

# ST. LOUIS AREA INSURANCE TRUST

*A Self-Insurance Pool*

## ST. LOUIS AREA INSURANCE TRUST BOARD OF DIRECTORS' MEETING

### MINUTES

April 1, 2021

- I. A meeting of the Board of Directors of the St. Louis Area Insurance Trust was held on Thursday, April 1, 2021, via Video Conferencing. The meeting was called to order at 10:00 a.m. by Chairperson, Barbara Sondag.

Attendance was as follows:

<u>Board Member</u>	<u>Attending</u>	<u>City</u>
Eric Sterman	Y	City of Ballwin
Bola Akande	Y	City of Brentwood
Mike Geisel	Y	City of Chesterfield
Mark Perkins	Y	City of Creve Coeur
Doug Harms	Y	City of Des Peres
Matt Zimmerman	Y	City of Hazelwood
Dave Watson	Y	City of Maryland Heights
Barbara Sondag	Y	City of Olivette
Amy Hamilton	Y	City of Richmond Heights
Matt Conley	Y	City of St. Ann
Robert Shelton	Y	City of Town & Country
Gregory Rose	Y	City of University City
Steve Wicker	Y	The Daniel and Henry Company
George Liyeos	Y	The Daniel and Henry Company
Becky Redferring	Y	The Daniel and Henry Company
Mike Hanson	Y	The Daniel and Henry Company
Jill Newman	Y	The Daniel and Henry Company
John Charpie	Y	Thomas McGee Group
Travis Bennett	Y	Thomas McGee Group

II. Approval of Minutes from December 8, 2020 and January 17, 2021 Meeting

Barbara Sondag asked for any additions or corrections to the Minutes from the December 8, 2020 or January 17, 2021 Board Meetings. There being none, a motion was made by Bola Akande and seconded by Matt Conley to approve the Minutes of both meetings as presented. The motion passed.

III. Claims Administration Report

Steve Wicker reported that there were no specific liability claims on which to report and stated, relative to workers' compensation, that there are now 59 claims in the Large Claims Report, up from 56 last quarter. Eleven new claims were added to the Report, five were closed and three claims previously reported are now valued at less than \$100,000. Of the eleven new claimants, six are police officers and three are firefighters, one worked park maintenance and the other is a mechanic. Five of the six police claims were caused by altercations with suspects. Mr. Wicker noted that six or seven years ago, such a large number of physical contact with suspects simply did not occur.

IV. Financial Report

A. Review of Financial Statement as of December 31, 2020

Steve Wicker briefly reviewed the Financial Statement as of December 31, 2020. He noted that the current fund balance is approximately \$6.7 million, and reminded the Board that this statement is little changed from the past quarter since updated numbers from the Actuarial Valuation are not yet incorporated. Mr. Wicker also pointed out that the current Excess Insurance Amount Receivable is \$12,072,030 and noted that he had provided a memorandum to the Board detailing exactly what is included in this number.

Steve Wicker further explained that the receivable is made up of 12 claims that have exceeded the Trust's self-insured retention, seven workers' compensation claims and five liability claims. Mr. Wicker then reviewed the accounting detail and noted that the total receivable amount is \$20,578,163, which is accounted for by claim. The total receivable amount equals the total incurred value of a claim minus the applicable self-insured retention. He also noted that by claim receipts are listed on the detail and total receipts as of 12/31/20 are \$8,506,133, leaving the current receivable of \$12,072,030.

Steve Wicker then reviewed the specific claims noting that four of the five liability claims are closed and for those four claims the amount in excess of the self-insured retention has been collected from the applicable excess carrier. He noted that for liability claims the process is for the claim to settle at the specific amount and the Trust then bills the excess carrier for the amount that exceeded the self-insured retention. Relative to workers' compensation claims, all of them are

still open and for four of them, payments have exceeded the self-insured retention. The Trust has then been reimbursed by the excess carriers for these payments. It was noted that reimbursements received for these claims are listed by year of receipt on the worksheet and that Thomas McGee handles all contacts with the excess carriers relative to workers' compensation as part of its claims administration contract. In response to a question from Doug Harms relative to if there are any concerns about receiving any of these receivables, Steve Wicker stated that there were not. He added that whenever a claim exceeds half of the self-insured retention, the claims administrator reports it to the excess carrier and these reports are updated on a quarterly basis. Thus, there are no surprises for the excess carriers.

John Charpie added that the only risk the Trust has relative to these claims is that the excess carrier could go out of business. He noted that the current carriers the Trust is doing business with are A+ rated carriers.

B. Approval of Bills

It was noted that no additions or corrections were needed to the Invoices for Approval listing that had been provided to the Board. A motion was made by Doug Harms and seconded by Mike Geisel to approve the invoices as presented. The motion passed.

V. Loss Control Report

Before reporting on loss control activities for the past quarter, Travis Bennett stated that he needed to inform the board of an email that he will be sending to all members relative to the Victory Electrostatic Sprayer that many members had purchased for the disinfecting process relative to the COVID-19 pandemic. He stated that there have been a number of fires from the lithium ion battery pack that is part of this sprayer. He noted that the U.S. Consumer Product Commission has a recall page relative to this product and indicated that he would be providing a link to this recall page for the membership.

Travis Bennett then reported on loss control activities for the first quarter of 2021. First, he noted that Dashboard reviews have been conducted with many members, either through the safety committee process or a department head process. He noted that these meetings had been well received and have led to the adoption of accident investigation reporting by several members and other safety programs.

In addition, Mr. Bennett reported that he had performed a job hazard analysis for the City of Creve Coeur and presented safety material at the Missouri Parks and Recreation Association conference. Also an ergonomic assessment was performed at the City of Maryland Heights and a webinar relative to COVID-19 vaccinations was hosted for the membership with a third party legal representative reviewing issues concerning legalities and employee vaccinations. Additionally, site specific loss control documents were created for the website, including job hazard analysis,

COVID-19 resources, tool box talks, and safety training programs. Finally, an Office Ergonomics Train the Assessor webinar was held for the membership.

VI. Health Plan Report

A. Report on Wellness Activities

Jill Newman reported that the last Wellness Coordinators meeting was held on March 9, 2021 via zoom. She stated that quite a bit of time was spent reviewing the H&H blood screening program and the participation rates by member. Kevin Hobart from H&H was a participant in the meeting and discussed all the options available to the membership relative to the screening program. In addition, Mary Jo Gorman of Healthy Bites attended the meeting and went through how the membership can access this program, which provides dietary guidance through onsite or virtual visits to member cities. Finally, Ms. Newman reported that Gretchen Hendricks and Julie Augustine of Anthem attended the meeting and provided clinical claims data for the 2020 calendar year. As a result of this review, it was noted that muscle/skeletal issues are a significant claim factor for the Trust. As a result a self-guided campaign to address some of these issues has been implemented and provided to the membership.

VII. Old Business

A. Report of Transition Subcommittee

Barbara Sondag suggested that this item be considered in closed session at the conclusion of all other business. There being no objections, the Agenda was so amended.

VIII. New Business

A. Health Plan Renewal – 2021-2022

Steve Wicker reported on the Health Renewal being recommended by the Rate Committee consisting of Gregory Rose, Mike Geisel, Matt Conley, Doug Harms and Dave Watson. In summary, the Committee is recommending a 4.5% rate increase for most member cities with the best performers receiving 2.5% and 3.5% increases in premium and the worst performers receiving a 6.5% increase. It was noted that St. Ann, Rock Hill, Richmond Heights, West Central Dispatch Center and East Central Dispatch Center will receive a 2.5% increase, while Ballwin, Olivette and University City will receive 6.5% increases. Mr. Wicker noted that this overall increase is needed since this year claims are running at 103% of expected, with 6% of total claims due to COVID-19. Thus, 2021-22 claims are budgeted only 2% higher than this year's estimated actual, with the thought that COVID will not have as large of an impact in the coming year.

Steve Wicker then reviewed the proposed health plan budget for 2021-2022. He noted that the Trust will generate approximately \$28,585,000 in premium plus interest. Expected claims are \$25,590,000 and with fixed costs of \$2,347,000 or approximately 8% of premium, the total expenses for the Trust come to \$27,937,000. The loss contingency or expected surplus is \$648,000. Expenses are up slightly as Anthem will receive an approximately 3.7% overall increase in its administrative fee and a 12.7% increase in the cost of specific stop loss coverage. Finally, Mr. Wicker noted that the 2020-2021 policy year is now expected to be a breakeven year. After a brief discussion, a motion was made by Amy Hamilton and seconded by Gregory Rose to approve the 2021-22 recommended health plan rate increases. The motion passed.

Steve Wicker then reported that in addition to the health plan renewal, the Rate Committee is recommending a \$1,484,207 surplus distribution, which is all of the surplus from the 2012-2013 policy year and \$1,400,000 from the 2013-2014 policy year. He noted that for members that were members during those years, the surplus distribution will be equal to or exceed the rate increase. It was noted that the distribution will be for those members that were members during those two policy years and are also current members of the Health Plan when the funds are distributed, probably September of 2021. A motion was made by Amy Hamilton and seconded by Gregory Rose to approve the recommended surplus distribution. The motion passed.

B. Recommendation to Increase Excess Workers' Compensation Retention

John Charpie stated that while last year the Trust was able to renew the excess workers' compensation policy with a \$1,000,000 retention, the carrier, Safety National, indicated that they would not be willing to offer the same retention for the 2021 renewal and Mr. Charpie added that he did not believe any carriers would offer a retention as low as \$1,000,000. He noted that most carriers wished to write excess workers' comp with a \$1,500,000 retention at this particular time, although it might be possible for SLAIT to get a \$1,250,000 retention. Mr. Charpie added that to increase the retention, the Trust needs to petition the Division of Workers' Compensation for approval and part of this submittal is a letter from the Board indicating its approval of the request. Thus, the reason for placing this item on the Agenda. After a brief discussion, a motion was made by Amy Hamilton and seconded by Gregory Rose to authorize the Board Chairperson, Barbara Sondag, to submit a letter to the State of Missouri Division Workers' Compensation requesting an increase in SLAIT's retention from \$1,000,000 to \$1,500,000. The motion passed.

John Charpie added that as part of this year's excess renewal, he will be looking in to getting aggregate coverage for the Trust which if purchased will allow the Board to eliminate its aggregate reserve, which is a \$1,000,000 restricted account. Steve Wicker noted that the aggregate reserve was created when the workers' compensation trust was created and was funded by the members instead of purchasing aggregate insurance because aggregate insurance was not available at that time. It was noted that if aggregate reinsurance can be purchased at a relatively reasonable rate, then the restricted aggregate reserve can simply become part of the Trust Fund

Balance. There is no action required by the Board at this time, but the general consensus of the Board is that this is an option worth pursuing.

C. Recommendation to admit Bridgeton to SLAIT Health Plan

Mike Hanson reported that the City of Bridgeton is interested in joining the SLAIT Health Plan effective July 1, 2021. Mr. Hanson noted that when the City had looked into SLAIT recently it had had a very high risk claimant on its plan and thus was not eligible to join the Trust plan. However, that individual has now left the City and Mr. Hanson stated that he sees no reason not to allow the City to join the plan. Doug Harms noted that Bridgeton has a \$4,000 deductible and asked if they would maintain that deductible and also stated that he feels it might be better to move them to a plan currently offered by the Trust rather than creating another one. Mike Hanson indicated that the City of Bridgeton is looking at possibly lowering its deductible, but that a final decision on what precise deductible would be chosen has not been made.

Mark Perkins asked how Bridgeton's rates compare to other SLAIT member cities. Steve Wicker stated that while he does not have the exact rates in front of him, the process at which SLAIT has been adding members to the health plan by using a current market place rate provides SLAIT with maximum protection against a new member causing loss problems for the Trust. Since Bridgeton had recently had some claims issues, using their current rate structure hopefully provides SLAIT with some cushion for some unexpected losses. A motion was then made by Doug Harms and seconded by Matt Conley to allow the City of Bridgeton to join the SLAIT health plan effective July 1, 2021. In response to a question from Barbara Sondag, Mr. Harms indicated that he did not want to force the City of Bridgeton to lower its deductible to enter SLAIT, so he did not make that a part of his motion. The motion passed.

D. Review of June 30, 2021 Actuarial Valuation

Steve Wicker reported that the Actuarial Valuation was just completed and should be received shortly. He noted that he will provide the valuation with an explanatory memorandum early next week. He added that he has reviewed the draft report and can summarize the major findings. He reminded the Board that there are two reasons for having the actuarial report performed. First, to project the ultimate losses for each policy year, and second to provide a loss projection for the coming policy year. Mr. Wicker then stated that the ultimate loss forecast for workers' compensation had increased by approximately \$4,000,000, with much of the increase occurring in the current year. For 2020-21, forecasted losses will increase from approximately \$7.5 million to slightly over \$10 million. In addition, the expected workers' compensation loss rate for 2021-22 has been set at \$4.50 per \$100 of payroll, a 90 cent or 25% increase from the current year. Obviously, this means a substantial workers' compensation premium increase for Trust members.

For liability coverages, there is a different story as the ultimate loss forecast, in total, decreased approximately \$130,000 from one year ago. Thus, projected losses for 2021-22 are essentially the same as for the current year and therefore, there will be little change in rates and premium.

Doug Harms asked that with a substantial workers' compensation rate increase coming, is there anything that can be done to set rates earlier than the June Board meeting. Steve Wicker stated early June is the best that can be done, but added that perhaps generalized information regarding the increase could be provided to members prior to that.

E. Next Meeting Date

The next SLAIT Board Meeting was scheduled for Thursday, June 3, 2021 at 10:00 a.m. at a location to be determined.

F. Other Business

There being no other business, Barbara Sondag asked for a motion to enter a closed session as authorized by Section 610.021(12) RSMO to discuss negotiation of a contract. A motion was then made by Doug Harms and seconded by Bob Shelton to enter into a closed session to discuss contract negotiations. The vote on the motion was as follows: Harms, Aye; Hamilton, Aye; Shelton, Aye; Zimmerman, Aye; Sterman, Aye; Watson, Aye; Akande, Aye; Perkins, Aye; Geisel, Aye; Rose, Aye; Conley, Aye; and Sondag, Aye.

The Daniel and Henry Company and Thomas McGee Group representatives left the meeting at this time.

The open session of the meeting ended at 10:58 a.m.

Submitted by: Stephen D. Wicker

Approved by: \_\_\_\_\_