this Coverage Form.

If the **Named Assured** exercises its right to purchase an Optional Discovery Period, that period incepts at the end of the Coverage Period and there shall be no Automatic Discovery Period.

As used herein, "full annual contribution" means the contribution amount charged to the **Named Assured**, plus an additional contribution charged for any endorsements to this Coverage Form.

The right to purchase an Optional Discovery Period shall terminate unless written notice of election, together with any additional contribution due, is received by the POOL no later than thirty (30) days after the effective date of the cancellation, nonrenewal or transaction.

Any Discovery Period cannot be canceled and any additional contribution charged for an Optional Discovery Period shall be fully earned at inception. The Discovery Period shall not apply to any cancellation resulting from non-payment of contribution.

- c) The Automatic or Optional Discovery Period does not reinstate or increase the Limit of Liability described in Section 1.

## 6. SUBROGATION

A **Named Assured** may be able to recover all or part of a **Claim** from someone other than the POOL. Such **Named Assured** must do all that is possible after a **Claim** to preserve any, and

all, rights of recovery. As a condition of any payment by the POOL under this Coverage Form, a **Named Assured's** rights to recovery will be transferred to the POOL. Each **Named Assured** will do whatever is necessary, including signing documents, to help the POOL obtain that recovery.

## 7. OTHER COVERAGE

Coverage as is provided by this Coverage Form shall apply only in the event of a **Privacy or Security Event** unless coverage is expressly excluded. All coverage, where appropriate, under this Coverage Form is available up to the applicable Liability Limator Sublimit, but not both. There is absolutely no coverage under this Coverage Form if coverage or indemnity coverage is available from other sources. There is absolutely no coverage if provided under this Coverage Form beyond the applicable Liability Limit or Sublimit.

## 8. ASSIGNMENT

This Coverage Form and any and all rights hereunder are not assignable without the prior written consent of the POOL, which shall be in the sole and absolute discretion of the POOL.

## 9. ACTION AGAINST POOL

LIMITATION ON RIGHT TO SUE. An **Assured** shall not sue or maintain any litigation or lawsuit for damages against the POOL. By acceptance of this coverage, the **Assured** specifically agrees to waive any right to sue or maintain any litigation or lawsuit for damages against the POOL. However, this Section does not prohibit any declaratory relief action seeking to interpret wording of this Coverage Form. Carson City County, Nevada shall be the sole venue for any and all disputes or declaratory relief litigation brought by an **Assured** arising from or in any way relating to this Coverage Form or the POOL.

## 10. BANKRUPTCY

Bankruptcy or insolvency of any **Assured** shall not relieve the POOL of any of its obligations hereunder.

## 11. WORLDWIDE TERRITORY

Where legally permissible, this Coverage Form shall apply to **Claims** occurring or suffered anywhere in the world.

## 12. HEADINGS

The descriptions in the headings of this Coverage Form are solely for convenience and are not a part of the terms and conditions of coverage.

## 13. LAW ENFORCEMENT COOPERATION

A **Named Assured** may receive a request from a law enforcement authority to keep confidential certain information about an actual or possible First Party **Claim** or Third-Party **Claim** (including, without limitation, a **Privacy or Security Event**). In such circumstances, a notice of such First Party **Claim**, or of a **Claim** relating to or arising out of such Third-Party **Claim**, shall be considered timely under the Coverage Form if:

- a) Immediately after receipt of such request, a **Named Assured** or employee of the **Named Assured** requests permission to share such information with the POOL;
- b) The **Named Assured** only withholds from the POOL that portion of the information that it has been instructed not to share with the POOL as may be required by law; and
- c) The **Named Assured** provides full notice of such **Claim** to the POOL as soon as legally permitted.

In addition, to the extent the procedure set forth above is followed in connection with an authorized law enforcement request, any failure or delay in providing information to the POOL shall not be the basis for denial of coverage for a **Claim** or First Party **Claim** under the Coverage Form on the basis of a **Named Assured's** failure to provide documentation and otherwise cooperate, as required by the Common Terms and Conditions.

Notwithstanding the above, no coverage shall be afforded for any **Claim** or First Party **Claim** if the information withheld relating to such First Party **Claim** or Third Party **Claim** was: (i) known to the **Named Assured**, or prior to the inception date of the first POOL Coverage Form (or any other coverage agreement or insurance providing substantively identical coverage) provided through the POOL (or an insurance company affiliate of the POOL) to the **Named Assured** and continually renewed by the POOL (or an affiliate) until the inception date of this Coverage Form, and (ii) not disclosed in the Application.

#### 14. DEFINITIONS

The following definitions are common to all sections in this Coverage Form:

**"Bodily Injury"** means physical injury, sickness or disease sustained by any person, including death resulting from these at any time. Bodily Injury also means mental illness, mental anguish or emotional distress, pain or suffering or shock sustained by any person, whether or not resulting from physical injury, sickness, disease or death of any person.

**"Business Income Loss"** means the sum of the following incurred during the **Period of Indemnity** and the Extended **Period of Indemnity** (if any):

- a. net profits that would have been earned but for the **Material Interruption** (after charges and expenses, but not including any capital receipts, outlays properly chargeable to capital, and deductions for taxes and profits); and
- b. charges and expenses which necessarily continue (including ordinary payroll).

If there would have been no net profit, **Business Income Loss** means the charges and expenses which necessarily continue less any loss from business operations that would have been sustained had there been no **Material Interruption**.

**"Claim"** means any demand, **Suit** for damages, **Regulatory Action** or **PCI-DSS Assessment** resulting from a **Privacy or Security Event**. All Claims because of a single **Privacy or Security Event** will be deemed to be a single Claim and to have been made at the time the first such Claim is made against any **Named Assured**, regardless of the

number of individuals or entities making such Claims or the time period over which such Claims are made, even if subsequent Claims are made after the Coverage Period or any Discovery Period under Part One, Section 5.

“**Claim Expenses**” means

- a. Reasonable and necessary fees charged by attorneys designated by the POOL to assist with the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim**;
- b. All other reasonable and necessary fees, costs, and expenses resulting from the investigation, adjustment, negotiation, arbitration, defense or appeal of a **Claim** and incurred by the POOL or by the **Named Assured** with the POOL’S prior consent; and
- c. Contributions on appeal bonds, attachment bonds or similar bonds; however, the POOL is not obligated to apply for or furnish any such bond;

Provided, however, **Claim Expenses** do not include:

- a. Any internal salary, administrative, overhead, or other related expenses of any **Named Assured** or any charges by a **Named Assured** for time spent cooperating with the investigation and defense of any **Claim**;
- b. **Privacy Response Expenses**; or
- c. **PCI-DSS Assessments**.

“**Computer System**” means computers and associated input and output devices, data storage devices, networking equipment and backup facilities:

- a. operated by and either owned by or leased to the **Named Assured**; or
- b. operated by a third party service provider and used to provide hosted computer application services to the **Named Assured** or for processing, maintaining, hosting or storing the **Named Assured’s** electronic data pursuant to a written contract with the **Named Assured** for such services.

“**Cyber Security Threat**” means a credible threat or series of related credible threats, including, but not limited to, a demand for **Cyber Security Threat Monies**, directed at a **Named Assured** to:

1. Release, divulge, disseminate, destroy or use confidential information taken from the **Named Assured** as a result of a **Privacy or Security Event**;
2. Introduce malicious code into a **Computer System**;
3. Corrupt, damage, or destroy a **Computer System**;
4. Restrict or hinder access to a **Computer System**;

“**Cyber Security Threat Expenses**” means all reasonable and necessary costs and

expenses which a **Named Assured** incurs as a direct result of a **Cyber Security Threat**, other than **Cyber Security Threat Monies**.

**“Cyber Security Threat Monies”** means any funds, including any cryptocurrency, which the **Named Assured** pays, with the prior written consent of the POOL, for the purpose of terminating the **Cyber Security Threat**.

**“Electronic Data”** means any software or electronic data stored on a **Computer System**, including without limitation **Personal Information**.

**“Electronic Equipment and Electronic Data Damage”** means damage to, loss of use or destruction of electronic equipment caused by the reprogramming of the software (including the firmware) of such electronic equipment rendering it useless for its intended purpose, the reasonable and necessary expenses to determine whether Electronic Data can or cannot be restored, recollected, or recreated, and the reasonable and necessary expenses to restore, recreate or recollect Electronic Data which an **Assured** incurs as a result of a **Privacy or Security Event**.

**“Expenses to Reduce Loss”** means expenses incurred by the **Named Assured** during the **Period of Indemnity**, over and above normal operating expenses, for the purpose of reducing Business Income Loss or shortening the **Period of Indemnity**.

**“Extra Expenses”** means expenses incurred by the **Named Assured** during the **Period of Indemnity** or the Extended **Period of Indemnity** (if any), other than Expenses to Reduce Loss, that would not have been incurred but for a **Material Interruption**.

**“Discover”** or **“Discovered”** means the time when any assured first becomes aware of facts which would cause a reasonable person to assume that a **Privacy or Security Event** or a Cyber Security Threat has occurred, regardless of when the **Privacy or Security Event** occurred, even though the exact amount or details may not then be known.

**“First Party Claim”** means a Claim based upon a First Party Event.

**Commented [TP10]:** We added a definition of “First Party Claim.”

**“First Party Event”** means a **Privacy or Security Event** or **Cyber Security Threat**.

**“Material Interruption”** means the actual and measurable interruption or suspension of a **Named Assured’s** business directly caused by a **Privacy or Security Event**.

**“Network Interruptions Costs”** means **Business Income Loss, Expenses to Reduce Loss, Extra Expenses, and Proof of Loss Preparation Costs**.

**“PCI-DSS Assessment”** means any monetary penalty owed by a **Named Assured** due to the **Named Assured’s** noncompliance with Payment Card Industry Data Security Standards under an agreement between the **Named Assured** and a financial institution or other person enabling the **Named Assured** to accept credit cards, debit cards, prepaid cards, or other payment cards.

**“Personal Information”** means an individual’s name in combination with one or more of the following:

- a. information concerning the individual that constitutes “nonpublic personal

information” as defined in the Gramm-Leach Bliley Act of 1999, as amended, and implementing regulations;

- b. medical or health care information concerning the individual, including without limitation “protected health information” as defined in the Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations;
- c. the individual’s Social Security number, driver’s license or state identification number, credit, debit, or other financial account numbers and associated security codes, access codes, passwords or personal identification numbers that allow access to the individual’s financial account information; or
- d. other nonpublic personally identifiable information, including confidential corporate information, as protected under any local, state, federal or foreign law;

Provided, however, **Personal Information** does not include information that is lawfully available to the public, including without limitation information lawfully available from any **Named Assured** or any local, state, federal or foreign governmental entity.

“**Privacy or Security Event**” means:

- a. the actual or reasonably suspected theft, loss, or unauthorized disclosure of or access to **Personal Information** in the care, custody, or control of the **Named Assured** or for which the **Named Assured** is legally responsible including information that is entrusted to a third-party for storage, regardless of whether such **Personal Information** is maintained in electronic, paper, or any other format; or
- b. a violation or failure of the security of a **Computer System**, including but not limited to unauthorized access, unauthorized use, a denial of service attack or receipt or transmission of malicious code.

Any **Privacy or Security Event** that is continuous or part of a series of repeated or related **Privacy or Security Events** will be considered to be a single **Privacy or Security Event** and will be considered to have commenced when the first such **Privacy or Security Event** commenced regardless of:

- a. The number of individuals or entities engaged in such **Privacy or Security Events**;
- b. The number of individuals or entities affected by such **Privacy or Security Events**;
- c. The number of locations where such **Privacy or Security Events** occurred; or
- d. The number of such **Privacy or Security Events** occurring or period of time over which they occur, even if subsequent **Privacy or Security Events** take place after the Coverage Period.

“**Privacy Response Expenses**” means the following reasonable and necessary costs incurred by the **Named Assured** within one year of the discovery of a **Privacy or Security Event** that results in the actual or reasonably suspected theft, loss or unauthorized disclosure of or access to electronic **Personal Information** in the care, custody or control of the **Named Assured** or for which the **Named Assured** is legally responsible:

- a. For the services of a security expert designated by the POOL to determine the scope and cause of a **Privacy or Security Event** and the extent to which **Personal Information** was disclosed to or accessed by unauthorized persons;
- b. For the services of consultants or attorneys designated by the POOL to determine the **Named Assured's** obligations, if any, under applicable law to give notice to affected individuals;
- c. To notify affected individuals if required by applicable law or if the **Named Assured** voluntarily elects to give such notice, and for the services of a contractor designated by the POOL to assist with providing such notice and responding to questions and concerns raised by individuals who are notified;
- d. For the services of a contractor designated by the POOL to provide identity theft protection services to affected individuals if the **Named Assured** elects to provide such services; and
- e. For the services of a public relations consultant designated by the POOL to avert or mitigate damage to the **Named Assured's** reputation as a result of the **Privacy or Security Event**;
- f. **Computer Systems** and **Electronic Data** Damage.

Provided, however, **Privacy Response Expenses** do not include:

- a. any internal salary, administrative, overhead or other related expenses of any **Named Assured** or any charges by a **Named Assured** for time spent cooperating with the investigation and response to any **Privacy or Security Event**;
- b. **Claim Expenses**;
- c. **PCI-DSS Assessments**;
- d. **Network Interruption Costs**;
- e. **Cyber Security Threat Expenses**; or
- f. **Cyber Security Threat Monies**.

**"Proof of Loss Preparation Costs"** means fees and expenses incurred by a **Named Assured** for the services of a third-party forensic accounting firm to establish and prove the amount of loss, including those costs in connection with preparing a proof of loss. **Proof of Loss Preparation Costs** does not include any fees or expenses for consultation on coverage or negotiation of claims.

**"Property Damage"** means damage to, loss of use of, or destruction of any tangible property; however, **Property Damage** does not include the loss of use or damage of electronic equipment and **Computer System** caused by the reprogramming of the software (including the firmware) of such electronic equipment and **Computer System** rendering it useless for its intended purpose. For purposes of this definition, "tangible property" shall not include **Electronic Data**.



**“Regulatory Penalties”** means any civil fine or civil monetary penalty imposed in a **Regulatory Action** payable by a **Named Assured** to the governmental entity bringing the **Regulatory Action** and any sum of money that a **Named Assured** is legally obligated to deposit in a fund as equitable relief for the payment of consumer claims due to an adverse judgment or settlement of a **Regulatory Action**.

**“Regulatory Action”** means a request for information, civil investigative demand, **Suit**, civil investigation or civil proceeding commenced by or on behalf any local, state, federal or foreign governmental entity in the entity’s regulatory or official capacity.

**“Suit”** means a civil proceeding arising out of a **Privacy or Security Event** and includes an arbitration proceeding or other alternative dispute resolution proceeding including requests to toll or waive statute of limitations and to which the **Named Assured** must submit or does submit with the consent of the POOL.

**“Waiting Hours Period”** means the number of hours set forth in the Declarations that must elapse once a **Material Interruption** has begun.

#### 15. DUTIES OF THE NAMED ASSURED IN THE EVENT OF A CLAIM OR FIRST PARTY EVENT

The following duties of the **Named Assured** are common to all sections in this Coverage Form:

After a situation that results in, or may result in, a **Claim** or **First Party Event** under this Coverage Form, is discovered, the **Named Assured** must notify the POOL in writing immediately the date first discovered and cooperate with the POOL in the investigation and settlement of the **Claim** or **First Party Event**. Additionally, the **Named Assured** must:

- a) Submit to an examination under oath at the POOL’S request and provide a signed statement of any written questions the POOL may provide;
- b) Immediately record the specifics of the **Claim** or **First Party Event** and the date discovered;
- c) Immediately send the POOL copies of any demands, notices, summonses, or legal papers received in connection with the **Claim**;
- d) Authorize the POOL to obtain records and other information if the POOL requests;
- e) Assist the POOL, upon the POOL’s request, in the enforcement of any right against any person or organization which may be liable to the **Named Assured** because of a **Claim** which this Coverage Form may provide coverage.
- f) The **Named Assured** will not, except at its own costs, voluntarily make any payment, assume any obligation, or incur any expense without the POOL’S express prior written consent.

#### 16. COMMON EXCLUSIONS

The following Exclusions are common to all sections in this Coverage Form. This Coverage Form shall not cover any loss in connection with a **Claim** or **First Party Event** made against a **Named Assured**:

- a) alleging, arising out of, based upon or attributable to any dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, if committed by any:
  - i. past or present directors, officers, trustees, general or managing partners or principals (or the equivalent positions) of a **Named Assured** occurring at a time when such **Assured** served in such capacity, whether acting alone or in collusion with other persons; or
  - ii. past or present employee or independent contractor employed by a **Named Assured** if any person referenced in Sub-paragraph (i) above knew or had reason to know prior to the act of, participated in, approved of or acquiesced to the dishonest, fraudulent, malicious, or criminal act committed by such employee or independent contractor that caused a direct loss to a **Named Assured** or any other person.
- b) alleging, arising out of, based upon or attributable to any (i) misappropriation of a trade secret by any **Named Assured** on behalf of or to the benefit of any **Named Assured** or (ii) infringement of patent.
- c) alleging, arising out of, based upon or attributable to any **Bodily Injury** or **Property Damage**, except emotional distress as a result of a **Privacy or Security Event**.
- d) alleging, arising out of, based upon or attributable to any:
  - i. fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused;
  - ii. war (whether war is declared or not), invasion, use of military force, civil war, popular or military uprising, rebellion, revolution, or any action taken to hinder or defend against any of these events;
  - iii. electrical or mechanical failures of infrastructure not under the control of a **Named Assured**, including any electrical power interruption, surge, brownout or blackout; provided, however, this Sub-paragraph (iii) shall not apply to a **Privacy or Security Event** that is caused by such electrical or mechanical failure;
  - iv. failure of telephone lines, data transmission lines or other telecommunications or networking infrastructure not under the control of a **Named Assured**; provided, however, this Sub-paragraph (iv) shall not apply to a **Privacy or Security Event** that is caused by such failure of telephone lines, data transmission lines or other telecommunication or networking infrastructure; or
  - v. satellite failure.

- e) arising out of, based upon or attributable to any seizure, confiscation, nationalization, or destruction of a **Computer System** by order of any governmental or public authority.
- f) for any profit or advantage to which any **Named Assured** is not legally entitled.
- g) for, arising out of or resulting from any actual or alleged false, deceptive or unfair trade practices; however, this exclusion does not apply to any **Claim** or loss covered hereunder that results from a theft, loss or unauthorized disclosure of or access to **Personal Information**.
- h) for, arising out of or resulting from:
  - i. the actual or alleged unlawful collection or acquisition of **Personal Information** by or on behalf of the **Assured**; or the failure to comply with a legal requirement to provide individuals with the ability to assent to or withhold assent (*i.e.*, opt-in or opt-out) from the collection, disclosure or use of **Personal Information**; or
  - ii. the distribution of unsolicited email, direct mail, or facsimiles, wiretapping, audio or video recording, or telemarketing, if such distribution, wiretapping, recording or telemarketing is done by or on behalf of the **Assured**, including actual or alleged violations of:
    - (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
    - (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
    - (3) Any federal, state or local statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003 and their amendments and additions, or any other legal liability, at common law or otherwise, that addresses, prohibits, or limits the dissemination, recording, sending, transmitting, communicating or distribution of material or information.
- i) for, or arising out of, any actual or alleged violation of the Fair Labor Standards Act of 1938, the National Labor Relations Act, the Worker Adjustment and Retraining Act of 1988, the Certified Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act of 1970, the Employee Retirement Security Act of 1974 or any similar law or legislation of any state, locality or foreign government, or any amendment to such laws, or any violation of any order, ruling or regulation issued pursuant to such laws.
- j) for, or arising out of, any actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability or pregnancy.

- k) any actual or alleged violation of the Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair Credit Transactions Act (FACTA).
- l) arising out of or resulting from any of the following:
  - i. trading losses, trading liabilities or change in value of accounts;
  - ii. any loss of monies, securities or tangible property of others in the care, custody or control of the **Assured**;
  - iii. the monetary value of any electronic fund transfers or transactions by or on behalf of the **Assured** that is lost, diminished, or damaged during transfer from, to or between accounts; or
  - iv. the value of coupons, price discounts, prizes awards, or any other valuable consideration given in excess of the total contracted or expected amount that is lost, diminished or damaged.

**PART TWO: SECURITY AND PRIVACY LIABILITY COVERAGE:**

The Duties, Terms, and Conditions, of the **Named Assured** are those common to all parts of this Coverage Form found in Part One.

THIS IS A CLAIMS MADE AND REPORTED COVERAGE SECTION AND A THIRD-PARTY LIABILITY COVERAGE SECTION

All terms or phrases in **bold print** in the body of this Coverage Form are defined terms.

**1. SECURITY AND PRIVACY LIABILITY COVERAGE AGREEMENT**

With respect to ~~the SECURITY AND PRIVACY LIABILITY COVERAGE~~

~~AGREEMENT,~~ the POOL'S DISCRETIONARY DEFENSE provisions and the SETTLEMENT provisions of this Part, solely with respect to **Claims** first made against a **Named Assured** during the Coverage Period or the Discovery Period (if applicable) and reported to the POOL pursuant to the terms of this Coverage Form,

this Security and Privacy Liability Coverage ~~Agreement Section~~ affords the following coverage:

- a) The POOL shall pay on a **Named Assured's** behalf all loss that such **Named Assured** is legally obligated to pay resulting from a **Claim** alleging a **Privacy or Security Event** up to the Limit of Liability set forth in the Declarations.
- b) **DISCRETIONARY DEFENSE:**
  - i. The POOL has the option and sole discretion to defend a **Suit or Regulatory Action** alleging a **Privacy or Security Event**, even if the **Suit or Regulatory**

**Commented [AJ11]:** This removes a redundancy in the description of the Coverage Part title.

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**Action** is groundless, false, or fraudulent.

~~ii. The POOL has the sole right to investigate and settle any Claim.~~

The POOL will withdraw any defense it undertakes after the applicable Limit of Liability shown in the Declarations is exhausted in the payment of judgments or settlements, **Regulatory Penalties, Claim Expenses, Privacy Response Expenses, PCI-DSS Assessments, Electronic Equipment and Electronic Data Damage, Network Interruption Costs, Cyber Security Threat Expenses, and Cyber Security Threat Monies.**

**Commented [AJ12]:** We moved this language to Section c) (Settlement), below.

c) **SETTLEMENT:**

~~i. The POOL has the right to settle any Claim if the POOL believes that it is proper.~~

**Commented [AJ13]:** We removed this sentence as unnecessary, and inconsistent with the existing provision.

~~i. The POOL has the sole right and discretion to investigate and settle any Claim.~~

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ii. A **Named Assured** may not settle any **Claim** to which this coverage applies ~~and which are subject~~ without the prior written consent of the POOL.

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**Commented [TP14]:** This moves the provision regarding the Pool's sole right and discretion to investigate and settle from Section b) (Discretionary Defense) to Section c) (Settlement).

**2. TERRITORY**

This Coverage Form provides coverage for **Privacy or Security Events** anywhere in the world resulting in a **Claim** against an **Named Assured**. **Suits**, however, must be brought in the United States of America against an **Named Assured**.

**3. EXCLUSIONS**

In addition to the Common Exclusions, the POOL shall not be liable to make any payment in connection with a **Claim** made against a **Named Assured**:

- a) alleging, arising out of, based upon or attributable to any:
  - i. purchase, sale, or offer or solicitation of an offer to purchase or sell securities;
  - ii. violation of any securities law, including but not limited to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any regulation promulgated under the foregoing statutes, or any federal, state or local laws similar to the foregoing statutes (including "Blue Sky" laws), whether such law is statutory, regulatory or common law; provided, however, this exclusion does not apply to a **Claim** alleging a **Privacy Event** in violation of Regulation S-P (17 C.F.R. § 248); provided further, however, this exclusion does not apply to a **Claim** alleging a failure to disclose a **Privacy or Security Event** in violation of any Security Breach Notice Law; or
  - iii. violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced and Corrupt Organizations Act, or "RICO"), as amended, or any regulation promulgated thereunder or any federal, state or local law similar to the foregoing, whether such law is statutory, regulatory or common law;

b) alleging, arising out of, based upon or attributable to a **Named Assured's** employment of any individual or any of a **Named Assured's** employment practices (including, without limitation, wrongful dismissal, discharge or termination, discrimination, harassment, retaliation or other employment-related claim);

~~provided, however,~~

This exclusion shall not apply to any **Claim** by an individual to the extent such individual is alleging (1) a **Privacy or Security Event** in connection with such individual's employment or application for employment with a **Named Assured**, or (2) a failure to disclose a **Privacy or Security Event** in violation of any Security Breach Notice Law.

c) alleging, arising out of, based upon or attributable to antitrust, unfair competition, restraint of trade, including, without limitation, violations of any local, state or federal law regulating such conduct, or that is brought by or on behalf of the Federal Trade Commission ("FTC") or any other federal, state or local government agency, or foreign government agency;

~~provided, h~~However, solely with respect to unfair competition, this Paragraph (c) shall not apply to any **Claim** arising out of a covered **Regulatory Action**.

d) Brought by or on behalf of any **Named Assured**.

e) for any of the following:

- i. the return of a **Named Assured's** fees or compensation;
- ii. a **Named Assured 's** expenses or charges, including employee compensation and benefits, overhead, over-charges or cost over-runs;
- iii. a **Named Assured's** cost of providing, correcting, re-performing or completing any services;
- iv. civil or criminal fines or penalties imposed by law against a **Named Assured** and any matters deemed uninsurable under the law pursuant to which this Coverage Form shall be construed; provided, however, this Sub-paragraph (iv) shall not apply to (a) any monetary amounts a **Named Assured** is required by law or has agreed to by settlement to deposit into a consumer redress fund, or (b) any civil fine or penalty imposed by a governmental agency arising from a **Regulatory Action**, unless the civil fine or penalty imposed is uninsurable under the law of the jurisdiction imposing such fine or penalty;
- v. A **Named Assured's** costs and expenses of complying with any injunctive or other form of equitable relief;
- vi. taxes incurred by a **Named Assured**;
- vii. the amounts for which a **Named Assured** is not financially liable or which are without legal recourse to any **Named Assured**;

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- viii. amounts a **Named Assured** agrees to pay pursuant to a contract, including without limitation, liquidated damages, setoffs or penalties; provided, however, this exclusion shall not apply to any **PCI-DSS Assessment**.
- f) alleging, arising out of, based upon or attributable to any obligation a **Named Assured** has under contract; provided, however, this exclusion shall not apply to:
  - i. the obligation to prevent a **Privacy or Security Event**, including without limitation, whether same is in violation of an implied or statutory standard of care;
  - ii. liability a **Named Assured** would have in the absence of such contract or agreement;
  - iii. the obligation to comply with **PCI Data Security** standards or to indemnify an acquiring bank or payment processor for amounts owed in connection with a **PCI-DSS Assessment**; or
  - iv. with respect to a **Privacy or Security Event**, any liability or obligation under the confidentiality or non-disclosure provisions of any agreement;
- g) alleging, arising out of, based upon or attributable to any **Privacy or Security Event**, or any related acts thereto, alleged or contained in any **Claim** which has been reported, or in any circumstances of which notice has been given, under any Coverage Form or policy of which this POOL Coverage Form is a renewal or replacement or which it may succeed in time.
- h) alleging, arising out of, based upon or attributable to any **Privacy or Security Event** occurring prior to the retroactive date or any related acts thereto, regardless of when such related act occurs.
- i) alleging, arising out of, based upon or attributable to any **Privacy or Security Event** occurring prior to the continuity date, or any related act thereto (regardless of when such related act occurs), if, as of the continuity date, any personnel in the office of a **Named Assured** knew or could have reasonably foreseen that such **Privacy or Security Event** did or would result in a **Claim** against a **Named Assured**.
- j) alleging, arising out of, based upon or attributable to any seizure, confiscation, nationalization, or destruction of a **Computer System** by order of any governmental or public authority.
- k) for (1) the theft of money or securities from a **Named Assured**; or (2) the transfer or loss of money or securities from or to a **Named Assured's** accounts or accounts under a **Named Assured's** control, including customer accounts. For purposes of this Sub-paragraph (k), the term "accounts" shall include, but are not limited to, deposit, credit, debit, prepaid and securities brokerage accounts.
- l) In addition to the Common Exclusions, the POOL shall not be liable to make any payment for any Claim:
  - i. arising out of, based upon or attributable to any Privacy or Security Event,

or any related acts thereto, which has been reported, or in any circumstances of which notice has been given, under any Coverage Form of which this Section is a renewal or replacement or which it may succeed in time.

- ii. arising out of, based upon or attributable to any amounts for: (i) the original creation of; (ii) diminution of value of; (iii) lost profits of; (iv) or loss of use of, a trade secret, patent, copyright, trademark, trade dress or any other intellectual property.
- iii. arising out of, based upon or attributable to any amounts for improvements and/or upgrades of any type or kind to the Computer System, hardware, software, or media.

#### 4. NOTICE OF PRIVACY OR SECURITY EVENT CLAIM

In addition to the applicable items of the Common Terms and Conditions, and before coverage will apply for a **Claim** under this Coverage [Part Section](#), each **Named Assured** must also:

**Commented [TP17]:** These terms and conditions apply to this Part, not Section.

- a) complete and sign a written, detailed and affirmed proof of loss immediately after the discovery of any loss (unless such period has been extended by the POOL in writing) which shall include, among any other pertinent information:
  - i. a full description of such **Privacy or Security Event** and the circumstances surrounding a **Claim** or potential **Claim**, which shall include, among any other necessary information, the time, place and cause of the **Privacy or Security Event**;
  - ii. a detailed calculation of [damages for any Claim](#) or potential **Claim**; and
  - iii. all underlying documents and materials that reasonably relate to or from any part of the proof of such **Claim** or potential **Claim**.
- b) upon the POOL'S request, submit to an examination under oath.
- c) immediately record the specifics of any **Privacy or Security Event** and the date such Named Assured first became aware of such **Privacy or Security Event**.
- d) provide the POOL with any cooperation and assistance that the POOL may request, including assisting the POOL in:
  - i. public relations management including not making any public statements without the POOL'S prior written approval and cooperating with the POOL'S public relations or legal representative, if deployed in response to a Privacy or Security Event;
  - ii. any investigation of the circumstances arising from or relating to a **Privacy or**

**Commented [TP18]:** This simplifies the language and provides that the Named Assured must provide a detailed calculation of the damages for any Claim or potential Claim.



**Security Event** regardless whether it gives rise to a **Claim** or potential **Claim**;

- iii. enforcing any legal rights a Named Assured may have against anyone who may be liable to the Named Assured or POOL; and
- iv. executing any documents that the POOL deems necessary to secure its rights under this Coverage Form.

~~All adjusted Claims shall be due and payable thirty (30) days after the presentation and written acceptance by the POOL of satisfactory proof of claim to the address set forth in the Common Terms and Conditions. The costs and expenses of establishing or proving a Named Assured's Claim under this Coverage Section, including, without limitation, those connected with preparing a proof of loss, shall be such Named Assured's obligation, and are not covered under this Coverage Form.~~

**Commented [TP19]:** We removed this language and placed it in Part One, Common Duties and Obligations.

**PART THREE: SECURITY FAILURE/PRIVACY EVENT MANAGEMENT COVERAGE:**

THIS IS A DISCOVERY COVERAGE SECTION AND A FIRST PARTY COVERAGE SECTION

All terms or phrases in **bold print** in the body of this Cyber Risk Coverage Form are defined terms.

**1. COVERAGE AGREEMENT**

With respect to the Security Failure/Privacy Event Management Coverage of this Part, solely with respect to a **Privacy or Security Event** first discovered during the Coverage Period and reported to the POOL pursuant to the terms of this Coverage Form, the POOL affords the following coverage under this Section:

- a) **EVENT MANAGEMENT COVERAGE AGREEMENT:** The POOL shall pay all **Losses** that a **Named Assured** incurs in managing **Cyber Security Threats**, solely as a result of an alleged **Privacy or Security Event** that has actually occurred or is reasonably believed by such **Named Assured** and the POOL to have occurred up to the Limit of Liability shown in the Declarations.
- b) **SETTLEMENT:** The POOL has the sole right to settle any **Claim** ~~if the POOL deems that it is proper.~~

**Commented [AJ20]:** This removes the phrase "if the Pool deems it proper," because this is an indefinite standard and is inconsistent with the Pool's right, and required consent, to settle.

**2. DUTIES OF THE NAMED ASSURED IN THE EVENT OF A CYBER SECURITY THREAT**

In addition to the Duties ~~and Obligations~~ of the **Named Assured** common to all parts of this Coverage Form, when responding to a **Cyber Security Threat** or suspected **Cyber Security Threat** the **Named Assured** must:

**Commented [AJ21]:** We are adding that the common Obligations of Part One is also applicable to Part 3.

- i. Determine that the **cyber security threat** has actually occurred;
- ii. With respect to a **cyber security threat** make every reasonable effort to

access your **electric data** from backups, if any, and remediate the cause of the **cyber security threat**;

- iii. Immediately notify the POOL before making any payment based upon the **cyber security threat**;
- iv. Fully cooperate with the POOL'S **Privacy and Security Event** investigative response team, including, but not limited to any cyber security advisor, public relations or legal representative, if deployed to evaluate and assist the **Named Assured** as it relates to the **cyber security threat**; and
- v. Receive express written POOL approval before any payment based upon the **cyber security threat** is made.

The **Named Assured** will not, except at its own costs, voluntarily make any payment, assume any obligation or incur any expense without the POOL'S express prior written consent.

### 3. CONFIDENTIALITY

To the extent allowed by law, the **Named Assured** shall make every reasonable effort to keep confidential and to not divulge the existence of coverage for **Cyber Security Threats** and amounts paid.

### PART FOUR: NETWORK INTERRUPTION COVERAGE:

THIS IS A FIRST PARTY COVERAGE SECTION

All terms or phrases in **bold print** in the body of this Coverage Form are defined terms.

#### 1. COVERAGE AGREEMENT

~~With respect to the NETWORK INTERRUPTION COVERAGE AGREEMENT of this Clause, solely with respect to a **Security Failure** or **System Failure** first occurring during the Coverage Period and reported to the POOL pursuant to the terms of this Coverage Form, this Network Interruption Coverage Section affords the following coverage:~~

This Network Interruption Coverage Part affords the following coverage with respect to a **Security Failure** or **System Failure** first occurring and reported to the POOL during the Coverage Period pursuant to the terms of this Coverage Form.

NETWORK INTERRUPTION COVERAGE AGREEMENT: The POOL shall pay for **Business Income Loss, Expenses to Reduce Loss, Extra Expenses, and Proof of Loss Preparation Costs** that a **Named Assured** incurs after the **Waiting Hours Period** and solely as a result of a **Privacy or Security Event** resulting in a **Security Failure** or **System Failure** up to the applicable Network Interruption Sublimit shown in the Declarations.

The maximum liability of the POOL for all **Proof of Loss Preparation Costs** is the **Proof of Loss Preparation Costs** Sublimit set forth in the Declarations.

#### 2. DEFINITIONS

**Commented [TP22]:** This simplifies the language in the Coverage Agreement and removes redundancies.

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In addition to the common terms applicable to all sections of this Coverage Form, the following definitions apply to this coverage section:

**“IT Service Provider”** means an entity, other than a **Named Assured**, that:

- i. provides “cloud computing” or other hosted computer resources to a **Named Assured**; or
- ii. provides information technology services required by a **Named Assured** to operate a **Computer System** under its ownership, operation or control;
- iii. ~~in above each case~~ pursuant to a written contract with a **Named Assured**.

**“Non-IT Service Provider”** means an entity, other than a **Named Assured**, that provides goods or services to a **Named Assured** pursuant to a written contract; provided, however, under no circumstances shall an entity be considered a **Non-IT Provider** with respect to services provided as an **IT Provider**.

**“Outsource Provider”** means:

- i. an **IT Service Provider**,
- ii. a **Non-IT Service Provider**, or
- iii. any other entity that is not a **Named Assured** and that a **Named Assured** depends on to conduct its business including, without limitation, any entity providing services as:
  - (a) a public utility (including, without limitation, a provider of electricity, gas, water or telecommunication services);
  - (b) an internet service provider (including any provider of internet connectivity), or
  - (c) a securities exchange or market.

**“Period of Indemnity”** means the period of time beginning after the **Waiting Hours Period** and ending at the earlier of 180 days thereafter or:

- i. with respect to a **Security Failure** or **Voluntary Shutdown** of a **Computer System** under the ownership, operation or control of, or leased by, the **Named Assured**, at the time the **Named Assured** restores access to the **Computer System** to the same or similar conditions that existed prior to the time of the **Material Interruption**; or
- ii. with respect to a **Security Failure** or **System Failure** of a **Computer System** under the ownership, operation or control of an **Outsource Provider**, the earlier of:
  - (a) the time the **Named Assured** restores its business to the same or similar conditions that existed prior to the time of the **Material Interruption**; or
  - (b) the time such **Outsource Provider** restores access to the **Computer**

**Commented [TP23]:** This simplifies the language that these defined entities have a written contract with a Named Assured.

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**System** to the same or similar conditions that existed prior to the time of the **Material Interruption**.

The **Period of Indemnity** shall not be cut short by the end of the Coverage Period.

“**Security Failure**” means a failure or violation of the security of a **Computer System**, including, without limitation, that which results in or fails to mitigate any unauthorized access, unauthorized use, denial of service attack or receipt or transmission of a malicious code. “**Security Failure**” includes any such failure or violation resulting from the theft of a password or access code from a **Named Assured’s** premises, a **Named Assured’s Computer System**, or an employee of a **Named Assured** by non-electronic means.

“**Security Failure**” also means the loss of use of all or part of a **Computer System** caused by the unauthorized reprogramming of software (including firmware) which renders such **Computer System**, or any component thereof, nonfunctional or useless for its intended purpose.

“**Security Failure**” also includes any such failure or violation resulting from Cyberterrorism.

“**System Failure**” means any unintentional and unplanned outage of a **Computer System** that is not part of or caused by a **Security Failure**.

“**Voluntary Shutdown**” means the voluntary and intentional shutdown or impairment of a **Computer System** under the ownership, operation or control of a **Named Assured**, by or at the direction of a **Named Assured** after the discovery of a **Security Failure** or **Privacy or Security Event** or suspected **Privacy or Security Event**, with the reasonable belief that such shutdown would limit the loss that would otherwise be incurred as the result of such **Security Failure** or **Privacy** or **Security Event**.

### 3. NOTICE OF NETWORK INTERRUPTION CLAIM

In addition to the applicable items of the Common Obligations, Duties, Terms, and Conditions, and before coverage will apply for a First Party Claim under this Coverage Section, each **Named Assured** must also:

- a) complete and sign a written, detailed and affirmed proof of loss immediately after the discovery of any loss (unless such period has been extended by the POOL in writing) which shall include, among any other pertinent information:
  - i. a full description of such **Privacy or Security Event** and the circumstances surrounding a claim or potential claim, which shall include, among any other necessary information, the time, place and cause of the **Privacy or Security Event**;
  - ii. a detailed calculation of any First Party Claim or potential First Party Claim; and
  - iii. all underlying documents and materials that reasonably relate to or from any part of the proof of such First Party Claim or potential First Party Claim.

**Commented [TP24]:** We are adding that the Common Obligations section is also applicable to Part 4.

**Commented [AJ25]:** These changes specify that this section applies to First Party Claims.

**Commented [AJ26]:** These changes specify that this section applies to First Party Claims.

- b) upon the POOL'S request, submit to an examination under oath.
- c) Immediately record the specifics of any **Privacy or Security Event** and the date such **Named Assured** first became aware of such **Privacy or Security Event**.
- d) provide the POOL with any cooperation and assistance that the POOL may request, including assisting the POOL in:
  - iv. any investigation of the circumstances arising from or relating to a **Privacy or Security Event** regardless whether it gives rise to a **First Party Claim** or potential **First Party Claim**;
  - v. enforcing any legal rights a **Named Assured** may have against anyone who may be liable to the **Named Assured** or POOL;
  - vi. executing any documents that the POOL deems necessary to secure its rights under this Coverage Form; and
  - vii. any calculation or appraisal conducted by or on behalf of the POOL pursuant to this Network Interruption Coverage Section.

**Commented [AJ27]:** These changes specify that this section applies to First Party Claims.

~~All adjusted Claims shall be due and payable thirty (30) days after the presentation and written acceptance by the POOL of satisfactory proof of claim to the address set forth in the Common Terms and Conditions. The costs and expenses of establishing or proving a Named Assured's Claim under this Coverage Section, including, without limitation, those connected with preparing a proof of loss, shall be such Named Assured's obligation, and are not covered under this Coverage Form.~~

**Commented [AJ28]:** This has been moved to the Common Obligations section of Part One: Common Terms and Conditions.

**4. NETWORK INTERRUPTION CONDITIONS**

- a) For purposes of this Coverage Section, no entity shall be considered an **IT Service Provider** or a **Non-IT Service Provider** with respect to services it provides as a:
  - i. a public utility (including, without limitation, a provider of electricity, gas, water or telecommunication services); or
  - ii. an internet service provider (including any provider of internet connectivity).
- b) Any amount recovered under any other Coverage Section of this Coverage Form will not be considered as part of a **First Party Claim** under this Coverage Section.
- c) When calculating **Business Income Loss**, due consideration shall be given to:
  - i. the experience of the business before the date of the **Material Interruption** and the probable experience thereafter during the **Period of Indemnity** had no **Material Interruption** occurred;
  - ii. the continuation of only those necessary charges and expenses that would have existed had no **Material Interruption** occurred; and
  - iii. **Business Income Loss** which is made up during the Extended **Period of Indemnity** (if any) or within a reasonable period of time (no less than one

year) after the expiration of the **Period of Indemnity** and the Extended **Period of Indemnity** (if any).

- d) Each **Named Assured** agrees, as soon as practicable, to use overtime, extra time and any other resource owned or controlled by such **Named Assured**, or obtainable by such **Named Assured** from other sources (including any other **Named Assured**), in order to continue its business and reduce its loss.
- e) Each **Named Assured** must act with due diligence and dispatch to repair or restore the **Computer System** to the same or equivalent operating conditions that existed prior to the damage in order to continue its business and to reduce loss.
- f) No loss or part of loss shall be paid hereunder to the extent a **Named Assured** has collected such loss or part of loss from an **Outsource Provider** or any other third party.

## 5. APPRAISAL

If any **Named Assured** and the POOL disagree on the amount of a loss, either may make a written demand for an appraisal of such a loss. If such demand is made, each party will select a competent and impartial appraiser. The appraisers will then jointly select an umpire. If the appraisers cannot agree on an umpire, they may request that selection be made by a judge of a court having jurisdiction. Each appraiser will separately state the amount of a claim. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of these three will be binding.

Such **Named Assured** and the POOL will:

- a) pay their respective chosen appraiser; and
- b) bear the expenses of the umpire equally.

Any appraisal of a loss shall be calculated in accordance with all terms, conditions and exclusions of this Coverage Form.

## 6. EXCLUSIONS

In addition to the Common Exclusions, the POOL shall not be liable to make any payment:

- a) arising out of, based upon or attributable to any **System Failure, Security Failure** or related act thereto which has been reported, or in any circumstances of which notice has been given, under any Coverage Form of which this Network Interruption Coverage Section is a renewal or replacement or which it may succeed in time.
- b) arising out of, based upon or attributable to: (1) any liability to third-parties for whatever reason; (2) legal costs or legal expenses of any type; (3) unfavorable business conditions.
- c) arising out of, based upon or attributable to a **System Failure** caused by or resulting from electrical or mechanical failure of incoming transmission or other incoming services.

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~~e) of infrastructure; provided, however, for purposes of this exclusion a Computer System shall not be considered infrastructure.~~

d) for any: (1) contractual penalties or consequential damages; (2) updating, upgrading, enhancing or replacing any **Computer System** to a level beyond that which existed prior to sustaining loss; or (3) removal of software program errors or vulnerabilities.

**Commented [AJ29]:** This simplifies the wording of Exclusion 6c) and specifies that it applies to System Failures caused by or resulting from electrical or mechanical failure of incoming transmission or other incoming services.

POOL Counties

Member Name	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	5 Year Ave Costs	3 Year Ave Costs
	7/1/17-6/30/18	7/1/17-6/30/18	7/1/18-6/30/19	7/1/18-6/30/19	7/1/19-6/30/20	7/1/19-6/30/20	7/1/20-6/30/21	7/1/20-6/30/21	7/1/21-6/30/22	7/1/21-6/30/22	TOTAL	TOTAL	2017/2018-2021/2022	2019/2020-2021/2022
CARSON CITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	13	\$ 1,178,498	13	\$ 1,178,498	\$ 1,178,498	\$ -
CHURCHILL COUNTY	6	\$ 28,637	8	\$ 493,013	2	\$ 582	8	\$ 46,262	7	\$ 59,000	31	\$ 627,494	\$ 125,499	\$ 35,281
DOUGLAS COUNTY (No	19	\$ 15,930	24	\$ 69,770	48	\$ 218,946	38	\$ 116,924	2	\$ -	131	\$ 421,570	\$ 84,314	\$ 111,957
ELKO COUNTY	18	\$ 69,589	22	\$ 277,886	22	\$ 253,782	24	\$ 149,264	22	\$ 112,128	108	\$ 862,650	\$ 172,530	\$ 171,725
ESMERALDA COUNTY	10	\$ 515,868	6	\$ 35,599	6	\$ 8,316	4	\$ 5,415	6	\$ 74,615	32	\$ 639,812	\$ 127,962	\$ 29,449
EUREKA COUNTY	7	\$ 124,545	9	\$ 78,665	8	\$ 47,677	9	\$ 24,330	5	\$ 64,000	38	\$ 339,217	\$ 67,843	\$ 45,336
HUMBOLDT COUNTY	9	\$ 96,780	11	\$ 57,818	8	\$ 25,995	8	\$ 126,935	20	\$ 299,117	56	\$ 606,644	\$ 121,329	\$ 150,682
LANDER COUNTY	2	\$ 37,758	4	\$ 61,645	7	\$ 64,212	5	\$ -	5	\$ 29,760	23	\$ 193,375	\$ 38,675	\$ 31,324
LINCOLN COUNTY	6	\$ 11,019	2	\$ 121,146	8	\$ 41,313	8	\$ 340,666	8	\$ 10,608	32	\$ 524,751	\$ 104,950	\$ 130,862
LYON COUNTY	18	\$ 208,874	6	\$ 17,259	14	\$ 535,275	13	\$ 181,574	7	\$ 63,792	58	\$ 1,006,775	\$ 201,355	\$ 260,214
MINERAL COUNTY	5	\$ 2,076,169	3	\$ 41,612	10	\$ 33,575	12	\$ 77,396	7	\$ 54,560	37	\$ 2,283,313	\$ 456,663	\$ 55,177
NYE COUNTY (No Longe	52	\$ 419,824	65	\$ 870,895	81	\$ 685,565	63	\$ 1,562,683	57	\$ 1,956,432	318	\$ 5,495,400	\$ 1,099,080	\$ 1,401,560
PERSHING COUNTY	6	\$ 50,115	4	\$ 20,190	13	\$ 1,196,371	10	\$ 15,251	4	\$ 3,778	37	\$ 1,285,706	\$ 257,141	\$ 405,133
STOREY COUNTY	8	\$ 115,856	14	\$ 44,491	13	\$ 46,734	8	\$ 36,696	9	\$ 148,575	52	\$ 392,352	\$ 78,470	\$ 77,335
WHITE PINE COUNTY	3	\$ 5,514	8	\$ 18,724	8	\$ 3,797	13	\$ 35,550	11	\$ 53,695	43	\$ 117,280	\$ 23,456	\$ 31,014
<b>TOTAL</b>	169	\$ 3,776,478	186	\$ 2,208,711	248	\$ 3,162,142	223	\$ 2,718,947	183	\$ 4,108,559	1009	\$ 15,974,838	\$ 4,137,766	\$ 2,937,050



POOL Cities

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	TOTAL	TOTAL	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency			Costs	Costs
	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22				2017/2018- 2021/2022	2019/2020- 2021/2022
BOULDER CITY	17	\$ 12,463	26	\$ 111,113	23	\$ 75,706	20	\$ 710,955	9	\$ 74,208	95	\$ 984,445	\$ 196,889	\$ 286,956	
CALIENTE	0	\$ -	2	\$ 4,500	2	\$ 7,397	0	\$ -	0	\$ -	4	\$ 11,897	\$ 2,379	\$ 2,466	
CARLIN CITY	3	\$ 27,163	1	\$ 255	3	\$ 1,350	2	\$ -	4	\$ 25,307	13	\$ 54,075	\$ 10,815	\$ 8,886	
CITY OF ELKO	16	\$ 36,997	24	\$ 89,785	30	\$ 255,315	12	\$ 149,178	19	\$ 119,242	101	\$ 650,518	\$ 130,104	\$ 174,579	
ELY CITY	6	\$ 2,690	9	\$ 95,964	7	\$ 71,797	8	\$ 26,901	9	\$ 229,131	39	\$ 426,483	\$ 85,297	\$ 109,276	
CITY OF FERNLEY	5	\$ 64,005	8	\$ 109,612	5	\$ 4,316	6	\$ 43,415	5	\$ 29,500	29	\$ 250,848	\$ 50,170	\$ 25,744	
CITY OF LOVELOCK	1	\$ 11,319	0	\$ -	2	\$ 18,306	1	\$ -	1	\$ 3,794	5	\$ 33,418	\$ 6,684	\$ 7,366	
MESQUITE CITY (No Long)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	
WELLS CITY	0	\$ -	2	\$ -	1	\$ 6,234	1	\$ -	0	\$ -	4	\$ 6,234	\$ 1,247	\$ 2,078	
WEST WENDOVER	8	\$ 16,125	10	\$ 20,341	3	\$ 48,500	8	\$ 5,375	3	\$ 8,514	32	\$ 98,855	\$ 19,771	\$ 20,796	
CITY OF WINNEMUCCA	4	\$ 29,608	0	\$ -	3	\$ 2,946	13	\$ 21,452	12	\$ 88,191	32	\$ 142,197	\$ 28,439	\$ 37,530	
CITY OF YERINGTON	3	\$ 88,264	1	\$ -	2	\$ 13,080	7	\$ 133,396	4	\$ 26,816	17	\$ 261,556	\$ 52,311	\$ 57,764	
<b>TOTAL</b>	<b>63</b>	<b>\$ 288,633</b>	<b>83</b>	<b>\$ 431,571</b>	<b>81</b>	<b>\$ 504,947</b>	<b>78</b>	<b>\$1,090,671</b>	<b>66</b>	<b>\$ 604,705</b>	<b>371</b>	<b>\$ 2,920,526</b>	<b>\$ 584,105</b>	<b>\$ 733,441</b>	

POOL School Districts

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	TOTAL	TOTAL	2017/2018- 2021/2022	2019/2020- 2021/2022
CARSON CITY SCHOOL DISTRICT	6	\$ 13,921	4	\$ 10,692	11	\$ 180,651	7	\$ 20,864	8	\$ 35,505	36	\$ 261,633	\$ 52,327	\$ 79,007
CHURCHILL COUNTY SCHOOL DISTRICT	1	\$ 6,787	3	\$ 14,751	0	\$ -	3	\$ 8,039	1	\$ 24,000	8	\$ 53,577	\$ 10,715	\$ 10,680
DOUGLAS COUNTY SCHOOL DISTRICT	192	\$ 206,745	176	\$ 78,665	128	\$ 46,985	118	\$ 126,675	18	\$ 78,423	632	\$ 537,493	\$ 107,499	\$ 84,028
ELKO COUNTY SCHOOL DISTRICT	13	\$ 325,134	22	\$ 2,674,923	8	\$ 85,739	10	\$ 12,267	9	\$ 393,251	62	\$ 3,491,315	\$ 698,263	\$ 163,753
ESMERALDA COUNTY SCHOOL DISTRICT	2	\$ 26,703	0	\$ -	2	\$ 24,954	7	\$ 7,282	0	\$ -	11	\$ 58,939	\$ 11,788	\$ 10,745
EUREKA COUNTY SCHOOL DISTRICT	0	\$ -	0	\$ -	4	\$ 651,443	2	\$ 39,000	1	\$ 46,000	7	\$ 736,443	\$ 147,289	\$ 245,481
HUMBOLDT COUNTY SCHOOL DISTRICT	15	\$ 216,685	6	\$ 4,988	5	\$ 18,849	4	\$ 10,443	2	\$ 14,540	32	\$ 265,506	\$ 53,101	\$ 14,611
LANDER COUNTY SCHOOL DISTRICT	21	\$ 72,670	31	\$ -	16	\$ -	14	\$ 64,000	4	\$ -	86	\$ 136,670	\$ 27,334	\$ 21,333
LINCOLN COUNTY SCHOOL DISTRICT	4	\$ 139,280	3	\$ 166,667	3	\$ 26,010	4	\$ 9,490	3	\$ 6,104	17	\$ 347,550	\$ 69,510	\$ 13,868
LYON COUNTY SCHOOL DISTRICT	16	\$ 470,989	88	\$ 398,426	120	\$ 119,951	85	\$ 172,605	15	\$ 26,674	324	\$ 1,188,646	\$ 237,729	\$ 106,410
MINERAL COUNTY SCHOOL DISTRICT	4	\$ 21,383	1	\$ 21,473	4	\$ 69,874	4	\$ 25,000	6	\$ 200,000	19	\$ 337,730	\$ 67,546	\$ 98,291
NYE COUNTY SCHOOL DISTRICT	16	\$ 178,786	14	\$ 137,332	37	\$ 106,619	4	\$ 109,982	9	\$ 1,517,131	80	\$ 2,049,850	\$ 409,970	\$ 577,911
PERSHING COUNTY SCHOOL DISTRICT	0	\$ -	1	\$ 5,967	1	\$ 324	3	\$ 7,193	1	\$ 1,500	6	\$ 14,984	\$ 2,997	\$ 3,006
STOREY COUNTY SCHOOL DISTRICT	7	\$ 32,503	4	\$ 6,591	2	\$ 720	3	\$ 4,263	3	\$ 22,564	19	\$ 66,642	\$ 13,328	\$ 9,183
WHITE PINE COUNTY SCHOOL DISTRICT	5	\$ 124,313	8	\$ 44,853	14	\$ 10,063	28	\$ -	24	\$ 19,194	79	\$ 198,424	\$ 39,685	\$ 9,752
<b>TOTAL</b>	<b>302</b>	<b>\$1,835,897</b>	<b>361</b>	<b>\$3,565,328</b>	<b>355</b>	<b>\$1,342,183</b>	<b>296</b>	<b>\$ 617,105</b>	<b>104</b>	<b>\$2,384,887</b>	<b>1314</b>	<b>\$ 9,465,351</b>	<b>\$ 1,949,080</b>	<b>\$1,448,058</b>

POOL Special Districts, Towns Others

Member Name	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Claims	5 Year Ave	3 Year Ave
	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Frequency	Costs	Costs	Costs
	7/1/17- 6/30/18	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/20- 6/30/21	7/1/21- 6/30/22	7/1/21- 6/30/22	TOTAL	TOTAL	2017/2018- 2021/2022	2019/2020- 2021/2022
<b>CARSON CITY:</b>														
CARSON WATER SUBCONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA ASSN OF COUNTIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA COMMISSION FOR RECONSTRUCTION OF V&T	0	\$ -	0	\$ -	2	\$ 1,147	0	\$ -	0	\$ -	2	\$ 1,147	\$ 229	\$ 382
NEVADA LEAGUE OF CITIES	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RISKING POOLING, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA RURAL HOUSING AUTHORITY	5	\$ 3,847	2	\$ -	3	\$ 383	4	\$ 11,425	1	\$ -	15	\$ 15,655	\$ 3,131	\$ 3,936
NEVADA PUBLIC AGENCY INSURANCE POOL	0	\$ -	1	\$ 415	1	\$ -	1	\$ -	0	\$ -	3	\$ 415	\$ 83	\$ -
POOLING RESOURCES, INC.	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>CLARK COUNTY:</b>														
MOAPA VALLEY WATER DISTRICT	0	\$ -	2	\$ 8,246	0	\$ -	2	\$ 43,061	1	\$ 2,007	5	\$ 53,314	\$ 10,663	\$ 15,023
MOUNT CHARLESTON FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	2	\$ 31,524	2	\$ 4,727	0	\$ -	4	\$ 36,251	\$ 7,250	\$ 12,084
SOUTHERN NEVADA AREA COMMUNICATIONS COUNCIL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SOUTHERN NEVADA HEALTH DISTRICT	5	\$ 74,767	9	\$ 47,370	9	\$ 97,012	6	\$ 51,692	8	\$ 71,767	37	\$ 342,608	\$ 68,522	\$ 73,490
VIRGIN VALLEY WATER DISTRICT (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>CHURCHILL COUNTY:</b>														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	0	\$ -	1	\$ 4,430	0	\$ -	1	\$ -	0	\$ -	2	\$ 4,430	\$ 886	\$ -
<b>DOUGLAS COUNTY:</b>														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	0	\$ -	1	\$ 2,767	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,767	\$ 553	\$ -
DOUGLAS CO. REDEVELOPMENT AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS CO LAKE TAHOE SEWER AUTHORITY	3	\$ -	0	\$ -	5	\$ -	2	\$ 5,331	0	\$ -	10	\$ 5,331	\$ 1,066	\$ 1,777
EAST FORK SWIMMING POOL DISTRICT	0	\$ -	1	\$ -	1	\$ -	1	\$ 250	1	\$ 500	4	\$ 750	\$ 150	\$ 250
TOWN OF GARDNERVILLE	1	\$ 1,357	3	\$ 18,415	2	\$ 17,701	1	\$ 710	7	\$ 40,843	14	\$ 79,025	\$ 15,805	\$ 19,751
GARDNERVILLE RANCHOS GID	0	\$ -	2	\$ 5,340	4	\$ 13,093	1	\$ -	1	\$ 1,200	8	\$ 19,633	\$ 3,927	\$ 4,764
TOWN OF GENOA	0	\$ -	0	\$ -	1	\$ -	1	\$ -	2	\$ 17,000	4	\$ 17,000	\$ 3,400	\$ 5,667
INDIAN HILLS GID	0	\$ -	2	\$ 23,831	1	\$ 1,116	0	\$ -	2	\$ 2,376	5	\$ 27,323	\$ 5,465	\$ 1,164
KINGSBURY GID	5	\$ 33,129	2	\$ 32,747	2	\$ 70,234	0	\$ -	0	\$ -	9	\$ 136,110	\$ 27,222	\$ 23,411
LAKERIDGE GID	0	\$ -	2	\$ 7,356	0	\$ -	0	\$ -	0	\$ -	2	\$ 7,356	\$ 1,471	\$ -
LOGAN CREEK ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF MINDEN	2	\$ 63,238	1	\$ 16,561	0	\$ -	0	\$ -	0	\$ -	3	\$ 79,799	\$ 15,960	\$ -
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 5,016	0	\$ -	1	\$ 5,016	\$ 1,003	\$ 1,672
NEVADA TAHOE CONSERVATION DISTRICT	5	\$ 5,342	0	\$ -	0	\$ -	0	\$ -	1	\$ 29,904	6	\$ 35,247	\$ 7,049	\$ 9,968
ROUND HILL GID (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SIERRA ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
SKYLAND GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TAHOE DOUGLAS DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
TAHOE DOUGLAS FIRE PROTECTION DIST	0	\$ -	2	\$ 9,589	2	\$ 2,520	1	\$ -	3	\$ 339,882	8	\$ 351,992	\$ 70,398	\$ 114,134
TOPAZ RANCH ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ZEPHYR COVE GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ZEPHYR HEIGHTS GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	3	\$ 4,586	0	\$ -	3	\$ 9,161	6	\$ 13,748	\$ 2,750	\$ 4,583
<b>ELKO COUNTY:</b>														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
ELKO CO. AGRICULTURAL ASSOCIATION	1	\$ 9,402	0	\$ -	0	\$ -	1	\$ -	0	\$ -	2	\$ 9,402	\$ 1,880	\$ -
ELKO CONVENTION & VISITORS AUTHORITY	0	\$ -	0	\$ -	1	\$ 4,468	1	\$ -	2	\$ 10,000	4	\$ 14,468	\$ 2,894	\$ 4,823
ELKO TV DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 8,059	0	\$ -	1	\$ 8,059	\$ 1,612	\$ 2,686
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	1	\$ -	2	\$ 17,786	0	\$ -	1	\$ 60,488	1	\$ 3,200	5	\$ 81,474	\$ 16,295	\$ 21,229
<b>ESMERALDA COUNTY:</b>														
<b>EUREKA COUNTY:</b>														
COUNTY FISCAL OFFICERS ASSOCIATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
CENTRAL NEVADA REGIONAL WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>HUMBOLDT COUNTY:</b>														
HUMBOLDT GENERAL HOSPITAL	0	\$ -	0	\$ -	0	\$ -	2	\$ 280,000	0	\$ -	2	\$ 280,000	\$ 56,000	\$ 93,333
HUMBOLDT RIVER BASIN WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>LANDER COUNTY:</b>														
<b>LINCOLN COUNTY:</b>														
ALAMO SEWER AND WATER DISTRICT	2	\$ 46,123	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 46,123	\$ 9,225	\$ -
COYOTE SPRINGS GID (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -

POOL Special Districts, Towns Others

LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NEVADA ASSOC OF CONSERVATION DISTRICTS	0	\$ -	0	\$ -	1	\$ -	0	\$ -	2	\$ 20,082	3	\$ 20,082	\$ 4,016	\$ 6,694	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
<b>LYON COUNTY:</b>															
FERNLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
MASON VALLEY SWIMMING POOL DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NORTH LYON FIRE PROTECTION DISTRICT	0	\$ -	4	\$ 17,465	5	\$ 59,785	2	\$ -	2	\$ 5,015	13	\$ 82,265	\$ 16,453	\$ 21,600	\$ -
SILVER SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
SILVER SPRINGS STAGECOACH HOSPITAL DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 22,155	0	\$ -	1	\$ 22,155	\$ 4,431	\$ 7,385	\$ -
STAGECOACH GID	0	\$ -	1	\$ -	3	\$ 31,539	0	\$ -	3	\$ 41,547	7	\$ 73,085	\$ 14,617	\$ 24,362	\$ -
US BOARD OF WATER COMMISSIONERS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
WALKER BASIN CONSERVANCY	0	\$ -	4	\$ 10,497	5	\$ 39,611	4	\$ 57,007	1	\$ 14,910	14	\$ 122,024	\$ 24,405	\$ 37,176	\$ -
WALKER RIVER IRRIGATION DISTRICT	1	\$ -	2	\$ 644	0	\$ -	0	\$ -	0	\$ -	3	\$ 644	\$ 129	\$ -	\$ -
WESTERN NEVADA REGIONAL YOUTH CENTER	1	\$ -	3	\$ 88,863	0	\$ -	0	\$ -	0	\$ -	4	\$ 88,863	\$ 17,773	\$ -	\$ -
<b>MINERAL COUNTY:</b>															
MINERAL COUNTY HOUSING AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
<b>NYE COUNTY:</b>															
AMARGOSA VALLEY LIBRARY DISTRICT	1	\$ 2,143	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,143	\$ 429	\$ -	\$ -
BEATTY LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
BEATTY WATER & SANITATION	1	\$ -	0	\$ -	2	\$ 306	0	\$ -	0	\$ -	3	\$ 306	\$ 61	\$ 102	\$ -
CENTRAL NEVADA HISTORICAL SOCIETY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
NORTHERN NYE COUNTY HOSPITAL DISTRICT	0	\$ -	0	\$ -	1	\$ 306	1	\$ -	0	\$ -	2	\$ 306	\$ 61	\$ 102	\$ -
TOWN OF PAHRUMP (No Longer Member)	1	\$ 2,872	3	\$ 191,863	6	\$ 15,123	2	\$ 13,402	7	\$ 598,501	19	\$ 821,761	\$ 164,352	\$ 209,009	\$ -
PAHRUMP LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	1	\$ -	\$ -	\$ -	\$ -
PRIME CARE NEVADA (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
ROUND MOUNTAIN TOWN	0	\$ -	0	\$ -	1	\$ 45,743	3	\$ 14,500	2	\$ 10,001	6	\$ 70,244	\$ 14,049	\$ 23,415	\$ -
SMOKY VALLEY LIBRARY DISTRICT	0	\$ -	0	\$ -	1	\$ 4,827	0	\$ -	0	\$ -	1	\$ 4,827	\$ 965	\$ 1,609	\$ -
TOWN OF TONOPAH	1	\$ 11,070	2	\$ 18,523	4	\$ 8,126	1	\$ -	0	\$ -	8	\$ 37,719	\$ 7,544	\$ 2,709	\$ -
TONOPAH LIBRARY DISTRICT	0	\$ -	0	\$ -	1	\$ 3,161	0	\$ -	0	\$ -	1	\$ 3,161	\$ 632	\$ 1,054	\$ -
<b>PERSHING COUNTY:</b>															
LOVELOCK MEADOWS WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PERSHING CO. TOURISM AUTHORITY (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
PERSHING CO WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	1	\$ 9,550	1	\$ -	0	\$ -	2	\$ 9,550	\$ 1,910	\$ 3,183	\$ -
<b>STOREY COUNTY:</b>															
CANYON GID	0	\$ -	0	\$ -	0	\$ -	1	\$ 14,000	0	\$ -	1	\$ 14,000	\$ 2,800	\$ 4,667	\$ -
STOREY RTC (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
TAHOE RENO INDUSTRIAL GID	3	\$ 132,684	1	\$ -	0	\$ -	3	\$ 70,775	2	\$ 32,515	9	\$ 235,974	\$ 47,195	\$ 34,430	\$ -
VIRGINIA CITY CONVENTION & TOURISM	0	\$ -	0	\$ -	1	\$ 50,621	0	\$ -	0	\$ -	1	\$ 50,621	\$ 10,124	\$ 16,874	\$ -
<b>WASHOE COUNTY:</b>															
CARSON TRUCKEE WATER CONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
GERLACH GENERAL IMPROVEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
INCLINE VILLAGE GID	5	\$ 32,305	19	\$ 449,483	11	\$ 75,918	10	\$ 275,668	7	\$ 37,876	52	\$ 871,251	\$ 174,250	\$ 129,821	\$ -
NEVADA ASSOC OF SCHOOL BOARDS															
NEVADA ASSOC OF SCHOOL SUPERINTENDENTS															
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	1	\$ 44	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 44	\$ 9	\$ -	\$ -
PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT	0	\$ -	3	\$ 7,522	1	\$ -	0	\$ -	1	\$ -	5	\$ 7,522	\$ 1,504	\$ -	\$ -
RTC OF WASHOE COUNTY	3	\$ 398,341	2	\$ 18,581	6	\$ 49,920	4	\$ -	1	\$ 17,842	16	\$ 484,684	\$ 96,937	\$ 22,587	\$ -
SIERRA FIRE PROTECTION DISTRICT (No Longer Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
SUN VALLEY GID	2	\$ 4,324	1	\$ -	0	\$ -	2	\$ 14,253	6	\$ 50,226	11	\$ 68,803	\$ 13,761	\$ 21,493	\$ -
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
TRUCKEE MEADOWS REGIONAL PLANNING AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
WASHOE COUNTY FIRE SUPPRESSION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
WASHOE CO. WATER CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
<b>WHITE PINE COUNTY</b>															
WHITE PINE CO. FIRE PROTECTION DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ -	0	\$ -	1	\$ -	\$ -	\$ -	\$ -
WHITE PINE CO. TOURISM & RECREATION BOARD	1	\$ 582	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 582	\$ 116	\$ -	\$ -
WHITE PINE CO TV DISTRICT #1	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
WILLIAM BEE RIRIE HOSPITAL (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>51</b>	<b>\$ 821,569</b>	<b>78</b>	<b>\$ 998,295</b>	<b>89</b>	<b>\$ 638,321</b>	<b>68</b>	<b>\$ 952,519</b>	<b>68</b>	<b>\$ 1,356,356</b>	<b>354</b>	<b>\$ 4,767,060</b>	<b>\$ 953,412</b>	<b>\$ 982,398</b>	<b>\$ -</b>

POOL Summary of All Claims  
as of 6/30/22

Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	Claims Frequency	Claims Costs	5 Year Ave Costs	3 Year Ave Costs
7/1/17- 6/30/18	7/1/17-6/30/18	7/1/18- 6/30/19	7/1/18-6/30/19	7/1/19- 6/30/20	7/1/19-6/30/20	7/1/20- 6/30/21	7/1/20-6/30/21	7/1/21- 6/30/22	7/1/21-6/30/22	TOTAL	TOTAL	2017/2018- 2021/2022	2019/2020- 2021/2022
585	\$ 6,722,578	708	\$ 7,203,905	773	\$ 5,647,592	665	\$ 5,379,243	421	\$ 8,454,507	3,152	\$ 33,407,824	\$ 6,681,565	\$ 6,493,780

**POOL Executive Committee**

	Re- election Term	Entity	Officers	Counties/Cities With Less Than 35,000 Population (Total 2)	Counties/Cities With 35,000 or More Population (Total 2)	School Districts (Total 2)	Special Districts (Total 1)
Amanda Osborne	2021-2023	Elko County			X		
Geof Stark	2021-2023	Churchill County	Vice Chair	X			
Josh Foli	2021-2023	Lyon County	Chair		X		
Dan Murphy	2021-2023	Pershing Co. School District				X	
Gina Rackley	2022-2024	Humboldt County	Fiscal Officer	X			
Ann Cyr	2022-2024	Carson City School District				X	
Scott Lindgren	2022-2024	Tahoe Douglas Fire Protection District					X

**Voting Special Districts/Towns:**

Greg Reed or Brad Newton	Gardnerville Ranchos GID	X
Susan Severt or Carmen Ortiz	Sun Valley GID	X
Joe Westerlund	Town of Tonopah	X
vacant	Incline Village GID	X
Scott Carls or Heather Anderson-Fintak	Southern Nevada Health District	X
Scott Lindgren	Tahoe Douglas Fire Protection District	X