



**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  
Nevada Public Agency Insurance Pool**

**Date: April 17, 2020**

**Virtual Only**

**MINUTES**

**Date: April 17, 2020**

**1. Roll**

Members present were as follows: Chair Cash Minor, Josh Foli, Gerald Eick, Gina Rackley, Ann Cyr, Dan Murphy, Geof Stark, Greg Reed, Chris Mulkerns, and Scott Baker. Also present were Executive Director Wayne Carlson, C.O.O. Michael Rebaleati, CFO Alan Kalt, Risk Manager Marshall Smith, Member Services Director Debra Connally, PRI General Manager Stacy Norbeck, Zaria Hanses, and Melissa Mack. With a quorum being present, Chair Cash Minor called the meeting to order at 10:22 am.

**2. Public Comment**

Chair Cash Minor called for public comment. There was no public comment so the Chair moved to agenda item 3.

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

- a. Approval of Minutes of Board Meeting of April 17, 2019**
- b. Acceptance of Interim Financial Statements**
- c. Actuarial Overview**

On motion by Josh Foli and second by Geof Stark to approve the consent agenda, the motion carried.

**4. For Possible Action: Acceptance of Audit for June 30, 2019**

CFO Alan Kalt POOL reported that POOL received a clean audit opinion from the independent auditor. Net Position went from \$26,978,956 to \$25,420,233 due primarily to underwriting gain of \$2,289,432, administrative expenses of \$1,424,844, member education and loss control grants of \$1,596,475 and amortization of transfer from POOL of \$2,295,226 with an offset of non-operating investment income of \$1,148,315. POOL current and long-term loss reserves decreased from \$11,714,000 to \$10,705,000 during the year due to settlement of some significant outstanding claims. Investments increased by \$303,863 from \$18,107,946 to \$18,411,809. FY 2019 had improved financial results from 2018. On motion by Gerald Eick and second by Josh Foli to accept the audit of June 30, 2019, the motion carried.

**5. For Possible Action: Approval of Accounting Policy Expensing All Transfer of Net Contribution Surplus to PRM in the Year of Transfer**

The captives were formed to reduce the cost of insurance, to obtain direct access to reinsurance, to broaden coverage for policyholders, to broaden investment opportunities and to build equity to enable provision of coverage not obtainable elsewhere. The contributions of surplus were amortized over a 10-year period which resulted in an annual significant amortization expense resulting in operational losses and a Net Contribution Surplus to PCM/PRM on the Statement of Net Position. The independent auditor, Executive Committee and staff recommended this change effective July 1, 2018. We remain within our Net Position Policy Statement of Net Position to SIR being at least 20: 1. Restating the two prior years, the ratio is 26.7 and 28.1 for FY 2018 and FY 2019. On motion by Geof Stark and second by Josh Foli to approve to change the accounting policy to expense all transfer of net contribution surplus to PRM in the year of transfer, the motion carried.

**6. For Possible Action: Approval of Renewal Reinsurance and Insurance Proposals and Options**

Mary Wray from Willis Towers Watson Pooling Re discussed the “State of the Market”. She explained that the insurance industry is in a “hard market”. A “hard market” is essentially a sellers market. This also includes that limits are available but insurers are selling less. Significant rate increases are occurring as well as more pressure on terms and conditions. She did stress that insurance pools, such as POOL, tend to fair better than stand-alone insurance purchases because of the group buying and strong risk control programs. For the liability coverage, the increase of high settlements, jail liability and an increase of sexual abuse molestation (SAM) claims are driving the increases in premiums. The renewal quotations have a total premium increase of 13.1% (\$894,916) over expiring rates. The largest increase was within the captive layers (PRM) due to significant claims paid from this layer over the past several years. PRM rate was determined by our independent actuary using 75% confidence level. United Educators Casualty coverage for schools were up 17.73% due to increased claims whereas, CRL (Casualty coverage for non-schools) was up 9.06%. Property coverage provided by Lloyds of London syndicates is up 9% as the market hardens. Boiler Re, Terrorism, and Student Accident remained the same from expiring. On motion by Josh Foli and second by Mike Giles to approve the 2020-2021 rates as proposed by staff, the motion carried.

**7. For Possible Action: Approval of Extension of Willis Pooling Service Contract to Expire July 1, 2026**

On motion by Gerald Eick and second by Josh Foli to approve the 5-year contract extension for the Willis Towers Watson Pooling service contract, the motion carried.

**8. For Possible Action: Approval of Budget for 2020-2021**

CFO Alan Kalt explained that the proposed budget was prepared considering the current financial situation. Total assessments were based on projected costs and no assessment charge related to COVID-19 was factored into the budget. Loss expenses were projected at the 70% Confidence Level for POOL and 75% for PRM. The change in Loss Fund and Insurance cost are up 10.1%. This includes a Cyber Loss fund contribution of \$250,000 to assist in paying these claims. Increases in program (1.4%) and administrative expenses (8.2%) were primarily due to technology costs. Projected operating income is \$205,274 or 1.1% of total revenues. Investment income projected at a book rate of return of over 2.5%. Loss Control grants up to \$500,000 will be paid from surplus. The Board and staff recognize the difficult times and is reflected in the budget. On motion by Josh Foli and second by Geof Stark to approve the POOL budget for 2020-2021 as presented, the motion carried.

**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**

Staff reported that a couple of members are under fiscal watch by the Department of Taxation and that all members are being adversely affected by the economic fallout of COVID-19. A review of the loss experience by members were noted in the Board packet. No members were noted for removal for excessive losses or operating in a hazardous financial condition. On motion by Josh Foli and second by Mike Giles that there will be no action taken on this agenda item, the motion carried.

**10. For Possible Action: Approval of Changes to POOL Form 2020-2021 and Adoption of POOL Cyber Form 2020-2021**

Executive Director Wayne Carlson summarized the proposed changes to the main 2020-2021 POOL Form. Attorney Jack Angaran of the Lewis Brisbois law firm and as lead attorney for updating both the POOL form and the proposed POOL Cyber Risk Form also summarized the proposed changes to the main 2020-2021 POOL form.

The 2020-2021 version was edited to align certain exclusions with our reinsurance policies language to avoid inconsistencies. The most significant change was to remove Section VII Data Security Coverage, which was transferred to a new, stand-alone Cyber Risk Coverage Form. Other changes included: 1) The ordinance of law coverage was expanded to include environmental upgrades to buildings; 2) The automobile insurance will be based on the agreed value instead of in lieu of the replacement cost; 3) Clarifying language changes were made to the sexual abuse exclusion and sub-limit; and 4) all sub-limits will be listed in the Declaration. On motion by Josh Foli and second by Ann Cyr to approve both the main POOL updated form and the new POOL Cyber Risk form, the motion carried.

**11. For Possible Action: Election of Executive Committee for Two Year Terms from 2020-2021**

- 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**

Executive Director Wayne Carlson explained that Gina Rackley from Humboldt County is willing to serve as a new POOL board member and Ann Cyr and Gerald Eick are willing to continue serving as POOL board members. On motion by Josh Foli and second by Mike Giles to elect Gina Rackley, Ann Cyr, and Gerald Eick to the POOL Executive Committee, the motion carried.

**12. For Possible Action: Election of Chair and Vice Chair**

On motion by Gerald Eick and second by Geoff Stark to retain Cash Minor as Chairman and Josh Foli as Vice Chairman as Fiscal Officer, the motion carried.

**13. Public Comment**

Chairman Cash Minor called for public comment. Gerald Eick wanted to thank all participants for this meeting and to express appreciate to all staff and service providers. He further expressed the importance of continued communication to staff and between members is vital to the POOL's

“member serving member” mission. Chairman Cash Minor expressed his gratitude for everyone’s participation in the POOL’s first “Virtual Only” meeting. There was no other public comment.

**14. For Possible Action: Adjournment**

Chairman Cash Minor adjourned the meeting at 11:00 am.

**The 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**

**DRAFT**