

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

BOARD MEETING – Sit Down  
Canfield Office, Woodinville, WA  
August 19, 2011 at 10:00 a.m.

# MINUTES

The Non Profit Insurance Program Board of Directors conducted its July all board meeting on Friday, August 19, 2011 at 10:01 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  
Lynn Moody, Hopelink  
Darlene Riley, Paratransit Services  
Larry Stuckart, Spokane Neighborhood Action Partners

#### Canfield Staff

John Crawford  
Becky Holt  
Eric Homer  
Sarah McDonnell  
Rich Moore  
Brian Turnbull  
Chris Youngberg (joined at 11:50)

### ABSENT WAS:

Bill Eby, Neighborhood House (excused)

## ITEM 2: PUBLIC COMMENT

None.

## ITEM 3: CHANGES TO THE AGENDA

None.

## ITEM 4: COMMITTEE REPORTS

ITEM 4(A) – Fiscal Committee: The fiscal committee recommended that Voucher #11/12-03 be approved by the board. Darlene Riley notified that Board that the financials are being restructured currently and Canfield would have them to the fiscal committee within one month; the fiscal committee will review and they will be on the consent agenda for the next quarterly meeting. Rich Moore reported changes in Canfield's accounting department to the board. Moore gave a brief report on the audit findings for the other pools administered by Canfield and notified the board that SAO requested to start the next audit in November or December 2011. Eric Homer also notified the board of a mistake that was caught in reconciliation on another pool that would be reported by the SAO audit. Homer reported that since the pools share the same TPA, the finding will show in each of the public entity pools' audits.

There was discussion as to why the controls suggested for NPIP are more than those generally suggested for a school district and Rich Moore reminded everyone that SAO has communicated that the TPA's are treated differently than employees of a pool would be, since a TPA administers the pool instead of working directly for the pool.

Staff is developing additional reporting documentation that will be provided to the fiscal committee for monthly review. This documentation will provide the board more oversight in accounting functions. Darlene Riley assured the board that any issues in these or the monthly A/R aging report will be discussed with the board at the quarterly meetings.

Darlene Riley reported that the A/R Aging report was reviewed by the fiscal committee and they were pleased with the progress made on cleaning it up. Riley requested that Canfield implement a payment procedure/policy to address nonpayment on premium from renewal, endorsements, etc. since the membership agreement doesn't address lack of payment directly. Brian Turnbull noted that staff would work to develop a procedure to comply with the membership agreement. Lynn Moody suggested that when the fee schedule prepared, the payment policy is made part of the schedule.

ITEM 4(B) – Legislative Committee: Darren Brugmann provided a summary to the board regarding the meeting he attended with Marty Brown from OFM. The meeting included Majken Ryherd and Jim Richards (NPIP's lobbyists), Marcia Fromhold (lobbyist for the public entity pools), Bill Stauffacher (independent agents' lobbyist), Staff from Canfield, representatives from OFM, SAO and OIC, and lobbyists from the competing pools. There was discussion regarding solvency, self-insured pools, and actuarial work. Marcia Fromhold requested that OFM prepare a briefing outlining the problem with the pools – requesting Brown/OFM to define the problem. Bill Stauffacher requested from OFM that there be more transparency in the excess placement for the pools. OIC offered to help OFM develop processes and procedures for regulation; OIC made it clear that before a Cease & Desist can be issued on any entity under their regulation, a process must be followed by OIC before issuance. Brugmann reported that the next step is to meet again in approx. 2 months to discuss procedures and differing pool structures.

There was discussion on how the current findings will affect the upcoming audits and discussion. Staff reminded the board the SAO and OFM both refer to the Attorney General's office for input and direction, so the stance from OFM is expected to be the same as SAO. The Board requested Canfield contact John Nelson to discuss NPIP's next steps. Board composition was discussed. Board members talked about the benefits of having a private audit and the Board requested that Canfield obtain quotes from private accounting firms to perform NPIP's financial audit and present them to the fiscal committee to then recommend a firm to the board at the next board meeting.

The Board requested that Canfield continue to work with NPIP's CPA and push to get the taxes filed as soon as possible.

ITEM 4(C) – Executive Committee: None.

#### **ITEM 5: CONSENT AGENDA**

The following items were removed from the Consent Agenda for August 19, 2011 and placed under Item 6 Action Items:

- B. Balance Sheet
- C. Income Statement
- E. Approval of New Members (as on membership list)

The modified Consent Agenda for August 19, 2011 consisted of the following:

- A. Voucher #11/12-03, \$464,953.20
- D. Minutes 7/8/11

The Consent Agenda was approved as modified. Motion by Karl Johanson, second Darlene Riley; motion carried.

## **ITEM 6: ACTION ITEMS**

ITEM 6(A): Balance Sheet: Darlene Riley motioned to table at the next sit down board meeting, Karl Johanson seconded; motion carried.

ITEM 6(B): Income Statement: Darlene Riley motioned to table at the next sit down board meeting, Karl Johanson seconded; motion carried.

ITEM 6(C): Approval of New Members (as listed on membership list): Darlene Riley requested that the total program annualized premium be added to the membership report and the new members (since last approval) be indicated with bold or highlights. Motion to approve new members on membership list presented by Darlene Riley, second by Madelyn Carlson; motion carried.

ITEM 6(D): Agrip Representative of the Pool: Staff presented the Resolution required by Agrip to be submitted as part of the application process, which requests the pool to designate a representative for contact and voting purposes. The board discussed the Agrip application and the affiliate membership applied for and all board members concluded they would like Canfield to rescind their application for now. No action was taken.

## **ITEM 7: BOARD/STAFF COMMUNICATION**

ITEM 7(A): Brokers issuing certificates: Becky Holt reminded the board that the pool's policy is not the standard insurance policy like those of first dollar products, but rather a group policy with group limits and insureds. She reported that the certificate form used presently is a manuscripted form and not a standard Acord certificate form. Holt reported that if brokers were to issue them, a producer agreement would need to be in place for each broker granting them authority to do so. Turnbull reminded the board that when certificates remain within Canfield's control, it protects NPIP from additional exposure. He also noted that the excess carrier, Munich, prefers to see this under the underwriting control of Canfield. Darlene Riley discussed the confusion created when a broker cannot place all coverages on one certificate form and staff discussed Acord forms and the authority a broker has to generate one Acord form to serve as evidence of insurance. The board confirmed with staff that no changes are necessary regarding certificates.

ITEM 7(B): Defensive Driving: There was discussion on the defensive driving section of the underwriting guidelines. The board created a committee of Karl, Madelyn, Darren, and a possibly a safety officer from Hopelink to work with staff on the loss control for defensive driving which will then be discussed with the underwriting department.

OTHER/MISCELLANEOUS: Darren Brugmann discussed the Washington Non Profit Association launching in October. He suggested that a representative from NPIP become involved with them and possibly serve on their Board of Directors. Chris Youngberg discussed a meeting with their executive director and noted that they are looking for sponsorship for their association and upcoming events.

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

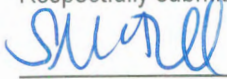
The next all Board Sit Down is October 21, 2011 at 10:00 a.m. at the Canfield office in Woodinville, WA.

## **MEETING ADJOURNED**

There being no further business, the meeting was adjourned at 12:05 p.m.

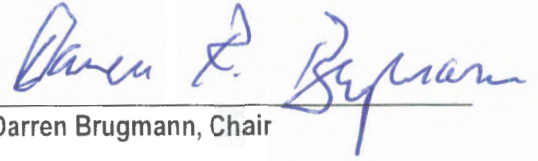


Respectfully submitted,



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Sarah McDonnell



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Darren Brugmann, Chair