

**North Bay Schools Insurance Authority
Board of Directors Meeting
April 24, 2019**

MINUTES

CALL TO ORDER The meeting was called to order at 12:00 p.m. by President Welch.

ATTENDANCE Those in attendance
Matt Best, Davis-Joint Unified School District
Michelle Henson, Fairfield-Suisun Unified School District
Chris Hulett, Vacaville Unified School District
Victoria Lamica, Solano Community College
Dana Page, Napa Valley Unified School District
Tim Rahill, Benicia Unified School District (arrived at 12:01 pm)
Josh Schultz, Napa County Office of Education (arrived at 12:03 pm)
Adrian Vargas, Vallejo City Unified School District
Tommy Welch, Solano County Office of Education

Staff and Guests
Gigi Patrick, Vallejo City Unified School District (arrived at 12:08 pm)
Janet Selby, NBSIA
Suzanne Dillman, NBSIA
Kami Liñan, NBSIA
Colleen Abney, NBSIA
Barbara Lubben, NBSIA
Shelby Van Orsow, NBSIA
Mike Harrington, Bickmore Actuarial (left at 12:41 pm)

Absent
Sonia Lasyone, Travis Unified School District
Dixon Unified School District

APPROVAL OF AGENDA
Motion was made by Best, seconded by Vargas, and carried unanimously to approve as presented. (*Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.*)

PUBLIC COMMENTS
None.

REPORTS TO BOARD
2019 Actuarial Reports
Mike Harrington, President and Principal of Bickmore Actuarial, reviewed the 2019 Actuarial Reports. Mr. Harrington reported that the NBSIA and Vallejo City USD workers' compensation programs are well-funded and in good financial shape. The VCUSD program will see a slight rate increase this year, due to higher than expected losses.

The property/liability program continues to sustain higher losses in the last few years than at any point in the program's history, resulting in erosion of funding, higher rates and increases in loss estimates for prior years. Mr. Harrington reported this trend is consistent with other public pools, related to increases in settlements and natural disasters, and is likely the "new normal."

MEMBER REPORTS AND COLLABORATION
None.

BOARD BRIEFING

Selby highlighted the article on sexual abuse and molestation (SAM) claims, and the fact that insurance carriers are now asking more questions about what pool members are doing to prevent and mitigate these claims. Carriers are hinting that there may be coverage limits and/or exclusions for these claims in the future.

ACTION ITEMS

Approval of Consent Calendar

Motion was made by Schultz, seconded by Best, and carried unanimously to approve the Consent Calendar. Consent items included: minutes of the February 1, 2019 regular Board Meeting; minutes of the January 31, 2019 Strategic Planning session; 2019 Actuarial Studies, and the Dental Actuarial Report dated February 14, 2019. *(Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.)*

Workers' Compensation Program

Preliminary 2019/20 Rates - NBSIA

The overall actuarial loss estimate increased, due to higher projected payroll and greater than expected loss development in the most recent years. Since 2011/12, the Board has elected to cap the base rate using program equity as backing. The current cap is \$1.80, and 2018/19 is the final year of this approved rate. Adverse development in the past few years gives reason for caution about a long-term cap. However, the introduction of NBSIA's captive will impact future loss funding estimates. For the coming year, there is sufficient equity to continue backing a rate cap. This allows time to gain experience with captive returns and set a longer-term strategy.

Following discussion about the continuation of the cap, motion was made by Rahill, seconded by Best, and carried unanimously to approve the preliminary NBSIA workers' compensation rates as presented. *(Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.)*

Preliminary 2019/20 Rates – VCUSD

The overall actuarial loss estimate for 2019/20 decreased due to estimated reduction in payroll. There is a slight increase to the funding rate, based on greater than expected loss development over the past several years. The pure, discounted loss rate of \$3.14 at the 85% confidence level is up from \$3.04 last year. This rate is modified by NBSIA to include the addition of administrative costs.

Motion was made by Schultz, seconded by Vargas, and carried unanimously to approve the preliminary VCUSD workers' compensation rates as presented. *(Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.)*

Property/Liability Program

Memorandum of Property Coverage

NBSIA has drafted a Memorandum of Property Coverage, in conjunction with legal counsel, in order to document the terms and conditions of NBSIA's pooled property coverage. The MOPC does not change any of the current coverage terms and conditions. It includes a coverage summary declaring the

pooled per-claim coverage limit and deductible, and referencing the excess policy followed; conditions for notice of new losses and provision of loss information; NBSIA obligations for adjusting and paying covered losses; and dispute resolution procedures.

Motion was made by Best, seconded by Schultz, and carried unanimously to approve the Memorandum of Property Coverage as presented. *(Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.)*

Dental/Vision Programs

Proposed 2019/20 Vision Rates

NBSIA provides pooled vision benefits through its membership in Schools Insurance Authority. Claims are administered by Vision Service Plan (VSP). Coverage renews annually, and rates are adjusted to reflect enrollment exposure and other factors. Selby reported that overall, premium is flat. Enrollment and utilization will affect individual member contributions.

Motion was made by Welch, seconded by Best, and carried unanimously to approve the Proposed 2019/20 Vision Rates as presented. *(Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.)*

Finance/Operations

NBSIA Compensation Study

NBSIA performs a compensation study periodically, to determine if current salary ranges meet the Board-approved compensation philosophy. The last study was done in 2014. Several peer agencies (public entity risk pools) were surveyed to compare salaries and benefits for same/similar positions, including those with whom we would compete most often for staff.

Based on the study, most staff positions require little or no adjustment. Three positions were found to be significantly out of alignment with our peers and warrant larger adjustments. The budgetary impact is limited since the proposal is to adjust the salary range, not position on the scale.

Following discussion on the various proposed changes and how often these studies are done, motion was made by Best, seconded by Schultz, and carried unanimously to accept and file the NBSIA Labor Market Salary Survey and direct staff to incorporate study findings into the 2019/20 budget. *(Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.)*

NBIG Captive Member Representative

NBSIA is the sole member of the NBIG captive. Captive rules require an annual member meeting, with at least one representative from the member present. President Welch recommended that the NBSIA Board appoint the Executive Director as its representative. Selby agreed and stated that she will keep the NBSIA Board apprised of all captive issues that arise.

After some discussion, motion was made by Best, seconded by Rahill, and carried unanimously to designate the NBSIA Executive Director as the member representative to the NBIG captive. *(Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.)*

NBIG Captive Board Member

NBSIA Board Resolution 18-01 outlines the composition of the NBIG Captive Board of Directors, stating in pertinent part that the final unnamed director is to be elected in accordance with the captive bylaws. Selby recommended that the Board nominate the NBSIA Finance Manager to the captive board, since most of the captive matters will be financial in nature.

Motion was made by Best, seconded by Schultz, and carried unanimously to appoint the NBSIA Finance Manager to the NBIG Captive Board. (Ayes: Best, Henson, Hulett, Lamica, Page, Rahill, Schultz, Vargas, Welch; Noes: none; Abstained: none.)

NON-ACTION DISCUSSION ITEMS

2019/20 Property/Liability Rate Update

Selby provided a brief update on rates. Liability rates are almost final, with an estimated increase of around 27-29%. Property rates are still undetermined. Members were advised to budget for a 100% increase, to be conservative. Final rates are expected by mid-May.

2019/20 Dental Rate Update

Selby reported that rates are almost final and are expected to increase approximately 1%. Final rates are expected by mid-May.

EAP Renewal Rate

NBSIA has secured the current EAP rate for an additional year, and staff continue to work on securing a longer-term rate.

SAM Toolkit

Selby reported that NBSIA has partnered with RESIG and SIA to create CCAP, the Collaboration for Child Abuse Prevention. The group is developing a SAM Prevention Toolkit, with a variety of resources to prevent and manage SAM claims. Selby shared an outline of resources currently in development.

Strategic Plan 2019-2021

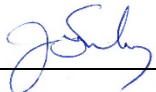
Selby reviewed the first draft of the new Strategic Plan developed from the planning session in January 2019. The plan has four main goals to be completed by June 2021. Feedback was welcomed. The plan will be brought back to the Board in June for final approval.

Program Manager Reports

Member Services Manager Suzanne Dillman asked for and received feedback on the best way to communicate the Firestorm Grant Program to members.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:37 p.m.

Respectfully submitted by:  (signature on file) Date: 4/24/19

Approved by Board of Directors: 6/12/19