

LOCAL GOVERNMENT PROPERTY INSURANCE FUND
Advisory Committee Meeting
Thursday, October 6th, 2011
9:30 a.m. – 1:30 p.m.
Office of the Commissioner of Insurance
GEF 3
125 South Webster, Room 227
Madison, WI

Minutes

PRESENT:

Connie Goss	Chair/Risk Manager	Chippewa County
Paul Greeninger	Purchasing Agent	City of Oshkosh
Julee Helt	Village Clerk	Village of Waunakee
Chris Luttrell	Risk Mgt Coordinator	Milwaukee Metropolitan Sewerage District
Christy Mertes	City Administrator/Treasurer	City of Cedarburg
Chris Murphy	Business Manager	Verona Area School District
Laura Stauffer	Risk Manager	Waukesha County
Eric Veum	Risk Manager	City of Madison
Dan Lowndes	Risk Manager	Dane County

VIA TELECONFERENCE:

Brenda Ayers	Clerk/Treasurer	Town of Burke
Dennis Dietscher	Acting Director/Risk Management	Milwaukee County
Diane Kropiwka	Administrative Asst.	City of Mauston
Barbara Frank	Clerk	Jefferson County

GUESTS:

Louie Cornelius	Administrator	Funds and Program Management, OCI
Danielle Rogacki	Program Manager	Local Government Property Ins. Fund, OCI
Debbie Claeys	CEO	The ASU Group
Brynn Hansen	Office Manager	The ASU Group
Fiona Wilby	Administrative Asst.	The ASU Group
Alan Wiltgen	Senior Analyst	The ASU Group
Amy Hawley	Account Manger	The ASU Group
Jenny Edge	Policy Services	The ASU Group
Gary Strohm	Partner	Strohm Ballweg
Cheryll Bossingham	Manager	Strohm Ballweg
Stan Miller	VP Risk Solutions	Willis
Dave Armstrong	Service Center Manager	Crawford & Company
Bill Ellingson	Subrogation Adjuster	Crawford & Company
Halona Lippert	Claims Adjuster	Crawford & Company
Cindy VanPelt	Safety& Risk Mngmt	Racine Unified School District
Dennis Tweedale	CEO	LWMMI

ABSENT:

Keith Brightman	Asst Superintendent F/O	School District of Elmbrook
Louise Fischer	Finance Director	Merrill Area Public Schools
Doug Saubert	Vice Chair/Finance Director	City of Whitewater
John Steinbrink	President	Village of Pleasant Prairie
Tom Wohlleber	Asst. Superintendent	Middleton-Cross Plains Schools
Gary Hansen	Superintendent	Rosendale-Brandon School District
Janice DeMeuse	Business Manager	Luxemburg-Casco School District

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I. CALL TO ORDER

Chair Connie Goss called the meeting to order at 9:35 a.m.

II. WELCOME AND INTRODUCTIONS

Connie Goss asked everyone to introduce themselves, and made a special note to welcome Cindy Von Pelt who has volunteered to take Deb Olson's vacant seat.

Laura Stauffer made a motion to appoint Cindy Von Pelt and Dennis Dietscher to the Advisory Committee, Eric Veum seconded. The motion was passed unanimously.

Connie Goss proposed changing the sub-committees to have an uneven number of participants, which will assist the subcommittees in reaching quorum easier. The By-Laws committee is being asked to review the demographics of the Advisory Committee, and to address possibility altering the terms of appointment to be more compatible with the meeting schedules. Dan Lownes has agreed to chair the By-Law committee.

A motion was made by Chris Murphy to accept the changes to the sub-committees, seconded by Christy Mertes. The motion was passed unanimously.

Connie Goss advised the committee that all 6 individuals whose terms are ending on December 31st, 2011, have agree to serve another term

A motion was made by Laura Stauffer to re-appoint Barbara Frank, Connie Goss, Paul Greeninger, Chris Murphy, Tom Wohlleber and Dan Lowndes. Paul Greeninger seconded. The motion was passed unanimously.

III. REVIEW AND APPROVAL OF AGENDA ITEMS

The agenda was accepted as presented. The Chair requested feedback from the committee on having the meeting materials provided to the members in electronic format in the future. Brynn Hansen proposed the use of You-Send-It as a vehicle through which the information could be distributed, with a hard copy being provided upon request. The committee was open to this change.

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IV. REVIEW AND APPROVAL OF PAST MINUTES

The minutes for the April 6th, 2011 Advisory Committee meeting were reviewed.

A motion to approve the minutes from the Advisory Committee meeting held April 6th, 2011 was made by Diane Kropiwka, seconded by Julee Helt. Dan Lownes abstained. By majority vote the motion was passed.

V. MANAGER'S REPORT

Danielle Rogacki gave a brief overview of the 2011 storm losses. She advised the committee that the final re-imburement request was sent to RSUI for the July 20-22, 2010 loss. In looking to the 2012-2013 excess coverage renewal the Fund is facing some challenges in regards to it's retention levels in relation to Administrative code §6.72. The Fund may look to non US - domiciled carriers for coverage. Connie Goss commented for the record that the issue with the retention, or reserve, level is an example of how a decision with the short term in mind, can lead to long term problems.

The Fund currently has 16 million dollars in securities, and 21 million in the state investment fund. Danielle continues to review the portfolio on a quarterly basis. No money was moved during the third quarter of 2011. The June 30th, 2011 Annual Statement was filed with OCI.

The appraisal RFP was awarded, however a protest was filed. Danielle has answered the protest and anticipates that an announcement will be made soon. American Appraisal has extended their contract through December 31st, 2011.

A motion to approve the Manager's Report was made by Dan Lowndes, seconded by Paul Greeninger. The motion was passed unanimously.

VI. FINANCIAL REPORT

Gary Strohm gave the committee a brief overview of his firm, advised that they made some changes to the compilation report letter, and pointed out some changes they made to the reports themselves. Gary advised that there was an underwriting loss of 12 million dollars. Strohm and OCI will review the prior minutes regarding the Premium to Surplus ratio and report back to the committee regarding the ratio and how it compares to the threshold set previously. Danielle interjected that LAB has temporarily suspended work on the Fund's audit, and will be returning in January 2012.

A motion was made to approve the financial report by Christy Mertes, seconded by Chris Murphy. The motion was passed unanimously.

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VII. ADMINISTRATOR'S REPORT

A. Claims

Bill Ellingson reported there were 6 CAT events, with a 13% increase in claim count as a result. Schools incurred the majority of the losses, with the largest loss being the Nicolet High School claim at 12 million.

As a result of the claims discussion, the issue of the proposed limitation to surface water coverage was discussed. Danielle Rogacki explained to the committee that due to the fact that the Fund policy has no anti-concurrent causation language, if any amount of surface water mixes with flood water, coverage is triggered. After examining the claims data, the current definition of flood, and coverage afforded by the re-insurers this limit in coverage is being proposed. Connie Goss questioned if the Fund is the correct mechanism through which these types of losses should be covered, or is FEMA, and or the NFIP, a more appropriate means.

Eric Veum advised the committee that the Policy & Underwriting Subcommittee did not vote on the surface water coverage change, and that they were looking to the Advisory Committee for guidance. Julee Helt advised the committee that she was unwilling to vote to reduce coverage as she felt this was a breach of her fiduciary duty to her municipality. Danielle advised she was comfortable with OCI making the decision on this change.

B. Policy Services

Brynn Hansen reported that policy count is up slightly due to the increase in Builder's Risk policies. If the Builder's Risk policies are not taken into consideration, then the policy count show a slight decrease. This is mainly due to entities placing coverage with carriers that offer both liability and property coverage under one policy.

ASU will be resurrecting the LGPIF newsletter, and will be sending out educational materials and bulletins in response to the Loss Control and Claims Subcommittees recommendations. These materials will all be distributed electronically. Both the Claims and Policy Services surveys will be reviewed, updated and customized. Currently both surveys ask the same questions for both Claims and Policy Services.

Chris Luttrell asked if the survey results are linked to a performance measure. Danielle responded that currently they are not, but that it is her intention to implement such a measure. Chris shared with the committee how he links his survey results to performance. Dennis Dietscher commented on his concerns regarding how coverage decisions are made, the timeliness of the decisions, and the transparency of the process. The committee discussed the issues and agreed to charge the Loss Control and Claims Committee with the task of creating

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survey questions, gathering data, and creating recommendations for a more formalized processes through which coverage decisions are made and can be questioned.

A motion was made by Christy Mertes, seconded by Chris Murphy, to accept the Policy Administration Report. The motion was passed unanimously.

VIII. SUBCOMMITTEE REPORTS

A. Loss Control and Claims Subcommittee

Paul Greeninger presented the recommendations from the Loss Control and Claims Subcommittee to the Advisory Committee. He commented that the majority of these recommendations came directly from the two guests at their meeting, who were representing both Nicolet and Shorewood schools respectively. ASU, Crawford, and Willis will be assisting the sub-committee in carrying out these recommendations.

A motion to approve the recommendations to the Advisory Committee by the Loss Control and Claims Subcommittee was made by Chris Murphy, seconded by Christy Mertes. The motion was passed unanimously.

B. Policy and Underwriting Subcommittee

Eric Veum suggested that the Committee review the endorsements prior to reviewing the policy to expedite the meeting. Alan Wilgen advised that none of the revisions to the endorsements resulted in a reduction of coverage. He then highlighted the changes made in each endorsement. The Advisory Committee requested some additional clarification on the Pier and Wharf Endorsement.

A motion to approve the recommendations to the Advisory Committee by the Policy & Underwriting Subcommittee relating to the Vacancy Permit Endorsement, Special Use Animal Endorsement, Accounts Receivable Endorsement, Motor Vehicle Comprehensive Endorsement, and Motor Vehicle Collision Endorsement, was made by Eric Veum, seconded by Laura Stauffer. The motion was passed unanimously.

Eric pointed out the two largest changes to the policy: surface water limitation and the pollution exclusion. Alan Wiltgen gave some insights into why the changes are being proposed.

Of particular concern is the relationship between flood and surface water. Due to court cases in Wisconsin, the Fund is exposed to flood losses whenever surface water mixes with flood water. The Fund currently has 25 million dollars in reinsurance coverage for flood, including surface water.

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The pollution exclusion also appears in our excess of loss policy.

Alan then proceeded to highlight those changes to the policy that he felt were noteworthy. The changes were discussed amongst the committee members.

Dennis Tweedale, a guest, was asked by the Chair to share his thought on the policy revisions.

No motion was made to accept these changes based upon prior discussion. Danielle Rogacki, as Fund Manager noted the concerns on the advisory committee on this change and will be reviewing them and addressing them with OCI.

Eric Veum asked that the committee consider discontinuation of the standard policy. Amy Hawley advised the committee that there is only one insured utilizing it and that it is not cost effective to maintain the policy.

A motion was made to discontinue the standard (co-insurance) policy by Eric Veum, seconded by Julee Helt. The motion was passed unanimously.

IX. OTHER MATTERS AUTHORIZED BY LAW

There were no items for discussion.

X. NEXT MEETING DATE

A motion to approve the next tentative meeting date of April 6, 2011 was made by Eric Veum, seconded by Christy Mertes. The motion was passed unanimously

XI ADJOURNMENT

A motion to adjourn the meeting was made by Eric Veum, seconded by Christy Mertes. The motion was passed unanimously