



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  
Place: John Ascuaga's Nugget, Sparks, Nevada  
Time: 1:00 p.m. or  
Upon adjournment of PACT Board Meeting  
Date: April 27, 2012**

**AGENDA**

**April 27, 2012**

**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**
  - Approval of Minutes of Board Meetings:  
Board Meeting April 29, 2011**
  - Acceptance of Interim Financial Statements as of February 29, 2012**
- 4. For Possible Action: Acceptance of Audit for June 30, 2011**
- 5. For Possible Action: Acceptance of Reports**
  - a. Claims Review Report**
  - b. Large Loss Report**
  - c. Actuarial Update**
  - d. Claims Services Audit Report**
- 6. For Possible Action: Acceptance of Budget for 2012-2013**

7. **For Possible Action:** Approval of Service Provider Contracts
  - a. Alternative Service Concepts – Claims Management Services
8. **For Possible Action:** Approval of POOL Form Changes Effective July 1, 2012
9. **For Possible Action:** Acceptance of Renewal Reinsurance Proposals and Options
10. **For Possible Action:** Approval of Renewal Risk Retention Options
11. **For Possible Action:** Adopt Policy on Lease Requirements for Future Leases
12. **For Possible Action:** Election of Executive Committee for Two Year Terms from 2012-2014
  - a. One Representative from School Districts
  - b. One Representative from Counties and/or Cities with under 35,000 population
  - c. One Representative from Special Districts/Towns
13. **For Possible Action:** Election of Chair and Vice Chair
14. Public Comment
15. **For Possible Action:** Adjournment

**ANNUAL MEETING OF THE MEMBERS OF PUBLIC RISK MUTUAL**  
**Time: Upon Adjournment of the Meeting of Nevada Public Agency Insurance Pool**  
**Agenda: See separate agenda for Public Risk Mutual**

This 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

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

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

Churchill County Administrative  
 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.



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**DRAFT 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 29, 2011**

**1. Introductions and Roll**

A quorum being present, Chair Mike Rebaleati called the meeting to order at 1:29 p.m.

**2. Action Item: Consent Agenda: Approve as a Whole Unless Moved From Consent Agenda**

- **Approval of Minutes of Board Meetings:  
Board Meeting April 27, 2010**

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

**3. Action Item: Acceptance of Audit for June 30, 2010**

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

**4. Action Item: Acceptance of Reports**

- Claims Review Report**
- Large Loss Report**
- Actuarial Update**
- Claims Services Audit Report**

a., b., c. Wayne Carlson highlighted the claims review which showed the experience of all of the members for the last five years, categorized by category of member type. Doug Smith reviewed the large losses and highlights of the actuarial report and claims trends. He noted that the overall results for both property and liability loss fund projections were slightly down, but that since they were slightly up the previous year and that amount was not included in the renewal loss fund, the decrease would not be included either in order to maintain stability over time.

Brent Kolvet, defense counsel for the POOL on the Fernley canal breach cases, provided a report on the settlement of those cases on behalf of the City of Fernley and Lyon County. He noted the rationale behind tort caps and discretionary immunity for governmental entities. He also commented on the lessons learned as a result of the litigation: 1) there can be competing interest between developers and multiple governmental entities regarding a project and 2) that the discretionary immunities might be impaired if certain specific conditions were to be applied to situations such as granting permits, thus entities should be careful to protect their immunity when making these considerations.

d. This item was discussed during the Joint Board meeting so was not repeated here.

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

**5. Action Item: Acceptance of Budget for 2011-2012**

Wayne Carlson commented that the overall budget for administration was flat as was the loss fund and reinsurance cost projections. The renewal options will determine the final amounts. On motion and second to accept the budget, the motion carried.

**6. Action Item: Approval of POOL Form Changes Effective July 1, 2011**

Wayne Carlson commented that legal counsel was working on some changes to the monies and securities section to clarify coverages and that there were some minor changes to the liability section for clarification as well. On motion and second to approve the POOL Form changes, subject to legal counsel approval of the changes, the motion carried.

**7. Action Item: Acceptance of Renewal Reinsurance Proposals and Options**

Bob Lombard provided an overview of the marketing efforts for the renewal which were undertaken in light of the substantial increase from Munich in the liability reinsurance section the prior year and the effect of the Fernley canal breach litigation. He provided a list of those who were approached and their responses: incumbents Munich, CRL, UE, Lloyds, Travelers Boiler Re and PRM quoted; for liability new prospective reinsurers Brit, GEM and Chartis quoted; ACE, CV Starr and Genesis did not quote. He then provided a base comparison using 2010-11 rates and applying them to the 2011-12 exposures for total premiums (excluding terrorism coverage) of \$4,545,741. He provided additional details about how the property coverage program with Lloyds was structured and a list of the participating syndicates and their shares.

Bob then showed the renewal using the current reinsurers (excluding terrorism) with total premiums of \$5,358,050 an increase largely driven by Munich's substantial increase, nearly \$700,000. Lloyds increase was about 5% driven by the worldwide earthquake events, the latest of which was in Japan, affecting the Lloyds reinsurers' costs. Terrorism pricing came in slightly down at \$136,349 for property and \$42,138 for liability plus taxes and fees of \$7,139. It was noted that United Educators (UE) had granted a dividend to POOL in the amount of about \$18,000 in the form of a renewal credit.

Option 1 was presented using our current reinsurers, except Munich, and replacing Munich with Chartis via County Reinsurance, Ltd. (CRL) and with CRL increasing its capacity by \$1,000,000 to \$3,000,000. Chartis provided \$7,000,000 excess of \$3,000,000. The total premiums excluding terrorism were \$4,550,604. PRM increased its costs since it was quota sharing with CRL presently at 25% of \$1,500,000 excess of \$500,000 and under the renewal option would be 25% of \$2,500,000 excess of \$500,000. CRL's quota share of 75% also rose to reflect the higher limit being offered. UE's costs increase since their limit was also raised to \$2,500,000 excess of \$500,000.

Option 2 utilized the current reinsurers, except Munich, increased CRL's limit to \$2,500,000 excess of \$500,000 and added two additional liability reinsurers: Government Entities

Mutual (GEM) and Brit. GEM offered \$2,000,000 excess of \$3,000,000 and Brit offered \$5,000,000 excess of \$5,000,000. The total cost was \$4,397,170.

Wayne Carlson provided an overview of GEM commenting upon its similarity to CRL as a member-owned captive in which POOL would have an equity position. He indicated that the required contribution of capital would be 70% of net written premium or \$500,000, whichever was larger in order to attain Premiere status which grants voting rights and a share of the net income gains of non-voting Associate members. He cited the POOL's equity in CRL presently was \$297,374, which would not need to be increased for CRL's additional limit. Wayne noted that he and Doug Smith had been invited to and attended a GEM board meeting and found that they operated similarly to CRL and had about the same overall capital bases as CRL and PRM. In response to a question from the board, he indicated that for this option POOL should contribute \$500,000 in order to attain Premiere status since going in as an Associate member required \$100,000 and a commitment to become a Premiere member within five years. He noted the POOL's present net assets were sufficient to transfer capital for this purpose.

Bob Lombard provided background on Brit, a Lloyds Syndicate who also was a participant on the property program. He noted their public entity premium volume and commitment to stability in the market over time.

Board discussion ensued regarding the options. On motion and second to select Option 2 that added GEM for \$2,000,000 excess of \$3,000,000 and Brit for \$5,000,000 excess of \$5,000,000 and to become a Premiere member of GEM, the motion carried.

**8. Action Item: Approval of Renewal Risk Retention Options**

- a. Authorize Additional Capitalization to Public Risk Mutual**
- b. Authorize Renewal Credits**

a. Wayne Carlson noted that board policy authorized transfer of up to 50% of the net asset gains in a fiscal year to its captive (PRM) in its discretion. He indicated that the audited gain as of June 30, 2010 was \$4,553,238. On motion and second to authorize transfer of up to 50% of the gain to PRM, the motion carried.

b. Wayne Carlson advise the Chair that this item was placed on the agenda prior to the recent Executive Committee meeting during which the Executive Committee decided to have it removed from the agenda as a topic. The Chair declared the item removed from this agenda.

**9. Action Item: Election of Executive Committee for Two Year Terms from 2011-2013**

- 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**

Chair Mike Rebaleati noted that Claudette Springmeyer was vacating he seat on the Executive Committee for large counties and asked whether Josh Foli was interested in serving. Claudette confirmed that Darcy Worms of Douglas County would not be a candidate. He opened the floor for other nominations and seeing none, called for election of

the incumbents and Josh Foli. On motion and second to elect Mike Rebaleati, Cash Minor, Pat Whitten, Lisa Jones and Josh Foli, the motion carried.

**10. Action Item: Election of Chair and Vice Chair**

Mike Rebaleati indicated that he was willing to continue to serve as Chair and opened the nominations. Cash Minor was nominated to be Vice Chair. No further nominations were made so the nominations were closed. On motion and second to elect Mike Rebaleati as Chair and Cash Minor as Vice Chair, the motion carried.

**11. Public Comment**

None was received.

**12. Action Item: Adjournment**

On motion and second to adjourn, the meeting adjourned at 2:43 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

## NEVADA PUBLIC AGENCY INSURANCE POOL

Balance Sheet  
February 29, 2012

## ASSETS

Current Assets	
Cash - Claims - Wells Fargo	(\$ 229,022.84)
Cash - Admin. - Wells Fargo	333,869.51
Building Accounts Receivable	<u>8,966.26</u>
Total Current Assets	113,812.93
Property and Equipment	
Land - 2nd & Roop Streets	466,653.05
Building - 2nd & Roop Streets	1,783,715.41
Building Depreciation	(411,919.20)
Equipment	60,528.00
Equip Accumulated Depreciation	(94,856.66)
Building Equipment	28,645.91
Building Fixtures	1,323.00
Building Furniture	<u>4,359.75</u>
Total Property and Equipment	1,838,449.26
Other Assets	
WF - Investment Cash Account	697,607.98
Eagle - Cash Equivalents	1,481,380.25
Investment - Eagle Asset Mgmt.	26,757,957.67
Public Risk Mutual- Investment	15,250,959.00
PRM Amortization	(4,002,938.34)
Eagle Investment Income Rec.	159,886.19
Wells Investment Interest Rec.	15.37
Suspense	26,532.94
Assessments Receivable	72,912.86
Specific Recoverable	278,722.65
Deductible Receivable - ASC	6,690.73
Maintenance Deductibles	598,241.95
Landfill Closure Premiums	(387.09)
A/R - Other	1,100.00
Prepaid Reinsurance	1,547,468.00
Prepaid Surplus Contributions	500,000.00
Prepaid Commission - Current	319,693.00
Prepaid Willis Pooling	85,000.00
Prepaid ASC	49,993.90
Prepaid Loss Control Fees	83,336.00
Prepaid Schools Security Prog	34,330.67
Prepaid Casualty Insurance	<u>33,884.53</u>
Total Other Assets	<u>43,982,388.26</u>
Total Assets	<u>\$ 45,934,650.45</u>

## LIABILITIES AND CAPITAL

Current Liabilities	
Loss Fund	\$ 53,378,163.88
Loss Reserves - LAE	71,014.11
Loss Payments	(54,867,406.38)
Loss Payments - LAE	(26,296,101.00)
Specific Recoverable	22,482,075.41
Aggregate Recoverable	765,730.03
Deductible Reimbursement	10,974,527.49
Vouchers Within Deductible	8,097,510.60
Unearned Assessment Reserve	<u>4,889,460.49</u>
Total Current Liabilities	19,494,974.63
Long-Term Liabilities	
Total Long-Term Liabilities	<u>0.00</u>
Total Liabilities	19,494,974.63
Capital	
Retained Earnings	26,261,321.98
Net Income	<u>178,353.84</u>
Total Capital	<u>26,439,675.82</u>
Total Liabilities & Capital	<u>\$ 45,934,650.45</u>

NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 29, 2012

	Current Month		Year to Date	
Revenues				
Rental Income	\$ 15,626.00	1.30	\$ 147,531.44	1.32
Phone Equipment Lease	336.00	0.03	2,688.00	0.02
Postage Reimbursement	139.79	0.01	1,036.53	0.01
Assessments Written	0.00	0.00	14,667,787.49	131.00
Taxes Written	0.00	0.00	6,877.02	0.06
Change in Unearned Assessments	1,222,362.00	102.08	(4,889,460.49)	(43.67)
Investment Interest Income	68,375.25	5.71	594,837.89	5.31
Realized Gain/(Loss) Invest.	(59,790.67)	(4.99)	(54,849.74)	(0.49)
Invest. Unrealized Gain/(Loss)	(49,558.53)	(4.14)	593,035.50	5.30
Other Income	0.00	0.00	127,038.44	1.13
	<u>1,197,489.84</u>	<u>100.00</u>	<u>11,196,522.08</u>	<u>100.00</u>
Total Revenues				
Cost of Sales				
Reinsurance Ceded	386,929.00	32.31	3,095,458.00	27.65
Loss Fund Expense	540,285.00	45.12	4,322,141.00	38.60
Commission Expense - Current	79,923.00	6.67	639,347.00	5.71
Willis Pooling Fees	21,250.00	1.77	170,000.00	1.52
ASC Claims Admin. Fees	51,268.00	4.28	413,364.66	3.69
Tax Expense	0.00	0.00	6,862.47	0.06
Loss Control Fees	20,833.00	1.74	166,664.00	1.49
	<u>1,100,488.00</u>	<u>91.90</u>	<u>8,813,837.13</u>	<u>78.72</u>
Total Cost of Sales				
Gross Profit	<u>97,001.84</u>	<u>8.10</u>	<u>2,382,684.95</u>	<u>21.28</u>
Expenses				
Management Services	0.00	0.00	269,473.75	2.41
Sponsorship Fees	0.00	0.00	1,920.00	0.02
Counsel Opinions	0.00	0.00	22,734.00	0.20
Travel	1,226.54	0.10	19,021.89	0.17
Casualty Insurance	3,115.00	0.26	26,189.14	0.23
Dues & Seminar Fees	2,814.80	0.24	9,026.80	0.08
Audit Expense	0.00	0.00	17,525.00	0.16
Printing/Copying/Subscriptions	100.00	0.01	1,715.50	0.02
Postage	0.00	0.00	265.65	0.00
Office Supplies	740.18	0.06	1,811.90	0.02
Telephone Expense	(50.28)	(0.00)	1,143.74	0.01
Legal Expense	0.00	0.00	9,911.50	0.09
Board & Committee Meetings	324.98	0.03	2,571.44	0.02
Actuary Expense	0.00	0.00	8,500.00	0.08
Member Education & Services	11,160.74	0.93	110,065.54	0.98
Loss Control Excellence Awards	0.00	0.00	10,000.00	0.09
Consultants Appraisals	0.00	0.00	58,492.00	0.52
PRI Contract Services	0.00	0.00	340,375.00	3.04
Loss Control Grants	34,321.22	2.87	139,125.59	1.24
Environmental Consultants	11,003.07	0.92	19,999.56	0.18
PRM Amortization Expense	123,929.00	10.35	991,432.00	8.85
Investment Expense	995.44	0.08	61,849.98	0.55



NEVADA PUBLIC AGENCY INSURANCE POOL

Income Statement

For the Eight Months Ending February 29, 2012

	Current Month		Year to Date	
Building Maintenance & Repairs	1,532.46	0.13	13,477.54	0.12
Custodial Services	2,016.44	0.17	14,073.08	0.13
Building Depreciation Expense	3,744.72	0.31	29,957.76	0.27
Building Equipment Lease	40.43	0.00	262.59	0.00
Building Copier Paper	0.00	0.00	47.77	0.00
Building Insurance Expense	683.00	0.06	5,464.00	0.05
Building Tax Expense	0.00	0.00	3,672.73	0.03
Postage for Meter	0.00	0.00	1,654.00	0.01
Building Utilities	353.50	0.03	12,571.66	0.11
	<u>198,051.24</u>	16.54	<u>2,204,331.11</u>	19.69
Total Expenses				
Net Income	<u>(\$ 101,049.40)</u>	(8.44)	<u>\$ 178,353.84</u>	1.59

**NEVADA PUBLIC AGENCY INSURANCE POOL**

**FINANCIAL STATEMENTS**

**June 30, 2011 and 2010**

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**BERTRAND & ASSOCIATE LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Member American Institute of Certified Public Accountants

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591 S. Saliman Rd Suite 2  
Carson City, NV 89701  
Tel 775.882.8892  
Fax 775.562.2667  
E-mail michael@bertrandcpa.com

**Independent Auditor's Report**

To the Board of Directors  
Nevada Public Agency Insurance Pool

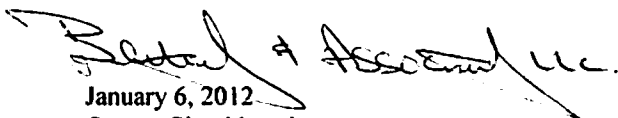
We have audited the accompanying statement of net assets of the Nevada Public Agency Insurance Pool ("NPAIP") for the years ended June 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets, and the statement of cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that my audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Nevada Public Agency Insurance Pool for years ended June 30, 2011 and 2010 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not required part of the basic financial statement, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The supplemental section includes the 10 Year Claims Development schedule and is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

  
January 6, 2012  
Carson City, Nevada

## Management's Discussion and Analysis

### **Purpose:**

To further understanding of significant financial issues, this Nevada Public Agency Insurance Pool (NPAIP) discussion and analysis a) provides an overview of the NPAIP's financial activities, b) identifies significant changes in the NPAIP's financial position and its ability to address subsequent year financial challenges, and c) provides insights into the long-term financial viability of the NPAIP.

### **Background:**

NPAIP implemented the 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 the Nevada Public Agency Insurance Pool 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.

### **Using this Annual Report:**

Since the financial statements report information about the NPAIP using accounting methods similar to those used by private sector organizations, these statements offer short and long term financial information about the NPAIP's activity. The Statement of Net Assets includes all of the 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 liquidity and financial flexibility of the NPAIP.

Current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the NPAIP's operations for the fiscal year compared to the previous year and can be used as a measure of the 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 the 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 and investments. It also discloses from where cash comes, for what it was used and the change in cash balance during the reporting period. Since the 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:**

By board policy, the NPAIP is audited each year by an independent auditor. Since its inception on May 1, 1987 and continuing through this fiscal year, the independent auditor's report offers an unqualified opinion on the financial statements. Such an opinion reflects the highest opinion that can be obtained from an independent auditor.

#### Changes in net assets:

Fiscal year ended June 30, 2011: \$26,261,322

Fiscal year ended June 30, 2010: \$23,786,160

Net increase: \$2,475,162 or 10.4%.

Net asset changes reflect both operating and non-operating net investment income. Both were lower than the fiscal year ended June 30, 2010. Operating expense increases largely were attributable to increases in losses, excess insurance, agent commissions and increased amortization expenses. Non-operating investment income reflects current economic conditions causing declining investment performance across all sectors. Net assets are retained to assure financial stability and strength of NPAIP based upon the board's long term strategy.

Both property and casualty coverages can experience significant volatility particularly when the retention levels per loss are high. Because the NPAIP retains a substantial portion of the property and casualty risk, it is important to the long term viability of the NPAIP to be able to meet its financial obligations to its Members by growing its net assets. Insurance market conditions periodically

make it important to be able to increase our retentions, which results in increased volatility that must be cushioned strongly. NPAIP board policy requires a 70% actuarial confidence level as 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.

During previous fiscal years 2001 and 2002, the board purchased land and built its office building located at 201 S. Roop Street, Carson City, Nevada. As a result, \$1,868,407 of the total assets for fiscal year end June 30, 2011 consists of capital assets (after depreciation).

Total revenues:

Fiscal year ended June 30, 2011: \$14,191,328

Fiscal year ended June 30, 2010: \$14,186,965

Net increase: \$4,363.

NPAIP's primary revenue source comes from Member contributions to the NPAIP's Loss Fund, administrative budget and reinsurance costs. Rental income constitutes the secondary revenue source and it was down due to the vacancy of NACO as a tenant. Member contributions were reduced by \$617,757 by action of the board not to pass on increased reinsurance premiums to the members, but to utilize gains from prior years to pay that cost.

Total expenses:

Fiscal year ended June 30, 2011: \$12,488,992

Fiscal year ended June 30, 2010: \$11,168,514

Net increase: \$1,320,478 or 11.8%.

The most significant factors in this change were attributable to increases in losses, excess insurance, agent commissions and increased amortization expenses. The development schedule included in the financial statement provides the history of the claims reserve changes each year over 10 years.

Included in the total assets is the NPAIP's capitalization to start its own non-profit captive mutual insurance company, Public Risk Mutual. Initially, in 2004, NPAIP invested \$1,000,000, an amount to be amortized over 10 years. At June 30, 2011, NPAIP had increased its contribution to surplus in Public Risk Mutual to \$12,974,340. Accumulated amortization expense as of June 30, 2011 rose to \$3,011,506 based upon NPAIP's policy to continue to amortize these contributions over a ten year period. Public Risk Mutual provided reinsurance to the NPAIP for certain property and liability coverage during this year.

Operating net assets:

Fiscal year ended June 30, 2011: \$1,702,336

Fiscal year ended June 30, 2010: \$3,018,451

Net decrease: \$(1,316,115) or 43.6%

Increased losses and loss expenses comprised \$619,425 or 47.1% of the decrease in operating net assets. Increases in amortization expenses contributed \$260,937 or 19.8% of the decrease in operating net assets. Increased amortization expense reflects the board's decision to increase contributions to surplus to PRM consistent with its long-term strategy. Agent commissions increased by \$245,144 for an 18.6% contribution to the decrease in operating net assets.

Net investment income:

Fiscal year ended June 30, 2011: \$772,826

Fiscal year ended June 30, 2010: \$1,534,767

Net decrease: \$(761,941)

The net decrease of \$761,941 or 49.6% reflects current investment market conditions. Investments are marked to market value at the time of the financial statements, which may result in a negative or positive overall result. Maintaining positive returns under the difficult economic conditions during this fiscal year speaks to the conservative investment strategies employed by NPAIP. The investment portfolio of \$25,527,671 is comprised of governmental type investments which, if held to maturity, will yield the respective coupon rates although interim performance may lag. Most of 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 adjusted the mix of investments as market conditions evidenced opportunities to enhance results.

**Financial Analysis:**

In order to enhance analysis, comparative information is provided for assets, liabilities, net equity, revenues and expenses in the chart following this narrative.

The benchmarks shown resulted from a pooling and captives' industry study conducted a few years ago by Tillinghast and provides a useful tool to facilitate management's analysis and understanding of the financial results. Other performance indicators may be used by insurance companies but are not necessarily useful comparative indicators for risk pools.

**Capital Assets and Debt Administration:**

With NPAIP's purchase of land and completion of construction of its headquarters building, the NPAIP's capital assets comprise 7.1% of its total assets. The building generates rental income and also diversifies NPAIP's investments. NPAIP remains debt free.

**Economic Factors:**

For fiscal year ending June 30, 2011, economic conditions continued to be volatile in most sectors of the economy. The economy stabilized somewhat during this fiscal year as a result of continuing federal support to the economy and some spotty growth in certain sectors of the economy. NPAIP's investments have performed fairly well during this upheaval in light of the statutory requirements to invest in governmental securities. As in the past, NPAIP's investments produced stable gains on a marked to market basis.

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. The NPAIP's defense costs have risen as a result of the types of cases being filed and the increase in the hourly rate that assures retention of competent counsel to handle civil rights cases in particular.

Fiscal year ending June 30, 2011 evidenced changing insurance market conditions for property and liability reinsurance. Rates in property coverage increased. Liability rates increased substantially due to recent large liability claims. NPAIP also continued its membership in County Reinsurance, Ltd., a captive mutual insurer in which NPAIP has a financial interest, and with United Educators, a captive risk retention group in which NPAIP has a financial interest, for liability coverage reinsurance. In addition, NPAIP contributed additional capital to Public Risk Mutual, its member-owned captive.

**Requests for Information:**

While the purpose of this discussion and financial report is to provide a general overview of the NPAIP's financial position, requests for additional financial information should be addressed to Wayne Carlson, Executive Director, 201 S. Roop, Suite 102, Carson City, NV 89701-4790.

Wayne Carlson, Executive Director  
Nevada Public Agency Insurance Pool

<b>Financial Ratios</b>	<b>POOL 2006/2007</b>	<b>POOL 2007/2008</b>	<b>POOL 2008/2009</b>	<b>POOL 2009/2010</b>	<b>POOL 2010/2011</b>
<b>Total Revenue</b>	\$12,600,972	\$12,489,052	\$13,429,504	\$14,186,965	\$14,191,328
<b>Total Income (excludes special reserve adjustments 96 &amp; 98)</b>	\$ 2,905,838	\$ 1,616,832	\$ 2,531,847	\$ 4,553,218	\$ 2,475,162
<b>Net Operating Income</b>	\$ 1,720,917	\$ (511,229)	\$ 777,289	\$ 3,018,451	\$ 1,702,336
<b>Net Investment Income</b>	\$ 1,184,921	\$ 2,128,061	\$ 1,754,558	\$ 1,534,767	\$ 772,826
<b>Total Assets</b>	\$25,807,506	\$29,738,524	\$32,066,624	\$36,644,309	\$38,796,007
<b>Total Liabilities</b>	\$10,723,243	\$13,037,429	\$12,833,682	\$12,858,140	\$12,413,000
<b>Net Assets</b>	\$15,084,263	\$16,701,095	\$19,232,942	\$23,786,160	\$26,261,322
<b>Net Assets to SIR (Board target: 12:1)</b>	30.2	33.4	38.5	47.6	52.5
<b>SIR to Net Assets (Benchmark: captives &lt;.10; group captives &lt;.25)</b>	0.03	0.03	0.03	0.02	0.02
<b>% Assets attributable to Net Assets</b>	58.4%	56.2%	60.0%	64.9%	67.7%
<b>Total assets/total liabilities</b>	2.41	2.28	2.50	2.85	3.13
<b>Revenues to Net Assets (Benchmark: &lt;2.5:1 and &gt;0)</b>	0.84	0.75	0.70	0.60	0.54
<b>Loss Reserves to Net Assets (discounted): Benchmark &lt;3:1 and &gt;0</b>	0.10	0.09	0.08	0.06	0.06
<b>Total liabilities to liquid assets: Benchmark &lt;100%</b>	49%	50%	45%	39%	35%
<b>Change in Net Assets: &gt;-10%</b>	23.9%	10.7%	15.2%	23.7%	10.4%
<b>Return on Net Assets: Net Operating Income/Net Assets</b>	11.4%	-3.1%	4.0%	12.7%	6.5%
<b>Return on Net Assets: Total Income/Net Assets</b>	19.3%	9.7%	13.2%	19.1%	9.4%



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Net Assets**  
**June 30, 2011 and 2010**

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<b>ASSETS</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Current assets:		
Cash and equivalents – Note C	\$ 254,890	\$ 1,272,660
Investments – Note C	25,527,671	26,924,947
Deductibles receivable	439,717	53,776
Prepaid expenses	71,450	18,691
Specific and aggregate recoverables	152,499	343,465
Member landfill premium receivable – Note J	-	399,446
Prepaid surplus contribution to GEM – Note L	500,000	-
Other receivables	18,539	879
	<u>26,964,766</u>	<u>29,013,864</u>
Capital assets:		
Land, building and equipment – Note D	2,345,225	2,345,225
Less accumulated depreciation	(476,818)	(430,004)
	<u>1,868,407</u>	<u>1,915,221</u>
Other assets:		
Contributed Surplus Public Risk Mutual – Note I	12,974,340	7,708,416
Less amortization	(3,011,506)	(1,993,201)
	<u>9,962,834</u>	<u>5,715,215</u>
<b>Total Assets</b>	<b><u>\$38,796,007</u></b>	<b><u>\$36,644,300</u></b>
	=====	=====
<b>LIABILITIES &amp; NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 110,685	\$ 64,710
Member payable	-	8,430
Current portion of reserve for claims and adjustment expenses - Note G	4,967,150	4,127,504
	<u>5,077,835</u>	<u>4,200,644</u>
Total current liabilities	5,077,835	4,200,644
Non-current liabilities:		
Reserve for claims and claims adjustment expenses – Note G	7,456,850	8,657,496
	<u>7,456,850</u>	<u>8,657,496</u>
Total non-current liabilities	7,456,850	8,657,496
Net assets, unrestricted	24,392,915	21,870,939
Net assets, invested in capital assets	1,868,407	1,915,221
	<u>26,261,322</u>	<u>23,786,160</u>
Total net assets	26,261,322	23,786,160
<b>Total Liabilities &amp; Net Assets</b>	<b><u>\$38,796,007</u></b>	<b><u>\$ 36,644,300</u></b>
	=====	=====

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**For Years Ended June 30, 2011 and 2010**

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	<u>2011</u>	<u>2010</u>
Operating revenues:		
Premiums written	\$14,567,597	\$13,909,905
Assessments discounts	(617,757)	-
Rental income	236,854	268,318
Other income	4,634	8,742
Total revenues	<u>14,191,328</u>	<u>14,186,965</u>
Operating expenses:		
Losses and loss adjustment expenses – Note G	2,877,489	2,258,064
Excess insurance premiums	4,642,512	4,388,536
Pooling and loss control fees	445,777	505,000
Third party administrator fees	610,665	565,641
Agent commissions	907,075	661,931
Taxes written	6,674	6,741
Total program expenses	<u>9,490,192</u>	<u>8,385,913</u>
Administration expenses:		
Management fees	471,955	461,955
Building maintenance and utilities	48,824	41,252
Depreciation	46,814	66,959
Amortization	1,018,305	757,368
Travel	35,618	36,494
Casualty insurance	34,845	37,378
Operating expenses	237,827	342,955
Legal expenses	4,490	20,465
Loss control awards & grants	221,323	158,651
Consultant appraisals	95,560	111,108
Environmental consultation	18,305	46,933
Member education & training	764,934	701,083
Total pool administration expenses	<u>2,998,800</u>	<u>2,782,601</u>
Total program and administration expenses	<u>12,488,992</u>	<u>11,168,514</u>
<b>Increase in operating net assets</b>	<b><u>\$1,702,336</u></b>	<b><u>\$3,018,451</u></b>
Increase in non-operating net investment income	772,826	1,534,767
<b>Increase in net assets</b>	<b><u>\$2,475,162</u></b>	<b><u>\$4,553,218</u></b>
Net assets, beginning of year	23,786,160	19,232,942
<b>Net assets, end of year</b>	<b><u>\$26,261,322</u></b>	<b><u>\$23,786,160</u></b>

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Statements of Cash Flows**  
**For Years Ended June 30, 2011 and 2010**

<b>Cash Flows from Operating Activities:</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Premiums written	\$13,451,411	\$13,909,905
Rental income	236,854	268,318
Other revenues	4,634	8,742
Payment for claims	(3,238,489)	(2,296,064)
Payment to vendors	(8,275,804)	(7,201,485)
	<hr/>	<hr/>
Net Cash Provided from Operating Activities	2,178,606	4,689,416
 <b>Cash Flows from Investing Activities:</b>		
Interest, dividends and realized net gains on investments	1,207,917	1,175,350
Purchases of investments	(1,637,815)	(6,875,350)
Proceeds from sales of investments	2,600,000	2,352,483
	<hr/>	<hr/>
Net Cash Used for Investing Activities	2,170,102	(3,347,517)
 <b>Cash Flows from Other Financing Activities</b>		
Increase in capitalization of PRM	(5,265,924)	(808,416)
Member landfill premium receivable	399,446	(399,465)
Prepaid surplus contribution to GEM	(500,000)	-
	<hr/>	<hr/>
Net Cash Used for Capital Activities	(5,366,478)	(1,207,881)
 Increase (decrease) in Cash and Cash Equivalents	(1,017,770)	134,018
Cash and Cash Equivalents, beginning of fiscal year	1,272,660	1,138,642
	<hr/>	<hr/>
<b>Cash and Cash Equivalents, years ended June 30</b>	<b>\$254,890</b>	<b>\$1,272,660</b>
	=====	=====
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating net income (loss)	\$1,702,336	\$3,018,451
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	46,814	66,959
Deductibles receivable	(385,941)	(21,132)
Prepaid expense	(52,759)	26,001
Specific excess recoverable	190,966	808,590
Other receivables	(17,660)	8,721
Amortization	1,018,305	757,368
Accounts payable	45,975	54,028
Deferred revenue	(8,430)	8,430
Claims and loss adjustment expenses	(361,000)	(38,000)
	<hr/>	<hr/>
<b>Net Cash Provided by Operating Activities</b>	<b>\$2,178,606</b>	<b>\$4,689,416</b>
	=====	=====

See accompanying notes

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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**NOTE A - 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 ASC, which has been contracted to perform claims adjustments for the NPAIP.

**NOTE B - 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.

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, 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. 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.

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 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, 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.

Concentration of Credit Risk:

NPAIP limits investments in fixed income securities to 10% of the total fixed income portfolio to any one issuer. No more than 15% of the total investment pool will be invested in any one class of security, industry or company. NPAIP 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.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. NPAIP will, to the extent possible, 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 decreasing interest rates is minimized by investing predominantly in investments with short to mid-term maturities that perform in line with the return of a managed fund comprised of 1 – 3 year Treasury Bonds.

Deductible 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.

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 on the basis of an evaluation of the NPAIP's independent consulting actuary. The liability for unpaid losses and loss adjustment expenses has not been discounted for the time value of money. Although such estimates are NPAIP's 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. Contributions are allocated by PARMS with actuarial input.

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 statements and development schedule reports claims paid on a reported year basis. Loss reserves shown on the financial statements are discounted; however, the development schedule reflects undiscounted loss reserves.

Assessments Discounts

At its annual meeting, the board voted to utilize a portion of its net assets to subsidize cost increases for the liability reinsurance in order to avoid passing the additional costs onto the members for the current fiscal year.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

**NOTE C – CASH AND INVESTMENTS**

The carrying amount of NPAIP's deposits with financial institutions at June 30, 2011 and 2010 was \$254,890 and \$1,272,660.

The financial institution balance at June 30, 2011 and 2010 was \$993,584 and \$1,549,719 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>2011</u>	<u>2010</u>
Amounts insured by FDIC	\$250,000	\$250,000
Amounts collateralized	658,330	734,155
Cash equivalents at brokerage firm	85,254	565,564
	<u>\$993,584</u>	<u>\$1,549,719</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, 2011 is as follows:

		<u>Investment Maturities in Year</u>			
	<u>Fair value</u>	<u>1 year or less</u>	<u>1 – 5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$6,655,523	\$ 66,680	\$ 1,023,440	\$ 5,565,403	-
U.S Government & Agencies	3,391,913	31,997	1,952,840	1,343,384	63,692
U.S. Mortgage-backed Securities	1,788,291	7,305	157,468	68,753	1,554,765
U.S. Government backed securities	13,691,944	5,376,759	6,218,090	1,755,850	341,245
	<u>\$25,527,671</u>	<u>\$5,482,741</u>	<u>\$9,351,838</u>	<u>\$8,733,390</u>	<u>\$1,959,702</u>
	=====	=====	=====	=====	=====

A summary of investments as of June 30, 2010 is as follows:

		<u>Investment Maturities in Years</u>			
	<u>Fair value</u>	<u>1 year or less</u>	<u>1 – 5</u>	<u>5-10</u>	<u>Over 10</u>
U.S. Treasuries	\$5,801,031	-	-	\$ 5,801,031	-
U.S Government & Agencies	14,587,067	14,098	11,081,956	3,491,013	-
U.S. Mortgage-backed Securities	2,111,953	-	195,842	338,270	1,577,841
U.S. Government backed securities	4,424,896	-	4,424,896	-	-
	<u>\$26,924,947</u>	<u>\$14,098</u>	<u>\$15,702,694</u>	<u>\$9,630,314</u>	<u>\$1,577,841</u>
	=====	=====	=====	=====	=====

Actual maturities may differ from contractual maturities as some borrows have the right to call or prepay with or without call or prepayment penalties. Investments are reported at fair value by the investment broker as determined by an outside pricing firm.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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**NOTE D – LAND, BUILDING AND EQUIPMENT**

Building and land are reported at cost less accumulated depreciation. 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 year ended June 30, 2011 was as follows:

	<b>Estimated Useful life (years)</b>	<b>June 30, 2010</b>	<b>Additions</b>	<b>Dispositions</b>	<b>June 30, 2011</b>
Land	-	\$466,652	-	-	\$466,652
Building and improvements	40	1,783,716	-	-	1,783,716
Furniture and equipment	5 – 7	94,857	-	-	94,857
		<u>2,345,225</u>	<u>-</u>	<u>-</u>	<u>2,345,225</u>
Accumulated depreciation		(430,004)	(46,814)	-	(476,818)
		<u>\$1,915,221</u>	<u>(46,814)</u>	<u>-</u>	<u>\$1,868,407</u>
		=====	=====	=====	=====

Property and Equipment activity for the year ended June 30, 2010 was as follows:

	<b>Estimated useful life (years)</b>	<b>June 30, 2009</b>	<b>Acquisitions</b>	<b>Dispositions</b>	<b>June 30, 2010</b>
Land	-	\$ 466,652	-	-	\$ 466,652
Building & improvements	40	1,783,716	-	-	1,783,716
Furniture and equipment	5 - 7	94,857	-	-	94,857
		<u>2,345,225</u>	<u>-</u>	<u>-</u>	<u>2,345,225</u>
Accumulated depreciation		(363,045)	(66,959)	-	(430,004)
		<u>\$1,982,180</u>	<u>(66,959)</u>	<u>-</u>	<u>\$ 1,915,221</u>
		=====	=====	=====	=====

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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**NOTE E – RETENTION**

Nevada Public Agency Insurance Pool retains a portion of claims prior to the application of coverage provided by its excess or reinsurance contracts. The coverage limits provided by the NPAIP within its retention amounts are as follows:

<u>NPAIP Limits:</u>	<u>2010-2011</u>	<u>2009-2010</u>
Property blanket limit (1)	\$200,000	\$200,000
Liability per event	\$500,000	\$500,000
Monies & securities per loss	\$500,000	\$500,000
Equipment breakdown	\$ 50,000	\$ 50,000

(1) Plus a \$250,000 corridor deductible for both years.

Should the cumulative losses paid within the NPAIP's retention in any one year exceed the NPAIP's loss fund contributions for that year, the balance would be payable from the NPAIP's equity.

**NOTE F – 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 excess or reinsurance policies from several excess or reinsurance companies to bear a portion of the risks not retained by the NPAIP under its retention.

<b>Property limits :</b>	<u>2010 -2011</u>	<u>2009- 2010</u>
Blanket limit per loss:	\$300,000,000	\$300,000,000
Earthquake Aggregate Sub-limit:	100,000,000	100,000,000
Flood Aggregate Sub-limit:	100,000,000	100,000,000
Equipment Breakdown Sub-limit:	60,000,000	60,000,000
Money & Securities (including Employee Dishonesty) Sub-limit:	500,000	500,000
<b>Liability Limits:</b>		
Each and Every Event Limit:	10,000,000	10,000,000
Emergency Response to Pollution Sub-limit	1,000,000	1,000,000
Sexual Abuse Sub-limit	2,500,000	2,500,000
Aggregate limits:		
General Aggregate (per member)	10,000,000	13,000,000
Products/Completed Operations Aggregate (per member)	not applicable	13,000,000
Wrongful Acts Aggregate (per member)	not applicable	10,000,000
Law Enforcement Aggregate (per member)	not applicable	13,000,000
Emergency Response to Pollution Aggregate Sub-limit:	1,000,000	1,000,000

NPAIP reinsurance is as follows:

Property 2009-2010: The property limits shown above excess of NPAIP's retentions as follows:

- Retention 1: \$200,000 per event
- Retention 2: \$250,000 aggregate excess of \$250,000 all members
- Retention 3: \$250,000 excess of \$250,000 per event monies and securities extension

Property 2010-2011 The property limits shown above excess of NPAIP's retentions as follows:

- Public Risk Mutual: \$50,000 limit per loss subject to \$200,000 NPAIP retention all coverages
- Travelers Boiler Re: \$50,000 NPAIP retention for Equipment Breakdown
- Lloyds syndicates: NPAIP retentions \$250,000 per occurrence plus \$250,000 aggregate all coverages  
 Except no reinsurance for Equipment breakdown or money and securities

Liability: The liability limits shown above excess of NPAIP's retention with of \$500,000 with:

- a) Public Risk Mutual 20% of \$1,500,000, excluding school district
- b) County Reinsurance, LTD. 80% of \$1,500,000, excluding school districts
- c) United Educators \$1,500,000 for school districts only
- d) Munich Reinsurance America, Inc. \$8,000,000 excess of a, b and c above except \$500,000 excess of a, b and c above on sexual abuse



**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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**NOTE G – 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 A, 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>2011</u>	<u>2010</u>
Incurring claims and claim adjustment expenses		
At the beginning of the fiscal year	\$12,785,000	\$ 12,823,000
	_____	_____
Incurring claims and claim adjustment expenses:		
Provisions for insured events of current year	5,938,000	6,037,000
(Decreases) increase in provision for insured events of prior years	(3,060,511)	(3,778,936)
Total Incurred claim adjustment expenses	2,877,489	2,258,064
Payments:		
Claims and Claim Adjustment Expenses attributable to Insured Events of Current year	(833,000)	(417,000)
Claims and Claim Adjustment Expenses attributable to insured events of prior years	(2,405,489)	(1,879,064)
Total payments	(3,238,489)	(2,296,064)
<b>Total unpaid claims and claims adjustment expenses at fiscal year end June 30</b>	<b>\$ 12,424,000</b>	<b>\$ 12,785,000</b>
	=====	=====

Current portion of the reserve, cash expected to be paid within 12 months, is \$ 4,967,150 and the long-term portion is \$7,456,850.

At June 30, 2011 and 2010, NPAIP recorded the liability for losses and loss adjustment expenses based on an estimate of its independent consulting actuary. The reserve balances were developed by an independent actuary and is management’s best estimate of reserves at June 30, 2011 and 2010.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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**NOTE H - RELATED PARTY TRANSACTIONS**

Beginning January 1, 2003, the Nevada Association of Counties (NACO) entered into a lease agreement with NPAIP to lease office space at 201 S. Roop St in Carson City, Nevada through January 1, 2011. Amounts received for rent totaled \$23,964 and \$47,928 for the years ending 2011 and 2010.

NACO is a member of NPAIP. The Executive Director of NACO was authorized to be the second signature on checks disbursed from the NPAIP's accounts for a portion of the time being audited. Neither the association nor those individuals were reimbursed for these services. PARMS provides accounting services to NACO and Wayne Carlson is authorized to be the second signature on checks disbursed from NACO's accounts.

Public Agency Risk Management Services, Inc. (PARMS) is presently contracting with the NPAIP and PACT to provide management services. PARMS serves both the NPAIP and the PACT as the Executive Director/Administrator. PARMS is a service corporation wholly owned by Mr. Wayne Carlson. Contract fees paid for year ended June 30, 2011 and 2010 was \$471,955 and \$461,955. Beginning July 1, 2010, PARMS began leasing office space at 201 S. Roop St in Carson City, Nevada and terminating on June 30, 2013. Amounts received for rent in 2011 and 2010 were \$62,004 and \$60,192 respectively.

Effective July 1, 2006, NPAIP jointly with PACT entered into a grant with Pooling Resources, Inc. (PRI), a nonprofit organization formed by the executive director of NPAIP, Wayne Carlson, and whose directors are Wayne Carlson, Alan Kalt and Michael Rebaleati. PRI provides human resources management services to NPAIP and Public Agency Compensation Trust members. PRI pays PARMS a management fee to provide operational and financial oversight of PRI.

A renewal of this grant was made for three years beginning July 1, 2009. NPAIP's share of the cost for the first year is \$550,000, \$566,000 for the second year and \$583,500 for the third. Amounts paid by NPAIP under the grant were included in the member education and training expenses in the amounts of \$566,500 and \$549,996 for the years ending June 30, 2011 and 2010.

**NOTE I – CONTRIBUTED SURPLUS TO PUBLIC RISK MUTUAL**

In May 2004, NPAIP's board of directors authorized the start up of a member-owned nonprofit captive mutual insurance company and contributed to the surplus of the company with an initial \$1,000,000 surplus contribution. The company, named Public Risk Mutual, is domiciled in Nevada and as of September 1, 2004, became the excess property insurer for NPAIP. Subsequent contributions to surplus were made by NPAIP. The cumulative contributions were \$12,974,340 as of June 30, 2011 and \$7,708,416 as of June 30, 2010. Some of the Public Risk Mutual's board members also serve as board members of NPAIP.

Public Risk Mutual was formed by members of NPAIP to reduce the costs of insurance, to obtain direct access to reinsurance, to provide broader coverage for policyholders, to broaden investment opportunities and to build equity to enable providing coverage not obtainable elsewhere.

As a condition of providing surplus contributions, but without any expectation that the funds will be returned, NPAIP will recoup the contributions to surplus. Therefore, management considers the surplus contributions a development cost asset that can provide lower operating costs in the future and estimates that the savings in excess insurance costs to NPAIP will recoup the contributions to surplus. Therefore, the NPAIP's interest in PRM is being amortized over 10 years. Amortization expense was \$962,471 and \$757,368 for fiscal years ended 2011 and 2010.

**NOTE J – MEMBER LANDFILL PREMIUM RECEIVABLE**

NPAIP serves as the facilitator for the Nevada Public Agencies Landfill Financial Assurance Program for which coverage is provided by American International Specialty Lines Insurance Company (ASLIC) for several NPAIP members. NPAIP invoices members for the annual premiums for this program, but due to the timing of premium due dates to ASLIC and the payments being received from members, NPAIP advances the premiums to ASLIC. Participating members then reimburse NPAIP. Receivables from members at June 30, 2010 were \$399,446 and there was no receivable as of June 30, 2011.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**Notes to Financial Statements**  
**June 30, 2011 and 2010**

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**NOTE K - COPIER LEASE**

In April of 2010 NPAIP entered into a lease agreement with Xerox Corporation for a high-speed copy machine. The lease is classified as an operating lease with minimum monthly payments of \$364.56. Future minimum lease payments are as follows:

<u>Fiscal year ended:</u>	<u>Amount</u>
2012	\$4,375
2013	4,375
2014	4,375
2015	4,010
	<u>\$ 17,135</u>
	=====

**NOTE L –PREPAID CONTRIBUTED SURPLUS TO GEM**

Effective July 1, 2011 NPAIP entered into a reinsurance agreement with GEM (Government Entities Mutual) Inc. to provide reinsurance of a portion of the liability program. In order to participate in the program, NPAIP had to provide a surplus contribution of \$500,000 in addition to the annual premium. The contribution establishes an account, which can fluctuate over time. If NPAIP terminates the agreement or if a dividend is declared by GEM, NPAIP could receive the entire amount. Amounts paid are to be fully expensed in the next fiscal year.

**NOTE M –SUBSEQUENT EVENTS**

Management has evaluated the activities and transactions subsequent to June 30, 2011 to determine the need for any adjustments to, and disclosure within the financial statements for the year ended June 30, 2011. Management has evaluated subsequent events through January 6, 2012 which is the date the financial statements were available for issue.

**NEVADA PUBLIC AGENCY INSURANCE POOL  
COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT (UNAUDITED)  
EARNED ASSESSMENTS AND ALLOCATED EXPENSES FOR TEN-YEAR PERIOD - Year ended June 30,**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Required Contributions & Investment Income:										
Earned	\$8,006,148	\$10,688,528	\$11,131,225	\$11,568,331	\$11,786,124	\$13,785,893	\$14,643,824	\$15,184,061	\$15,721,731	\$14,964,155
Ceded	(2,624,815)	(3,677,614)	(4,057,661)	(3,718,455)	(3,358,462)	(3,758,623)	(3,681,857)	(3,919,235)	(4,388,536)	(4,642,512)
Net Earned	5,381,333	7,010,914	7,073,564	7,849,876	8,427,662	11,212,193	10,961,967	11,264,826	11,333,195	10,321,643
Unallocated Expenses	1,694,114	2,429,581	2,762,681	2,846,143	3,031,993	3,255,602	3,715,519	4,103,075	4,521,913	4,968,874
Estimated Incurred Claims & Expenses End of Policy Year										
Incurred	2,714,000	3,324,422	3,753,413	3,626,034	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	2,714,000	3,324,422	3,753,413	3,626,034	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000
Paid (cumulative) as of:										
End of Policy Year	400,285	637,074	287,229	862,908	434,000	845,000	1,020,000	397,000	417,000	833,000
One Year Later	1,364,292	1,140,140	637,081	1,421,000	936,000	1,764,000	3,301,000	1,078,000	1,546,000	
Two Years Later	1,904,876	1,724,894	861,000	1,717,000	1,380,000	3,209,000	4,041,000	1,767,000		
Three Years Later	2,242,586	2,134,000	942,000	1,935,000	1,973,000	3,832,000	4,403,000			
Four Years Later	2,429,000	2,505,000	1,151,000	2,043,000	2,169,000	3,836,000				
Five Years Later	2,427,000	2,705,000	1,196,000	2,150,000	2,212,000					
Six Years Later	2,330,000	2,789,000	1,198,000	2,269,000						
Seven Years Later	2,331,000	2,803,000	1,140,000							
Eight Years Later	2,325,000	2,808,000								
Nine Years Later	2,235,000									
Re-estimated ceded claims & expenses	6,001,859	114,643	-	757,715	442,343	765,501	12,222,523	-	-	269,729
Re-estimated Claims & Expenses										
End of Policy Year	2,714,000	3,324,422	3,753,413	3,626,034	4,355,000	5,498,000	7,232,000	6,118,000	6,036,000	5,938,000
One Year Later	3,042,000	3,774,000	3,019,000	3,482,000	3,676,000	3,676,000	6,844,000	4,793,000	4,953,000	
Two Years Later	3,189,000	2,877,000	2,010,000	3,431,000	3,054,000	5,344,000	5,972,000	3,921,000		
Three Years Later	2,936,000	2,815,000	1,547,000	2,755,000	2,838,000	4,714,000	5,353,000			
Four Years Later	2,689,000	2,903,000	1,453,000	2,599,000	2,599,000	4,260,000				
Five Years Later	2,562,000	2,894,000	1,256,000	2,315,000	2,493,000					
Six Years Later	2,383,000	2,863,000	1,218,000	2,352,000						
Seven Years Later	2,341,000	2,820,000	1,145,000							
Eight Years Later	2,329,000	2,818,000								
Nine Years Later	2,329,000									
Increase (Decrease) in Estimated Claims & Expense from End of Policy Year	(385,000)	(506,422)	(2,608,413)	(1,274,034)	(1,862,000)	(1,238,000)	(1,879,000)	(2,197,000)	(1,083,000)	-

POOL Counties

Member Name	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
	7/1/06- 6/30/07	7/1/06- 6/30/07	7/1/07- 6/30/08	7/1/07- 6/30/08	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	TOTAL	TOTAL	2006/2007- 2010/2011	2008/2009- 2010/2011
CARSON CITY	55	\$ 314,379	63	\$ 210,899	49	\$ 170,546	80	\$ 96,499	1	\$ -	248	\$ 792,324	\$ 158,465	\$ 89,015
CHURCHILL COUNTY	5	\$ 592,765	7	\$ 5,000	13	\$ 78,453	13	\$ 177,857	0	\$ -	38	\$ 854,075	\$ 170,815	\$ 85,437
DOUGLAS COUNTY	34	\$ 542,298	27	\$ 103,746	26	\$ 190,117	26	\$ 88,103	36	\$ 120,379	149	\$ 1,044,643	\$ 208,929	\$ 132,866
ELKO COUNTY	10	\$ 116,176	12	\$ 59,400	35	\$ 102,008	21	\$ 263,990	20	\$ 47,563	98	\$ 589,137	\$ 117,827	\$ 137,854
ESMERALDA COUNTY	3	\$ 9,829	3	\$ 29,465	3	\$ 4,000	0	\$ -	6	\$ 15,268	15	\$ 58,563	\$ 11,713	\$ 6,423
EUREKA COUNTY	7	\$ 113,848	5	\$ 155,390	7	\$ 42,159	9	\$ 72,801	2	\$ 25,000	30	\$ 409,199	\$ 81,840	\$ 46,653
HUMBOLDT COUNTY	15	\$ 37,124	10	\$ 21,285	7	\$ 205,700	18	\$ 504,665	6	\$ 30,831	56	\$ 799,605	\$ 159,921	\$ 247,065
LANDER COUNTY	8	\$ 36,189	2	\$ 2,743	4	\$ 38,264	6	\$ 27,901	10	\$ 54,440	30	\$ 159,538	\$ 31,908	\$ 40,202
LINCOLN COUNTY	4	\$ 18,428	8	\$ 414,867	9	\$ 37,108	6	\$ 19,564	0	\$ -	27	\$ 489,967	\$ 97,993	\$ 18,891
LYON COUNTY	26	\$ 410,661	22	\$ 2,576,946	16	\$ 156,203	13	\$ 131,199	11	\$ 41,431	88	\$ 3,316,439	\$ 663,288	\$ 109,611
MINERAL COUNTY	9	\$ 54,334	3	\$ 38,220	5	\$ 16,874	5	\$ 12,558	2	\$ 2,500	24	\$ 124,486	\$ 24,897	\$ 10,644
NYE COUNTY	12	\$ 358,049	25	\$ 291,416	37	\$ 1,126,256	26	\$ 453,165	16	\$ 112,416	116	\$ 2,341,302	\$ 468,260	\$ 563,946
PERSHING COUNTY	7	\$ 15,012	8	\$ 76,953	11	\$ 208,903	9	\$ 55,624	6	\$ 21,026	41	\$ 377,519	\$ 75,504	\$ 95,185
STOREY COUNTY	22	\$ 64,466	21	\$ 127,302	14	\$ 79,667	20	\$ 44,505	7	\$ 42,755	84	\$ 358,695	\$ 71,739	\$ 55,643
WHITE PINE COUNTY	11	\$ 136,297	13	\$ 85,168	17	\$ 238,063	11	\$ 105,115	10	\$ 77,827	62	\$ 642,470	\$ 128,494	\$ 140,335
<b>TOTAL</b>	<b>228</b>	<b>\$2,819,857</b>	<b>229</b>	<b>\$4,198,799</b>	<b>253</b>	<b>\$2,694,322</b>	<b>263</b>	<b>\$2,053,546</b>	<b>133</b>	<b>\$ 591,436</b>	<b>1106</b>	<b>\$12,357,960</b>	<b>\$2,471,592</b>	<b>\$2,050,064</b>

POOL Cities

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
	7/1/06- 6/30/07	7/1/06- 6/30/07	7/1/07- 6/30/08	7/1/07- 6/30/08	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	TOTAL	TOTAL	2006/2007- 2010/2011	2008/2009- 2010/2011
BOULDER CITY	11	\$ 40,756	29	\$ 79,351	18	\$ 273,798	24	\$ 234,701	22	\$ 16,041	104	\$ 644,647	\$ 128,929	\$ 174,846
CALIENTE	2	\$ 152,561	6	\$ 85,802	3	\$ -	4	\$ 14,314	2	\$ -	17	\$ 252,678	\$ 50,536	\$ 4,771
CARLIN CITY	0	\$ -	2	\$ 11,122	2	\$ 8	2	\$ 28,294	1	\$ 500	7	\$ 39,924	\$ 7,985	\$ 9,601
CITY OF ELKO	24	\$ 26,200	18	\$ 17,995	17	\$ 24,250	10	\$ 23,098	13	\$ 85,823	82	\$ 177,367	\$ 35,473	\$ 44,391
ELY CITY	10	\$ 50,685	10	\$ 59,985	11	\$ 13,762	8	\$ 18,136	6	\$ 20,520	45	\$ 163,087	\$ 32,617	\$ 17,473
CITY OF FERNLEY	8	\$ 294,372	14	\$ 5,940,126	12	\$ 38,807	13	\$ 85,490	13	\$ 68,227	60	\$ 6,427,022	\$ 1,285,404	\$ 64,175
CITY OF LOVELOCK	4	\$ 9,279	3	\$ 29,660	3	\$ 3,127	1	\$ -	3	\$ 1,905	14	\$ 43,972	\$ 8,794	\$ 1,677
MESQUITE CITY	13	\$ 44,719	22	\$ 192,506	13	\$ 237,947	4	\$ 137,425	7	\$ 131,452	59	\$ 744,050	\$ 148,810	\$ 168,941
WELLS CITY	1	\$ 120	5	\$ 2,256,052	1	\$ 839	4	\$ 16,725	1	\$ -	12	\$ 2,273,736	\$ 454,747	\$ 5,855
WEST WENDOVER	9	\$ 69,795	7	\$ 5,919	9	\$ 1,838	4	\$ 4,639	6	\$ 32,405	35	\$ 114,595	\$ 22,919	\$ 12,961
CITY OF WINNEMUCCA	7	\$ 6,197	9	\$ 255,927	5	\$ 20,619	3	\$ 36,634	8	\$ 55,088	32	\$ 374,465	\$ 74,893	\$ 37,447
CITY OF YERINGTON	3	\$ 28,685	1	\$ -	0	\$ -	1	\$ -	3	\$ 18,449	8	\$ 47,134	\$ 9,427	\$ 6,150
<b>TOTAL</b>	<b>92</b>	<b>\$ 723,370</b>	<b>126</b>	<b>\$ 8,934,445</b>	<b>94</b>	<b>\$ 614,995</b>	<b>78</b>	<b>\$ 599,457</b>	<b>85</b>	<b>\$ 430,409</b>	<b>475</b>	<b>\$ 11,302,676</b>	<b>\$ 2,260,535</b>	<b>\$ 532,341</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
	7/1/06- 6/30/07	7/1/06- 6/30/07	7/1/07- 6/30/08	7/1/07- 6/30/08	7/1/08- 6/30/09	7/1/08- 6/30/09	7/1/09- 6/30/10	7/1/09- 6/30/10	7/1/10- 6/30/11	7/1/10- 6/30/11	TOTAL	TOTAL	2006/2007- 2010/2011	2008/2009- 2010/2011
CARSON CITY SCHOOL DISTRICT	5	\$ 3,117	2	\$ 5,000	15	\$ 35,747	9	\$ 23,096	9	\$ 13,353	40	\$ 80,312	\$ 16,062	\$ 24,065
CHURCHILL COUNTY SCHOOL DISTRICT	2	\$ 37,766	6	\$ 97,425	4	\$ 14,331	11	\$ 88,554	6	\$ 464,860	29	\$ 702,937	\$ 140,587	\$ 189,248
DOUGLAS COUNTY SCHOOL DISTRICT	29	\$ 532,063	20	\$ 165,412	11	\$ 18,522	16	\$ 49,005	19	\$ 44,892	95	\$ 809,894	\$ 161,979	\$ 37,473
ELKO COUNTY SCHOOL DISTRICT	15	\$ 118,072	17	\$ 2,632,000	11	\$ 2,933	9	\$ 1,631	10	\$ 358,852	62	\$ 3,113,489	\$ 622,698	\$ 121,139
ESMERALDA COUNTY SCHOOL DISTRICT	0	\$ -	1	\$ -	6	\$ 26,340	0	\$ -	0	\$ -	7	\$ 26,340	\$ 5,268	\$ 8,780
EUREKA COUNTY SCHOOL DISTRICT	2	\$ 13,380	3	\$ 5,217	2	\$ 83,429	1	\$ 1,498	0	\$ -	8	\$ 103,525	\$ 20,705	\$ 28,309
HUMBOLDT COUNTY SCHOOL DISTRICT	2	\$ -	5	\$ 113,789	5	\$ 26,115	5	\$ 2,225	5	\$ 13,314	22	\$ 155,443	\$ 31,089	\$ 13,885
LANDER COUNTY SCHOOL DISTRICT	1	\$ -	2	\$ -	5	\$ 364	2	\$ 10,747	0	\$ -	10	\$ 11,111	\$ 2,222	\$ 3,704
LINCOLN COUNTY SCHOOL DISTRICT	6	\$ 12,483	1	\$ 2,580	1	\$ 29,454	0	\$ -	7	\$ 375,333	15	\$ 419,850	\$ 83,970	\$ 134,929
LYON COUNTY SCHOOL DISTRICT	29	\$ 352,787	10	\$ 70,948	18	\$ 57,703	8	\$ 26,491	5	\$ 16,644	70	\$ 524,573	\$ 104,915	\$ 33,613
MINERAL COUNTY SCHOOL DISTRICT	7	\$ 33,839	5	\$ 42,701	2	\$ 30,685	10	\$ 173,108	2	\$ 12,500	26	\$ 292,833	\$ 58,567	\$ 72,098
NYE COUNTY SCHOOL DISTRICT	22	\$ 251,811	14	\$ 284,565	6	\$ 9,538	9	\$ 117,555	12	\$ 76,014	63	\$ 739,483	\$ 147,897	\$ 67,703
PERSHING COUNTY SCHOOL DISTRICT	2	\$ 375	3	\$ 81,639	2	\$ 3,862	2	\$ 2,100	0	\$ -	9	\$ 87,976	\$ 17,595	\$ 1,987
STOREY COUNTY SCHOOL DISTRICT	3	\$ 34,137	4	\$ 127,348	2	\$ 1,508	3	\$ 8,169	1	\$ 10,971	13	\$ 182,133	\$ 36,427	\$ 6,883
WHITE PINE COUNTY SCHOOL DISTRICT	8	\$ 9,530	4	\$ 30,069	9	\$ 6,672	5	\$ 15,197	9	\$ 24,179	35	\$ 85,647	\$ 17,129	\$ 15,349
<b>TOTAL</b>	<b>133</b>	<b>\$ 1,399,360</b>	<b>97</b>	<b>\$ 3,658,694</b>	<b>99</b>	<b>\$ 347,204</b>	<b>90</b>	<b>\$ 519,376</b>	<b>85</b>	<b>\$ 1,410,913</b>	<b>447</b>	<b>\$ 6,979,792</b>	<b>\$ 1,395,958</b>	<b>\$ 656,491</b>

POOL Special Districts, Towns Others

Member Name	Claims Frequency 7/1/06- 6/30/07	Claims Costs 7/1/06- 6/30/07	Claims Frequency 7/1/07- 6/30/08	Claims Costs 7/1/07- 6/30/08	Claims Frequency 7/1/08- 6/30/09	Claims Costs 7/1/08- 6/30/09	Claims Frequency 7/1/09- 6/30/10	Claims Costs 7/1/09- 6/30/10	Claims Frequency 7/1/10- 6/30/11	Claims Costs 7/1/10- 6/30/11	Claims Frequency TOTAL	Claims Costs TOTAL	5 Year Ave Costs 2006/2007- 2010/2011	3 Year Ave Costs 2008/2009- 2010/2011
<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	\$ -	0	\$ -	0	\$ -	1	\$ 2,500	1	\$ 2,500	\$ 500	\$ 833
NEVADA LEAGUE OF CITIES	0	\$ -	1	\$ 2,346	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,346	\$ 469	\$ -
NEVADA RURAL HOUSING AUTHORITY	2	\$ 4,489	2	\$ 57,566	2	\$ 5,079	1	\$ 500	1	\$ 22,500	8	\$ 90,134	\$ 18,027	\$ 9,360
WESTERN NEVADA DEVELOPMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>CLARK COUNTY:</b>														
MOAPA VALLEY WATER DISTRICT	0	\$ -	0	\$ -	1	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
VIRGIN VALLEY WATER DISTRICT	1	\$ -	1	\$ 15,166	1	\$ -	9	\$ 307,744	1	\$ 5,000	13	\$ 327,910	\$ 65,582	\$ 104,248
<b>CHURCHILL COUNTY:</b>														
CHURCHILL CO. MOSQUITO & WEED ABATEMENT DIST.	0	\$ -	2	\$ 24,260	0	\$ -	0	\$ -	0	\$ -	2	\$ 24,260	\$ 4,852	\$ -
<b>DOUGLAS COUNTY:</b>														
DOUGLAS CO. MOSQUITO ABATEMENT DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
DOUGLAS CO. REDEVELOPMENT AGENCY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
EAST FORK SWIMMING POOL DISTRICT	1	\$ -	0	\$ -	3	\$ -	4	\$ 150	2	\$ 5,000	10	\$ 5,150	\$ 1,030	\$ 1,717
TOWN OF GARDNERVILLE	5	\$ 17,303	1	\$ -	6	\$ 21,527	3	\$ -	3	\$ 1,568	18	\$ 40,398	\$ 8,080	\$ 7,698
GARDNERVILLE RANCHOS GID	1	\$ 5,501	2	\$ 2,443	2	\$ 8,705	0	\$ -	2	\$ 30,000	7	\$ 46,649	\$ 9,330	\$ 12,902
TOWN OF GENOA	2	\$ 43,488	0	\$ -	3	\$ 725	1	\$ -	1	\$ -	7	\$ 44,213	\$ 8,843	\$ 242
INDIAN HILLS GID	0	\$ -	2	\$ 16,858	6	\$ 42,153	3	\$ 32,843	1	\$ 1,000	12	\$ 92,854	\$ 18,571	\$ 25,332
KINGSBURY GID	3	\$ 8,838	2	\$ 14,813	1	\$ 8,003	5	\$ 5,357	2	\$ 253	13	\$ 37,264	\$ 7,453	\$ 4,538
LAKERIDGE GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LOGAN CREEK ESTATES GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
MARLA BAY GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TOWN OF MINDEN	1	\$ 8,227	2	\$ 626	4	\$ 614	0	\$ -	1	\$ -	8	\$ 9,466	\$ 1,893	\$ 205
MINDEN GARDNERVILLE SANITATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
NEVADA TAHOE CONSERVATION DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
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 FIRE PROTECTION DIST	0	\$ -	1	\$ 3,978	1	\$ 1,885	2	\$ 100	3	\$ 23,784	7	\$ 29,747	\$ 5,949	\$ 8,590
<b>ELKO COUNTY:</b>														
ELKO CENTRAL DISPATCH ADMINISTRATION	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
ELKO CO. AGRICULTURAL ASSOCIATION	0	\$ -	1	\$ 20,532	4	\$ 1,891	0	\$ -	0	\$ -	5	\$ 22,423	\$ 4,485	\$ 630
WENDOVER ADMINISTRATIVE AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WEST WENDOVER RECREATION	2	\$ -	3	\$ 44,246	1	\$ -	0	\$ -	0	\$ -	6	\$ 44,246	\$ 8,849	\$ -
<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 RIVER BASIN WATER AUTHORITY	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>LANDER COUNTY:</b>														
<b>LINCOLN COUNTY:</b>														
ALAMO SEWER AND WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
COYOTE SPRINGS GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
LINCOLN COUNTY WATER DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
PAHRANAGAT VALLEY FIRE DISTRICT	0	\$ -	0	\$ -	0	\$ -	1	\$ 20,957	0	\$ -	1	\$ 20,957	\$ 4,191	\$ 6,986
<b>LYON COUNTY:</b>														
SILVER SPRINGS GID	1	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ -	\$ -	\$ -
STAGECOACH GID	0	\$ -	1	\$ 13,917	0	\$ -	0	\$ -	0	\$ -	1	\$ 13,917	\$ 2,783	\$ -
US BOARD OF WATER COMMISSIONERS	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WALKER RIVER IRRIGATION DISTRICT	1	\$ 494	0	\$ -	0	\$ -	0	\$ -	2	\$ 5,500	3	\$ 5,994	\$ 1,199	\$ 1,833
WESTERN NEVADA REGIONAL YOUTH CENTER	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
<b>NYE COUNTY:</b>														
BEATTY WATER & SANITATION	2	\$ 65,080	0	\$ -	0	\$ -	1	\$ 2,408	0	\$ -	3	\$ 67,488	\$ 13,498	\$ 803
TOWN OF PAHRUMP	11	\$ 192,149	4	\$ 284,835	6	\$ 139,459	1	\$ 12,500	3	\$ 16,000	25	\$ 644,943	\$ 128,989	\$ 55,986
PAHRUMP LIBRARY DISTRICT	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,000	1	\$ 2,000	\$ 400	\$ 667



POOL Special Districts, Towns Others

ROUND MOUNTAIN TOWN	1	\$ 24,948	0	\$ -	1	\$ 77,400	0	\$ -	0	\$ -	2	\$ 102,348	\$ 20,470	\$ 25,800
TOWN OF TONOPAH	1	\$ 2,187	1	\$ 223,809	0	\$ -	0	\$ -	0	\$ -	2	\$ 225,996	\$ 45,199	\$ -
<b>PERSHING COUNTY:</b>														
LOVELOCK MEADOWS WATER DISTRICT	1	\$ 23,032	0	\$ -	0	\$ -	0	\$ -	3	\$ 15,982	4	\$ 39,013	\$ 7,803	\$ 5,327
PERSHING CO. TOURISM AUTHORITY	0	\$ -	0	\$ -	0	\$ -	2	\$ 22,500	0	\$ -	2	\$ 22,500	\$ 4,500	\$ 7,500
PERSHING CO WATER CONSERVATION DISTRICT	1	\$ 902.85	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 903	\$ 181	\$ -
<b>STOREY COUNTY:</b>														
CANYON GID	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
STOREY RTC (No Longer a Member)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
TAHOE RENO INDUSTRIAL GID	0	\$ -	0	\$ -	0	\$ -	2	\$ -	0	\$ -	2	\$ -	\$ -	\$ -
VIRGINIA CITY CONVENTION & TOURISM	0	\$ -	0	\$ -	2	\$ 2,637	0	\$ -	0	\$ -	2	\$ 2,637	\$ 527	\$ 879
<b>WASHOE COUNTY:</b>														
CARSON TRUCKEE WATER CONSERVANCY DISTRICT	0	\$ -	0	\$ -	0	\$ -					0	\$ -	\$ -	\$ -
INCLINE VILLAGE GID	6	\$ 8,174	7	\$ 248,044	4	\$ 7,606	7	\$ 3,622	13	\$ 124,348	37	\$ 391,794	\$ 78,359	\$ 45,192
NORTH LAKE TAHOE FIRE PROTECTION DISTRICT	1	\$ 3,886	3	\$ 8,472	2	\$ 18,602	1	\$ -	0	\$ -	7	\$ 30,961	\$ 6,192	\$ 6,201
SIERRA FIRE PROTECTION DISTRICT	1	\$ 4,726	1	\$ 347	0	\$ -	2	\$ 8,404	1	\$ -	5	\$ 13,477	\$ 2,695	\$ 2,801
SUN VALLEY GID	5	\$ 14,796	1	\$ 20,256	2	\$ -	4	\$ 31,164	9	\$ 10,000	21	\$ 76,215	\$ 15,243	\$ 13,721
TRUCKEE MEADOWS FIRE PROTECTION DISTRICT	3	\$ 371,964	6	\$ 1,346	1	\$ 5,238	3	\$ 501	0	\$ -	13	\$ 379,048	\$ 75,810	\$ 1,913
TRUCKEE MEADOWS REGIONAL PLANNING AGENCY	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	\$ -	2	\$ 3,196	0	\$ -	2	\$ 3,196		\$ 1,065
WHITE PINE CO. TOURISM & RECREATION BOARD	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	\$ -	\$ -
WILLIAM BEE RIRIE HOSPITAL	0	\$ -	0	\$ -	0	\$ -	0	\$ -	2	\$ 30,462	2	\$ 30,462	\$ 6,092	\$ 10,154
<b>TOTAL</b>	<b>53</b>	<b>\$ 800,186</b>	<b>44</b>	<b>\$ 1,003,860</b>	<b>53</b>	<b>\$ 341,523</b>	<b>54</b>	<b>\$ 451,946</b>	<b>52</b>	<b>\$ 295,897</b>	<b>256</b>	<b>\$ 2,893,411</b>	<b>\$ 578,682</b>	<b>\$ 502,935</b>

POOL Summary of All Claims  
as of 6/30/10

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
7/1/06-6/30/07	7/1/06-6/30/07	7/1/07-6/30/08	7/1/07-6/30/08	7/1/08-6/30/09	7/1/08-6/30/09	7/1/09-6/30/10	7/1/09-6/30/10	7/1/10-6/30/11	7/1/10-6/30/11	TOTAL	TOTAL	2006/2007-2010/2011	2008/2009-2010/2011
506	\$ 5,742,773	496	\$17,795,798	499	\$ 3,998,044	485	\$ 3,624,325	355	\$ 2,728,654	2,341	\$ 33,889,593	\$ 6,777,919	\$ 3,450,341

**POOL  
OPEN LOSSES OVER \$100,000**

<b>Date Of Loss</b>	<b>Coverage</b>	<b>Accident Description</b>	<b>TOTAL INCURRED</b>
		MULTIPLE CAUSES OF ACTION BOTH FEDERAL AND STATE, IN CONNECTION W/ ACTIONS OF PUBLIC ADMINISTRATOR. ALLEGED BREACH OF FIDUARY DUTY/FAITHFUL PERFORMANCE.	212,500.00
3/21/2007	CM/EO		
3/26/2007	RB	EXTENSIVE FIRE DAMAGE	592,765.11
1/5/2008	EO	CLASS ACTION LAWSUIT REGARDING CANAL BREACH	2,268,411.21
1/5/2008	EO	CLASS ACTION LAWSUIT REGARDING CANAL BREACH	5,896,065.18
2/21/2008	RB	6.0 EARTHQUAKE CENTERED 11 MILES SE OF WELLS, NV COMPLAINT FOR DEC/INJ RELIEF AND ALLEGED CIVIL RIGHTS VIOLATIONS W/ RESPECT TO PRIVATE BEACHES	4,908,341.60
3/14/2008	EO		214,938.79
4/3/2008	PL	INMATE SUCIDE	148,500.00
4/13/2008	RB	PIPE BROKE AND FLOODED COURTHOUSE	403,968.77
7/27/2008	GL	TREE BRANCH FELL @ COUNTY PARK DURING FRONTIER DAYS FESTIVAL	187,587.15
8/19/2008	EO	FEDERAL COMPLAINT ALLEGING VIOLATION OF 5TH & 14TH AMENDMENTS W/ STATE LAW CLAIMS FOR CONSPIRACY, NEGLIGENCE HIRING, TRAINING & SUPERVISION AND NEGLIGENCE W/ RESPECT TO COMMERCIAL DEVELOPMENT. SEEKS DEC/INJ RELIEF	140,000.00
9/9/2008	AL/PL	IV REARENDED MAKING RIGHT-HAND TURN; PLAINTIFF WAS HURT IN AN AUTO ACCIDENT WITH A POLICE CAR	113,284.47
9/11/2008	PL	ALLEGED SEXUAL MISCONDUCT BY POLICE OFFICER	284,180.86
12/27/2008	AL	IV SLID ON ICE ONTO PATH OF OV IV FAILED TO REDUCE SPEED ON ICY ROADWAY STRIKING V2 IN REAR - CAUSED V2 TO HIT V3 IN REAR AND STRIKE BYSTANDER ON ROADSIDE	113,130.75
2/14/2009	AL		125,983.21
3/16/2009	EO	ALLEGED CONSTRUCTIVE DISCHARGE AND VIOLATION OF 1ST AMENDMENT RIGHTS THE CHICKEN RANCH CORP FILED SUIT AGAINST NYE CO. FOR REFUSING TO ALLOW A LICENSE FOR THE PROPOSED NEW OWNER OF A BROTHEL. THEY ARE SEEKING DECLARATORY & INJUNCTIVE RELIEF AS WELL AS DAMAGES FOR CIVIL RIGHTS VIOLATIONS.	173,775.60
3/17/2009	EO		454,833.72
9/10/2009	EO	COMPLAINT BY TEACHER OF INAPPROPRIATE SEXUAL CONDUCT OF JANITOR	235,000.00
10/11/2009	AL	IV STRUCK OV WHEN MAKING U TURN	192,360.29
4/8/2010	RB	ANNEX BUILDING FLOODED	113,127.45
4/9/2010	EO	ALLEGED 14TH AMENDMENT, BREACH OF CONTRACT, AND OTHER CLAIMS IN CONNECTION WITH LEASE AGREEMENT AND CONSTRUCTIONS OF COMMUNICATION TOWER.	242,250.00
4/28/2010	EO	COMPLAINT FOR DECLARATORY & INJUNCTIVE RELIEF & DAMAGES AND PETITION FOR JUDICIAL REVIEW CONCERNING COUNTY REVERSAL OF 5 YEAR EXTENSION OF CONDITIONAL USE PERMIT GRANTED BY PLANNING COMMISSION.	327,500.00
6/7/2010	EO	PLAINTIFFS ALLEGE CIVIL RIGHTS CLAIMS INCLUDING MALICIOUS PROSECUTION, ABUSE OF PROCESS AND CIVIL CONSPIRACY AGAINST NYE CO AND THE DA.	525,000.00
11/30/2010	RB	STEAM LINE BURST AT THE OLD HIGH SCHOOL	254,023.63
8/17/2010	CM	VVWD EMPLOYED MICHAEL JOHNSON AS THEIR CHIEF HYDRALOGIST FROM 99 TO 8-17-10. JOHNSON CONCEALED DETAILS ABOUT WATER RIGHTS TRANSACTIONS AND IS BELIEVED TO HAVE COST VVWD A GREAT DEAL OF MONEY	505,000.00
6/2/2011	RB	PRANK DAY. GROUP OF STUDENTS SPRAYED SKUNK BAIT THROUGHOUT THE SCHOOL	292,183.72
9/27/2011	AL	EMT DOING A NON-EMERGENCY INTERFACILITY TRANSPORT, RAN THROUGH STOP SIGN AND INTO A DITCH	112,055.80
10/8/2011	RB	PIPE IN ATTIC BURST CAUSING DAMAGE TO THREE FLOORS	125,000.00
<b>TOTAL ALL CLAIMS</b>			<b>\$ 19,161,767.31</b>

Report Data As of 3/31/12

NEVADA PUBLIC AGENCY INSURANCE POOL  
PROPERTY LOSSES OVER \$100,000 - HISTORICAL

Entity	Coverage Type	Date of Loss	Policy Period	SIR	Total Incurred	Total Paid	Description
Storey County	RB	6/2/1989	88-89	50,000	400,063.72	400,063.72	FIRE DESTROYED PUBLIC WORKS BUILDING AND DAMAGED ATTACHED BUILDING.
City of Winnemucca	RB	7/23/1992	92-93	100,000	1,005,802.38	1,005,802.38	TOTAL FIRE LOSS - NIXON HALL
Storey County	RB	2/25/1994	93-94	100,000	218,125.16	218,125.16	PROPANE HEATER EXPLODED, ENTIRE BUILDING BURNED DOWN.
Humboldt County	RB	3/6/1995	94-95	100,000	454,401.64	454,401.64	FIRE LOSS AT HOSPITAL.
Boulder City	RB	8/25/1995	95-96	100,000	117,414.25	117,414.25	OLD PLUG IN PIPING BEHIND COFFEE ROOM WALL DISSOLVED AND CAUSED FLOODING,IN CITY HALL BUILDING
Nye County School District	RB	5/17/2002	01-02	100,000	383,524.06	383,524.06	SPRINKLER SYSTEM FAILED AND FLOODED BUILDING
Eureka County School District	RB	5/1/2003	02-03	100,000	101,024.57	101,024.57	GYM FLOOR HAS SUNKEN DUE TO WATER DAMAGE
Carson City	RB	12/19/2003	03-04	200,000	141,114.93	141,114.93	STRUCTURE FIRE--BACK SERVICE PORCH OF KITCHEN AREA, MEMBERS COOKING TURKEYS IN OIL VATS. ONE BOILED OVER & CAUGHT FIRE TO WOOD DECKING & SURROUNDING AREA
Lyon County	RB	7/7/2004	04-05	200,000	924,857.39	924,857.39	COMMUNITY CENTER DESTROYED BY FIRE
Carson City	AP	7/14/2004	04-05	200,000	189,941.68	189,941.68	"WATERFALL FIRE" DAMAGE TO MOBILE HOME KNOWN AS "QUILL TANK, CARSON CITY", PER MEMORANDUM OF UNDERSTANDING OF REVOCABLE LICENSE. CARETAKER, RESIDENCE; RESPONSIBLE TO CITY THROUGH WATER UTILITY DIVISION OF UTILITY ,DEPARTMENT
City of Elko	RB	8/1/2004	04-05	200,000	232,858.00	232,858.00	HIGH WINDS BLEW OFF ROOF AND WALLS OF HANGAR, PART OF ROOF LANDED IN CIVIL AIR PATROL BUILDING, POWER OUTAGE DUE TO TRANSFORMER DOWN
Storey County	RC	12/31/2005	05-06	150,000	610,226.76	610,226.76	FLOOD WATERS DAMAGED BRIDGES AND ROADS
Carson City	AP	7/14/2006	06-07	150,000	185,195.77	185,195.77	FIRE--COMPACTOR
Truckee Meadows FPD	RB	7/18/2006	06-07	150,000	374,188.92	374,188.92	FIRE STARTED IN PUMPER TRUCK DAMAGING TRUCK, RESCUE VEHICLE & ENGINE BAY
Several Members	RB	1/13/2007	06-07	150,000	586,193.44	586,193.44	STATEWIDE FREEZING LOSS; 27 SITES
Churchill County	RB	3/26/2007	06-07	150,000	592,765.11	80,387.97	EXTENSIVE FIRE DAMAGE
Nye County School District	RB	9/21/2007	07-08	200,000	248,214.20	248,214.20	DAMAGE TO GYM FLOOR CAUSED BY RAINSTORMS
Town of Pahrump	RC	10/5/2007	07-08	200,000	265,851.00	265,851.00	HIGH WINDS BLEW TOWER DOWN
Several Members	RB	2/21/2008	07-08	200,000	4,908,341.60	4,687,570.75	6.0 EARTHQUAKE CENTERED 11 MILES SE OF WELLS, NV
Lincoln County	RB	4/13/2008	07-08	200,000	403,968.77	403,968.77	PIPE BROKE AND FLOODED COURTHOUSE
Town of Tonopah	RB	5/21/2008	07-08	200,000	223,808.87	223,808.87	WIND DAMAGE TO TIN FACADE ROOF, PARTS OF ROOF STRUCK AND DAMAGED PRIVATE PROPERTY
Virgin Valley Water District	BM	7/7/2009	09-10	50,000	170,244.00	170,244.00	WELL PUMP QUIT WORKING
Elko County	RB	4/8/2010	09-10	200,000	113,127.45	113,127.45	ANNEX BUILDING FLOODED
Churchill County	RB	4/27/2010	09-10	200,000	101,919.50	101,919.50	HIGH WINDS DAMAGED ROOF
Churchill County School District	RB	10/3/2010	10-11	200,000	161,916.99	161,916.99	PIPE BURST FLOODING LOCKER ROOMS, GYM FLOOR AND COACHES OFFICE AT THE HIGH SCHOOL.
Lincoln County School District	RB	11/14/2010	10-11	200,000	264,661.41	264,661.41	HEATER FAILURE CAUSING BLOWING SOOT THROUGHOUT THE SCHOOL
Churchill County School District	RB	11/30/2010	10-11	200,000	254,023.63	212,912.32	STEAM LINE BURST AT THE OLD HIGH SCHOOL
Virgin Valley Water District	CM	8/17/2010	10-11	200,000	505,000.00	-	VVWD EMPLOYED MICHAEL JOHNSON AS THEIR CHIEF HYDRALOGIST FROM 99 TO 8-17-10. JOHNSON CONCEALED DETAILS ABOUT WATER RIGHTS TRANSACTIONS AND IS BELIEVED TO HAVE COST VVWD A GREAT DEAL OF MONEY
Elko County School District	RB	5/9/2011	10-11	200,000	245,196.28	245,196.28	FIRE SPRINKLER HEAD BROKE CAUSING WATER DAMAGE TO GYM FLOOR, CEILING, WALLS AND BLEACHERS
Nye County School District	RB	6/2/2011	10-11	200,000	292,183.72	292,158.72	PRANK DAY. GROUP OF STUDENTS SPRAYED SKUNK BAIT THROUGHOUT THE SCHOOL
Elko County	RB	10/8/2011	11-12	200,000	125,000.00	112,478.08	PIPE IN ATTIC BURST CAUSING DAMAGE TO THREE FLOORS

Report Data As of 3/31/12

NEVADA PUBLIC AGENCY INSURANCE POOL  
LIABILITY LOSSES OVER \$250,000 - HISTORICAL

Entity	Coverage Type	Date of Loss	Policy Period	SIR	Total Incurred	Total Paid	Description
Lyon County	EO	1/5/1993	92-93	100,000	353,908.68	353,908.68	CLAIMANT ALLEGES CONSTRUCTIVE TERMINATION
Incline Village GID	EO	10/20/1993	93-94	100,000	426,120.83	426,120.83	RECEIVED DEMAND LETTER FROM EMPLOYEE REPRESENTATION.,CLAIMANT ALLEGES VIOLATION OF ADA AND WRONGFUL TERMINATION.,DOL:,10/21/93
City of Elko	EO	7/12/1994	94-95	100,000	471,358.99	471,358.99	CLAIMANT ALLEGES JOB HARRASSMENT WITHOUT DUE CAUSE. SEXUAL DISCRIMINATION,WRONGFUL TERMINATION, CLAIM MADE: 9-12-94
Nye County	EO	4/15/1996	95-96	100,000	1,481,380.78	1,481,380.78	CLMT ALLEGES SEXUAL ASSAULT BY COUNTY MANAGER WHILE EMPLOYED AS AN ADMINISTRATOR AT THE HOSPITAL
Nye County	EO	7/8/1996	96-97	100,000	490,634.82	490,634.82	DOL: 1/1/92 (LOSS DATE NOT WITHIN COVERAGE EFFECTIVE DATE); CLMT ALLEGES, SEXUAL HARASSMENT BY COUNTY MANAGER
Incline Village GID	EO	4/14/1997	97-98	150,000	258,084.57	258,084.57	ALLEGED WRONGFUL TERMINATION.
Storey County	EO	6/8/1998	97-98	150,000	257,822.85	257,822.85	PLTS BUSINESS LICENSE REVOKED BY COUNTY, PLTS ALLEGE CIVIL RIGHTS VIOLATED BY THE OUTRAGEOUS CONDUCT OF, SHERIFF-UNDER COLOR OF LAW
City of Mesquite	PL	5/25/2000	99-00	150,000	2,510,755.89	2,510,755.89	PLAINTIFFS ALLEGE GROSS NEGLIGENCE AND VIOLATION OF 42U.S.C.A. 1983 IN, CONNECTION W/LAW ENFORCEMENT PURSUING A NON-VIOLENT SUSPECT RESULTING IN SERIOUS INJURY AND ONE FATALITY
Churchill County	EO	7/27/2000	00-01	250,000	422,278.46	422,278.46	FALSE ARREST AND PROSECUTORIAL MISCONDUCT
Nye County	PL	10/30/2000	00-01	250,000	427,606.82	427,606.82	ALLEGED CIVIL RIGHTS VIOLATIONS AND TORT CLAIMS IN CONNECTION WITH FATAL, SHOOTING OF SCOTT ZIESKE AND DONNA HEWITT BY NYE COUNTY DEPUTIES
Churchill County	EO	10/16/2001	01-02	250,000	646,743.54	646,743.54	ALLEGED FEDERAL WIRETAPPING VIOLATIONS
Lyon County	EO	10/24/2001	01-02	250,000	5,571,591.30	5,571,591.30	ALLEGED VIOLATION OF DUE PROCESS & INTERFERENCE WITH PROSPECTIVE ECONOMIC, ADVANTAGE
City of West Wendover	EO	1/1/2003	02-03	250,000	459,576.83	459,576.83	ALLEGED INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE, ETC. IN CONNECTION WITH ATTEMPTS TO CHANGE WATER SERVICE OF STATE LINE HOTEL & CASINO FROM UTAH TO NEVADA
Nye County	PL	2/14/2006	05-06	500,000	410,753.52	410,753.52	EXCESSIVE FORCE--CLAIMANT TASED FOUR TIMES BY SHERIFF DEPUTY
Douglas County School District	AL	10/19/2006	06-07	500,000	467,917.09	467,917.09	IV(SCHOOL BUS) T-BONED OV
Douglas County	EO	10/19/2006	06-07	500,000	340,943.33	340,943.33	ALLEGED 5TH AND 14TH AMENDMENT VIOLATIONS IN CONNECTION WITH REQUIRED CONDITIONAL LETTER OF MAP REVISION (CLOMR) FOR ISSUANCE OF
Town of Pahrump	GL/PL	11/24/2006	06-07	500,000	253,093.77	253,093.77	ALLEGED CIVIL RIGHTS VIOLATIONS AND STATE LAW CLAIMS REGARDING EMT RESPONSE AND RESULTING INVESTIGATION, ARREST & CRIMINAL CHARGES
Nye County	PL	1/24/2007	06-07	500,000	254,777.83	254,777.83	INMATE SUICIDE
Lyon County	EO	1/5/2008	07-08	500,000	2,268,411.21	2,252,919.42	CLASS ACTION LAWSUIT REGARDING CANAL BREACH
Fernley, City of	EO	1/5/2008	07-08	500,000	5,896,065.18	5,806,534.16	CLASS ACTION LAWSUIT REGARDING CANAL BREACH
City of Mesquite	PL	9/11/2008	08-09	500,000	284,180.86	250,129.52	ALLEGED SEXUAL MISCONDUCT BY POLICE OFFICER
Nye County	EO	3/17/2009	08-09	500,000	454,833.72	162,333.72	THE CHICKEN RANCH CORP FILED SUIT AGAINST NYE CO. FOR REFUSING TO ALLOW A LICENSE FOR THE PROPOSED NEW OWNER OF A BROTHEL. THEY ARE SEEKING DECLARATORY & INJUNCTIVE RELIEF AS WELL AS DAMAGES FOR CIVIL RIGHTS VIOLATIONS.
Humboldt County	EO	4/28/2010	09-10	500,000	327,500.00	262,178.27	COMPLAINT FOR DECLARATORY & INJUNCTIVE RELIEF & DAMAGES AND PETITION FOR JUDICIAL REVIEW CONCERNING COUNTY REVERSAL OF 5 YEAR EXTENSION OF CONDITIONAL USE PERMIT GRANTED BY PLANNING COMMISSION.
Nye County	EO	6/7/2010	09-10	500,000	525,000.00	423,054.95	PLAINTIFFS ALLEGE CIVIL RIGHTS CLAIMS INCLUDING MALICIOUS PROSECUTION, ABUSE OF PROCESS AND CIVIL CONSPIRACY AGAINST NYE CO AND THE DA.

## **Actuarial Report – NPAIP (POOL) – April, 2012**

**Each year we receive at least three primary actuarial reports from Bickmore and Associates for POOL, one which estimates reserve liabilities for end-of-year financials, and two which forecast rates (one property, one liability or casualty) for the coming year. The report which follows contains selected pages from the all three reports.**

**The rate studies (three pages for property, three for casualty, each beginning with a 'background' page) indicate slight decreases in loss costs for both property and casualty, which is obviously a good thing. However, POOL ratemaking is rather complex, since expenses and reinsurance costs are quite significant, so these loss cost indications alone are not the whole story.**

**Prior to the annual meeting staff will incorporate the POOL budget and all reinsurance pricing into the rating matrix. Then the Executive Committee will convene to review and approve final rates. Most of this work will be done after our printing deadline for board packets. However, the loss cost indications should help in our reinsurance renewal negotiations, too, so we are hopeful there will be no pricing surprises at the annual meeting. We should of course have the final results by the time of the Board Meeting, and will discuss those results at that time.**



Bickmore Risk Services

September 30, 2011

Mr. Wayne Carlson  
Executive Director  
Nevada Public Agency Insurance Pool  
201 S. Roop St. Suite 102  
Carson City, NV 89701-4790

Re: Actuarial Review of the Self-Insured Liability/Property Program

Dear Mr. Carlson:

As you requested, we have completed our review of Nevada Public Agency Insurance Pool's self-insured liability & property program. We estimate the program's liability for outstanding claims net of deductibles and aggregate limits to be \$10,571,000 as of June 30, 2011. This amount includes allocated loss adjustment expenses (ALAE), but excludes unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). The amount also does not include any discount for investment income.

The \$10,571,000 estimate is the minimum liability to be booked by NPAIP at June 30, 2011 for NPAIP's liability program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires NPAIP to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

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f. 916.244.1199

**CORPORATE**  
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Sacramento, CA 95833  
d. 916.244.1100

3780 Kilroy Airport Way  
Suite 870  
Long Beach, CA 90806  
d. 562.508.4400

5200 SW Macadam Avenue  
Suite 310  
Portland, OR 97239  
d. 503.419.0450

The table below displays a breakdown of the program's outstanding loss and ALAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2011, before recognition of investment income.

NPAIP Self-Insured Liability Program Estimated Liability for Unpaid Loss and ALAE at June 30, 2011			
Year	Case Reserves	IBNR Reserves	Total Outstanding
2001-02	\$3,000	\$0	\$3,000
2002-03	8,448	0	8,448
2003-04	0	3,946	3,946
2004-05	59,714	11,044	70,758
2005-06	127,427	111,954	239,381
2006-07	131,936	229,440	361,376
2007-08	439,338	369,089	808,427
2008-09	1,156,764	676,506	1,833,270
2009-10	1,135,057	1,763,645	2,898,702
2010-11	1,454,657	2,888,997	4,343,654
Loss and ALAE	\$4,516,341	\$6,054,622	\$10,570,963



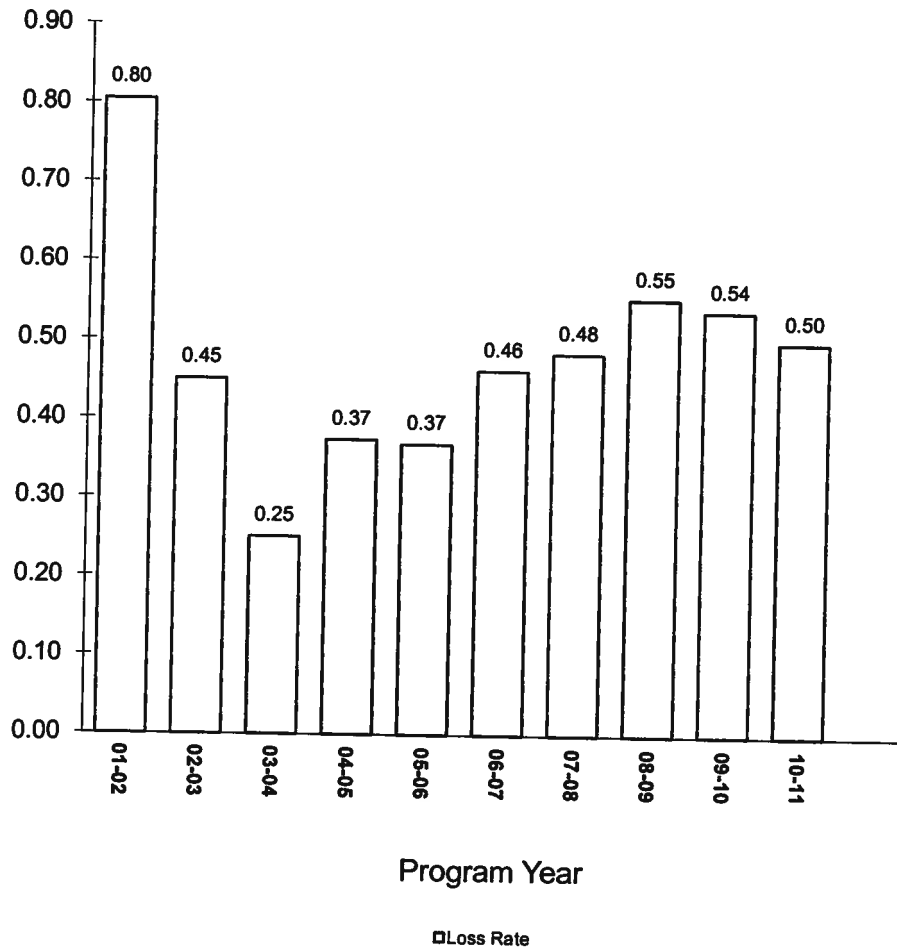
### C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

Please note that for the purposes of the following graphs, losses have been limited to \$100,000 per occurrence. Losses are also gross of deductibles and aggregate limits.

The loss rate for liability has appeared to have increased over the last several years, although significantly down from its high of \$0.80 per \$100 of payroll in program year 2001-02. Our selection for 2010-11 is \$0.50, based on an average of the prior four years.

Graph 2

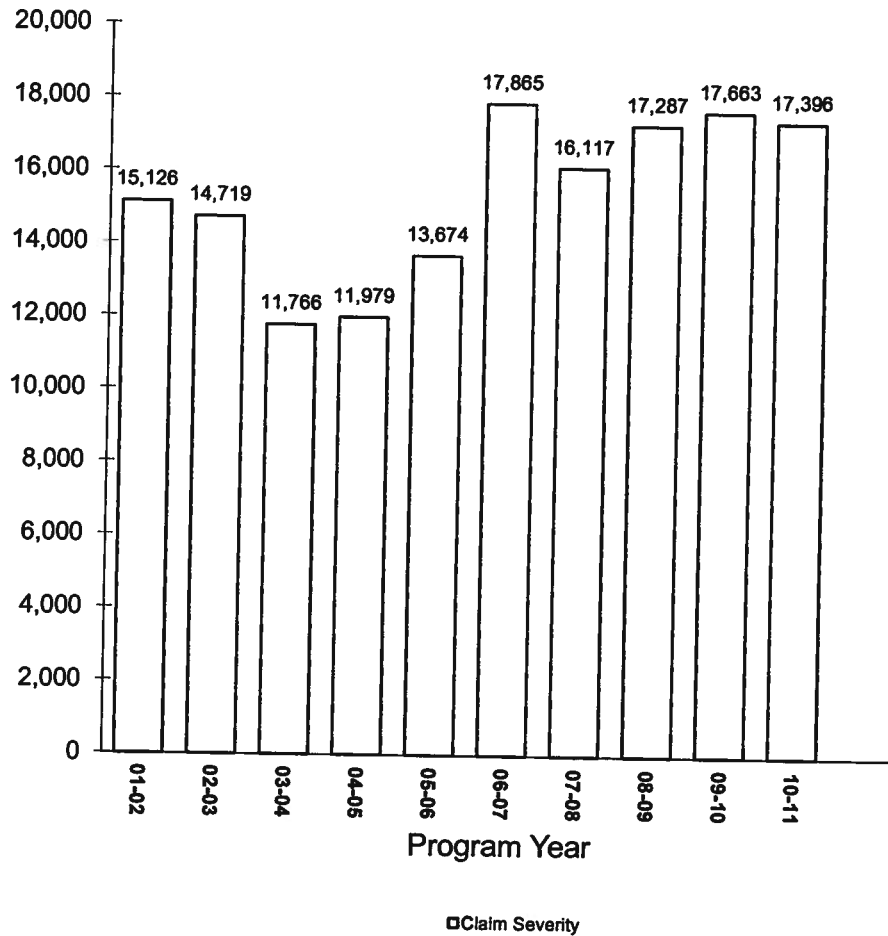
NPAIP- Liability  
Dollars of Loss per  
\$100 of Payroll



The average dollars of loss per claim, or severity, for liability has generally increased since 2003-04. Our estimate of the average limited claim size is \$17,396 for 2010-11, based on this increasing trend.

Graph 3

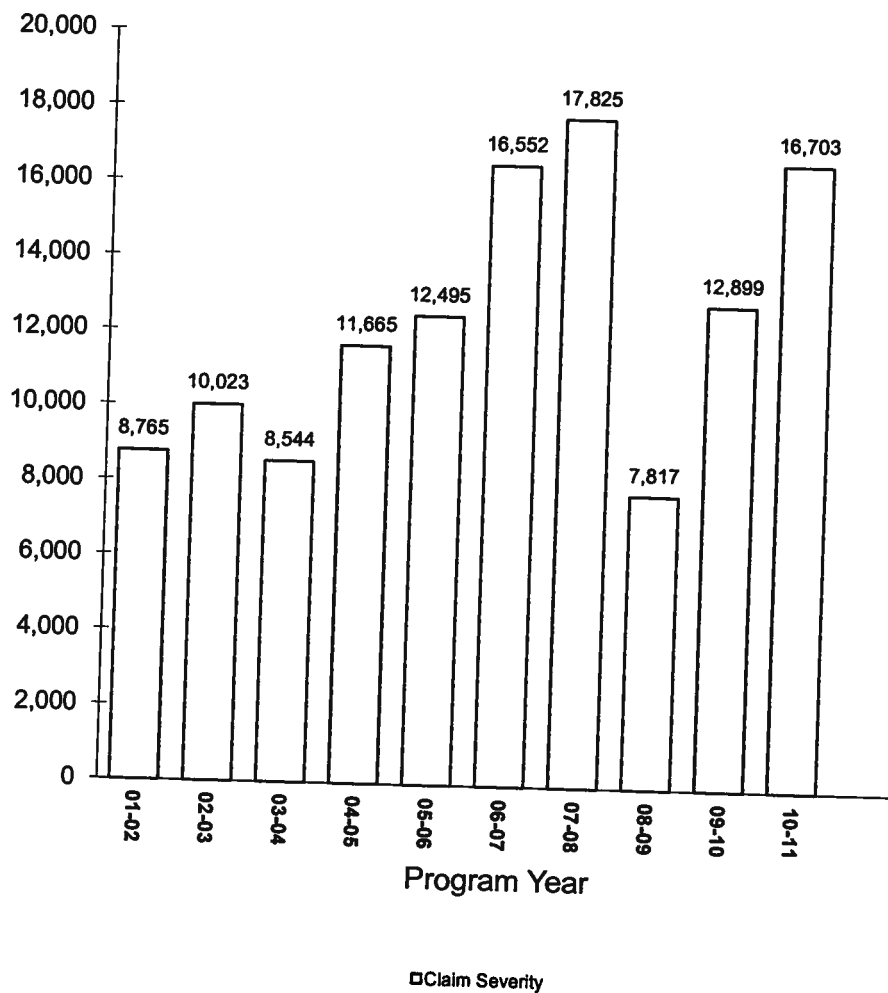
NPAIP- Liability  
Dollars of Loss per Claim



The average severity for property had generally been increasing since 2003-04, but decreased in 2008-09 and 2009-10. Our estimate for 2010-11 is \$16,703.

Graph 6

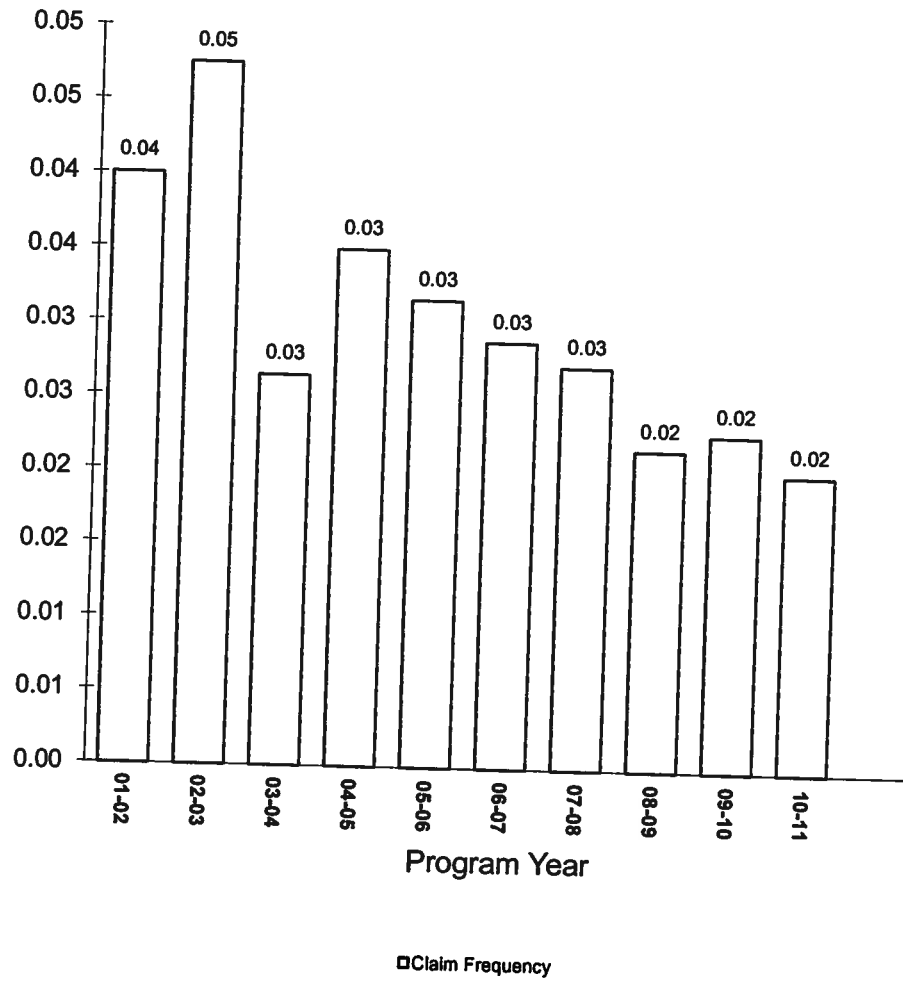
### NPAIP - Property Dollars of Loss per Claim



The frequency for property has decreased significantly from its high of 0.05 in the 2002-03 program year. The estimate for 2010-11 is 0.02 claims per \$1 million TIV, based on this decreasing trend.

Graph 7

NPAIP - Property  
Number of Claims per  
\$1 Million of Total Insured Value



#### D. COMPARISON WITH PREVIOUS RESULTS

The prior report for NPAIP was dated September 27, 2010. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 6/30/10 evaluation date of the prior report and the 6/30/11 evaluation date of the current report. Please note that these amounts are gross of any deductibles or aggregate limits.

#### Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
1999-00	\$0	\$574	\$574
2000-01	0	(8,093)	(8,093)
2001-02	1,000	80	(920)
2002-03	2,000	(2,255)	(4,255)
2003-04	15,000	(73,362)	(88,362)
2004-05	17,000	70,926	53,926
2005-06	87,000	(106,588)	(193,588)
2006-07	378,000	(13,368)	(391,368)
2007-08	704,000	231,608	(472,392)
2008-09	1,083,000	619,522	(463,478)
2009-10	1,248,000	829,948	(418,052)
2010-11	2,811,000	2,417,424	(393,576)
Total	\$6,346,000	\$3,966,416	(\$2,379,584)

As shown, actual incurred development was less than anticipated since the prior report. Although \$6,346,000 was expected to be incurred in total, the actual amount was only \$3,966,416. In fact, with the exception of the 1999-00 and 2004-05 program years, each individual year came in less than expected as well.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2010 to be \$10,890,000 at the expected level. This amount was stated net of any applicable aggregate limits or maintenance deductibles, but includes the corridor deductible for property claims. Our current estimate as of June 30, 2011, is \$10,571,000, a decrease in our assessment of NPAIP's outstanding liabilities, as shown below:

**Outstanding Claim Liabilities for Loss and ALAE**

	Prior Report at June 30, 2010	Current Report at June 30, 2011	Change
(A) Case Reserves:	\$4,569,000	\$4,516,000	(\$53,000)
(B) IBNR Reserves:	6,321,000	6,055,000	(266,000)
(C) Total Reserves:	\$10,890,000	\$10,571,000	(\$319,000)

As shown, our estimate of outstanding claims liabilities at the expected level has decreased between June 30, 2010 and June 30, 2011 as reflected in our prior and current reports, respectively.

Case reserves decreased by \$53,000 since the prior evaluation and our IBNR reserve estimate decreased by \$266,000. In total, the reserve estimate decreased by \$319,000 since the prior report.

## **E. DATA PROVIDED FOR THE ANALYSIS**

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for Liability and \$200,000 per occurrence for Property for 2011-12 (See Appendix J – GL and Appendix J - PR).
- We have assumed that the Property Corridor deductible is \$250,000 on losses above \$200,000 for 2011-12.
- We received loss data evaluated as of 6/30/2011 (See Appendix K – GL and Appendix K - PR). We also utilized the data from NPAIP's most recent actuarial study for our assessment of loss development.
- We have assumed that NPAIP's liability payroll for 2011-12 will be \$562,400,658 based upon information provided by NPAIP (See Appendix L - GL).
- We have assumed that NPAIP's property TIV for 2011-12 will be \$3,884,619,719 based upon information provided by NPAIP (See Appendix L - PR).

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

### **III. ASSUMPTIONS AND LIMITATIONS**

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by NPAIP. We have accepted all of this information without audit.
- We relied on statistics and historic loss development patterns derived own historical experience.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have assumed that NPAIP's historical development patterns form a reasonable basis to predict Nevada Public Agency Insurance Pool's future loss development.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the cost of liability claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- We have assumed that costs associated with liability and property claims are increasing 2.0% annually. We have assumed that the average claim size increases at 2.0% per year, and that the average frequency of claims remains unchanged.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- Our funding recommendations do not include provisions for catastrophic events not in NPAIP's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.



Nevada Public Agency Insurance Pool - Liability and Property Combined  
Funding Guidelines for Outstanding Liabilities Net of Deductible and Aggregate Limits at  
June 30, 2011

(A) Estimated Ultimate Losses Incurred through 6/30/11: (From Exhibit 1 - Combined, Page 3)	\$37,483,000
(B) Estimated Paid Losses through 6/30/11: (From Exhibit 1 - Combined, Page 4)	26,912,000
(C) Estimated Liability for Claims Outstanding at 6/30/11: ((A) + (B))	<u>\$10,571,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/11: (Sum of Liability & Property Coverages)	0
(E) Total Outstanding Liability for Claims at 6/30/11: ((C) + (D))	<u>\$10,571,000</u>
(F) Reserve Discount Factor (Average of Liability & Property Coverages)	1.000
(G) Discounted Outstanding Liability for Claims at 6/30/11: ((E) x (F))	<u>\$10,571,000</u>

Confidence Level of Adequacy:	Marginally	Recommended			Conservative
	Acceptable	75%	80%	85%	90%
(H) Confidence Level Factor: (Average of Liability & Property Coverages)	1.121	1.175	1.239	1.317	1.422
(I) Margin for Adverse Experience: ((G) x ((H) - 1))	1,277,000	1,853,000	2,523,000	3,355,000	4,465,000
(J) Total Required Available Funding at 6/30/11: ((G) + (I))	<u>\$11,848,000</u>	<u>\$12,424,000</u>	<u>\$13,094,000</u>	<u>\$13,926,000</u>	<u>\$15,036,000</u>



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RATING  
Study  
PROP  
Liab.  
Separate



**DRAFT**

**I. BACKGROUND**

Nevada Public Agency Insurance Pool began its self-insured property program prior to May 1, 1987. Its current self-insured retention is \$200,000. Effective July 1, 2007, a \$250,000 corridor deductible applies to all losses over \$250,000. Additional background on the program is given in Appendix I.

The purpose of this review is to provide a guide to NPAIP to determine reasonable funding levels for its self-insurance program according to the funding policy NPAIP has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30.

**II. CONCLUSIONS AND RECOMMENDATIONS**

**A. COSTS OF 2012-13 CLAIMS**

We estimate the ultimate cost of claims and allocated loss adjustment expenses (ALAE) for claims incurred during the 2012-13 program year to be \$1,989,000. This figure is net of the expected amount to be covered by individual members' deductibles. Unallocated loss adjustment expenses (ULAE) are not included. The amount also does not include any discount for investment income.

We provide the following estimates of the costs of 2012-13 claims at various confidence levels.

Expected	2012-13
70% Confidence	\$1,989,000
75%	2,317,000
85%	2,472,000
90%	2,884,000
	3,188,000

Again, we generally recommend funding to the 75% to 85% confidence levels. We consider funding to the 70% confidence level to be marginally acceptable, and to the 90% confidence level to be conservative.

DRAFT

#### D. COMPARISON WITH OUR PREVIOUS RESULTS

At the time of the prior report, our funding estimate for the 2011-12 year was \$2,003,000 at the expected level. That amount included allocated loss adjustment expenses (ALAE) and the expected amount for losses within the corridor deductible, but was net of individual members' deductibles. Our current estimate for the 2012-13 year is \$1,989,000 at the expected level, a decrease in the program's expected loss costs, as shown in the table below:

##### Comparison of Funding for Loss and LAE

	Prior Report 2011-12 SIR = \$200,000	Current Report 2012-13 SIR = \$200,000	Change
(A) Ultimate Loss and ALAE – Net of Members' Deductibles:	\$1,753,000	\$1,739,000	(\$14,000)
(B) Corridor Deductible Losses:	250,000	250,000	0
(C) Total Claim Costs:	\$2,003,000	\$1,989,000	(\$14,000)
(D) Funding per \$100 of Total Insured Value:	\$0.052	\$0.049	(\$0.003)

As you can see, our funding recommendations at the expected level have decreased between 2011-12 and 2012-13, as shown in our prior and current reports respectively, primarily due to favorable loss development. Our projected rate per \$100 of TIV has decreased from \$0.052 to \$0.049.

## Nevada Public Agency Insurance Pool - Property Coverages

Funding Options for Program Year 2012-2013 (SIR = \$200,000) - Net of Deductible  
One-Year Funding Plan

	Dollar Amount	TIV Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2012-2013: (From Appendix F)	\$2,082,000	\$0.051			
(B) Estimated Deductible Adjustment Factor: (From Exhibit 3, Page 1, item (O))	0.835				
(C) Estimated Ultimate Losses Incurred in Accident Year (Net of Deductible): ((A) x (B))	\$1,739,000	\$0.043			
(D) Incurred Loss from Corridor Deductible \$250,000 Excess of \$250,000 (From Exhibit 3, Page 1, item (S))	250,000	0.006			
(E) Estimated Claims Administration Fees Incurred in Accident Year 2012-2013: (From Exhibit 3, Page 1, item (L))	0	0.000			
(F) Total Claims Costs Incurred in Accident Year 2012-2013: ((C) + (E))	\$1,989,000	\$0.049			
(G) Loss Discount Factor (Appendix G, (F))	1.000				
(H) Discounted Total Claims Costs Incurred in Accident Year 2012-2013: ((F) x (G))	\$1,989,000	\$0.049			
	Marginally Acceptable	Recommended	Conservative		
(I) Confidence Level Factor: (From Appendix H)	70%	75%	80%	85%	90%
	1.165	1.243	1.335	1.450	1.603
(J) Margin for Adverse Experience: ((H) x [(I) - 1])	328,000	483,000	666,000	895,000	1,199,000
(K) Recommended Funding in 2012-2013 for Claims Costs and Other Expenses: ((H) + (J))	\$2,317,000	\$2,472,000	\$2,655,000	\$2,884,000	\$3,188,000
(L) Rate per \$100 of TIV: ((K) / \$40,827,753)	\$0.057	\$0.061	\$0.065	\$0.071	\$0.078

Payroll rates are per hundred dollars of 2012-2013 TIV of \$4,082,775,300.

**DRAFT**

**I. BACKGROUND**

Nevada Public Agency Insurance Pool began its self-insured liability program prior to May 1, 1987. Its current self-insured retention is \$500,000. Additional background on the program is given in Appendix I.

The purpose of this review is to provide a guide to NPAIP to determine reasonable funding levels for its self-insurance program according to the funding policy NPAIP has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30.

**II. CONCLUSIONS AND RECOMMENDATIONS**

**A. COSTS OF 2012-13 CLAIMS**

We estimate the ultimate cost of claims and allocated loss adjustment expenses (ALAE) for claims incurred during the 2012-13 program year to be \$3,162,000. This figure is net of the expected amount to be covered by individual members' deductibles. Unallocated loss adjustment expenses (ULAE) are not included. The amount also does not include any discount for investment income.

We provide the following estimates of the costs of 2012-13 claims at various confidence levels.

Expected	2012-13
70% Confidence	\$3,162,000
75%	3,677,000
85%	3,924,000
90%	4,572,000
	5,053,000

Again, we generally recommend funding to the 75% to 85% confidence levels. We consider funding to the 70% confidence level to be marginally acceptable, and to the 90% confidence level to be conservative.

**DRAFT**

**D. COMPARISON WITH OUR PREVIOUS RESULTS**

At the time of the prior report, our funding estimate for the 2011-12 year was \$3,574,000 at the expected level. That amount included allocated loss adjustment expenses (ALAE) and was net of individual members' deductibles. Our current estimate for the 2012-13 year is \$3,162,000 at the expected level, a decrease in the program's expected loss costs, as shown in the table below:

**Comparison of Funding for Loss and LAE**

	Prior Report 2011-12 SIR = \$500,000	Current Report 2012-13 SIR = \$500,000	Change
(A) Total Recommended Funding:	\$3,574,000	\$3,162,000	(\$412,000)
(B) Funding per \$100 of Payroll:	\$0.635	\$0.597	(\$0.038)

As you can see, our funding recommendations at the expected level have decreased between 2011-12 and 2012-13, as shown in our prior and current reports respectively.

## Nevada Public Agency Insurance Pool - Liability Coverages

Funding Options for Program Year 2012-2013 (SIR = \$500,000) - Net of Deductible  
One-Year Funding Plan

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2012-2013: (From Appendix F)	\$4,238,000	\$0.800			
(B) Estimated Deductible Adjustment Factor: (From Exhibit 3, Page 1, item (O))	0.746				
(C) Estimated Ultimate Losses Incurred in Accident Year (Net of Deductible): ((A) x (B))	\$3,162,000	\$0.597			
(D) Estimated Claims Administration Fees Incurred in Accident Year 2012-2013: (From Exhibit 3, Page 1, item (L))	0	0.000			
(E) Total Claims Costs Incurred in Accident Year 2012-2013: ((C) + (D))	\$3,162,000	\$0.597			
(F) Loss Discount Factor (Based on a Discount Rate of .0%.) (Appendix G, (F))	1.000				
(G) Discounted Total Claims Costs Incurred in Accident Year 2012-2013: ((E) x (F))	\$3,162,000	\$0.597			
	<u>Marginally Acceptable</u>	<u>75%</u>	<u>Recommended</u>	<u>85%</u>	<u>Conservative</u>
(H) Confidence Level Factor: (From Appendix H)	70%	75%	80%	85%	90%
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	1.163	1.241	1.332	1.446	1.598
(J) Recommended Funding in 2012-2013 for Claims Costs and Other Expenses: ((G) + (I))	\$3,677,000	\$3,924,000	\$4,212,000	\$4,572,000	\$5,053,000
(L) Rate per \$100 of Payroll: ((J) / \$5,297,787)	\$0.694	\$0.741	\$0.795	\$0.863	\$0.954

Payroll rates are per hundred dollars of 2012-2013 payroll of \$529,778,700.



**FINAL REPORT**

**NEVADA PUBLIC AGENCY INSURANCE POOL (NPAIP)**

**2011 - CLAIM REVIEW**

**OF**

**PROPERTY, CASUALTY AND OTHER LIABILITY CLAIMS**

**August 23, 2011**

**Casualty Claim Consultants & Auditors LLC – (865) 977-7872**

## EXECUTIVE SUMMARY

The Nevada Public Agency Insurance Pool (NPAIP), hereinafter referred to as the Pool, engaged the services of Casualty Claim Consultants and Auditors LLC, a claim management consulting firm to conduct a claim review of its pending/open claim files. This is the fourth such property and casualty claim review conducted by this claims Consultant/Examiner.

The pending claim file review commenced on March 14, 2011 and incorporated a review of 65 pending claims, comprising 80 separate suffixes, with individual pending case reserves of \$10,000 or greater, inclusive of allocated loss adjustment expenses.

With respect to this year's review of pending/open claims with case reserves in excess of \$10,000, the loss pick relative to the subject claims review incorporated claims where the incurred outstanding case reserves included allocated loss adjustment expenses (ALAE); primarily those that related to Legal Defense. As such, a large number of claims exhibited minimal loss case reserves of \$0.00, \$2,500 or \$5,000 while exhibiting Legal Expense reserves that when combined with the current outstanding loss reserves equated to \$10,000 or more.

Pool claims are administered by Alternative Services Concepts (ASC), a property and casualty third-party administrator (TPA), from its offices located in Reno, Nevada. The 65 pending claims represent a statistically valid sample of claims, suggesting that the results of the sample are reflective of the pending claims universe. The findings of the statistically valid sample represent a confidence level of better than 95%.

### General Findings:

- Recommended case reserves for loss are appropriate and reflected a total increase in the current case reserves of only \$133,500 or less than a 2% increase in the aggregate. This variance between currently posted case reserves and recommended case reserves is well within the acceptable margin of plus or minus 10%. (See Exhibit I)
- Recommended case reserves for Legal Expense are appropriate and reflected a total decrease in the current case reserves of only \$110,231 or approximately 3% less than what was posted. This variance between currently posted case reserves and recommended case reserves is well within the acceptable margin of plus or minus 10%. (See Exhibit II)
- Remarks with respect to the individual claim file suffixes relative to case reserve variances are addressed in Exhibit III.
- Case reserve recommendations were compared to the current case reserves that appeared on the Claim Abstract summaries for each individual claim and, as such, were time limited depending on the date the Claim Abstract was printed.

This is important from the perspective that it is this Examiner's understanding that several case reserve were revised during the course of the claim review process that suggests that they more closely reflected this Examiner's recommendations.

## **EXECUTIVE SUMMARY**

That being the case, by the time this Examiner conducted the case review wrap-up session the current case reserve and recommended case reserve variance was probably closer to only 1%.

- Overall, in addition to the case reserves being appropriate in the aggregate, the case reserve methodology when applied to bodily injury claims is one that this Examiner recommends as being one that will produce the best results.
- Claim oversight by the claims manager is excellent and the TPA does an excellent job of keeping clients and excess insurers informed of pertinent developments.
- Other comments addressed herein center more around general housekeeping issues, some of which might influence data integrity with respect to the number of claims and incurred dollars related thereto from a coding perspective.

**Approved by Exec comm at 70%  
confidence level 3/16/2012  
Approved by Board 4/--/2012**

**% of Total  
Revenue  
(Budget  
Basis)**

<b>Revenues</b>		<b>Revenues Building</b>	
Assessments Written	\$ 15,305,212	97%	Rental Income \$ 204,000
Other Income	\$ 514,000	3%	Other Income \$ 7,000
<b>Total Revenues</b>	<b>\$ 15,819,212</b>		<b>\$ 211,000</b>
<b>Loss Fund Expenses</b>			<b>Building Expenses \$ 130,636</b>
Claims & Adjustment Expenses	\$ 6,677,799	42%	
<b>Program Expenses</b>			<b>NET BUILDING INCOME \$ 80,364</b>
Reinsurance Premiums Ceded	\$ 5,050,799	32%	
Agent Compensation	\$ 978,779	6%	
Willis Pooling & Loss Control Fees	\$ 505,000	3%	
ASC Claims Management Fees	\$ 665,855	4%	
<b>Total Program Expenses:</b>	<b>\$ 7,200,433</b>	<b>46%</b>	
<b>POOL Administration Expenses</b>			
Management Services	\$ 475,860	3%	
Casualty Insurance	\$ 42,000	0%	
Operating Expenses	\$ 127,500	1%	
Legal Services Fees	\$ 50,000	0%	
Professional Services	\$ 37,700	0%	
Consultants Appraisals	\$ 80,000	1%	
Member Education & Training	\$ 260,000	2%	
HR Services Fees	\$ 525,000	3%	
<b>Total Administration Expenses</b>	<b>\$ 1,598,060</b>	<b>10%</b>	
<b>Total Loss Fund, Program and Administration Expenses</b>	<b>\$ 15,476,292</b>	<b>98%</b>	
<b>Net Revenues Over Expenses</b>	<b>\$ 342,920</b>	<b>2%</b>	
<b>OTHER EXPENSES:</b>			
PRM Amortization Expense	1,323,890		
<b>TOTAL OTHER EXPENSES</b>	<b>1,323,890</b>		

**OTHER BUDGET ITEMS (paid from equity):**  
**Risk management grant program up to 1% of net assets: \$100,000 minimum**

**CLAIMS SERVICE CONTRACT**

**THIS AGREEMENT** is made and entered into with an effective date of July 1, 2012 between **ALTERNATIVE SERVICE CONCEPTS, LLC**, a Delaware Corporation, with principal offices at 2501 McGavock Pike, Suite 802, P.O. Box 305148 Nashville, Tennessee 37214-1213, hereinafter referred to as "ASC", and **NEVADA PUBLIC AGENCY INSURANCE POOL** with principal offices in Carson City Nevada, hereinafter referred to as "Client".

**WITNESS:**

**WHEREAS**, "ASC" is in the claims service business; and

**NOW, THEREFORE**, "ASC" and "Client" contract as follows:

**"ASC" AGREES:**

1. (a) To review all claim and/or loss reports with occurrence dates as provided under said coverages specified in the policies and reported to "ASC" during the term of this Contract, which involves claims against "Client" and/or claims by "Client" under said coverages.
- (b) To investigate, adjust, settle or resist all such losses and/or claims within the agreed discretionary settlement authority limit of Twenty Five Thousand Dollars (\$25,000) for property damage and bodily injury. Any settlement within these limits must be approved in a manner consistent with that adopted by the "Client's" Board of Directors at its meeting on April 29, 2005.
- (c) To investigate, adjust, settle or resist all such losses and/or claims as are in excess of the discretionary settlement authority limit of twenty-five thousand dollars (\$25,000) for property damage and bodily injury only with specific prior approval of "Client".
2. To furnish claim forms necessary for proper claims administration.
3. To establish claim and/or loss files for each reported claim and/or loss. Such files and all claim data stored electronically in "ASC's" system shall be the exclusive property of "Client". Such files are available for review by "Client" during normal business hours with reasonable notice.

4. To indemnify, defend and hold harmless "Client" with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of "ASC" and/or its employees unless the complained of actions of "ASC" were taken at the specific direction of "Client".
5. To establish and monitor case reserves.
6. To refer lawsuits to legal counsel as jointly agreed upon by "ASC" and "Client".
7. To coordinate with "Client" Litigation Strategy Committee and Claims Committee regarding settlement and/or defense posture.
8. "ASC" agrees that at no time during the term of this Agreement or for a period of one year immediately following the termination of this Agreement will it engage in the provision of any of the services set forth in this Agreement in a manner which competes with "Client" and the services provided to "Client" by its current service providers. "ASC" further agrees it will not directly or indirectly, solicit or attempt to solicit business or patronage of any public entity in Nevada which is a member of "Client" for the purpose of selling pooling, association risk sharing or similar insurers' group products or providing similar services.
9. "ASC" agrees all records resulting from services under this Agreement and held by "ASC" on behalf of "Client" shall be maintained and preserved in accordance with the provision of NRS 239.005 et seq. and shall remain the property of "Client" at all times and will be surrendered to "Client" upon termination or expiration of this Agreement. "ASC" shall be permitted to copy, at its own expenses, such portions of the files as may be necessary.
10. This Agreement is one for personal services to be rendered by "ASC" and may not be assigned by "ASC" without the prior written consent of "Client".
11. Insurance. "ASC" shall provide proof of general liability and errors and omissions insurance in an amount of at least Five Million Dollars (\$5,000,000).
12. Conflicts of Interest. "ASC" shall conform to Nevada laws regarding ethics and conflicts of interest and shall disclose any conflicts of interest.
13. "ASC" agrees to provide copies of operating statements on a quarterly basis.

**“CLIENT” AGREES:**

1. To make funds available that “ASC” may draw from at any time and from time to time for claim and/or loss payment and associated allocated expense within the discretionary authority limit of Twenty-Five Thousand Dollars (\$25,000) for property damage and Twenty-Five Thousand Dollars (\$25,000) for bodily injury with the prior approval of “Client”.
2. To pay “ASC” the service fee as prescribed in this Contract. In the event “ASC” brings any action or proceeding to recover any part or all of an outstanding indebtedness, “ASC” shall be entitled to recover as additional damages reasonable attorney fees not to exceed twenty percent (20%) of the outstanding indebtedness.
3. (a) To pay all Allocated Loss Expense in addition to the claim service fee to be paid to “ASC” as prescribed in this Contract.  
(b) Allocated Loss Expenses shall include but not be limited to attorneys’ fees; court reporters’ fees; transcript fees; the cost of obtaining public records; witness fees; witnesses’ travel expenses; commercial photographers’ fees; experts’ fees (i.e. engineering, physicians, chemists, etc.); fees for independent medical examinations; all outside expense items; and any other similar fees, cost or expenses associated with the investigation, negotiation, settlement or defense of any claim hereunder or as required for the collection of subrogation on behalf of “Client”.  
(c) To pay all Unallocated Loss Expenses, which is defined as automobile appraisal or property appraisal fees and extraordinary travel expenses incurred by “ASC” at the request of “Client”.
4. To indemnify, defend and hold “ASC” and/or its employees harmless with respect to any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on behalf of “ASC” and/or its employees only if the complained of such actions of “ASC” were undertaken in a manner specifically directed by “Client”.

**“ASC” AND “CLIENT” MUTUALLY AGREE AS FOLLOWS:**

1. The term of this Contract is continuous from its effective date for five (5) years. This Contract may be terminated by either "ASC" or "Client" by providing ninety (90) days' prior written notice by certified mail.
2. This Contract covers Claim Service for “Client” in the United States of America.

3. (a) "Client" shall pay "ASC" fees in accordance with the attached Fee Schedule for claims services provided during the term of this Contract.
  - (b) "Client" agrees to pay "ASC" within thirty (30) days after receipt of invoice.
  - (c) Gross receipts tax or assessments in those states or jurisdictions where levied shall be in addition to the service fee.
4. In the event any one or more of the provisions of this Contract shall be determined to be invalid or unenforceable by any court or other appropriate authority, the remainder of this Contract shall continue in full force and effect, as if said invalid or unenforceable portion had not been included in this Contract.
5. This Contract shall be construed and interpreted in accordance with the laws of the state of Nevada.
6. This Contract represents the entire understanding of "ASC" and "Client" and supersedes all prior oral and written communications between "ASC" and "Client" as to the subject matter. Neither this Contract nor any provisions of it may be amended, modified, or waived except in writing signed by a duly authorized representative of "ASC" and "Client".
7. The failure or delay of either "ASC" or "Client" to take action with respect to any failure of the other party to observe or perform any of the terms or provisions of this Contract, or with respect to any default hereunder by such other party, shall not be construed as a waiver or operate as a waiver of any rights or remedies of either "ASC" or "Client" or operate to deprive either "ASC" or "Client" of its right to institute and maintain any action or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies.
8. To not employ a person who has been employed by the other party at any time during the term of this Contract, unless the person to be employed shall not have been employed by the other party during the immediately preceding six (6) months or unless the hiring party shall have the other party's prior written consent. This provision shall survive the termination of this Contract for a period of three (3) years.
9. During the term of this Contract, "ASC" will store, at its expense, closed files for a period of three (3) years from the date of closure or the date of the last compensation, whichever is latest. After the period, files will either be returned to "Client" or stored by "ASC" at "Client's" option and expense. If stored by "ASC",



“Client” will be charged a one-time inventory fee and monthly storage fees at “ASC’S” outside vendor’s then prevailing rates.

- 10. "ASC" will query and transmit information under MMSEA requirements to CMS.
- 11. Should either party bring suit to enforce the provisions of this Contract, the prevailing party shall be entitled to reasonable attorney’s fees and court costs.

**IN WITNESS WHEREOF**, “ASC” and “Client” have caused this Contract to be executed by the person authorized to act in their respective names.

**ALTERNATIVE SERVICE CONCEPTS, LLC**

WITNESS: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**NEVADA PUBLIC AGENCY INSURANCE POOL**

WITNESS: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**Nevada Public Agency Insurance Pool  
Pricing Quotation and Terms  
Cost Plus Program  
07/01/2012 – 06/30/2017**

"Client" agrees to pay an amount equal to actual expenses at cost, plus a mark up to create a 15% profit margin for "ASC" for years 1 through 3. The profit margin will decrease to 13% for years 4 through 5.

"ASC" will invoice the "Client" quarterly based on the expense estimates below and the suggested quarterly deposit. Actual costs will be reconciled quarterly.

Fees are payable upon receipt of the invoice. ASC reserves the right to charge 1 1/2% per month or the maximum legal rate on unpaid invoice balances after 30 days.

**Nevada  
POOL  
Estimated Expenses**

**(Estimated Claim Load at 53.75%)**

	<u>Estimated</u> <u>7/1/12 - 6/30/13</u>
Operating Expenses Alloc by Claim Load	\$260,270
Expenses Allocated to Funds by Other Methods:	
Salaries, Bonuses, etc	\$234,639
Benefits/Taxes	\$ 62,922
Subcontracting: NV	<u>\$ 8,145</u>
Total Expenses Allocated by Other Methods	<u>\$305,706</u>
 Total Estimated Expenses	 <u><u>\$565,977</u></u>
 Revenue Needed for 15% Margin	 \$665,855
Maximum Quarterly Cost Plus Deposit	\$166,500
Suggested Quarterly Cost Plus Deposit (95% of amount above)	\$158,175
 MMSEA-Annual Transmission Fees (includes quarterly query & submissions)	 \$ 1,050

**ALTERNATIVE SERVICE CONCEPTS, LLC**

WITNESS: \_\_\_\_\_ BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_  
DATE: \_\_\_\_\_

**NEVADA PUBLIC AGENCY INSURANCE POOL**

WITNESS: \_\_\_\_\_ BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_  
DATE: \_\_\_\_\_

## Summary of Proposed Changes to NPAIP Coverage Form

The following changes will serve to further explain portions of the coverage provided under the NPAIP Coverage Form, July, 2012- July 2013.

(New language is in **Red**. Deletions are crossed out.)

### 1. Section V. Property Coverage

*Current language:*

#### **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 **Named 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, where ever located, agreed to and kept on file by POOL or its designees that the **Assured**:

- (i) Owns;
- (ii) Operates;
- (iii) Controls; or
- (iv) 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 **Named 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;
- 10. Covered Property in transit;
- 11. Personal property of officers and employees of the **Named Assured**, while at a described location;

12. The **Named Assured**'s interest in and legal liability for property of others, while at a described location; and
13. **Valuable Papers and Records** as defined in this coverage form.

*Proposed Language:*

#### **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 ~~Named Assured~~ for direct physical loss or damage to Covered Property except as excluded or limited in this Coverage Form.

#### **C. Covered Property**

This Property Coverage Section covers property, unless excluded, as described in the Schedule of Locations, where ever located, agreed to and kept on file by POOL or its designees that the **Assured**:

- (i) Owns;
- (ii) Operates;
- (iii) Controls; or
- (iv) 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 ~~Named 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;
10. Covered Property in transit;
11. Personal property of officers and employees of the **Named Assured**, while at a described location;
12. The ~~Named Assured~~'s interest in and legal liability for property of others, while at a described location; and
13. **Valuable Papers and Records** as defined in this coverage form.

*Explanation:*

The 2010-2011 Coverage Forms were inadvertently changed to provide the insuring agreement for only the **Named Assured**, defined as each Member and its Boards etc. The definition of **Assured** encompasses both the **Named Assured** and various **Assureds** defined under the policy. Deletion of the word **Named** from the insuring agreement corrects this mistake, and is consistent with the POOL's interpretation of the insuring agreement for all **Assureds**. The POOL interprets the 2010-2012 Coverage Parts consistent with this proposed language.

2. Section V. Property Coverage, C. Coverage Extensions, #8 Money and Securities

*Current language:*

**Money and securities** of the **Named Assured** only are Covered Property with respect to this coverage extension.

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.

*Proposed Additional Language:*

**Money and securities** of the **Named Assured** only are Covered Property with respect to this coverage extension.

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.**

*Explanation:*

This language further expresses the meaning of direct physical loss or damage consistent with the common meaning of that phrase and as interpreted by courts.

3. Section VI. Liability Coverage, A. Liability Coverage Agreement

*Current language:*

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 **Named Assured** to pay on behalf of the **Named Assured** the total sum of damages which the **Named 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.

*Proposed language:*

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 ~~Named Assured~~ to pay on behalf of the ~~Named Assured~~ the total sum of damages which the ~~Named 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.

*Explanation:*

The 2010-2011 Coverage Forms were inadvertently changed to provide the insuring agreement for only the **Named Assured**, defined as each Member and its Boards etc. The definition of **Assured** encompasses both the **Named Assured** and various **Assureds** defined under the policy. Deletion of the word **Named** from the insuring agreement corrects this mistake, and is consistent with the POOL's interpretation of the insuring agreement for all **Assureds**. The POOL interprets the 2010-2012 Coverage Parts consistent with this proposed language.

4. Section VI. Liability Coverage, B. Liability Definitions, #9

*Current language:*

The term **Sexual Abuse** as used hereunder shall mean any actual, attempted or alleged criminal sexual conduct of a person by another person, or persons acting in concert, which causes physical and/or mental injuries. **Sexual Abuse** includes: sexual molestation, sexual assault, sexual exploitation or sexual injury.

*Proposed language:*

The term **Sexual Abuse** as used hereunder shall mean any actual, attempted or alleged ~~criminal~~ sexual conduct ~~towards or to of a~~ **another person or persons** ~~by another person, or persons acting in concert, whether intentional, expected or unintentional,~~ which 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.

**Sexual Abuse** does NOT include **Sexual Harassment** as defined in the Coverage Form.

*Explanation:*

The changes to this section include (1) removing reference to the conduct being criminal in nature; (2) explaining that such sexual conduct need not be intentional; and (3) broadening the examples of what type of conduct constitutes “sexual abuse.”

The “sexual abuse” exclusion contained in the NPAIP Coverage Form’s liability coverage section is clear in that its intent is to eliminate coverage for bodily injuries arising out of any act of abuse of a sexual nature. The changes are meant to remove any potential argument that “sexual abuse” conduct must be either intentional or criminal in nature for the exclusion to apply.

5. Section VI. Liability Coverage, B. Liability Definitions, #10

*Current language:*

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, of a person by another person, or persons acting in concert, 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.

*Proposed language:*

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 of a~~ **another person or persons** ~~by another person, or persons acting in concert,~~ 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.

*Explanation:*

This change is consistent with the change to Exclusion #9 above.

6. Section VI. Liability Coverage, C. Liability Exclusions, #3

*Current language:*

Coverage does not apply to any claim made against any **Assured** flowing or originating out of the **Assured** gaining any profit or advantage to which they were not legally entitled.

*Proposed language:*

Coverage does not apply to any claim made against any **Assured** flowing or originating out of the **Assured** gaining any profit or advantage to which they were not legally entitled **including, but not limited to, any wrongful or erroneous collection of taxes, fees or other charges, by whatever name called.**

*Explanation:*

For reasons of public policy, there should not be coverage for the unlawful collection of taxes because such coverage would eliminate the incentive to enact lawful taxing measures. The reasoning behind such a public policy logically extends to fees and other charges by a **Named Assured** or other **Assureds**.

7. Section VI. Liability Coverage, C. Liability Exclusions, #4

*Current language:*

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 \$50,000 in the aggregate 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, this coverage will reimburse the **Assured** in accordance with such law.

*Proposed language:*

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 \$50,000 in the aggregate 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.

*Explanation:*

The first paragraph was broken into two paragraphs for clarity purposes and to make the paragraph easier to read.

The words "in a criminal proceeding" were added to the second sentence of this exception to the exclusion to emphasize that the Assured will be reimbursed by the POOL where the Named Assured is legally obligated to pay for an employee's defense in a criminal action.

#### 8. Section VI. Liability Coverage, C. Liability Exclusions, #13.

*Current language:*

Coverage does not apply to any claim based upon or arising out of:

- a. The issuance, modification or cancellation of debt instruments, the collection of taxes, or the collection of or payment of fees to or for any other entity, including hospitals, schools, commissions, joint commissions, boards, agencies, districts and authorities;

*Proposed language:*

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 or transfer 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;

*Explanation:*

Debt instruments by common meaning and trade usage include loans or transfers between internal funds and entities regardless of legality. NRS 354.6118 allows local governments to make loans between its internal funds, which are fiscal and accounting entities.

9. Section VI. Liability Coverage, C. Liability Exclusions, #15

*Current language:*

Coverage does not apply to any liability for damages other than money damages or to any costs, fees or expenses that the **Assured** may become obligated to pay as a result of an adverse judgment for injunctive or declaratory relief.

*Proposed language:*

Coverage does not apply to any damages ~~other than money damages or to any~~, **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.**

*Explanation:*

The intent of Exclusion #15 is that there is no coverage for any form of equitable relief. The current language of Exclusion #15 differentiates between damages and money damages to reflect this intent. However, such a differentiation is not necessary based on the plain meaning of damages.

Further, by reason of public policy, a political subdivision cannot be permitted to use public funds to purchase coverage against the court-ordered refund of taxes or fees collected unlawfully or erroneously. The addition of the second sentence makes this public policy an

inherent part of the Coverage Form. Restitution, refunds and reimbursements are considered forms of equitable relief excluded from coverage.

Lastly, the words “awards of interest,” “attorney’s fees”, “civil fines,” and “penalties” are all added to further explain types of payment of money which are not be covered.

#### 10. Section VI. Liability Coverage, C. Liability Exclusions, #16

*Current language:*

Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by any **Assured** arising out of any complaint or enforcement of action from any federal, state, or local government regulatory agency. However defense costs related to such actions are covered for an amount not to exceed \$50,000 per **Event**.

*Proposed language:*

Coverage does not apply to any damages, costs, civil fines, penalties or expenses incurred by an **Assured** arising out of any complaint or enforcement of action from any federal, state, or local government regulatory agency. However defense costs related to such actions ~~are covered~~ **will be reimbursed** for an amount not to exceed \$50,000 per **Event**.

*Explanation:*

Covered defense costs are paid on a reimbursement basis. This is consistent with the reimbursement exception to Exclusion #4.

#### 11. Section VI. Liability Coverage, C. Liability Exclusions, #19

*Current language:*

If this Coverage Form extends for one than one annual period . . .

*Proposed language:*

If this Coverage Form extends for ~~one~~ **more** than one annual period . . .

*Explanation:*

The current language contains a typographical error, which the proposed language corrects.

**NEVADA PUBLIC AGENCY INSURANCE POOL**  
**POLICY STATEMENT**

**SUBJECT:**            **BUILDING LEASE GUIDELINES**

**GOAL:**                NPAIP will lease its building as a source of revenue.

**STATEMENT:**        NPAIP will lease its building to suitable tenants at an appropriate market rate for comparable properties.

**STRATEGIES:**

- Track and monitor State of Nevada Leased Properties as one benchmark of comparable properties
- As necessary, utilize professional leasing firms to locate and negotiate for tenants

**ACTIVITIES:**

- Maintain satisfactory relationships with existing tenants in order to retain them
- Check State of Nevada Building and Grounds Web site for state lease tracking spreadsheets
- 
- Maintain premises in good order so that tenants remain satisfied and building remains sound
- 
- Assure adequate budget for expenses including structural upkeep and maintenance

Adopted 4/\_\_/2012

**POOL Executive Committee**

	Re-election Term	Entity	Chair and Vice Chair	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)
Mike Rebaleati	2011-2013	Eureka County	Chair				
Cash Minor	2011-2013	Elko County	Vice Chair		X		
Pat Whitten	2011-2013	Storey County		X			
Josh Foli	2011-2013	Lyon County			X		
Lisa Jones	2011-2013	Eureka Co. School District				X	
Dan Newell	2010-2012	City of Yerington		X			
Jeff Zander	2010-2012	Elko Co. School District				X	
Gerry Eick	2010-2012	Incline Village GID					X

**Eligible Towns/Special Districts:**

Gardnerville Ranchos GID	x
Incline Village GID	x
Sun Valley GID	x
Town of Pahrump	x
Town of Tonopah	x