



Nevada Public Agency Insurance Pool
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**Minutes of the Meeting of
the Board of Directors and of the Executive Committee of
Nevada Public Agency Insurance Pool
Place: John Ascuaga's Nugget, Sparks, Nevada
Time: 1:00 p.m. or
Upon adjournment of PACT Board Meeting
Date: April 27, 2010**

April 27, 2010

1. Introductions and Roll

A quorum being present, Chair Mike Rebaleati called the meeting to order.

- 2. Action Item: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**
- **Approval of Minutes of Board Meetings:
Board Meeting May 1, 2009**
 - **Acceptance of Minutes of Committee Meetings:
Pool Executive Committee Meeting of December 3, 2009**

On motion and second to approve the consent agenda items as a whole, the motion carried.

3. Action Item: Acceptance of Audit for June 30, 2009

On motion and second to accept the audit, the motion carried.

- 4. Action Item: Acceptance of Reports**
- a. **Claims Review Report**
 - b. **Large Loss Report**
 - c. **Actuarial Update**

Wayne Carlson noted that the claims review report broke out the results by type of entity for comparative purposes and cited the three and five year averages.

Donna Squires reviewed the large liability losses commenting on the proportion of claims by category of losses with public officials errors or omissions including employment practices being the largest cost category for losses. In the early years of the POOL, law enforcement liability led the losses, but errors or omissions has overtaken that risk significantly. The single largest liability loss prior to 2007-08 may be overcome by the 2007-2008 Fernley canal breach liability litigation that now has exhausted nearly two POOL \$500,000 retentions from defense costs alone since there are eight

lawsuits involving hundreds of plaintiffs against two members. For large property losses, she noted that the Wells earthquake loss was nearly finalized with only some minor items remaining to be resolved.

Doug Smith reviewed extracts from the actuarial report on reserves and future funding. He indicated that the property funding level decreased slightly and the liability funding level remained essentially unchanged. There have been some increases in the average cost of claims due to the large losses, but overall, the recommendation is to maintain a level loss fund for the coming year.

On motion and second to accept the reports, the motion carried.

5. Action Item: Approval of Closure of POOL Years 2003-04 and Retention of Net Assets

Mike Rebaleati asked that this item be discussed in conjunction with item 8 as he had some ideas to present regarding these two items. Following discussion of item 8, Mike requested the board act to close and retain the net assets.

On motion and second to close the 2003-04 fiscal year and to retain the net assets, the motion carried.

6. Action Item: Acceptance of Budget for 2010-2011

Wayne Carlson commented that the budget showed a slight margin assuming flat renewal revenues and level expenses, relying on the 70% actuarial confidence level in the loss fund to generate contributions to net assets.

On motion and second to accept the budget, the motion carried.

7. Action Item: Approval of POOL Form Changes Effective July 1, 2010

Wayne Carlson referred to the summary of form changes and highlighted that most changes were to clarify the coverage sections and limits by splitting out certain provisions in the form. Other changes related to recommendations from legal counsel reviews to add further clarification of intent.

On motion and second to approve the POOL Form changes effective July 1, 2010, the motion carried.

8. Action Item: Acceptance of Renewal Reinsurance Proposals and Options

Bob Lombard presented the results of the renewal negotiations by reviewing the current program structure and showing a spreadsheet with a renewal per the existing structure plus one option that the Executive Committee had recommended be considered by the board. In addition, he reviewed 2 other alternatives that were indications only and 2 alternatives that declined due to high pricing or not enough time to quote. He commented that the CRL and Munich casualty pricing rose by about \$575,000 due to the large liability losses discussed earlier, but the Lloyds property price was reduced by about \$200,000 even though exposures rose by over 6%. The long-term relationship with the Lloyds market who paid most of the

Wells earthquake losses combined with the most recent two years being loss free at their layers all helped achieve the reduction in rates.

Wayne Carlson interjected regarding the casualty pricing increases and the Option 1 from CRL/Chartis that both CRL and Munich recently had been given the reserve increases on the canal breach loss that showed the potential for both to incur substantial losses. Munich had given the POOL stability, but with a 10 year look-back period the POOL has given them two of our largest liability losses with that period of time. With regard to Chartis, there was some uncertainty remaining regarding how their coverage would coordinate with the POOL form and other underwriting issues that remained unresolved prior to this meeting.

Bob Lombard said that CRL also had a property program that was reviewed, but there were clarifications needed, pricing was not released and thus no formal quote was available for this year. He said that continued review for the future will be needed regarding whether this is an option to pursue in the future.

Bob also reviewed the CRL option to increase the POOL retention on liability from \$500,000 to \$750,000, but said that the savings versus the additional funding amount needed by the POOL or PRM to take on that layer were about equal. Doug Smith confirmed that the actuarial indications made this a push and the taking on the additional volatility would not be appropriate given the lack of real net savings.

Bob responded to questions from the board. Mike Rebaleati noted that the Executive Committee recommended renewal with the current reinsurers. He then suggested that the increased program costs could be offset to help members due to current economic conditions. He suggested that some of the gains from closure of the 2003-04 year could be used as a one-time subsidy so that there would be no net increase to the members this year. He opened the floor for discussion. Several board members commented that this would be a good use of those gains, others cautioned that it must be presented as a one-time subsidy and emphasized that this is one way to show how the POOL works collectively for the benefit of all members.

On motion and second to renew per the existing structure and reinsurers and to fund the difference between the renewal and present costs utilizing the gains noted under item 5 as the source of funds, the motion carried.

9. Action Item: Approval of Renewal Risk Retention Options

No action was taken on this item.

10. Action Item: Approval of Contract with Willis Pooling for Broker/Loss Control/Wellness Services for POOL for Three Years Effective July 1, 2010

Bob Lombard explained that there was no increased proposed in the contract renewal.

On motion and second to approve the contract, the motion carried.

11. Action Item: Approval of Inmate Medical Insurance Program

Wayne Carlson indicated that there were a couple of programs available to help reduce inmate medical costs and to provide excess medical insurance in the event of large claims. Bob Lombard explained that the program Willis Pooling has been exploring came about as a result of a program in existence for several years with the Florida Sheriff's Association that Willis Pooling managed. Preliminary discussions have occurred with a few POOL members regarding this program, but it appears that this would be an individual purchase option and he plans to work with individual members regarding whether it is a viable plan for them. No action was taken on this item.

- 12. Action Item: Election of Executive Committee for Two Year Terms from 2009-2011**
- a. One Representative from school districts**
 - b. One Representative from Counties and/or Cities with under 35,000 population**
 - c. Two representatives from Counties and/or Cities with 35,000 or more population**

Mike Rebaleati noted that Dan Newell, Jeff Zander and Mike Pennacchio were interested in continuing to serve in their respective capacities. He opened the floor for nominations.

On motion and second to approve the slate, the motion carried.

13. Action Item: Election of Chair and Vice Chair

Mike Rebaleati indicated that both he and Claudette Springmeyer were interested in continuing to serve.

On motion and second to reelect Mike as Chair and Claudette Springmeyer as Vice Chair, the motion carried.

14. Public Comment

Wayne Carlson commented that the short animation video he had played at the start of this meeting was created by students at Carson City School District to animate the song he wrote and sang called "Drop, Cover and Hold." The video was produced in connection with Nevada Earthquake Awareness and Preparedness Week.

15. Action Item: Adjournment

On motion and second to adjourn, the meeting adjourned at 3:42 p.m.

The Agenda was posted at the following locations:

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

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

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

**Churchill County Administrative Complex
155 North Taylor Street
Fallon, NV 89406**