

Board Members:
Darren Brugmann
Lynn Moody
Darlene Riley
Larry Stuckart
Karl Johanson
Madelyn Carlson

BOARD MEETING – Sit Down
Canfield Office, Woodinville, WA
October 26, 2012 at 10:00 a.m.

MINUTES

The Non Profit Insurance Program Board of Directors conducted its quarterly board meeting on Friday, October 26, 2012 at 10:03 a.m.

ITEM 1: INTRODUCTION & ROLL CALL

PRESENT WERE:

Board Members

Darren Brugmann, Senior Services of Snohomish Co.
Madelyn Carlson, People for People
Karl Johanson, Council on Aging & Human Services (via phone)
Lynn Moody, Hopelink
Darlene Riley, Paratransit Services
Larry Stuckart, Spokane Neighborhood Action Partners

Canfield Staff

Paul Harrison
Eric Homer
Ellen Kosa
Sarah McDonnell
Rich Moore
Brian Turnbull

Guests:

Bill Eby

Chairman Darren Brugmann welcomed former board member Bill Eby as a guest to the meeting and provided a speech to thank Eby for his time served and commitment to NPIP. Eric Homer also gave a short speech to thank Eby on behalf of Canfield staff. Eby was presented with a plaque of appreciation from the NPIP board.

ITEM 2: PUBLIC COMMENT

None.

ITEM 3: CHANGES TO THE AGENDA

None.

ITEM 4: COMMITTEE REPORTS

ITEM 4(A) – Fiscal Committee (Darlene, Lynn, Karl): The fiscal committee has reviewed the voucher and addressed questions with claims staff prior to the meeting. The committee recommended that Voucher #12/13-03, #12/13-04, and #12/13-05 be approved by the board as part of the consent agenda. Darlene Riley reported that the fiscal committee had reviewed the A/R Aging report and write-off report prior to the board meeting and would discuss them under item 4(iv).

(i) *Program Premium.* Brian Turnbull provided an update of total written program premium to the full board and noted additions to the membership.

(ii) *Balance Sheet and Income Statement from 5/31/12.* Darlene Riley reported to the board that she had received and reviewed the balance sheet and income statement for the year ending 5/31/12. She discussed that she has been working with staff on the completion and they have been finalized.

Darlene Riley reviewed the income statement with the board for the year ending 5/31/12. She discussed the year-end adjustments that had been made. Riley reported that she had worked with staff closely on the year-end financial statements. Riley has requested that staff report current expenditures per line item by percent expended so the board has a more accurate snapshot at the quarterly sit down meetings. Riley and Moody discussed the challenge of estimating expenses for several specific line items with a growing membership. Lynn Moody discussed how we measure the cost/benefit to the pool on each of the services provided to the membership. Riley requested a discussion in the future on how to limit costs but still provide these valuable services to the membership; Rich Moore noted that we would review the data we have to help the board set future goals.

Darren Brugmann and Madelyn Carlson discussed the marketing perspective for potential members and Brugmann said this would be an issue for the Broker Committee, as this committee will help determine what is working and/or not working for the current and potential members of the program.

There was further discussion on the 5/31/12 financials including: the return of the funds from the NPIP Association which was completed in August 2012 and on the claims performance related to the IBNR number booked. Staff reported that the annual report for the fiscal year end 5/31/12 was completed and submitted to the State Auditor's Office on October 25, 2012. The audit has been scheduled to start on January 2, 2013 and the report should be completed within 8 months of the fiscal year end, 4 months earlier than required by the WAC.

(iii) Balance Sheet & Income Statement from 8/31/12. Darlene Riley reported that she had reviewed the Balance Sheet from 8/31/12 prior to the meeting and noted that Risk Management fees were prepaid, per the boards' past discussions. Darlene Riley reported that she had reviewed Income Statement through 8/31/12 prior to the meeting and had worked with staff to verify the fees listed for Account Education, DTS, and PLP are correct. Riley discussed the presentation of the income statement and reminded the board that the statement is a snapshot in time and is not a reflection of the full year's expenses, many of which have not yet been incurred. Darren Brugmann requested that the details be of the financials be covered in the fiscal committee with a report to the full board quarterly, including any concerns or issues that may arise.

(iv) Write-off report. Darlene Riley reported that both the write-off report and the A/R look very clean. She noted that Canfield has really worked diligently to implement processes and procedures to clean up the A/R, write-offs, and membership agreements.

Riley reminded the full board on the July 2012 report that the fiscal committee had approved a write-off of \$2,758.28 for Allen Renaissance, former NPIP Member, as it is uncollectable.

(v) Investment Policy. Darlene Riley reported to the full board that NPIP has cash that should be invested but currently has only one CD generating a small return. Rich Moore emphasized that the focus of staff is on the safety of cash. He reviewed the timeline/process for how money is collected and paid to carriers from the pool and where he felt the investments could be inserted. Moore reviewed the draft/sample Investment Policy and noted that the board should adopt the policy so that staff can then follow the corresponding approved procedure.

(vi) PLP Usage. There was discussion on the past 3 years usage of the PLP program and expenses paid including the pros and cons of the program and ideas on how to track/trend data to arrive at a cost/benefit analysis.

ITEM 4(B) – Legislative Committee (Darren, Karl, Larry): Darren Brugmann provided a report on the October 4, 2012 WRAC committee meeting. He summarized that the WRAC group felt like the non profits couldn't do a reassessment if necessary and the other pool members felt our funding structure wasn't forthright, so the WRAC is not supportive of NPIP (and therefore the model of the other pools that Canfield administers). There was discussion

as to how the regulator ran the meeting and the need for competition for all pools to ensure members receive fair treatment. Brugmann noted that although it is apparent that Canfield has been working to improve the relationships with the state (DES and SAO), as previously instructed, he feels that it is vital that NPIP meet with DES to discuss what is acceptable in future WRAC meetings.

Brugmann also reported to the board that Jim Richards, of Waypoint Consulting, was in attendance at the WRAC meeting. Brugmann reported that after the meeting, Richards suggested NPIP look into pooling outside of 48.62. Brugmann reported that the legislative committee will look into this in more detail.

ITEM 4(C) – Executive Committee (Darren, Lynn, Darlene): Darren Brugmann reported that the executive committee, Canfield staff, lobbyists, and members from the other pools administered by Canfield, had met with Shannon Stuber and Lucy Isaki from the Department of Enterprise Services (DES) to discuss the list of their concerns including the change to the WAC, change in confidence level for NPIP, and other legislative changes. At the meeting it was agreed that the areas of concern would be discussed at the October 4 WRAC meeting.

Darlene Riley reported that the Executive Committee had also met with DES and discussed the internal controls, changes to Canfield staffing, membership agreement procedures, transfers back to the pool for the \$441,747 and the NPIP Re Inc in runoff mode. Riley reminded the board that the board member majority on the each board has not changed significantly and this was the key link between the pool, captive, and association.

Lastly, Brugmann requested that at a future meeting or retreat, we discuss member reinstatement.

ITEM 4(D) – Transportation Standards Committee (Madelyn, Karl): No report.

ITEM 4(E) – Nomination Committee (Darlene, Larry, Lynn): No report. Darlene Riley noted that they may not be able to make recommendations by March, as originally planned.

ITEM 4(F) – Broker Agent Group / Peer Committee (Darren): Darren Brugmann reported that at the last annual meeting the brokers had voiced some concerns. The Board is considering creation of a forum for broker input. Darren will approach some brokers to get participation from those that may have expressed concern in the past and will keep the board updated.

ITEM 5: CONSENT AGENDA

The Consent Agenda for October 26, 2012 consisted of the following:

- A. Voucher #12/13-05, \$393,520.88 Date 10/10/12
- B. Voucher #12/13-03, \$447,230.36, Date 8/8/12
- C. Voucher #12/13-04, \$263,856.49, Date 9/11/12
- D. Minutes 7/20/12
- E. Approval of New Members

Darlene Riley noted that the fiscal committee has reviewed the vouchers prior to the meeting and questions were addressed by claims staff. Motion to approve consent agenda by Darlene Riley, seconded by Lynn Moody and approved unanimously; motion carried.

ITEM 6: ACTION ITEMS

ITEM 6(A). Election of Board Officers. Darren Brugmann, Lynn Moody, and Darlene Riley all expressed their interest in serving again as the Chair, Vice-Chair, and Fiscal Officer, respectively. Larry Stuckart moved to re-elect

the Darren Brugmann as Chair, Lynn Moody as Vice-Chair, and Darlene Riley as Fiscal Officer. Madelyn Carlson seconded the motion and none were opposed; motion carried.

ITEM 6(B): Investment Policy. No action was taken; changes discussed will be made by staff and discussed in January.

ITEM 7: EXECUTIVE SESSION

None.

ITEM 8: BOARD/STAFF COMMUNICATION

ITEM 8(A): NPIP Annual Meeting. There was discussion on the topics and makeup for the Annual Member meeting. There was consensus to showcase more of what NPIP does and what direction NPIP will be headed in the future, including focus on the mission.

ITEM 8(B): 2013 Retreat. There was brief discussion on the retreat location for the 2013 board retreat for April 24-26, 2013 and it was decided the retreat would be held at the Davenport Hotel in Spokane, WA.

ITEM 8(C): Member Discussion. Paul Harrison from the Loss Control department reported on a member that needed loss control attention due to operational concerns and based on claims performance. There was discussion as to the procedures at the member that are areas of focus and on the plan for improvement. The Board of Directors requested assessment of the member by the January meeting.

ITEM 10: UPCOMING CONFERENCES/MEETINGS

The next fiscal committee conference call at 10:00 a.m. on November 16, 2012. The next all board sit down is January 18, 2012 at 10:00 a.m. at the Canfield office in Woodinville, WA.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 12:40pm.

Respectfully submitted,



Sarah McDonnell



Darren Brugmann, Chair