

**MARICOPA COUNTY SELF-INSURED RISK TRUST**

**BOARD OF TRUSTEES MEETING**

VIA TEAMS

Wednesday, September 21, 2022

Start Time: 2:30 P.M.

**OPEN SESSION MINUTES**

<b>Board Present</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Ray DiCiccio – District 1</li><li><input checked="" type="checkbox"/> Scott LeMarr – District 2</li><li><input checked="" type="checkbox"/> Thomas Katsenes – District 3</li><li><input checked="" type="checkbox"/> Russ Ackerman – District 4</li><li><input type="checkbox"/> Laura Guerrero – District 5</li><li><input checked="" type="checkbox"/> Valerie Beckett – County Manager Designee</li></ul>	<b>Staff Present</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Vacant - Administrator</li><li><input checked="" type="checkbox"/> Kathleen Kolm</li><li><input checked="" type="checkbox"/> Shannon Murphy</li><li><input checked="" type="checkbox"/> Joseph Vigil</li><li><input checked="" type="checkbox"/> Elena Yniguez</li><li><input checked="" type="checkbox"/> Oralee Young</li></ul>
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**GUESTS:** Cheryl White, Betsy Southworth, Savannah Streeter, Select Actuarial; Karen Graham, Tracy Pettersen and Jeff Kassal, A.J. Gallagher; Budget Department; Mayra Hourigan, Stephanie Michael, Stephanie Ramos; Samantha Wright RMD, Tracey Wright, RMD.

The Open Session was called to order by Thomas J. Katsenes, Chairman of the Board, at 2 :42 P.M.

**Public Comments:**

None.

**Motion to Enter Executive Session**

On motion by Trustee LeMarr and second by Trustee Ackerman, the Open Session recessed, and the Board of Trustees entered Executive Session at 2:43 P.M.

**Approval of Executive & Open Session Minutes for July 20, 2022**

On motion by Trustee LeMarr and second by Trustee Ackerman, the Executive and Open Session minutes for July 20, 2022, were approved.

**9/1 Insurance Renewals**

Tracy Pettersen, of A J Gallagher, introduced herself and shared her screen with the Board. Ms. Pettersen reported that there was an 11% program increase for the September renewals. Ms. Pettersen reported on each insurance line.

Property Insurance -- there was a 7% increase. Ms. Pettersen stated that the County benefited from its legacy relationship with Travelers in that there was only 2% increase in the total insured

Flood – There was a 31% premium increase, which was driven by exposures. There was a 17% increase flood PIV as well as a 12% rate increase.

Terrorism Standalone Coverage – The premium increased 11 % due to exposures. This coverage provides broader coverage than The Terrorism Act under the General Liability and Property coverages.

Underground Storage Tank – Ms. Pettersen stated that currently, the County has six remaining underground storage tanks that are covered under this policy. There was a 15% premium increase this renewal. The increase was a rate correction that they took from last year. Tanks were added after the inception date last year and they wanted to correct some of the rate that they used last year.

Fiduciary Liability— Ms. Pettersen stated that Ullico, over the years has maintained stable terms and conditions. A light marketing campaign was conducted. Ultimately, no other market could compete with Ullico due to the \$15 million limits the county has. This coverage was kept with Ullico with that 3% premium increase.

Excess Workers' Compensation-- There was 17% premium increase. This was driven by payroll which increased 12% and then the rate increased about 5%. The County maintained the 2,000,000 self-insured retention for this renewal.

#### Aviation

Airport Liability -- This increased 15% with expiring \$20M limit. All their terms and conditions are the same.

Aircraft coverage—there was a 19% increase again due to the aviation marketplace. There was also a helicopter incident recently, which may have contributed to the premium increase.

Drone Coverage -- In this line there was only a 2% increase, The County has \$5,000,000 liability for 35 drones, 11 which do have the physical damage coverage.

Terrorism – There was an 11% increase in premium with coverage at Full Flight. Ms. Graham mentioned with all the catastrophic losses over the last couple of years, they are starting to see this increase substantially.

Chairman Katsenes asked if there were any questions? There were no more questions. Ms. Pettersen and Ms. Graham exited the meeting at 3:02 PM.

#### **Actuarial Presentation**

Cheryl White, Select Actuarial, shared her screen and explained to the Board the purpose of the actuarial study. Ms. White stated that the purpose is to conduct loss reserve analysis. This report was evaluated as of 6/30/2022. What this analysis shows is if the County stopped operating as of 6/30/2022, how much money does the County need to have to pay for all losses that have occurred.

The 2<sup>nd</sup> area of analysis is a loss forecast for budgeting purposes over a five-year forecast looking out. This is to cover the cost of all accidents that happened during those time periods.

Total Estimated Outstanding Losses -- Ms. White reviewed and compared the Required Reserves as of 6/30/21 to the Required Reserves as of 6/30/22. The Total at Expected for 2021 was \$75,994,000. It was discounted at 2% because the County can earn interest on that money while waiting to pay out claims. This brought the amount to \$70,761,000. For 2022, the Total at Expected has grown, and was at \$79,397,000 and discounting the value drops it to \$73,643,000. There have been some lines of business that have ups and downs in this comparison of the expecteds.

Ms. White stated that it adds in another about \$6.7 million to these losses, it is a total of \$86.1 million in total liabilities for the County as of 6/30/22. Ms. White pointed out that General Liability (GL) and Work Comp make up 2/3 of the Total Estimated Outstanding Losses and that she was going to focus her attention on those two lines because they are the County's biggest liabilities.

Outstanding Losses to Change in the Total Losses—This shows an analysis between last year's report and this year's report. The Total Ultimates are up about \$12.1 million. This is mainly associated with the GL line of business due to adverse claim activity for GL. There were three lines of business that were offsetting some of that growth. Work comp came down about \$1.2 million. Auto Liability also came down about \$740,000 and then Medical Malpractice was down \$540,000. Adding up all the changes, it comes out to an increase of about \$12.1 million.

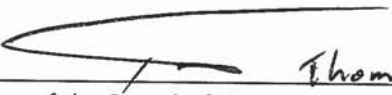
There were some questions and discussion ensued. After all questions were discussed, Ms. White concluded her presentation.

**Items for next meeting**

No topics were offered for the next meeting.

**Motion to Adjourn**

On motion by Trustee Ackerman and second by Trustee Beckett, the Open Session meeting was adjourned at 3:39 P.M.

  
Chairman of the Board of Trustees      Thomas J. Antsenes      12-21-22  
Date