

Iowa Communities Assurance Pool
Board of Directors
Thursday, April 23, 2009

Hyperion Field Club, Johnston, Iowa

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Pam Ward, Holly Fokkena, Tom Roth, Larry Burger (10:20 a.m.), Alan Kemp and Bill Peterson. Present from American Risk Pooling Consultants: John Brockschmidt, Bill Weaver, Bal Capote, Chris Dondzila and Michele Chandler. Present from Bilbrey Insurance Services: Ken Bilbrey, Val Bilbrey and Kasi Koehler. Present from Plante Moran: Kevin Krause. Present from Public Entity Risk Services of Iowa: Frank Miller.

The meeting was called to order at 9:05 a.m. CST by Mr. Smith, Chairman.

Upon motion by Mr. Roth, second by Ms. Ward, the agenda was unanimously approved.

No member/citizen comments were brought forward.

Upon motion by Mr. Mahannah, second by Mr. Hageman, the minutes of the January 15 and February 14, 2009 meetings were unanimously approved.

Audited Financial Report

Mr. Krause reviewed the 2008 ICAP audited financial report. He reported there have been no new accounting requirements released will affect the report. He discussed the audit process.

He pointed out one issue that arose during the audit. He stated several discrepancies were found related to the report generated from Reserve Pro, The Ultimate Reserve, and the Reinsurance Recoveries Schedule, which resulted in difficulties to accurately reflect the property IBNR. He reported the Administrator updated the schedules in question accordingly and determined only minor adjustments were necessary to appropriately estimate the property IBNR reserves.

He stated Plante Moran rendered an unqualified “clean” opinion on the ICAP financial statement in accordance with auditing standards generally accepted in the U.S.

He reported a decrease in Pool total and net assets but indicated this is consistent with all 2008 audited financial reports due to the decrease in market returns during the last quarter of that year. He reported membership and contribution continues to grow.

Upon motion by Mr. Mahannah, second by Ms. Fokkena, it was unanimously resolved to acknowledge and file the 2008 Audited Financial Report.

Upon motion by Mr. Mahannah, second by Ms. Fokkena, it was unanimously resolved to authorize American Risk Pooling Consultants to sign the letter of representation addressed to Plante & Moran.

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The Board entered Executive Session at 9:42 a.m. to discuss the Audited Financial Report with Mr. Krause. The Executive Session ended at 10:00 a.m.

Investment Report

Mr. Smith reviewed the investment report as of March 31, 2009 as was provided by Smith Barney at the Investment Committee meeting, Wednesday, April 22, 2009. He reported returns for the period exceeded index.

He pointed out three bonds remain outside compliance: The Tribune and Co. bond is rated D, the General Motors Acceptance Corp bond is rated CCC; and the Knight Ridder bond is rated B+. It was the unanimous decision of the Investment Committee to continue holding those bonds.

He reported that the current cash total is below compliance but that issue will be resolved at the July anniversary period.

Claims Report

Mr. Miller reviewed new, active casualty claims with reserve or recent payments of \$100,000 or more. Mr. Dondzila outlined a number of recent large property losses. Larry Burger joined the meeting at 10:20 a.m.

Financial Report

Mr. Weaver reviewed the ICAP Financial report as of December 31, 2008. He provided 5 year historical information relating to the ICAP financial status. He reported recent claims budget estimates have been fairly accurate and he credited the ability to project losses to 20+ years of Iowa history. He reported nearly \$19,000,000 has been returned to Members in the form credits from surplus and Cumulative Reserve Fund returns.

Discussion developed regarding the Capitalization Fund that was approved at the October 2008 Board meeting. Mr. Weaver provided an additional report which details that information.

Mr. Smith requested 2009 property projections at the June Board meeting.

Loss Control Report

Mr. Capote reviewed the loss control report provided in the Board handbook. He pointed out an article written by Norma Halling, Loss Control Representatives, regarding Member policies/rules allowing use of golf carts on public roads and streets.

Mr. Bilbrey reported that the Tama Police Chief was very appreciative of recent loss control response to his inquiry about use of tazers.

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Marketing / BISI Administration Report

Mr. Bilbrey and Ms. Koehler reviewed the Marketing Report as provided in the Board handbook and reported the Association of Iowa Fairs endorsed ICAP in March 2009.

Unfinished Business

a) Investment Income Allocation

Mr. Weaver discussed the allocation of investment income between the casualty and property funds and suggested reallocations should be considered due to the growth of the property fund balance. He stated the Investment Policy likely will not be affected and indicated a detailed report will be provided at the June, 2009 meeting.

New Business

a) Fair Boards

Mr. Bilbrey reviewed the history of the endorsement of ICAP by the Association of Iowa Fairs and reported the State Association is actively promoting ICAP. He discussed the loss control education provided by the State Association to their Members and reported the State Association will be paid an endorsement fee once Fair contributions to ICAP reach \$500,000.

Ms. Koehler indicated the State Association is excited about the opportunity for ICAP loss control representatives to provide education to their members. Mr. Brockschmidt reported the PEP loss control representative has extensive experience with fairs.

At Mr. Hageman's inquiry, Mr. Capote reported ARPCO has underwriting rates for exposures specifically related to fairs. Discussion ensued regarding development of an endorsement contract for the state association. At Mr. Burger's inquiry, Mr. Capote discussed loss control recommendations regarding liability limits required from concessionaires.

Upon motion by Mr. Hageman, second by Mr. Burger, it was unanimously resolved to direct the Administrator to work with Board Counsel to prepare an endorsement agreement between ICAP and the Iowa Fairs Association for future consideration.

b) Medical Secondary Payer Act

Ms. Chandler discussed comprehensive Medicare reporting requirements effective July 1, 2009, which will affect ICAP claims processing. She reported the ICAP claims reporting system is prepared to comply with all requirements. Upon inquiry by Mr. Hageman, Ms. Chandler described procedures in place to protect ICAP from inappropriate Medicare collections.

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c) *ICAP Update Format*

Megan Roth, Bilbrey Insurance Services, Inc., proposed changes to the *ICAP Update*, as related to design and costs. She requested board feedback and responded to Board inquiries.

d) *Next Regular Meeting*

Ms. Bilbrey reported the next regularly scheduled ICAP Board meeting will be held June 18, 2009, at the offices of the Iowa State Association of Counties, Des Moines.

Mr. Smith adjourned the meeting at 1:50 p.m. CST.

Respectfully submitted,

David Hageman, Secretary

DH/vjb