

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

BOARD MEETING – Sit Down  
Doubletree Seattle Airport, Seatac, WA  
April 25, 2011 at 2:00 p.m.

## MINUTES

The Non Profit Insurance Program Board of Directors conducted its April Sit Down on April 25, 2011 at 2:00 p.m.

### ITEM 1: INTRODUCTION & ROLL CALL

#### PRESENT WERE:

##### Board Members

Darren Brugmann, Senior Services of Snohomish Co.  
Madelyn Carlson, People for People  
Bill Eby, Neighborhood House  
Karl Johanson, Council on Aging & Human Services (joined at 3:02 pm)  
Lynn Moody, Hopelink  
Darlene Riley, Paratransit Services  
Larry Stuckart, Spokane Neighborhood Action Partners

##### Canfield Staff

Jim Cherf  
Eric Homer  
Rachel Hufman  
Sarah McDonnell  
Merry Palmer  
Phil Riche  
Brian Turnbull

#### ABSENT WERE:

None

##### Guests

Michael Doidge, Charles Wright Academy  
Kris Lawrence, Propel Insurance  
John Huth (joined at 3:29 pm)

### ITEM 2: PUBLIC COMMENT

No comments offered.

### ITEM 3: CHANGES TO THE AGENDA

The following changes were made to the Agenda:

- Add Item 6(A)(iii): Personal Services Agreement Intent Clarification

### ITEM 4: COMMITTEE REPORTS

None.

### ITEM 5: CONSENT AGENDA

None.

### ITEM 6: ACTION ITEMS

ITEM 6(A) – Annual Contract Review and Approval. (i) Personal Services Agreement (PSA): Brian Turnbull reminded the Board of Directors that the Personal Services Agreement is in place for Canfield to provide services to NPIP and Canfield does not have any changes to propose at this time. Darlene Riley moved to approve the Personal Services Agreement for one year, second Lynn Moody; motion carried. Darren Brugmann added that part of the PSA is the annual review of Canfield by the NPIP Executive Board which was completed and the response was received so it's on schedule. (ii) Memorandum of Understanding & Addendum (Annual Review): Brian Turnbull summarized the amendment approved by the board on April 12, 2011 and explained that although it was recently done informally, the original MOU calls for annual review. This was reviewed by the board and no action was required. (iii) Personal Services Agreement Intent Clarification: Jim Cherf discussed that although the PSA lists the responsibility of Canfield to handle claims runoff for NPIP, the CIAW executed a similar Intent Clarification to further clarify the responsibility of the claims runoff and to release the liability on the program's books. He recommended the Board review and accept for clarification to the State Auditor's Office. The Board had a brief discussion and Darlene Riley moved to approve the Personal Services Agreement Intent Clarification, second Bill Eby; motion passed.

ITEM 6(B) – 2011-2012 Renewal.

(i) 2011-2012 Renewal Approval. Jim Cherf clarified that the renewal in discussion is the 6-1-11 renewal, not the 9-1-11 renewal for independent schools. Eric Homer summarized negotiations with Munich Re noting that the NPIP member with significant losses is working to secure AL coverage outside of NPIP, so they were not included in the negotiations. Darren Brugmann and Eric Homer briefly discussed a meeting with the member. Eric Homer noted that NPIP met all requirements necessary to ask them to leave the pool and that, should they be unable to find AL coverage elsewhere, the member could chose to petition to the board. There was discussion amongst attendees regarding their losses and what may happen if they petitioned to remain in the pool. Eric Homer confirmed that their losses would be included in NPIP's losses, regardless of deductible.

Brian Turnbull gave an overview of the coverage changes and enhancements and noted that the enhancements and added coverages were a result of broker, member, and board requests throughout the year. Turnbull noted that the pool has given Canfield authority to bind business via PSA and Underwriting Guidelines, which is listed in the renewal report annually, but the bylaws specifically say that all new members would be approved by the board. Going forward, new members will be approved formally at the quarterly sit down meeting. He noted that by approving the membership list that is part of this renewal report, all members listed will be approved by the board.

There was discussion on why brokers cannot issue certificates directly since they issue many lines, it would be cleaner if the broker could do one certificate. Lynn Moody noted that when an endorsement is added to the certificate, it is extending coverage for something that may be excluded and as a result, it's more controlled to have NPIP issue them. Kris Lawrence discussed that the certificate is confirmation of coverage to the holder and if a broker were to issue something in error, it would be covered by the broker's E&O coverage. Darlene Riley requested staff look into it and report back to the board on whether it's possible to allow brokers to issue certificates.

Darren Brugmann requested we review the membership criteria annually, with the first review to be at the 2012 retreat. There was discussion on defensive driving and it was decided to add as a discussion item for the next sit down meeting.

Brian Turnbull noted that the renewal report covered the policy renewal and expiration date, excess marketing efforts, coverage changes, coverage options, excess and surplus lines taxes, authority to bind excess coverage, the Brown & Brown disclosure statement, Exposure Analysis Checklist, and the Personal Services Agreement. By approving the renewal report, the board is approving Excess coverage to be renewed with Munich Re & HSB, Terrorism option, Trustees E&O coverage, and the membership list included.

Motion to approve the 2011-2012 renewal, as presented, with Munich Re (American Alternative Insurance Company & Princeton Excess & Surplus Lines Insurance Company) and Hartford Steam Boiler to include enhancements indicated above was made by Larry Stuckart, second Lynn Moody; motion carried.

Kris Lawrence noted that the membership list in the packet includes independent schools and attendees clarified that the board is approving them as members, but the renewal options do not include them.

(ii) Proposed Budget. Brian Turnbull reported that the exposures included in the renewal included the independent schools exposures from 9/1/11-6/1/12. There was discussion on how the budget would be affected if the member discussed earlier were to be accepted by the board to remain in the program. The board discussed three budget options for renewal. All board members agreed on the same option and Darlene Riley moved to approve Option #1, take funds from reserves and increase rates by 1.5%, second by Karl Johanson; motion carried.

**ITEM 7: BOARD/STAFF COMMUNICATION**

Darren Brugmann reported that he will be attending the legislative portion of the CIAW retreat, as the lobbyists will be in attendance. He will provide a report at the next meeting.

**ITEM 8: UPCOMING CONFERENCES/MEETINGS:**

The next meeting is a fiscal committee conference all on May 20, 2011 at 10:00 a.m.

**MEETING ADJOURNED**

There being no further business, the meeting was adjourned at 3:39 p.m.

Respectfully submitted,



Sarah McDonnell



Darren R. Brugmann, Chairman