


WASHINGTON STATE TRANSIT INSURANCE POOL | RISK MANAGEMENT IN MOTION

2629 12th Court SW | Olympia, WA 98502 | 360-786-1620 | www.wstip.org

Minutes of the
Executive Committee Meeting
September 26, 2019
Confluence Technology Center ~ Wenatchee

Executive Committee Members Present	Staff Present
Staci Jordan, President, Island Transit Shonda Shipman, Vice-President, Whatcom Transportation Authority Danette Brannin, Secretary, Mason Transit Authority Jesse Kinney, Small Member Rep, Valley Transit Tom Hingson, At-Large Member Rep, Everett Transit Paul Shinnars, Past President, Kitsap Transit Suzanne Coit, Treasurer, Intercity Transit	Cedric Adams, Claims Manager Matthew Branson, Member Services Manager Anna Broadhead, Board Relations Tracey Christianson, Executive Director Rick Hughes, Legal Counsel Andrea Powell, Administrative Services Manager Christine Rouse, Application Support Specialist
Board Members Present	
Amy Asher, RiverCities Transit Geri Beardsley, Community Transit Lynn Bourton, Link Transit Joe Clark, Twin Transit (arrived 10:40 am) Nick Covey, Link Transit (arrived 9:07 am) Sara Crouch, Jefferson Transit Scott Deutsch, C-Tran Rich Evans, Pacific Transit Kevin Gallacci, Clallam Transit Jenny George, Asotin County PTBA	Brandy Heston, Grant Transit Authority Bill Kessler, Pierce Transit Joe Macdonald, Skagit Transit Dunyele Mason, Clallam Transit Ken Mehin, Grays Harbor Transit Steve Mertens, Columbia County Public Transportation Dale O'Brien, Skagit Transit David Ocampo, Columbia County Public Transportation Jim Thoenke, Ben Franklin Transit Wayne Thompson, Pullman Transit
Guests Present	
Jayme Brook, Jefferson Transit Jim Kelly, Pierce Transit Public Safety Brenda Lamb, Link Transit Angie Peters, Valley Transit	Bruce Sackron, Central Transit Magan Waltari, Whatcom Transportation Authority Brian White, Alliant Insurance Services (broker) Kevin Wick, PricewaterhouseCoopers (actuary)

Call to Order

President Jordan called the meeting to order at 9:00 am she welcomed everyone as a roll call sheet was passed around the room. Guest introductions took place and Jordan told everyone there were cards circulating for Lynda Palmer (Warren) who is retiring. Jordan added a discussion item regarding replacing the Large Member Representative on the Executive Committee and asked if there were any additional changes to the agenda. Hearing none she asked for a motion. ***Kinney moved to approve the agenda as amended. Shipman seconded the motion and the motion passed.***

Consent Agenda

Minutes – August 22, 2019, August 2019 Administrative Vouchers/Checksⁱ, August 2019 Claims Vouchers/Checksⁱⁱ

Jordan asked if there were any items to remove from the consent agenda. There were no items removed

from the consent agenda. ***Shipman moved to approve the consent agenda. Kinney seconded the motion and the motion passed.***

Presentation

Government Entities Mutual, Inc (GEM)

Christianson introduced Andrew Halsall, the President and Chief Executive Officer of GEM. Christianson thanked Halsall for meeting with the staff on a previous recent visit and his continued effort to see the Board at least once per year. Halsall explained how GEM was formed, how they partner with Pool's, the addition of a new member in 2019, why GEM's rates are stable and the vision for the future. To view his slides, [click here](#).

Discussion Items

Large Member Representative Vacancy

Jordan explained Palmer was retiring at the end of October and had resigned her position as Large Member Representative. This created a vacancy on the Executive Committee. The Bylaws give guidance on how to fill a vacancy. Jordan explained the options are to fill the vacant position with a different large member representative or leave the position vacant. If left vacant, the At-Large Member Rep would facilitate the Large Member group until the next election which will be at the December meeting. The Committee and Board members in attendance discussed the topic and it was suggested the 2019 second runner-up candidate be appointed if they were still willing to serve. Upon research, that candidate would be Beardsley. The large member group will need to add this topic to their member rep meeting and put forth a candidate/volunteer for the remainder of the year. Jordan added that she would be adding the topic to the Board agenda (for the following day).

2019 Executive Committee Work Plan

Jordan asked if there were any questions on the 2019 work plan. Christianson explained this is a living document which gets updated monthly. There were no questions or comments on the work plan.

Central Transit Application for Membership

Christianson introduced Bruce Sackron, Transit Manger of Central Transit and presented Central Transit's application for membership to WSTIP. Christianson explained the process for acceptance included a review/recommendation for approval by the Executive Committee, review/approval of the Board at which point Christianson would be authorized to sign the Interlocal Agreement for Central Transit to review, approve and sign. Christianson explained Central Transit was initially looking for Public Officials Liability Coverage but put forward the application with an understanding that all mileage coverage will be included as well with the Pool not attaching to auto-liability risk until \$11 million (because the operator has \$11 million in coverage). The Executive Committee asked Sackron questions relating to how the transit is funded (sales tax), who is responsible for maintaining the fleet (contractor), the relationship between the city and the transit (transit is a department within the city), and how the transit is staffed (Sackron, the citizen advisory council, city council and transit staff) and if the City has plan to move operations in-house (Sackron said if the city council remains as it is the partnership with Hope Source will remain, as they want to avoid the risk). Hughes said in reviewing the contract between Central Transit and Hope Source he would recommend changing the indemnity provision in 11e for clarity. Shinnors wanted to be sure there was clear understanding that WSTIP is secondary coverage attaching at \$11 million. Hingson requested the new member participate in the Driver Record Monitoring (DRM) program. Christianson said she isn't sure the Pool can require participation in DRM due to language in the Department of Licensing

(DOL) contract as we aren't directly insuring the drivers, we would be secondary. Macdonald wanted to be sure should the operation of Central Transit change from contractor to in-house operation which would change the liability the Pool can reconsider membership. **Hingson moved to recommend the Board accept Central Transit as a member of the Pool. Brannin seconded the motion. Discussion:** Shinnners asked if the motion should be amended to include the conditions discussed. Christianson said you can or vote today and make recommendations tomorrow. Mehin wanted to be sure it was clear the Pool attaches at \$11 million and that Central Transit be subject to DRM if possible. **Staci called for a vote and the motion to recommend to the Board acceptance of Central Transit as a member passed.**

There was a brief recess from 10:05 am to 10:19 am. Jordan moved the Law Enforcement & Security Liability Risk discussion up as Chief Kelly arrived.

Law Enforcement & Security Liability Risks

Christianson gave a brief history of this topic, the topic came from the retreat while talking about contractual risks and risk appetite, the Underwriting Committee felt this topic needed a larger audience, so the Executive Committee took on the task. Law Enforcement and Security Liability risks fall under the General Liability Coverage Document (to be discussed later today). There are two members Pierce and Spokane who have risks that are different than other members. Christianson received information earlier in the week regarding Spokane's Transit Public Safety operations which is not in the packet. Christianson explained how Pierce Transit had created their own General Authority Police agency which has morphed into what they are today. Kessler introduced Chief Kelly. Kelly is a fully commissioned police officer and is a Pierce County Sherriff deputy provided via contract between Pierce Transit and Pierce County. In his role for Pierce Transit, he serves as the Public Safety Chief. Chief Kelly explained how that fully commissioned officers are provided under the contract and those officers are sheriff deputies Kelly also explained the differences between the fully commissioned officers (Sheriff Deputies) and the public safety officers who are limited commission officers (Pierce employees), the extensive training program, and which weapons each type of officer carries. Hughes said he reviewed the contracts found them to be well written but noted that only Pierce County has to carry insurance not the transit agency, he has some concerns regarding dual employment but there is quite a bit of language in an attempt to make it clear that agencies employees are not employees of each other. Shinnners asked if the contract transfers the risk. Hughes said overall the risk is transferred. Shinnners suggested the risk WSTIP might be retaining is the public safety officers (the limited commission Pierce Transit employees). Christianson said it is interesting that the contract requires only the County to have insurance and the trouble is that it is hard to interpret how the risk would flow.

Clark arrived at 10:40 am.

Shinnners explained the background from the Underwriting Committee that the Pool is currently covering this risk under the GL policy. We haven't made the distinction between the risk of officers (contracted) and public safety officers (member employee) but are we comfortable with the risk or do we want to make changes in the form of exclusions for guns/tasers or possibly a carve out. Shinnners noted WSTIP is sensitive to the fact that the market is tough for law enforcement liability right now. Claims appear to be low frequency, but the severity could be very big. Deutsch asked how the officers were paid. Kelly explained the Public Safety Officers are paid directly by Pierce Transit; the other officers are paid by Pierce County who invoices Pierce Transit. Christianson said at the last meeting the Executive Committee

asked to get an indication of what rates would be if there were specific coverage for law enforcement. White said he was able to secure a rough estimate for \$1 million limit and aggregate for \$32,000 or \$5 million limit/aggregate for \$53,000; both with a \$25,000 deductible. It may be possible to get better pricing by bundling Pierce and Spokane together. Christianson apologized to Kessler as she did not disclose, she was seeking a quote when she asked him to fill out the application. She sought the quote after the Executive Committee's specific request.

Christianson explained that Spokane is unique as well their law enforcement commission appears to flow through the City of Spokane. Hughes still needs to review their contract to ensure the risk has been transferred. Beardsley felt the Pool shouldn't be telling the agencies what equipment the officers can use and appreciated the amount of training the officers were receiving. She asked if the risk exposure could be a carve out similar to Underground Storage Tanks coverage. Staff confirmed that coverage outside WSTIP is available and White was also able to provide a sample law enforcement liability policy that could be reviewed. Jordan said there are still a lot of unanswered questions, we need to know what risk is transferred and what is not, who is covered and who is not, it may be costly for members to cover themselves. She asked staff to continue to gather information and bring this topic back in October.

Deutsch asked what the trigger point for coverage under WSTIP would be, is it the weapons, the commission, the nature of the employment (employee or contracted employee) or a combination. Christianson explained it is the General Liability Coverage Document in the Definition of Personal Injury (false arrest, detention or imprisonment, and assault and battery). Shinnors said he's comfortable with the lack of frequency but he isn't comfortable with the possibility of having a severe claim with a weapon. Perhaps we can limit our exposure by sub-limiting guns and tasers. Christianson said we are not trying to make any hasty decisions and are not inferring Spokane and Pierce are doing anything wrong. Rather we to understand our risks and make sure the risks are covered adequately for the members. Christianson also affirmed Beardsley's comment that the Pool isn't proposing operational guidance as to whether officers should be equipped with or use guns or tasers rather that the discussion is on the liability associated with the risk of the officers using said weapons. Christianson thanked Chief Kelly for coming and sharing with the Executive Committee.

Governance Policy – Assessment Allocation

Shipman said the Governance Policy Committee had been busy reviewing policies, the committee is recommending combining the Assessment Allocation and Minimum Contribution policies. This policy needs to be approved by the Board, but the Executive Committee can recommend adoption. Mason asked if the minimum contribution had ever been applied to a Member. Christianson said it had been applied when Columbia County Public Transportation joined. **Hingson moved to recommend the Board adopt the Assessment Allocation and Minimum Contribution Policy as presented. Brannin seconded the motion and the motion passed.**

Governance Policy – New Member Admissions

Shipman explained the changes to the New Member Admissions policy as minor grammatical changes. There was a brief conversation regarding member equity and new members, it was decided the topic of equity would be a possible retreat topic. **Kinney moved to recommend the Board adopt the New Member Admissions Policy as presented. Hingson seconded the motion and the motion passed.**

Governance Policy – Non-Transit Risks

Shipman said changes to this were minor and grammatical in nature. ***Shinners moved to adopt the Non-Transit Risk Policy as written. Kinney seconded the motion and the motion passed.***

Governance Policy – Property Inventory and Surplus

Shipman said changes to this policy were to include disposal of electronic data. ***Hingson moved to accept the Property Inventory and Surplus Policy as presented. Brannin seconded the motion and the motion carried.***

Review of Small, Medium, and Large Mileage Groups

Christianson explained the Nominations and Elections Policy requires the Executive Committee review and accept the size groups each year. Christianson reminded the Committee these groups are about governance representation and are not the same (although similar) to the underwriting groups the actuary uses. Although not recently, in years past there have been minor changes to the groups. The Committee reviewed the report and did not request any change to the mileage groups.

Executive Session

There was no Executive Session.

Action Items

Cyber Liability Deductible Buy Down

Christianson explained the history behind the topic. The Coverage Review Committee recommended removing cyber liability from the General Liability Coverage Document and lowering the deductible for the purchased Cyber Liability coverage (currently at \$50,000). Staff requested the broker provide options for buying down the Cyber Liability deductible. Options were provided in the materials. Christianson noted that only members who purchase property coverage have Cyber Liability coverage. The Executive Committee looked over the options provided in the materials and agreed it was the right thing to do for the Pool but didn't want to recommend an option to the Board. ***Brannin moved to recommend the Board lower the Cyber Liability deductible effective October 1, 2019. Shipman seconded the motion and the motion passed.***

Sunset of Underwriting Committee

Hingson moved to sunset the Underwriting Committee. Kinney seconded the motion and the motion passed.

Sub-Committee Reports

Governance Policy Committee

Shipman said the committee had reviewed several policies and is prepared to discuss the Policy Governance Defined and Explained, Core Values, and Capital Funding Philosophy at the Board meeting.

Board Development Committee

Hingson explained the Board Development Committee met and had reviewed feedback from the June Board meeting. He reminded everyone the importance of filling out the feedback survey after each meeting and assured everyone the feedback is compiled and reviewed. Hingson listed the upcoming 2020 conferences and locations. He asked everyone to please consider attending an out-of-state conference as we do have a Board development goal in the strategic plan of 60% of members attending

an out-of-state training.

Emerging Risks and Opportunities Committee Report

Brannin stated that the Emerging Risks and Opportunities Committee met at the WSTIP office and is recommending changes to the Technology Grant program which is on the Board's agenda. The committee is also tracking the progress on updating the Operator Development Course (ODC) and the class on helping to develop your agency's Public Transportation Safety Plan (PTSAP). She also reminded everyone to apply for their Risk Management and Network Security Grants if they hadn't already.

Underwriting Committee

No verbal report this Committee was previously sunset.

Coverage Review Committee

Beardsley said the committee would be presenting the annotated version of the General Liability Coverage Document later in the day. There will be further discussions regarding vanpool personal use, law enforcement and security liability risks, and Un/Under-Insured Motorists (UIM). The committee feels it is ready to socialize and receive comments from members and member counsel. Christianson will distribute a draft version for you to share with your counsel and staff.

Recap and Adjournment

Jordan recapped the meeting stating the Large group would hopefully be bringing a candidate forward the following day, the Central Transit application for membership has been forwarded to the Board with a recommendation to approve, the Assessment Allocation and Minimum Contribution, and New Member Admissions policies had also been recommended for approval by the Board, recommended lowering the Cyber Liability deductible with no recommendation as to option, and the law enforcement and security liability risk needs more work, and reminded everyone to sign the cards for Palmer. ***Jordan adjourned the meeting at 11:57 am.***

Submitted this 24th day of October 2019.

Approved: 
Danette Brannin, Secretary

ⁱ Check numbers 28672 through 28723 in the amount of \$264,377.67; internet and ACH payments for staff credit cards, travel/expense reimbursements and professional/misc. services total \$25,430.48; Transfer of \$47,851.92 for the 08/15/2019 payroll; Transfer of \$46,400.50 for the 08/30/2019 payroll; Transfer of \$13,043.22 for August Staff benefits. Total voucher approval is \$397,103.79.

ⁱⁱ Check numbers 12697 through 12803 in the amount of \$436,300.68. Total voucher approval is \$436,300.68.