



WASHINGTON STATE TRANSIT INSURANCE POOL | RISK MANAGEMENT IN MOTION

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**Minutes of the
WSTIP Board Meeting
June 26, 2020
WebEx**

Board Members Present	
Jenny George, At-large Member Rep, Asotin County PTBA Jeff Lubeck, Ben Franklin Transit Betsy Dunbar, Central Transit Dunyele Mason, Clallam Transit Steve Mertens, Columbia County Public Transportation Geri Beardsley, Large Member Rep, Community Transit Suzi Scheidegger, Community Transit Scott Deutsch, C-Tran Tom Hingson, Everett Transit Brandy Heston, Medium Member Rep, Grant Transit Ken Mehin, Grays Harbor Transit Emily Bergkamp, Intercity Transit Suzanne Coit, Treasurer, Intercity Transit Sara Crouch, Small Member Rep, Jefferson Transit Paul Shinnars, Kitsap Transit Lynn Bourton, Link Transit Nick Covey, Link Transit Danette Brannin, Vice-President, Mason Transit LeeAnn McNulty, Mason Transit Rich Evans, Pacific Transit Amy Cleveland, Pierce Transit Bill Kessler, Pierce Transit Wayne Thompson, Pullman Transit	Amy Asher, RiverCities Transit Joe Macdonald, Skagit Transit Monique Liard, Spokane Transit Authority Jesse Kinney, Secretary, Valley Transit Shonda Shipman, President, Whatcom Transportation Authority Greg Story, Yakima Transit
	Guests Present
	Brian White (broker), Alliant Insurance Services Justin Brockwell, Link Transit Shawn Larson, Link Transit Kevin Wick, PricewaterhouseCoopers
	WSTIP Staff Present
	Cedric Adams, Claims Manager Matthew Branson, Member Services Manager Anna Broadhead, Board Relations Tracey Christianson, Executive Director Chris DeVoll, Transit Risk Consultant Rick Hughes, General Counsel Laura Juell, Risk and Training Coordinator Andrea Powell, Administrative Services Manager

Call to Order

President Shipman called the meeting to order at 9:00 am. She thanked everyone for calling in reminded everyone that the meeting is being recorded in case of technical issues, and to please mute yourself if not speaking. She reminded everyone how to let her know you wish to speak, either the chat pod or raise your hand in participants panel. Verbal roll call took place. Shipman called for changes to the agenda, hearing none she asked for a motion to approve the agenda. **Liard moved to approve the agenda. Hingson seconded the motion and the motion passed.** Bourton and Covey introduced Shawn Larson, Safety Officer and Justin Brockwell, Data Analyst announcing they will be replacing them on the Board next year. Shipman welcomed them.

Discussion**2019 Year-End Actuarial Report**

Christianson introduced Kevin Wick from PricewaterhouseCoopers (PwC). Wick went through a slide deck regarding the actuarial report for year-end 2019. [Click here](#) to view his slides and [here](#) to view the actuarial report.

Member Representative Meeting Report and Discussion

Heston said the Medium group reviewed the agenda to prepare for the meeting today, discussed the impacts of COVID-19 and the order to wear masks, how and when to ease the restrictions on load capacities on the buses for fixed route and paratransit. Shipman said it was helpful to be able to talk to everyone and know we are all doing similar actions. Crouch said the Small group had very similar discussions and wants to avoid confrontations during this challenging time. Beardsley said the Large group focused on the agenda and the survey results (thank you Branson and Broadhead). Key takeaways for the Large group was to inform but not enforce the masks, one member is going to deny boarding if passenger is not wearing a mask. Several agencies are installing mask and hand sanitizer dispensers, maintenance is looking at installing barriers but have some concerns over glare. Sales tax reports are down approximately 15% average over the prior year same period. Shipman asked about denying service and concerns for the operator. Liard said if the driver feels uncomfortable denying the boarding to contact dispatch, we will have a supply of masks for the driver to hand out. Shipman said they are asking their operators to inform but not enforce, as we do not want to expose the operators to unsafe. Mason asked about potential lawsuits by enforcing mask requirements. Beardsley said if someone is not wearing a mask, we assume they have legitimate reasons. Dunbar added the Americans with Disabilities Act (ADA) we just assume there is a reason due to medical or disability.

Property Coverage Renewal

White said he has been talking about the hardening property insurance market for the past 18 months or so with the hurricanes of 2017 and the fires of 2018. He said he did not plan to discuss the liability market but it's an even bleaker picture. Insurers are withdrawing capacity which means Alliant is searching for new capacity with new carriers which are charging more and restricting terms. Alliant's reinsurance costs have gone up in 2017 and 2018 due to catastrophic losses. However, the Pool is in good shape in part because we have current values due to the appraisal work the Pool has been doing. Underwriters are squeamish to begin with and even more so with COVID-19 and the civil unrest. Underwriters like to operate in certainty, no one is getting rate reductions or stable rates. The Pool's total insured value (TIV) is up approximately 10% bringing a cumulative rate increase just shy of 33%.

Shipman asked White to explain the earthquake TIV. White explained the total insured values for the peril of earthquake and how it is broken out. Included in the packet are the changes to the APIP/PEPIP policy, most notably Endorsement #4 – Communicable Disease has been removed. Christianson said Jordan had emailed a question prior to the meeting – “What constitutes an eligible Member for the communicable diseases?” Christianson said the answer is anyone who participates in the property (real) coverage is eligible for the coverage and she will catch up with Jordan.

White went through the cyber liability excess policy. He talked about the aggregate and how the program works, and how the Members are eligible to purchase additional excess limits on top of the cyber liability excess policy (see packet for options) Beardsley asked if Options 1 and 2 were each Member's decision whereas Options 3 and 4 is a Pool-wide/Board decision. White confirmed that was the case. Members would have until July 31 to make the decision. Christianson said the costs will get allocated during the 2021 budget. Liard asked how the amount was decided. White said the quoted amount is based on the TIV. Liard also asked if there was a requirement to prove your network security or anything before renewing the coverage. White said no application was necessary. Mason likes options 1 and 2 to allow Members to decide individually. Shipman reminded everyone there would be action at the end to bind the property coverage during the Action Items.

White moved on to Auto-Physical Damage and gave kudos to Adams for his assistance with the auto physical damage renewal. Last year a week before renewal we had a loss which we thought would be a total loss which we reported to the insurer and paid a 10% increase for, fast forward a year the loss was not a total and that helped us negotiate a flat renewal, values are up approximately 10%. Reminder if you purchase or have a vehicle valued at over \$1.5 million, please report it to Powell/White immediately.

The Board took a short break from 10:42 to 10:55 am.

Labor Rates Report

Adams said the Labor Rates Report gets presented every three years (pursuant to the governance policy on Claims Management) and will go into effect July 1. This study reviews market rates across the State of Washington. Our recommended rate changes are on page five of the report. These rates help us with our subrogation efforts. Shinnors said when we did this years ago the challenge in working with the insurance carriers is you have to use direct costs associated with labor. You must take out the cost of medical, FICA, PERS, and generally when you consider direct out of pocket cost the uniform rates are sufficient even for large transits. Shipman said this report must be presented but not approved. Adams said correct.

Claims / Legal Glossary

Adams said a request had been made to have a claims/legal glossary. This document is available on the Board page in the Helpful Documents section. The glossary will be updated periodically. Shipman thanked Adams saying it was super helpful to have.

Annual Report, Risk Profiles and Safety Stars

Branson said each Member should have received the 2019 WSTIP Annual Report and personalized Risk Profiles in the mail. He noted both documents are available on the website to download ([Annual Report](#) and [Risk Profiles](#)). Branson thanked Jordan, Christianson, and Broadhead for their contributions to the Annual Report. The report encapsulates the entire 30th Anniversary year. If you have questions regarding the Risk Profile, please reach out to Branson. Shipman announced the 2019 Safety Star Award winners: Community Transit, Island Transit, and Columbia County Public Transportation. Branson said the checks will be in the mail and we will work with you to schedule a time to present the award which normally would have been presented at the Public Transportation Conference in August. Shipman liked the layout and the readability of the Annual Report and Risk Profiles.

Communicable Disease Endorsement Claim

Christianson said she worked with a small group of Members to try and figure out the best way to document a communicable diseases loss available under the AP/IP/PE/IP excess property coverage. She mentioned the endorsement was in the packet. White explained the shared aggregate limits of the endorsement. There is \$10 million shared between over 1,000 public entities. Of that \$10 million, there is a \$500,000 per occurrence limit.

Christianson said we likely will not receive \$500,000 but if we do receive any money, we will then have to figure out how to divide amongst the members who have Property Coverage and who want to participate in the claim. The group felt the simplest way to document the claim is fare box losses and sales tax revenue losses, although we could also include extra expense but that would require a lot more paperwork from all of you. Bourton asked if the CARES Act will play a role? Christianson said we must show the value of any savings we've incurred while the loss is going on. Shipman said in conversations with Federal Emergency Management Agency (FEMA) they want to know what we are submitting to insurance versus what we are submitting to FEMA. Christianson said it is her understanding you must show FEMA you have been denied access to the resource of insurance. We need a couple more months of sales tax data to roll by so we can see how large the loss is. The Pool self-insures the first \$250,000 under the AP/IP/PE/IP and there is a coverage question in the underlying document. Christianson said she does not believe there is coverage but expects it to be a future discussion.

Prior Period Assessment Audit for 2019

Branson explained Members bring forward estimated miles and estimated employee counts in the fall. Then the loss fund is established, and assessments are collected in January. Members then provide the actuals for those prior year estimates. This is called the Prior Period Assessment Audit (PPAA). In February we talked about separating the PPAA from the Rate Sheet. The PPAA is complete and what Member see in the packet is either a debit or credit for each Member. He asked the Board to discuss next steps. Do you want Staff to distribute the

credits in July and invoice the debits, or should we wait until January and offset next year's assessment? Macdonald and Shipman said their agencies would like to receive the credit now in this COVID state. Brannin, Kinney, Beardsley, Heston, Thompson, Mehin, and Deutsch all would prefer to have it offset the assessment in January. Shipman asked if procedurally it would be burdensome to staff to have some agencies receive payment now and others with the assessment. Christianson said it could be done but she would prefer to do them once a year. Shipman said the majority want to keep the PPAA with the assessment for 2021. Christianson reminded everyone that our assessment is self-correcting, you give estimates and then when we receive the actuals it self-corrects. Next year we anticipate there could be large credits as many of you have significantly reduced miles. Staff will present the PPAA in March 2021. Mason asked why we pay the annual assessment in January rather than monthly throughout the year. Christianson said she does not know the answer to that but thinks it is because most of the insurance renews January 1 so the cash influx. Mason said there are plenty of reserves so it should not be a cash flow issue. Christianson said it is not a cash flow issue but could be next year, we may want to issue checks next April if Members are due funds following the PPAA. Shipman asked if it would be possible to pay monthly next year. Christianson stated that in prior years when Members were having cashflow issues we have accepted monthly payments but did charge an interest rate but that payment of Member assessments as monthly installments could be considered an option in 2021. Deutsch stated that C-Tran kept most of their vehicles on the road and asked how will it impact next year. Christianson said your PPAA will not be as large.

Financial Reports

May 2020 Treasurer's Report and Management Discussion and Analysis, Comparative Statement of Net Position, Claim Reserves Report, and Statement of Revenues and Expenses with Budget

Shipman noted the financials have a different look and feel and that she likes the new format. Branson said changes have been made to the presentation of the financials, staff engaged Coit in the process and added management discussion and analysis to the reports. Staff will be providing the most current closed month so in September you will see August's financials. Branson briefly went through each report. Coit gave kudos to Branson and Thornton for their work on the financials. Mason had questions about the Claim Reserves Report, Branson will discuss offline. Shipman feels the new financial reports will be valuable and looked good.

Staff Reports

Executive Staff Report

Christianson said she did not have a verbal update to the written Executive Staff Report. Powell said the audit is going well and she is responding to questions from the auditor. Rouse has been unable to visit members on-site but continues to work virtually with them. Branson noted Member Satisfaction Surveys are ongoing and if you feel over surveyed please forgive us. Staff will share the results of the surveys at the July Executive Committee meeting. Adams reported on recently settled claims activity and subrogation. If you have questions regarding anything in the staff report, please reach out to staff.

General Counsel's Report

Hughes said his report is included in the materials. The bulk of his time he is preparing for and attending various meetings, reviewing contracts/policies, and providing training. Hughes talked about the Open Public Meetings Act (OPMA) and the Governor's proclamation suspending the physical space for public to attend and how it may affect the Pool and Members depending on the phase their county is in and what happens when it expires.

Broker's Report

White gave an update on the state of the insurance market.

Action Items

Minutes – March 27, 2020

Kinney moved to approve the minutes from March 27, 2020. Crouch seconded the motion and the motion passed.

Accept 2019 Year-End Actuarial Report

Hingson moved to accept the 2019 Year-End Actuarial Report. Mehin seconded the motion and the motion passed.

Adopt 2020-2021 WSTIP Property Coverage Document

Beardsley moved to approve the 2020-2021 WSTIP Property Coverage Document. Crouch seconded the motion and the motion passed.

2020-2021 Property Boiler and Machinery and Cyber Liability Excess Coverage Proposal

Mehin moved to authorize the Executive Director to bind the 2020-2021 Property, Boiler and Machinery and Cyber Liability Excess Coverage. Brannin seconded the motion and the motion passed.

2020-2021 Auto Physical Damage Excess Coverage Proposal

Kinney moved to authorize the Executive Director to bind the 2020-2021 Auto Physical Damage Excess Coverage. Heston seconded the motion and the motion passed.

Member Updates


Member Updates were tabled.

Adjournment

Shipman thanked everyone for attending, WSTA has cancelled all travel for the rest of the year, there is some concern about travel. Shipman asked how the Board was feeling about travel. Hingson recommended suspending all in-person events through the end of the year. Beardsley and Mason agreed with Hingson. Coit said her agency is restricting travel. Shipman said they are on a case by case basis. Shipman asked staff to cancel the in-person September quarterly Board meeting but delay any decision about the December quarterly meeting. Christianson agreed. **Shipman adjourned the meeting at 12:10 pm.**

Submitted this 25th day of September 2020

Approved:

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Jesse Kinney, Secretary