

LOCAL GOVERNMENT PROPERTY INSURANCE FUND

**Advisory Committee Meeting
Wednesday, October 31st, 2012
10:00 a.m. – 12:00 p.m.**

**Office of the Commissioner of Insurance
GEF 3
125 South Webster, Room 227
Madison, WI**

Minutes

PRESENT:

Eric Veum	Chair/Risk Manager	City of Madison
Connie Goss	Vice Chair/Risk Manager	Chippewa County
Keith Brightman	Asst. Superintendent F/O	School District of Elmbrook
Barbara Frank	Clerk	Jefferson County
Paul Greeninger	Purchasing Agent	City of Oshkosh
Gary Hansen	Superintendent	Rosendale-Brandon School District
Dan Lowndes	Risk Manager	Dane County
Christy Mertes	City Administrator/Treasurer	City of Cedarburg
Chris Murphy	Business Manager	Verona Area School District
Doug Saubert	Vice Chair/Finance Director	City of Whitewater

VIA TELECONFERENCE:

Dennis Dietscher	Acting Director/Risk Mgmt.	Milwaukee County
Tom Wohlleber	Asst. Superintendent	Middleton-Cross Plains Schools

GUESTS:

Louie Cornelius	Administrator	Funds and Program Management, OCI
Brynn Bruijn-Hansen	Fund Manager	Local Government Property Ins. Fund, OCI
Ashley Natysin	Examiner	Education and Outreach, OCI
Greg Grunow	Branch Manager	The ASU Group
Trina Schwartz	Administrative Asst.	The ASU Group
Alan Wiltgen	Senior Analyst	The ASU Group
Suzane Wolfe-Pierce	Policy Services - CSR	The ASU Group
Jenny Edge	Policy Services - CSR	The ASU Group
Gary Strohm	Partner	Strohm Ballweg
Ryan Strohm	Senior Accountant	Strohm Ballweg
Cheryll Bossingham	Accountant	Strohm Ballweg
Stan Miller	VP Risk Solutions	Willis
Danita Cole Medved	Executive Vice President	Willis
Dave Armstrong	Service Center Manager	Crawford & Company
Bill Ellingson	Team Manager	Crawford & Company
Kate McKay	Administrative Asst.	Crawford & Company
Kory Dogs	Managing Director	CBIZ Valuation Group
John Rath	President-Principal	Risk Management Concepts
Kathy Johnson	Principal Consultant	Risk Management Strategies, LLC.
Dean Boes	CEO/Executive Director	WMMIC
John Hamer	Division President	The Horton Group, Inc.

ABSENT:

Janice DeMeuse	Business Manager	Luxemburg-Casco School District
Louise Fischer	Finance Director	Merrill Area Public Schools
Diane Kropiwka	Administrative Asst.	City of Mauston
John Steinbrink	President	Village of Pleasant Prairie

LOCAL GOVERNMENT PROPERTY INSURANCE FUND
Advisory Committee Meeting
Wednesday, October 31st, 2012
10:00 a.m. – 12:00 p.m.
Office of the Commissioner of Insurance
GEF 3
125 South Webster, Room 227
Madison, WI

I. CALL TO ORDER

Chair Eric Veum called the meeting to order at 10:02 a.m.

II. WELCOME AND INTRODUCTIONS

Eric asked everyone to introduce themselves.

III. REVIEW AND APPROVAL OF AGENDA ITEMS

Eric asked if there was a motion for review and approval of the Agenda Items.

A motion to approve the agenda was made by Doug Saubert and seconded by Paul Greeninger. The motion was passed unanimously.

IV. REVIEW AND APPROVAL OF PAST MINUTES

The minutes for the April 12, 2012 Advisory Committee meeting were discussed. Brynn Bruijn-Hansen apologized and advised that the minutes are missing pertinent details regarding who made specific motions and seconds. Connie Goss advised she would review her notes from that meeting. It was agreed to postpone approval of the April 12, 2012 minutes until the spring Advisory Committee meeting.

V. MANAGER'S REPORT

Brynn discussed her open door philosophy as Fund Manager. She shared her Guiding Principles: The 3 "C's": Continuity, Consistency and Credibility. Brynn intends to make on-site visits to policyholders and invited everyone to feel free to contact her with any concerns or issues.

Brynn discussed the ongoing talks with the Tribal governments regarding potential coverage availability in the LGPIF. Ashley Natysin from OCI discussed Executive Order 39, which established governmental relations with the tribes and recognizes each of the 11 tribes as

LOCAL GOVERNMENT PROPERTY INSURANCE FUND
Advisory Committee Meeting
Wednesday, October 31st, 2012
10:00 a.m. – 12:00 p.m.
Office of the Commissioner of Insurance
GEF 3
125 South Webster, Room 227
Madison, WI

governmental entities. She advised that currently the tribes are having difficulties placing their property coverage, other than the casinos.

Brynn advised she would like to move the Advisory Committee meetings around the state. Dennis Dietscher from Milwaukee County has graciously offered use of the Milwaukee County Zoo's meeting room. She also indicated there are some Request for Proposal's coming up, and she would like 1 committee member to serve on each of those committees.

A motion to approve the Manager's Report was made by Chris Murphy, seconded by Doug Saubert. The motion was passed unanimously.

VI. BROKER'S REPORT

Danita Cole-Medved summarized the Client Advocacy Report provided by Willis. They approached 73 markets to provide quotes for the renewal proposal. Multiple London and Bermuda markets were also contacted; however, they are not competitive with the domestic market. After reviewing all quotes provided, the Fund authorized the renewal with Lexington retaining the lead layer of \$100M excess. The deductible selected was \$1.8M per occurrence/\$22M annual aggregate. There was a 15% rate increase per \$100 of insured value from 0.0118 to 0.0136. There was also a 15% premium increase from \$5,913,767 to \$6,837,026. Both increases are ascribed to the Fund's loss history and the current market.

Brynn asked Danita to give an explanation of just how large the Fund is compared to other similar funds. Danita said the Fund has a TIV (Total Insurable Value) of just under \$50B. In the London marketplace, there is only one other account in excess of \$50B. In North America, there are no other accounts with that level of TIV. Willis will continue to look at different deductible options and loss layering.

A motion to approve the Broker's Report was made by Paul Greeninger, seconded by Christy Mertes. The motion passed unanimously.

VII. FINANCIAL REPORT

Gary Strohm gave the committee a brief overview of FY2012 year-end figures. Surplus was down to \$14M. Losses were down and direct written premium was also down. The investment income is down, as it is all across the United States. The Statutory Financial report evidences a .65 Surplus to Direct Premium Ratio. Gary emphasized that things were "headed in the right direction."

LOCAL GOVERNMENT PROPERTY INSURANCE FUND
Advisory Committee Meeting
Wednesday, October 31st, 2012
10:00 a.m. – 12:00 p.m.
Office of the Commissioner of Insurance
GEF 3
125 South Webster, Room 227
Madison, WI

Cheryll Bossingham reported on the first quarter numbers. Surplus is flat and Direct Premium increased to 1.3. Losses and severity continue to be down. Surplus to Direct Premium ratio went down to .61. The loss ratio is .82 with a net loss ratio of 1:1.

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

VIII. ADMINISTRATOR'S REPORT

A. Policy Services

Suzane Wolf-Pierce reported that Premium and Coverage in Force was relatively flat at the end of FY2012. In FY2012, 11 policyholders left the Fund and in the first quarter of FY2013, 23 policyholders left. She advised that 1 new policy was written in the first quarter of FY2013, however, 15 new accounts are bound and in the process of being written.

The remaining Co-Insurance C policy has left the Fund and will be cancelled in November. The number of new Builders Risk policies is down. Policy survey results continue to be very good to excellent.

Eric questioned the number of cancellations and the reason for leaving. Suzane reported that higher premium was the issue.

B. Claims

Bill Ellingson reported that claims were trending down and the large loss listing had shrunk. He then advised on the top categories of loss: fire, water, wind and general storm activities.

Bill reported that last year's salvage/subrogation collections were \$1,214,000 and in the first four months of FY2013, recovery has amounted to \$659,000. Claims survey results were strong.

A motion was made by Paul Greeninger, seconded by Doug Saubert, to accept the Policy & Claims Administration Report. The motion was passed unanimously.

LOCAL GOVERNMENT PROPERTY INSURANCE FUND
Advisory Committee Meeting
Wednesday, October 31st, 2012
10:00 a.m. – 12:00 p.m.
Office of the Commissioner of Insurance
GEF 3
125 South Webster, Room 227
Madison, WI

IX. SUBCOMMITTEE REPORTS

A. Loss Control and Claims

Tom Wohlleber presented the recommendations from the Loss Control and Claims Subcommittee to the Advisory Committee. He commented that the focus of the last meeting was on efforts to educate the insureds on how to better manage their risks and providing additional resources to the insureds. A Power Point presentation will be prepared by Crawford & Company for use at different speaking opportunities. Crawford & Company will also provide resources that will be posted on the LGPIF website for use by policyholders.

B. Policy and Underwriting

Eric presented the two recommendations from the Policy and Underwriting Sub-Committee. The first recommendation was to automatically include the Joint Loss Agreement at no charge to all policies. The second recommendation was to adopt the proposed revised Builders Risk policy. Eric highlighted the exclusion for mechanical breakdown and reported that exclusion appears in the current Builders Risk policy. He also advised that in the revised policy, if a loss occurs to property under a Builders Risk policy and property under a valuation policy, there would only be one deductible for the loss. The deductible used would be the higher of the two deductibles.

C. Rate Analysis

Doug Saubert reported that the Fund is researching the option of building our own rates. This would be a long-term, complex project. Brynn advised she has reached out to the University of Wisconsin for a possible partnership opportunity. Doug also advised that the Actuarial RFP is coming up for bid.

D. By-Laws

Eric mentioned that the By-Laws subcommittee did not meet but wanted to mention that the Committee did approve non-voting members could participate in meetings.

A motion to approve the recommendations to the Advisory Committee was made by Dan Lowndes, seconded by Paul Greeninger. The motion was passed unanimously

X. ANNUAL ELECTION OF OFFICERS & APPOINTMENT OF SUB-COMMITTEE MEMBERS

There was some discussion on the seven members whose terms are up for renewal at the end of 2012. Those members are Janice DeMeuse, Julee Helt, Diane Kropiwka, Doug Saubert,

LOCAL GOVERNMENT PROPERTY INSURANCE FUND
Advisory Committee Meeting
Wednesday, October 31st, 2012
10:00 a.m. – 12:00 p.m.
Office of the Commissioner of Insurance
GEF 3
125 South Webster, Room 227
Madison, WI

Laura Stauffer, John Steinbrink and Eric Veum. Connie said Diane Kropiwka from the City of Mauston will not be available to continue serving on the Advisory Committee. Eric and Doug both said they would be willing to serve another term. Eric will email the members who were unable to attend the meeting.

There are currently three vacant seats on the Committee and Eric asked that members let him know of anyone interested or of any recommendations. Dan Lowndes mentioned it would be great to get a representative from Lambeau Field to serve on the committee, due to it being the Fund's largest insurable property. Brynn said she would reach out and try to contact a representative from that insured.

A motion to re-appoint Doug Saubert and Eric Veum to the Advisory Committee was made by Connie Goss and seconded by Barbara Frank. The motion passed unanimously.

The open positions on the sub-committees were discussed. Paul Greeninger was moved into the vacant spot on the Loss Control sub-committee. The four new Advisory Committee members will be put onto sub-committees in the future.

XI. OTHER MATTERS AUTHORIZED BY LAW

There were no items for discussion.

XII. NEXT MEETING DATE

The proposed date for the spring 2013 Advisory Committee meeting is April 11, 2013.

XIII. ADJOURNMENT

A motion to adjourn the meeting was made by Christy Mertes, seconded by Gary Hansen. The motion was passed unanimously and the meeting was adjourned at 11:45 a.m.