



WASHINGTON STATE TRANSIT INSURANCE POOL | RISK MANAGEMENT IN MOTION

PO Box 11219 | Olympia, WA 98508 | 360-786-1620 | www.wstip.org

**Minutes of the
WSTIP Board Meeting
September 25, 2020
WebEx**

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

Call to Order

President Shipman called the meeting to order at 9:00 am. Verbal roll call took place. Shipman called for changes to the agenda, Christianson said Staff request adding an action item to authorize the Executive Director bind excess and reinsurance coverage as they arrive if they don't exceed what is in the preliminary budget. **Jordan moved to amend the agenda to add an action item bind excess and reinsurance coverage if they don't exceed what is in the preliminary budget. Deutsch seconded the motion and the motion passed. Mehin moved to approve the amended agenda. Brannin seconded the motion and the motion passed.** Guests were introduced Shawn Larson, Safety Officer and Justin Brockwell, Data Analyst, and *Behind the Curtain* prizes were announced for Deutsch and Larson.

Discussion**Member Representative Meeting Report and Discussion**

George, Heston, Shinnors and Deutsch gave updates on each group's discussion. Each group talked about the

actuarial presentation, appreciated the videos, rate sheet segmentation analysis so they can see the components of their assessment, encouraging Members to participate in the upcoming Executive Committee elections, discussed funding the Technology Grant and Deputy Director position, and the communicable disease exclusion.

Actuarial Study (June 2020) and 2021 Loss Fund

Christianson introduced Kevin Wick from PricewaterhouseCoopers (PwC). Wick went through a slide deck regarding the actuarial study and 2021 Loss Fund. Wick fielded questions from the Board. [Click here](#) to view his slides and [here](#) to view the video.

Beardsley joined the meeting at 10:00 am.

Underground Storage Tank Renewal

White said this proposal only applies to those members with Underground Storage Tanks (UST) (Clallam, Community, Grays Harbor, Intercity, Kitsap, Link, Pacific and Valley). Some of the older tanks have been replaced and there has been a slight cost reduction. This policy renews on October 1.

Liability, Reinsurance and Excess Coverage Renewal

White said we've been talking about the hardening insurance but it's an even bleaker picture. Insurers are withdrawing capacity which means we are searching for new capacity with new carriers which are charging more and restricting terms. We are still looking at double digit increases. WSTIP's loss history from the standpoint of where you attach to the commercial market has been good. He went through each of the layers of coverage, quotes whether pending or estimated, and recommended giving staff authority to bind coverage as the quotes come in to avoid the potential of a quote being pulled or further exclusions placed in the policies. Christianson said staff will be seeking to bind coverage from GEM, Munich, Hallmark, and AWAC as long as they don't exceed the preliminary budget numbers during the action items, so this quote for coverage you are looking at may be bound before we meet again if you take action.

2021 Self-Insured Retention (SIR) Selection

Christianson requested the Board decide the Self-Insured Retention (SIR) for 2021. The actuary and Staff are recommending we stay at a \$2 million SIR for 2021. Included in the packet are materials showing both a \$2M and \$2.5M SIR and the impact both have on the capital funding philosophy. The capital funding study is slated to begin early 2021 to make sure we are still within the target range for the next three years. Board members had a lengthy discussion regarding risk appetite, potential savings/expenses if they chose a higher SIR, historical claims, and whether to transfer or retain the risk. **Deutsch moved to retain \$2 million as the SIR for 2021. Brannin seconded the motion and the motion passed.**

The Board took a short break at 10:31 am and resumed their meeting at 10:42 am.

2021 Draft WSTIP Budget

Christianson said the WSTIP Budget has a lot of moving parts and we've made a lot of assumptions to give you an estimate. Mileage is down (12%), employees are flat, vehicle and property values are up (15%), loss fund is down (6%), equity contribution down (34%) reinsurance costs are up (estimated 12.5%), and the proposed operating budget including the Deputy Director position and Technology Grant funding is up (6%). Christianson said a general wage increase for staff was not included in this version but have received information from Intercity Transit indicating a two or three percent general wage increase, the Deputy Director position would be approximately \$175,000 the first year, and we have reduced reliance on the accounting firm for a savings of \$30,000. Branson explained the Technology Grant currently has approximately \$425,000 available, if we add an additional \$250,000 in 2021, and no Members receive grant funds, then \$75,000 would go to the Technology Grant fund (not to exceed \$500,000) and the remaining funds would go to surplus (net position). Shipman asked what the impact of a two and three percent general wage increase for staff equated to. Branson said at two percent \$30,000 and three percent

\$46,000. Christianson also noted the Driver Record Monitoring (DRM) program is included in the assessment as well. Branson reminded everyone as we look to 2021 there are options with DRM if you would like to switch to premium for all or part of your employees.

Shipman opened the floor for comments. The Board had a lengthy discussion regarding the Deputy Director position, ideas included hiring a Finance Manager or shifting tasks within the hierarchy, only adding \$75,000 to the Technology Grant and using remaining funds to fund the position, and the history behind the prior Deputy Director position. Several Board members supported Christianson and felt she would make the best decision for the Pool. Christianson requested the Board make a decision so she can build the budget either with the position or without, and how to fund the technology grant for 2021.

Beardsley moved the Board direct the Executive Director to include the Deputy Director position in the 2021 budget with understanding the ED will use their best judgement for timing when to hire and allocate tasks. Heston seconded the motion. Shipman called for a vote and the motion passed with three nays (Lubeck, Mason, Shinnners).

Shinnners said he is not comfortable supporting the decision at this time but could get there with more information. Covey isn't sure of the timing, previously the Deputy Director position was slated to be the next Executive Director, and that did not turn out well. Christianson said she has no intention of choosing the next Executive Director but does want to make sure there is someone there to run the Pool should she not be able to do so in the interim and felt the Board could have several internal candidates when that time comes. Mason suggested making a Finance Manager position and create a small team Administrative Services, Member Services, Claims, that would be able to provide coverage should something happen to the Executive Director. Shinnners asked if the Board is asking too much of staff, could we dial down our requests. Hughes suggested a roll call vote since there appeared to be questions on the outcome.

Mason moved to consider this topic at the next meeting rather than decide now and allow for more information gathering. There was no second. Shipman said the next meeting is December and the budget would be approved. Beardsley's observation is that we know enough to know the majority said yes, Christianson knows the sentiment of the group. Brannin said leave it in the budget, even if it is there doesn't mean the person would be hired right away, the majority agrees to leave it in. Shipman said the position exists, we can still approve the budget with or without the position, but she heard more ayes than nays. Kessler appreciated the discussion, he heard three no's and felt it was time to move on to the next topic.

Shipman asked for a motion regarding funding the Technology Grant for 2021. **Mehin moved to fund the technology grant to the \$500,000 level. Macdonald seconded the motion and the motion passed.**

George left the meeting at 11:00 am.

Communicable Disease Exclusion

Christianson explained the Executive Committee is recommending limiting Communicable Disease coverage to \$500,000 per occurrence with a \$2 million aggregate for 2021. Christianson suggested excluding it from the Public Officials Liability (POL) Coverage Document but providing limited coverage in the General Liability (GL) Coverage Document. So far in this pandemic Pools haven't seen losses, some Pools are adding communicable disease exclusions so that it is not as attractive for plaintiff attorneys. The problem for us in Washington is should an employee get denied Works Compensation we do have bodily injury in Coverage A of the General Liability Coverage document that could afford them some coverage. She does not recommend a full exclusion in the GL but does in the POL. White and Christianson gave examples of types of claims the Pool may see. Board members discussed potential workers compensation claims due to COVID, how it would be difficult to prove bodily injury, and agreed there should be some limited coverage available. Beardsley offered the Coverage Review Committee to

spend time on this topic. Mason suggested defense costs plus a max \$25,000. Christianson said the problem with defense only is we would only pay the defense and you the Member would be responsible for the settlement. Beardsley said even if we have this exclusion it does not prevent someone from suing us. Jordan said if we do nothing, we will be held holding the \$25 million bag.

Jordan moved to select Option 2 to limit Communicable Disease to \$500,000 per occurrence with a \$2 million aggregate. Beardsley seconded the motion and the motion passed with a roll call vote. Ayes (Ben Franklin, Central, Clallam, Columbia, Community, C-Tran, Everett, Grant, Grays Harbor, Intercity, Island, Jefferson, Kitsap, Link, Mason, Pacific, Pierce, Pullman, RiverCities, Skagit, Spokane, Valley, Whatcom) Nays – None. Absent – Asotin, Twin, Yakima.

Draft Bylaws

Shipman said she would entertain a motion to adopt the Bylaws as distributed the prior evening. **Mehin moved to adopt the Bylaws as revised and distributed on September 24. Macdonald seconded the motion and the motion passed with a roll call vote. Ayes (Ben Franklin, Central, Clallam, Columbia, Community, C-Tran, Everett, Grant, Grays Harbor, Intercity, Island, Jefferson, Kitsap, Link, Mason, Pacific, Pierce, Pullman, RiverCities, Skagit, Spokane, Valley, Whatcom) Nays – None. Absent – Asotin, Twin, Yakima.**

2021 Draft General Liability Coverage Document

Christianson said this information was also included in the Executive Committee packet. We sent this document out for review, feedback is enclosed, the Coverage Review Committee will review the feedback and present a 2021 General Liability Coverage Document to the Executive Committee and Board in December for adoption.

Financial Reports

August 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

Branson said changes have been made to the presentation of the financials, thanked Coit for her feedback and comments. The Pool has a treasury note that will be coming back in November that will need to be reinvested, a meeting has been scheduled with the Thurston County Treasurers Office, incurred but not reported (IBNR) has been reflected in the financial reports, positive trend in the net position. Christianson said our claim numbers are down, but our reserves have increased. This increase is due partially to the court systems as we haven't had any trials recently. Arbitrations, depositions, and mediations are beginning to take place.

Action Items

Minutes – June 26, 2020

Jordan moved to approve the minutes from June 26, 2020. Mehin seconded the motion and the motion passed.

Adopt Strategic Business Plan

Mehin moved to adopt the Strategic Business Plan. Covey seconded the motion and the motion passed.

Bind Underground Storage Tank Coverage

Covey moved to authorize the Executive Director to bind Underground Storage Tank Coverage. Mehin seconded the motion and the motion passed.

Authorize Executive Director Bind Coverage

Macdonald moved to authorize the Executive Director to bind the excess liability and reinsurance coverages as the quotes come in as they come in if they don't exceed the number in the preliminary budget. Beardsley seconded the motion and the motion passed.

Executive Director Contract Negotiations

Mehin moved to authorize a sub-committee work on the Executive Director performance review and contract. Deutsch seconded the motion and the motion passed.

Staff Reports

Executive Staff Report

Christianson said due to time she would not comment on the Staff Report. Branson reminded everyone as you are building your budget don't forget to budget for your deductible and the possibility of prior period assessments. Jordan asked Adams to give a brief update on claims activity. Adams briefly discussed open claims, closing out of 2013 activity, and wins for his department.

General Counsel's Report

Hughes said his report is included in the materials.

Broker's Report

White gave an update on the state of the insurance market during the renewal discussions. If you have questions regarding the Broker Report, please reach out to White.

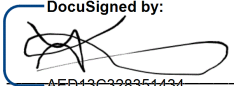
Member Updates

Skipped in essence of time.

Adjournment

Shipman skipped the recap in essence of time. **Jordan moved to adjourn the meeting at 12:04 pm. Mehin seconded the motion and the motion passed.**

Submitted this 4th day of December 2020

Approved: 
Jesse Kinney, Secretary