

FINAL Meeting Minutes
LARM Board of Directors
June 8, 2018

The League Association of Risk Management (LARM) Board of Directors meeting was held June 8, 2018 at 10:00 a.m. CT via phone conference.

For the roll call, the following members were present by phone: Lane Danielzuk, Gering City Administration Bldg., 1025 P St., Gering NE; Dave Hunter, Auburn Board of Public Works office, 1600 O St., Auburn NE; Beth Bonderson, Village of Hoskins office, 101 S Main St., Hoskins NE; Gerald Solko, St. Paul Utilities Superintendents office, 704 6th St., St. Paul NE; Kim Neiman, Village of Pilger office, 220 N Main St., Pilger, NE and Shannon Stuchlik, City of Pierce office, 106 S 1st St., Pierce NE.

Member present at 1919 S. 40th, Ste 212, Lincoln NE: Michael Werner at 10:13 a.m.

Staff members present at 1919 S 40th, Ste 212, Lincoln NE: Mike Nolan, Diane Becker and Elizabeth Becker.

Staff members present by phone: Fred Wiebelhaus, Tracy Juracek, Paige Buffington, and Dave Bos

Guest present at 1919 S 40th St, Ste 212, Lincoln NE: David Domina

Guests present by phone: LONM Executive Director, ex-officio, non-voting LARM Board Member Lynn Rex, Mark Nestor, Chris Cadwell, Mark Weaver, Olivia Rogers, Tina Engelbart

Notice of the meeting was emailed to LARM members June 4, 2018, posted on the LARM website and the LARM Facebook page on June 5, 2018. The agenda was emailed to the Board and members on June 5, 2018.

LARM Board Chair Gerald Solko called the meeting to order at 10:00 a.m. (Rex advised that there was a quorum present for a nine-member board) and announced that LARM is subject to the Open Meetings Act and that a memo stating this was written on the board in the room in St. Paul. Solko called everyone to say the Pledge of Allegiance. After the pledge, the Board of Directors roll was taken (listed above).

Solko announced that agenda item A-5 Nebraska Revised Statutes - § 84-1412 (2) states, "It shall not be a violation of subsection (1) of this section for any public body to make and enforce reasonable rules and regulations regarding the conduct of persons attending, speaking at, videotaping, televising, photographing, broadcasting, or recording its meetings. A body may not be required to allow citizens to speak at each meeting, but it may not forbid public participation at all meetings." He there would be a 15-minute public comment period at the start of the Board meeting for member comments on agenda items.

Rex apologized for sending out an email at such late notice to LARM membership earlier today that concerning suggested changes be made to the minutes from the April 10, 2018 meeting. She read through those suggested changes.

Nolan suggested that Solko refer those proposed changes to a committee that would review the draft of the minutes for any needed changes. Solko agreed. Neiman made the motion that Solko delegate a committee to review the draft minutes. Bonderson seconded the motion. Motion made by Danielzuk. Hunter seconded the move. Roll call: Ayes: Bonderson, Danielzuk, Hunter, Neiman, Solko, Stuchlik, and Werner. Nays: none. Absent: Knight, Ward. Motion carried.

Solko asked for a motion to approve the consent agenda. Danielzuk made the motion and Stuchlik seconded it. Roll call: Roll call: Ayes: Bonderson, Danielzuk, Hunter, Neiman, Solko, Stuchlik, and Werner. Nays: none. Absent: Knight, Ward. Motion carried.

Solko asked Nolan to explain the next agenda item: Consideration of Board approval of LARM Staff and contractors' recommendation that property and liability rates remain as they are for the next coverage interval. (This will maintain current wind and hail coverages but will reduce the aggregate flooding coverage from \$50 million to \$10 million. JLT, ICRMS and LARM staff will seek alternative carriers between now and the next Board meeting.)

Nolan said the recommendation of Chris Cadwell of York Risk Services was to go to \$25 million for aggregate flooding coverage. Rogers of JLT Re Inc. explained that the re-insurance companies Travelers and Access are willing to write that on that first dollar horizontal layer that they have \$2.5 million for the transmission distribution system and \$1 million for ground up coverage for the lines and conductors. Rogers said there are up to nine members who currently need this coverage. This is reduced coverage as the expiring sub-limit was five million for the system and two million for the lines and conductors but that is all that is necessary. Nestor of ICRMS said that Lexington, the previous carrier, has suffered losses from Hurricane Harvey so was not offering reinsurance at this time. He said the total limits of liability on the property side would be at \$150 million and the sub-limits were still being discussed. Nolan reminded board members that LARM members who are in the flood plain had to buy special flood coverage.

Rex wondered why the coverage was being reduced from \$50 million to \$25 million. Rogers explained that JLT looked at LARM's exposure and modelled it through "catastrophe modeling"- the average annual loss that LARM has in the aggregate, for the whole pool round of loss. The average annual loss was \$1.5 million which is quite low. The standard deviation around that is about \$3 million so the annual aggregate round of loss would be between \$1.5 and \$5 million so they would recommend about \$1.4 million in premium. After that, Rogers said the upper limits were much lower based on Nebraska's geographic diversity and risk aggregation on their actual exposure. She said from the technical perspective, they would never expect a loss to be that high and that LARM actually does not need any more than \$10 million of limit.

Nolan asked Rex if she recommended any carriers to the LARM Board. Rex said she had not contacted any carriers or but wondered where there was such a really huge drop to go from 50 to 10 and she appreciated that it got raised up to \$25 million. She said she appreciated the efforts to

raise that and appreciated that Nolan and Olivia explained why and that LARM will be going out and searching the markets to see how much better rates they can get.

Nolan asked Rex if she was aware of any time when she was on the NLC Mutual board that they provided these specialized coverages for either flooding or the overhead tower and Rex said she was not. Nolan emphasized that Rogers is very familiar with what the NLC Mutual program consists of and LARM has done its due diligence in searching markets.

Upon Solko's request, Rogers said that the motion would be to secure the currently loaded limits and coverages for the property and boiler with the active price currently on the table or improve and additional capacity as made available to be reviewed at the next meeting for any additional flood or transmission distribution coverages available. Nestor added - with a premium of \$1.309 million for the property and boiler machinery coverage.

Motion made by Danielzuk and Hunter seconded the motion to secure the currently forwarded for property and boiler at lower level or to increased level with a premium of \$1.309 million for the property and boiler machinery coverage.

Roll call: Ayes: Bonderson, Danielzuk, Hunter, Neiman, Solko, Stuchlik, and Werner. Nays: none. Absent: Knight, Ward. Motion carried.

Solko asked for consideration of Board approval of Midwest Employer's Insurance cost increase of 3.5% for LARM's worker's compensation reinsurance which was attributable to a recent loss that exceeded the \$750,000 retention. Staff recommended board approval of the increase and Solko recommended that the board should assign to the coverage committee responsibility for calculating what combination of member's deductible and special rate could be considered to avoid the allocation of the entire loss impact to members at large. Additionally, LARM members should also be reminded that the "Annual Member Payroll Audit" can resolve in additional cost to them that would incur later in the fiscal year.

Motion made by Neiman. Bonderson seconded the move to approve the cost increase to 3.5%. Roll call: Ayes: Bonderson, Danielzuk, Hunter, Neiman, Solko, Stuchlik, and Werner. Nays: none. Absent: Knight, Ward. Motion carried.

Solko asked for consideration of FY 2018-2019 LARM Budget (The final version of this document will be included under current business at the next regular Board meeting at the end of June.)

Rex asked where is the savings from when LARM moved out of the League building. Nolan asked that Weaver look into it.

Motion made by Danielzuk. Neiman seconded the move. Roll call: Ayes: Bonderson, Danielzuk, Hunter, Neiman, Solko, Stuchlik, and Werner. Nays: none. Absent: Knight, Ward. Motion carried.

Bonderson motioned to adjourn the meeting and Neiman seconded the motion. Motion made by Danielzuk. Hunter seconded the move. Roll call: Ayes: Bonderson, Danielzuk, Hunter, Neiman, Solko, Stuchlik, and Werner. Nays: none. Absent: Knight, Ward. Motion carried.

The meeting was adjourned at 11:01 a.m.

Approved on: June 26, 2018

ATTEST:

Elizabeth Becker

FENNA