

**Iowa Communities Assurance Pool
Board of Directors
Thursday and Friday, August 18-19, 2011**

American Risk Pooling Consultants, Inc. Offices
Southfield, Michigan

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Pam Ward, Larry Burger, Tom Roth, Holly Fokkena and Alan Kemp. Present from American Risk Pooling Consultants: John Brockschmidt, Chris Dondzila, Michele Chandler, J.T. Babish, Mark Weaver, Sherri Szajner, Geoff Barker, George Piskos, Kristen Smolek, Lory Dolan and Vanessa Fults. Present from Bilbrey Insurance Services: Ken Bilbrey, Val Bilbrey and Kasi Koehler.

Mr. Smith called the meeting to order at 9:07 a.m. EST on August 18, 2011 and 9:00 a.m. on August 19, 2011.

Upon motion by Ms. Fokkena, second by Mr. Mahannah, the agenda was unanimously approved.

No member or citizen comments were brought forward.

Upon motion by Mr. Burger, second by Mr. Hageman, the minutes from the June 2011 Board meeting were unanimously approved.

Claims Report

Mr. Dondzila, Mr. Piskos, Ms. Smolek and Ms. Dolan reviewed new and active claims with reserves or settlement of \$100,000 or more. Ms. Fults provided an overview of property claim activity and touched on large Member property claims that have occurred recently.

Reserves Criteria for Claims Report

Mr. Dondzila presented a number of options for property and casualty claim reporting criteria, showing various reserve thresholds and the corresponding claim counts for each option. Due to the number of claims in recent reports, he recommended increasing the casualty and property reporting thresholds and provided additional insight with respect to APEEP attachment points.

Upon motion by Mr. Mahannah, second by Mr. Roth, it was unanimously resolved to increase future claim reporting thresholds to \$175,000 for casualty claims and \$150,000 for property claims.

Financial Report

Ms. Szajner reviewed the financial reports through June 30, 2011, as provided in the Board book. She indicated ICAP has experienced a growth in fund balance, due to both

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Board of Directors
Thursday and Friday, August 18-19, 2011**

an increase in investment income and a slight reduction in loss reserves. Ms. Szajner indicated the fund balance is expected to diminish slightly due to claim payments that are expected to be paid before the end of the calendar year and the new return of equity program.

Mr. Weaver discussed casualty claim development and claim frequency and severity since 2005. He then turned to property and discussed gross and net incurred property losses over a five year period; growth in TIV and member count; loss projections; and loss layer claim history.

Mr. Brockschmidt concluded the discussion of the property program by indicating that reinsurance negotiations were underway for 2012 and more information will be presented at the November APEEP meeting, at which the APEEP Board will evaluate the reinsurance structure and the property projection allocation. Discussion ensued. At Mr. Burger's inquiry, Mr. Brockschmidt and Mr. Babish reviewed the benefits of APEEP providing a layer of protection for the Pool.

Loss Control Report

Ms. Chandler reviewed the loss control report as provided in the Board book. She noted a marked increase in the use of the online training program, which the Board elected to provide to ICAP members free of charge for 2011. She reported that 23 courses were taken in the two month period of May and June. She further noted that the number of courses taken in 2011 so far total 343, which is up from 2010 (104 courses taken) and 2009 (28 courses taken). The ICAP loss control team will continue to promote this valuable resource to ICAP members.

Investment Report

Mr. Smith reviewed the Investment Report provided by The Swanson Group @ Graystone Consulting. He reported the GMAC bond, rated B+, will mature in September of this year. He continued by noting 36.01% of the Putnam Diversified Income Fund portfolio is below BB, and that the 4.94% of the bonds in the Templeton Global Bond Fund are rated below BB. Mr. Smith pointed out that other noted compliance issues will be corrected with the cash influx related to July 2011 member anniversaries. He concluded with a statement that, due to diversification, the recent market downturn will have a less dramatic impact on the ICAP portfolio.

New Business

a) 2011 Demotech Financial Stability Rating

Ms. Chandler reported Demotech has once again issued ICAP an AAA Financial Stability Rating for 2011. As noted in the Board book, AAA is the highest rating and

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Board of Directors
Thursday and Friday, August 18-19, 2011**

indicates that ICAP possesses unsurpassed financial stability related to maintaining positive surplus in regard to its members, liquidity of invested assets, an acceptable level of financial leverage, reasonable loss and loss adjustment expense reserves and realistic pricing. She also highlighted changes made to the Demotech brochure used to market the Pool.

b) ICAP 2010 Annual Report

Ms. Chandler provided copies of the proposed 2010 Annual Report for Board review and comment. She requested the Board to submit its feedback within the following week.

c) APEEP Annual Meeting

Ms. Chandler reported that planning for the 2012 APEEP meeting is underway. Mr. Brockschmidt and Ms. Chandler indicated that the Educational Committee is currently planning the educational sessions and welcomes any suggestions for presentation topics.

Marketing/Local Administration

Mr. Bilbrey and Ms. Koehler discussed the Marketing Report as provided in the Board book.

a) Webinar Update

Ms. Koehler discussed member usage of *Coffee with ICAP*, the Pool's new webinar series. She indicated the webinars are driving users to other pages of the website.

b) ICAP Election

Ms. Bilbrey reported there have been three nominations submitted for upcoming election to the ICAP Board: Gary Mahannah (city); Larry Burger (at-large); and Michael Bergan (at-large). No nominations were received for the county position currently held by Ms. Fokkena.

c) NavRisk Demonstration

Mr. Babish introduced two members of ARPCO's underwriting team, Jessica Smith and Kelly Hammond. Kelly and J. T. showed some of the features of the new underwriting system and highlighted its enhanced ability to collect and analyze data, which will benefit ICAP and ICAP's reinsurance partners. At Mr. Bilbrey's inquiry, Mr. Babish reported that a wide range of data formats (video, audio, pictures, etc.) can be

**Iowa Communities Assurance Pool
Board of Directors
Thursday and Friday, August 18-19, 2011**

stored within each member's electronic file. He indicated NavRisk will replicate the ICAP portal on the website.

d) 2012 BOD Meeting Locations

Ms. Koehler provided information regarding proposed meeting locations for 2012 and requested input from the Board.

e) Next Meeting

Ms. Bilbrey reported Megan Roth is finalizing plans for the annual Board Retreat, which will be held in Dubuque October 12-14 of this year.

Mr. Smith adjourned the meeting at 1:10 p.m. on August 18, 2011 and 9:50 a.m. on August 19, 2011.

Respectfully submitted,

Dave Hageman, Secretary

DH/vjb