



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

**MINUTES**

**January 18, 2024**

- I. A meeting of the Board of Directors of the St. Louis Area Insurance Trust was held on Thursday, January 18, 2024, at the Heman Park Community Center. The meeting was called to order at 10:02 a.m. by Chairman Gregory Rose.

Attendance was as follows:

<b><u>Board Member</u></b>	<b><u>Attending</u></b>	<b><u>City</u></b>
Eric Sterman	Y	City of Ballwin
Bola Akande	Y	City of Brentwood
Mike Geisel	Y	City of Chesterfield
Mark Perkins	N	City of Creve Coeur
Doug Harms	N	City of Des Peres
Robert Shelton	Y	City of Town & Country
Matt Zimmerman	Y	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
Travis Bennett	Y	Thomas McGee Group
Nathan Ward	Y	Thomas McGee Group
Aaron Hillebrandt	Y	Pinnacle Actuaries
Angela Paalhar	Y	UHY, LLP
Victoria DeBeir	Y	UHY, LLP



II. Approval of Minutes from September 7, 2023

Gregory Rose noted there was a typo under section V. B. that the word pai should be updated to paid. Gregory asked for any other additions or corrections to the Minutes from the September 7, 2023 Board Meeting. There being none, a motion was made by Matt Zimmerman and seconded by Kris Simpson to approve the Minutes of the September 7, 2023 with the correction. The motion passed.

III. Financial Audit for Year Ended June 30, 2023

John Charpie introduced Angela Paalhar & Victoria DeBeir from UHY, LLP, indicating that UHY had completed the financial audit for SLAIT for the year ended June 30, 2023.

Angela indicated UHY requested and received the information for the audit in September & October and the SLAIT team was responsive to providing them what they needed. She stated the most significant risks identified in the audit were Management Override of Controls and the Overstatement of Revenues. She indicated these are the same significant risks as all organizations have and SLAIT received an unqualified opinion again this year, which is the cleanest opinion that an organization can receive.

Angela then reviewed changes in the balance sheet and noted that cash was up \$2.8 million from prior year and prepaid expenses were also up \$1.8 million from the prior year. The prepaid expenses mostly related to the timing of payments for the excess workers compensation and excess liability policies. The ending fund balance was \$9.2 million.

Finally, Angela noted that there were two footnotes that had been included in previous reports, but were removed from this report, one relating to litigation and one relating to a prior tax assessment.

A motion was made by Kevin Bookout and seconded by Matt Conley to approve the financial audit for year ended June 30, 2023 as presented. The motion passed.

IV. Actuarial Valuation for June 30, 2023

John Charpie introduced Aaron Hillebrandt of Pinnacle Actuaries. He reminded the Board this was the first year Pinnacle has worked with SLAIT, and with the new engagement they were preparing a mid-year actuarial valuation. This is the first mid-year report SLAIT has received.

Aaron indicated the report he was reviewing included IBNR analysis and funding projections as of 6/30/23. He stated that the loss reserves had increased by \$1.4 million



since the 12/31/22 analysis which led to an increase in the overall IBNR of \$1.3 million. These changes led to an increase in the funding estimates for the prospective year of \$0.3 million, or 2.6%.

Further Aaron noted that of the Liability coverages the General Liability had the most stable losses over time. Auto Liability losses had the most open reserves in the previous 4 years and Law Enforcement Liability had the most volatility.

Matt Conley asked if the settlements and update of coverage regarding class action lawsuits had been communicated to the actuaries and John Charpie responded that it had been communicated.

Aaron stressed this was a mid-year report and there would be another analysis complete with data as of 12/31/23. John Charpie noted that the mid-year report was useful to update IBNR for the financial statement and to get an early look at rates for 2024-25, but they would rely on the 12/31/23 actuarial report for ratemaking for the 2024-25 policy term.

A motion was made by Matt Zimmerman and seconded by Bob Shelton to approve the June 30, 2023 actuarial valuation as presented. The motion passed.

## V. Financial Report

### A. Review of Financial Statement as of 9/30/23

Jeff Cox reviewed the statement and noted there was a decrease in fund balance from \$9.4 million to \$8.5 million since the 6/30/23 statement. The fund balance was \$5.5 million a year ago. This quarterly decrease was due to an increase in previous years loss reserves and the increase in the mid-year IBNR analysis. There was also a return premium from payroll audits from the 2022-23 policy year.

There was discussion regarding receivables from the class action claims. Steve Wicker noted that the excess carrier had indicated they would not reimburse for the legal fees SLAIT paid in these claims. Our attorney has written a letter to the excess carrier letting them know we believe they should pay legal fees. We've reviewed prior settlements with this carrier, Great American, and they have reimbursed SLAIT's legal fees. These receivables remain in the financial statement.

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



## B. Approval of Bills

Gregory Rose noted the bills for approval and asked if anyone had any questions. There being no questions, a motion to approve the invoices as listed was made by Amy Hamilton and seconded by Eric Sterman. The motion passed.

## C. Payroll Audit Results

John Charpie reviewed the finalized payroll audit for the 2022-23 workers compensation policies. He noted the audits resulted in a return premium of \$273,838, which had a direct correlation to the fund balance.

## VI. Claims Administration Report

John Charpie reported that there were currently 55 open workers compensation claims with incurred value of over \$100,000. There were 51 such claims at the last board meeting in September. John noted that 6 of these large claims are in the first 6 months of the current policy period, while 22 of them are from the 2021-22 policy period.

## VII. Loss Control Report

Travis Bennett introduced Nathan Ward, a new addition to SLAIT's loss control team. Travis will continue to service SLAIT and will oversee the loss control plan, but Nathan will be an additional resource for the members and will begin working on the program.

Travis also indicated that his team had completed an OSHA 10 Hour that had over 30 attendees. Additionally, there was winter safety training provided to all members, quarterly dashboards were distributed to all members, and a TOMO drug testing training session was held at Des Peres.

Finally, Travis indicated that he will create a service plan that identifies more specifically how loss control hours will be allocated for the 2024-25 policy term. The intent is to schedule 75% of the hours and have 25% available for projects. He noted that he would provide this plan at the April meeting.

## VIII. Health Insurance Report

Steve Wicker informed the Board that as of 12/31/23 the Health Program's loss ratio for the current term is 106%. If that continues, the year will end with claims \$1.8 million over budget and overall results will breakeven for the year. Steve indicated that claims over \$50,000 were driving the poor performance. He also stated that prescription costs continue to increase. There was discussion among the group regarding prescriptions and Mike Hanson indicated that the plan has spent between \$400,000 and \$500,000 on the



prescription drug Ozempic this year. Mike also indicated that there were 37 claims identified by the step therapy program that were not covered.

Steve explained that if the claims cost trends continue the overall rate increase needed for the 2024-25 term will likely average 7.5% to 8%. He reminded the group that some poor performers would have increases greater than this, and that good performers would have a lower increase. Steve also indicated there would likely be an option for a surplus distribution of \$1M to \$1.5M that could help offset the increase in rates. The rate and surplus discussion will be a part of the April board meeting.

Gregory Rose asked Mike Hanson if SLAIT's performance over the past year was similar to others in the marketplace. Mike responded that it was identical, with a high percentage of the costs coming from cancer, MS, renal failure, and prenatal expenses.

Mike Hanson also stated that Jill Newman was working with wellness coordinators from several cities for future offerings and she would be at a future meeting to discuss some of these options for the next policy period.

Gregory Rose then noted that since he was now the Chairperson, the Rate Committee would need to be updated. He appointed Mark Perkins to Chair the committee and Matt Zimmerman to be a member of the committee. They would join the existing members Mike Geisel and Matt Conley to form the Rate Committee.

#### IX. Administrator/Marketing Report

John Charpie reported that the City of Clarkson Valley contacted him again to inquire about Workers Compensation coverage. He reminded the Board that an Alderman had contacted him earlier in the year, but then indicated they obtained coverage elsewhere. There was discussion that SLAIT would like a prospective member to have several years of professional management before considering them for membership.

It was decided that a subcommittee would be formed to review membership eligibility. Gregory Rose appointed Mike Geisel to lead the committee and Eric Serman, Kevin Bookout, and Bob Shelton to serve on this committee.

Charpie then noted that there had been some questions regarding how minutes from executive sessions were stored and who had access to them. After discussion it was decided that John would reach out to SLAIT's attorney and ask him to attend a future meeting to provide guidance regarding this issue.

#### X. Old Business

There was no Old Business to discuss.



XI. New Business

John Charpie indicated that one of the approved defense firms that SLAIT uses for liability claims recently requested a rate increase. John asked if the Board desired to review each time an attorney group requested an increase or if the TPA had the authority to negotiate rates. After a short discussion it was decided the TPA could negotiate rates for any firm the Board had approved, but the Board desired to approve any additional firms for the defense panel.

There being no other business the meeting adjourned at 11:34 AM.

Submitted by:            John Charpie

Approved by:            \_\_\_\_\_