

LOCAL GOVERNMENT PROPERTY INSURANCE FUND
Advisory Committee Meeting
Thursday April 11, 2013
10:00 a.m. – 12:00 p.m.
Peck Center
Milwaukee County Zoo
Milwaukee, WI

Minutes

PRESENT:

| | | |
|------------------|------------------------------|-----------------------------------|
| Eric Veum | Chair/Risk Manager | City of Madison |
| Keith Brightman | Asst. Superintendent F/O | School District of Elmbrook |
| Dennis Dietscher | Acting Director/Risk Mgmt. | Milwaukee County |
| Barbara Frank | Clerk | Jefferson County |
| 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 |
| Tom Wohlleber | Asst. Superintendent | Middleton-Cross Plains Schools |
| Maridey Diaz | Accounting Manager | Green Bay Metro Sewerage District |
| Bill Krill | Risk Management Coordinator | Milwaukee Metro Sewerage District |
| Robert Scott | Director of Finance | City of Brookfield |

VIA TELECONFERENCE:

| | | |
|--------------------|-------------------------|---|
| Connie Goss | Vice Chair/Risk Manager | Chippewa County |
| Louie Cornelius | Administrator | Office of the Commissioner of Insurance |
| Cheryll Bossingham | Accountant | Strohm Ballweg |
| Peter Medley | Administration | Office of the Commissioner of Insurance |
| Elena Vetrina | Section Chief | Office of the Commissioner of Insurance |
| Ben Rank | Loss Control Specialist | CVMIC |

GUESTS:

| | | |
|---------------------|------------------------|---|
| Brynn Bruijn-Hansen | Fund Manager | Office of the Commissioner of Insurance |
| Danielle Rogacki | P&C Section Chief | Office of the Commissioner of Insurance |
| Greg Grunow | Branch Manager | The ASU Group |
| Alan Wiltgen | Senior Analyst | The ASU Group |
| Suzane Wolf-Pierce | Account Manager | The ASU Group |
| Debbie Claeys | CEO | The ASU Group |
| Stan Miller | VP Risk Solutions | Willis |
| Dave Armstrong | Service Center Manager | Crawford & Company |
| Bill Ellingson | Team Manager | Crawford & Company |
| Kate McKay | Admin. Assistant | Crawford & Company |
| Kory Dogs | Managing Director | CBIZ Valuation Group |
| John Rath | President-Principal | Risk Management Concepts |
| Dean Boes | CEO/Executive Director | WMMIC |
| John Mack | Business Manager | Wauwatosa School District |

ABSENT:

| | | |
|-----------------|---------------------|---------------------------------|
| Janice DeMeuse | Business Manager | Luxemburg-Casco School District |
| Brenda Ayers | Clerk/Treasurer | Town of Burke |
| Paul Greeninger | Safety/Risk Manager | City of Oshkosh |

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I. CALL TO ORDER

Chair Eric Veum called the meeting to order at 9:40 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 Barb Frank, seconded by Doug Saubert. The motion was passed unanimously.

IV. REVIEW AND APPROVAL OF PAST MINUTES

The minutes for the April 12, 2012 Advisory Committee meeting were reviewed.

A motion to approve the April 12, 2012 minutes was made by Christy Mertes, seconded by Chris Murphy. The motion was passed unanimously.

The minutes from the October 31, 2012 meeting were reviewed.

A motion to approve the minutes from the October 31, 2012 meeting was made by Christy Mertes, seconded by Barb Frank. The motion was passed unanimously.

V. MANAGER'S REPORT

Brynn discussed the change in the Oversight Committee membership. Danielle Rogacki will be serving on the committee, along with Peter Medley. Peter will be acting as mentor to Elena Vetrina who will eventually replace Peter. Brynn advised that the Fund was now a member of AGRIP and she will be attending a conference in October, 2013. She also reported there will be an intern working with the Fund this summer.

Brynn updated the committee on the ongoing matter of the Tribes possibly entering the Fund. The matter is currently on the legislative floor and there will be public hearings.

A motion to approve the Manager's Report was made by Laura Stauffer, seconded by Christy Mertes. The motion was passed unanimously.

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VI. BROKER'S REPORT

No Broker Report.

VII. FINANCIAL REPORT

Connie Goss asked Cheryl Bossingham to highlight some of the financials. Cheryl reported the Fund is heading slowly in the right direction. Surplus is increasing. The Premium to Surplus ratio is currently at .88 with a target range of 1.4-1.6.

There was discussion among the committee members regarding sending a letter to the Governor and all legislators reminding them of the impact of the dividend refund and the issues that decision has created for the Fund members. Brynn reported that there were ongoing discussions at OCI on how best to handle this. After more discussion, it was decided the sub-committee heads will draft a letter and deliver it to the Insurance Commissioner at the October meeting in Madison.

VIII. ADMINISTRATOR'S REPORT

A. Policy Services

Suzane Wolf-Pierce reported that Premium in Force had increased to \$25.3M and Coverage in Force increased by \$2.3B at the end of March. Policy count is down to 1038 from 1076. 42 new policies have been written during the current FY, compared to 14 in FY2011 and 11 in FY2012. The new premium generated was \$532k. There are 106 cancellations, including Builder's Risk policies in the current FY. The premium loss was \$927k.

Eric Veum asked if in the future, Builder's Risk policies could be recorded separately from the Valuations policies for reporting purposes. Peter Medley asked why a large number of schools seemed to be leaving the Fund. Suzane advised it was mostly due to premium. After some discussion it was decided that ASU will survey the accounts that had been with the Fund for over 3 years and withdrew after 7/1/12. Policy survey results continue to be excellent.

A motion to approve the Policy Administration Report was made by Chris Murphy, seconded by Doug Saubert. The motion was passed unanimously.

B. Claims

Dave Armstrong reported that claims were trending the lowest in the last 5 years. Closed claims have slowed due to fewer reported claims. Currently, there are 250-275 open claims.

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Subrogation/salvage recoveries were reported as \$2.3M. Claim summaries are trending similarly with fire, damage by vehicle and weather related losses accounting for a majority of losses.

A motion was made by Tom Wohlleber, seconded by Christy Mertes, to accept the Claims Administration Report. The motion was passed unanimously.

IX. SUBCOMMITTEE REPORTS

A. Loss Control and Claims

Tom Wohlleber presented the recommendations from the Loss Control and Claims Subcommittee to the Advisory Committee. Tom introduced John Mack from Wauwatosa School District and asked him to comment on his concerns. He was concerned with the reduction in surface water coverage and asked if the Fund would consider an option to add a rider with increased limits for surface water coverage. Brynn advised there continues to be review of that possibility; however with the current status of the surplus, it is not feasible to consider that at this time.

It was determined that the By-Law committee should review the formation of an emergency committee for emergency situation. The By-Law committee will then make any needed recommendation regarding this at the next Advisory meeting in October 2013.

A motion was made by Doug Saubert, seconded by Bill Krill, to accept the Loss Control Sub-Committee Report (with the By-Laws addition). The motion was passed unanimously.

B. Policy and Underwriting

Eric reported that despite 2 attempts at meeting, the sub-committee was unable to achieve a quorum so there were no recommendations from the committee.

No motions where made.

C. Rate Analysis

Doug Saubert reported on the recommendations that the Fund increase the LCM from 1.431 to 1.523, effective 7/1/14. The Fund will proceed with researching development of experience rating and also development of its own rating system. Last, the Fund will adopt the New Business Rates developed by AML, effective 7/1/13

A motion was made by Chris Murphy, seconded by Tom Wohlleber, to accept the Rate Analysis Sub-Committee Report. The motion was passed unanimously.

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D. Excess of Loss

Connie Goss reported on the placement of the Reinsurance coverage that was recently completed. Brynn added that she intends to meet with Lloyd's of London to discuss a possible interest in providing coverage for the Fund.

A motion to approve the recommendations to the Advisory Committee was made by Christy Mertes, seconded by Doug Saubert. The motion was passed unanimously

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

A motion was made by Doug Saubert, seconded by Tom Wohlleber, to appoint Eric Veum as the Advisory Committee Chair for another year. The motion was passed unanimously.

A motion was made by Tom Wohlleber, seconded by Laura Stauffer, to appoint Connie Goss as the Advisory Committee Vice Chair for another year. The motion was passed unanimously.

A motion was made by Chris Murphy, seconded by Laura Stauffer, to appoint Tom Wohlleber as the Advisory Committee 2nd Vice Chair for a year. The motion was passed unanimously.

Eric talked about the 3 new members that he appointed to the Advisory committee, and that he needed to appoint them to sub-committees. It was also mentioned that the committee would have been up to 19 members, however Julee Helt had recently resigned. Eric also went through the members and chairs for each sub-committee.

Robert Scott will be appointed to Rate & Analysis, Bill Krill and Maridey Diaz will be appointed to the Policy & Underwriting Committee.

Doug Saubert and Christy Mertes will be added to the IT sub-committee.

Dennis Dietscher will now be the Loss Control & Claims Chair.

A motion was made by Christy Mertes, seconded by Laura Stauffer, to accept the committee appointments. The motion was passed unanimously.

XI. OTHER MATTERS AUTHORIZED BY LAW

Tom Wohlleber talked about having ASU follow-up with the cancelled accounts to obtain information on their reasons for leaving LGPIF. The Advisory Committee is looking to find

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out if it was for a lower premium and/or coverage differences. ASU will follow-up with the former LGPIF insureds to obtain details on why they withdrew and report this information at the next Advisory Committee meeting.

A motion was made by Christy Mertes, seconded by Chris Murphy, to have ASU do the follow-up. The motion was passed unanimously.

XII. NEXT MEETING DATE

The proposed date for the Fall 2013 Advisory Committee meeting is October 17, 2013.

XIII. ADJOURNMENT

A motion to adjourn the meeting was made by Christy Mertes, seconded by Chris Murphy. The motion was passed unanimously and the meeting was adjourned at 11:20 a.m.