



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

MINUTES

May 18, 2023

- I. A meeting of the Board of Directors of the St. Louis Area Insurance Trust was held on Thursday, May 18, 2023, at the Brentwood City Hall. The meeting was called to order at 10:05 a.m. by Vice Chairperson, Gregory Rose as Chairperson Bola Akande was absent.

Attendance was as follows:

<u>Board Member</u>	<u>Attending</u>	<u>City</u>
Eric Sterman	Y	City of Ballwin
Bola Akande	N	City of Brentwood
Mike Geisel	Y	City of Chesterfield
Mark Perkins	Y	City of Creve Coeur
Doug Harms	Y	City of Des Peres
Robert Shelton	Y	City of Town & Country
Matt Zimmerman	Y 10:10 AM	City of Hazelwood
Amy Hamilton	Y	City of Richmond Heights
Matt Conley	Y	City of St. Ann
Gregory Rose	Y	City of University City
Kevin Bookout	Y	City of Bridgeton
Kris Simpson	Y	City of Crestwood
Steve Wicker	Y	Steve Wicker, LLC
Becky Redfering	Y	Thomas McGee Group
Mike Hanson	Y	Daniel and Henry Company
John Charpie	Y	Thomas McGee Group
Jeff Cox	Y	Thomas McGee Group
Ben Fuchs	Y	Thomas McGee Group
Teri Bellamy	Y	Thomas McGee Group
Blake Hill	Y	Hellmich, Hill, & Retter
Rachel Bates	Y	Hellmich, Hill, & Retter



II. Approval of Minutes from April 6th Meeting

Gregory Rose asked for any additions or corrections to the Minutes from the April 6, 2023 Board Meeting. There being none, a motion was made by Doug Harms and seconded by Matt Conley to approve the Minutes of the April 6, 2023 meeting as presented. The motion passed.

III. Nominating Committee, Open Board Position

Bob Shelton reported that the nominating committee of Amy Hamilton, Matt Zimmerman, and himself met and discussed candidates to serve the remainder of Barb Sondag's term, which expires June 30, 2024. They discussed several qualified candidates, and agreed to recommend Kris Simpson of the City of Crestwood to the Board for approval. Amy Hamilton made the motion to appoint Kris Simpson to the Board to serve out Barb Sondag's unexpired term and Eric Sterman seconded the motion. The motion passed.

IV. Closed Session

Doug Harms made a motion to go into closed session for the purpose relating to legal issues and Bob Shelton seconded the motion. A role call vote was taken: Kris Simpson – Yes, Eric Sterman – Yes, Mike Geisel – Yes, Mark Perkins – Yes, Doug Harms – Yes, Bob Shelton – Yes, Matt Zimmerman – Yes, Amy Hamilton – Yes, Matt Conley, - Yes, Kevin Bookout – Yes, Gregory Rose – Yes. The Board proceeded into closed session at 10:10 AM and returned to regular session at 10:28 AM.

V. Claims Administration Report

John Charpie stated that there are currently 51 open claims with an incurred value of \$100,000 or greater, while at the same time last year there were 39 claims with the same criteria. There have been 19 large claims in the current term and 5 in the current calendar year.

VI. Financial Report

A. Review of Financial Statement as of 3/31/23

Jeff Cox reviewed the statement and noted there was an increase in fund balance from \$4.2 million to \$7.9 million from 3/31/22 to 3/31/23. The fund balance has increased from \$5.7 million to \$7.9 million since the 12/31/22 statement. The fund balance at 12/31/21 was \$1.9 million.



A motion to approve the financial statement was made by Eric Sterman and seconded by Amy Hamilton. The motion passed.

B. Approval of Bills

John Charpie presented the bills for approval and noted bills were since the April meeting. Most bills were typical monthly or quarterly installments, but there was a bill for MZQ Consulting which was to perform the Mental Health Parity Audit approved during the March meeting.. A motion to approve the invoices as listed was made by Amy Hamilton and seconded by Bob Shelton. The motion passed.

VII. Loss Control

John Charpie reported on the loss control activities for April and May in Travis Bennett's absence. He stated there was a safety survey at Bridgeton and a fitness center maintenance and inspection process was developed for St. John. Additionally, wellness committee meetings were attended at Bridgeton, Richmond Heights and Chesterfield. The known use of aliases project continues to move forward and it's anticipated there will be communication to the membership within the next month.

John also mentioned that Dan Greco has held a Workers Compensation 101 seminar for the membership that had generated several positive comments. A similar workshop was presented to City of Chesterfield. Mike Geisel noted that the training was informative and professional. John noted that a second offering of this seminar is planned for June for members who couldn't make the first meeting.

VIII. Health Insurance Report

Mike Hanson reminded the Board that the Wellness Grant program would begin in May. He had been in contact with wellness coordinators who were preparing their organizations for this years grants. Clinical reviews had also been requested by several members and Anthem was working on scheduling these reviews.

Mike also noted that his team negotiated a flat renewal for the Stop Loss premium from Anthem. Anthem's initial indication was a 19% increase, but Anthem reduced their requested increase as Mike's team obtained quotes from other carriers including Berkley. Anthem charges additional administrative fees if Berkley (or any other carrier) is used for the stop loss, which made Anthem's renewal competitive with the other carriers.

Additionally, the aggregate coverage was eliminated from this renewal, which saved approximately \$55,000 per year. This coverage would respond once losses exceeded \$40 million, and the expected losses for this year are approximately \$30 million. It would be unlikely the aggregate coverage would be utilized.



Mark Perkins made a motion to approve the specific stop loss renewal with Anthem, and eliminate the aggregate coverage from this renewal and Doug Harms seconded the motion. The motion passed with Matt Zimmerman abstaining.

IX. Administrator/Marketing Report

John Charpie reported that the City of Valley Park had inquired about joining SLAIT's employee benefit plan. He noted that during a conversation with the City Administrator John informed them that SLAIT typically required membership in the workers compensation and liability programs to consider membership in the health plan. Valley Park did not plan to make formal application for their July renewal, but agreed to discuss later in the summer depending on the renewal options they received from their current carriers.

An updated fund balance by member document was provided to the Board. This document was briefly discussed, but it was decided that additional time would be spent reviewing it during the June Strategic Plan meeting.

John indicated that discussions were still ongoing regarding including property coverage within SLAIT's program offering. Jeff Cox spoke about a pool of excess property reinsure's he recently met with and stated he would speak with this program to determine if SLAIT would be an option. John indicated that the flood claims from 2022 increased SLAIT's loss ratio and highlighted the severity exposure property programs present.

X. Old Business

Gregory Rose asked for any old business items. There being none, the meeting proceeded to the next agenda item.

XI. New Business

a. 2023-24 Liability & WC Renewal

Gregory Rose indicated the Rate Committee, consisting of Mike Geisel, Doug Harms, Matt Conley and Bola Akande met last week for approximately an hour. Their discussion centered on finding a balance between cutting into the WC & Liability deficits while not overwhelming the members with large increases. Thus, the Committee is recommending funding the 4% surplus option for Liability and the 2.064 Loss Cost Multiplier for Workers Compensation.

John Charpie noted that there were 2 options presented for the Liability renewal and 2 options for the Workers Compensation renewal. The liability renewal was difficult as the new actuary increased the budgeted losses for liability by 48% this year as compared to last year. The increase was the result of the actuary relying more heavily on industry data as opposed to the previous actuary weighing SLAIT's experience more heavily.



The first liability option funds to approximately a 4% surplus, with member increases ranging from 16% to 22%. This option increases the total member contribution by approximately \$550,000 over the previous year.

The second liability option funds to approximately an 8% surplus, with member increases ranging from 21% to 27%. This option would increase the total member contribution by approximately \$700,000 over the previous year.

Doug Harms noted that he believed that there should be consideration to fund at the greater amount so the deficit could be eliminated. Gregory Rose responded that there had been good progress in reducing the deficit and he was concerned with the membership receiving 21% to 28% increases.

There was additional discussion regarding the difference in the funding options only being \$150,000 and the lower funding option contributing \$550,000 more than the previous year, with the same members/exposure.

Mark Perkins made a motion to accept the funding option that created a projected 4% surplus and Amy Hamilton seconded the motion. The motion passed.

John Charpie then presented the 2 options for the workers compensation renewal. He stated the expected loss rate decreased by 5.4% from \$4.48 to \$4.25. Estimated payrolls were up 5% and the overall experience modification factor was 1.28 vs 1.30 last year. The first option was a loss cost multiplier of 2.00 (same as last year). This would result in a total premium of \$11,798,817, a reduction of 1.1% from last year. The loss contingency would be approximately \$1.2 million, or 10% of total premium.

The second option would increase the loss cost multiplier from 2.00 to 2.064 and would result in a total premium of \$12,176,380, or a 2% increase over last year. The expected loss contingency would be approximately \$1.6 million, or 13% of total premium.

There was discussion regarding the two options and a consensus was that it didn't seem prudent to reduce the expected funding while there was momentum to reducing the deficit.

Doug Harms made a motion to accept the funding option with the 2.064 loss cost multiplier and Mike Geisel seconded the motion. The motion passed.

b. Excess Liability & WC Renewal

John Charpie presented the excess workers compensation renewal and noted that Safety National offered to keep the retention at \$1.5 million, even though they indicated last year that they would be seeking to increase the retention this year. The rate for the renewal increased 2% over last year and the payroll estimates were up approximately 4.5%. the renewal premium is \$1,106,521. Midwest Employers, Arch, and Liberty



Mutual were all approached regarding the renewal, but would not quote with less than a \$2 million retention.

The excess liability renewal from Safety National also maintained the same retention as last year, \$600,000. The limit was increased from \$2.6 million to \$2.9 million to make certain SLAIT's limit remains slightly greater than the Missouri Sovereign Immunity Cap. The premium for Safety National's renewal was \$605,903. Great American, Everest, and Chubb declined to quote. There was also an optional quote to increase the per member limit to \$4.4 million, which would result in additional premium of \$121,000. John noted that Safety National did indicate they could increase an individual members limit if SLAIT decided not to increase the limit for everyone. Gregory asked what the need would be for the limit to be greater than Sovereign Immunity and John responded there were certain situations, such as auto claims & law enforcement liability claims, to which the Sovereign Immunity Cap does not apply. After discussion it was determined the individual members could purchase the higher limits if desired, but SLAIT would continue to offer limits near the Sovereign Immunity Cap.

Mike Geisel made a motion to approve option 1 of both the WC and Liability renewal with Safety National and Matt Zimmerman seconded the motion. The motion passed.

c. Insured Coverages

Becky Redfering noted the property was marketed to 12 carriers. 9 carrier's declined, Chubb agreed to offer renewal terms, and 2 carriers have not yet responded. Initial indications were increases of 10% to 30%, and the first quotes to be received were in this range. Becky indicated they were expecting to receive all quotes within the week.

Public Officials renewal quotes were just received and the average increase appears to be 5-6%. Cyber application are still being received. Becky reminded that there is a Cyber seminar that Thomas McGee is hosting on June 13th.

d. Payroll Audits

John Charpie presented the renewal quote from the Audit Store to perform the 2022-23 premium audits. He indicated the rate had not increased the previous two years, and this year the proposal is for an 8% increase. Feedback from the membership has been positive. Doug Harms made a motion to approve the Audit Store's proposal of \$265 fee per audit and Mike Geisel seconded the motion. The motion passed.

e. Next Meeting Date & Location

John noted that the next meeting would be a strategic plan meeting on Thursday, June 15th at 9 AM at Brentwood City Hall.



f. Other Business

There being no other business, Matt Zimmerman made a motion to adjourn and Eric Serman seconded the motion. The meeting adjourned at 11:42 PM.

Submitted by: John Charpie

Approved by: _____