

**Districts Mutual Insurance - Board of Directors' Meeting  
Madison College – West Campus – Madison, Wisconsin**

**April 22, 2010 – 10 a.m.**

Present: Doug Olson, Jim Blumreich, Gayle Hytrek (left at 4:30 pm), Mark Zlevor, Steven Stoeger-Moore; Barb Kieffer – via teleconference

Guests: Doug Ballweg, Erin Dawson – Strohm Ballweg; Steve Streff – Streff Insurance; Andy Jones, Jeff Brandenburg – Clifton Gunderson (10:20 – 11:00 am); Chris Berberet – Madison Scottsdale (10:50 – 11:50 am);

Recording Secretary: Geri Justinger (DMI Administrative Consultant)

**1. Call to Order**

Doug Olson, DMI President, called the meeting to order at 10:00 a.m.

**2. Statement of Public Notice**

*In accordance with the provisions set forth in the Wisconsin Open Meetings Law (Wisconsin State Statutes 19.83 and 19.84); notification of, as well as the agendas for, this meeting - have been sent to the sixteen (16) Wisconsin Technical College Districts; it is therefore considered properly noticed.*

**3. Public/Member Comments**

Doug Olson was thanked publicly for his valued service to DMI through his time on the Board of Directors and presented with an appreciation gift. Mr. Olson expressed his appreciation for being able to be a part of DMI and stated that he has truly enjoyed the time served.

**4. Approval of Minutes from:**

January 21, 2010 – BOD Meeting.

**Dr. Hytrek moved, and Mr. Blumreich seconded, to approve the minutes; motion carried.**

**5. Financial Report – Strohm Ballweg, LLP**

Ms. Dawson reviewed check registers and other financial data with the group. She stated that there is really nothing unexpected. A few of the payments of larger amounts were discussed in more detail. Ms. Dawson said that expenses are consistent with last year. She further stated that they routinely reevaluate account balances to ensure that invested monies are at the highest possible amount. She further stated that there are still a few CDs with PMA – by June all CDs with PMA will have matured and will be transferred for investment to Madison Scottsdale.

Mr. Ballweg distributed copies of the annual statement to the group – he stated that these were the numbers that were reported at the January meeting. He further stated that although an annual tax return was filed for DMI there are no taxes due as DMI (as a municipal mutual) does not pay income tax. There was some discussion about the tax exempt potential of DMI – it was stated that at this time DMI is not eligible for tax exempt status. Additional discussion regarding the possibility of Wisconsin applying sales tax to services was held – the group suggested that the status of this legislation be closely watched.

**Mr. Blumreich moved, and Mr. Zlevor seconded to approve the financial report from Strohm Ballweg. The motion carried.**

## **6. Annual Audit – Clifton Gunderson**

Jeff Brandenburg reviewed the information distributed, regarding the Annual Audit, to the group. He reviewed key points of the audit with the group. Andy Jones spoke about the claims audits that were completed at United Heartland and Midwest Claims. Mr. Ballweg asked if the internal controls of both companies were audited, as both entities have claim writing authority. Mr. Brandenburg stated that it was not investigated and that the Board would need issue the request. Mr. Brandenburg and Mr. Ballweg suggested further discussing the situation and running some scenarios to assess potential issues. A question was asked regarding how an audit of this type would be presented to each organization and how often it would be completed. It was concluded that Mr. Brandenburg and Mr. Ballweg will discuss further and submit a proposal to the Board.

Potential tax exemption was discussed – Mr. Brandenburg will ask the question of the tax specialists in the Milwaukee office and e-mail a “first-blush” response to Steve.

Mr. Ballweg reviewed the “Notes to Statutory Financial Statements” with the group. He spoke about several key points of the “Notes”.

**Mr. Zlevor moved, and Dr. Hytrek seconded to approve the Annual Audit from Clifton Gunderson. The motion carried.**

## **7. Actuarial Reports – Steve Streff – Streff Insurance**

Mr. Streff reviewed the Loss Reserve portion of the Actuarial Report with the group. He explained how he analyzes the reserves and stated that he feels very comfortable with the current reserves. There was some discussion about the year 2006 and the high levels of claims in all areas. There was discussion about the counsel representation issue that had been discussed at the January meeting – Mr. Stoeger-Moore stated that item #19 will provide information re: this issue. It was suggested to place this topic on the July agenda as an action item.

Mr. Streff reviewed the Actuarial Pricing portion of the Actuarial Report with the group. He gave some background information on the data that should be considered when setting rates. He reviewed the changes in exposure data with the group and presented the new rates and the premiums that would be generated from those rates. Mr. Streff made several suggestions to reduce rates on property, auto physical damage, and auto liability coverages to “offset” the larger increases on the workers’ compensation rates (set by the Wisconsin Compensation Rating Bureau (WCRB)). The group had additional discussion regarding the proposed reductions.

Per Mr. Stoeger-Moore’s request Mr. Streff made some projections regarding Auto Physical Damage deductibles. A suggestion was made to offer the option of “buying down” the premium by assuming higher deductibles. The consensus of the Board is to look at presenting this as an option for renewal in July 2011. A further suggestion was made regarding creating analyses for other lines of coverages – Mr. Streff will prepare these analyses and present them at the April 2011 Board of Director meeting.

**Mr. Blumreich moved, and Ms. Kieffer seconded to approve the Loss Reserve Report. The motion carried.**

**Mr. Zlevor moved, and Mr. Blumreich seconded to approve the proposed reductions in Property (\$0.42 to \$0.35 per \$1,000) and Auto Physical Damage (\$150 to \$125 per vehicle) rates, Equipment Breakdown (from \$0.025 to \$0.02 per \$1,000), and the rates for Auto Liability, Casualty, High Value Vehicles, and Violent Acts will remain unchanged as proposed by the Actuarial Pricing (Rates for Renewal). The motion carried.**

#### **8. Investment Report – Chris Berberet – Madison Scottsdale**

Mr. Berberet spoke to the group about some of the interesting news in the international financial markets. He reviewed the Investment Report with the group. He gave background information and current economic trends as he presented the details of DMI's investments. He introduced the concept of investing in equities – he stated that he doesn't feel that now is the time – but he prepared the group to hear the suggestion again sometime in the future. He stated that because of various market volatilities the preference is to stay very high quality at this time.

**Mr. Blumreich moved, and Dr. Hytrek seconded to approve the Investment Report. The motion carried.**

#### **9. Service Provider Contract Renewal Recommendations – FY11**

Mr. Stoeger-Moore reviewed the recommendations as provided with the group. Discussion ensued regarding the use of a monthly annual retainer vs. hours rates for service providers.

**Mr. Blumreich moved, and Mr. Zlevor seconded to approve the vendors and rates as presented. The chart will be modified to reflect a change to vendor i.e. design from \$3,000/month to an hourly rate of \$37.50. The motion carried.**

**Dr. Hytrek moved, and Mr. Blumreich seconded to approve the letter from the Executive VP to the OCI as presented on page 111 of the e-packet. The motion carried.**

#### **10. Reinsurance Coverage Renewal Terms and Conditions**

Mr. Stoeger-Moore distributed a spreadsheet including reinsurance coverage renewal terms and conditions and reviewed the changes with the group.

**Mr. Blumreich moved, and Dr. Hytrek seconded to accept the proposed Reinsurance Coverage Renewal Terms and Conditions with the exception of the amount listed for Travelers – Steve Stoeger-Moore will investigate and report. The motion carried.**

#### **11. Additional Named Insured Status for College Foundations**

Mr. Stoeger-Moore explained the history of listing Foundations as Additional Named Insured Status. In pre-DMI coverages Foundations were listed as an Additional Named Insured. Mr. Stoeger-Moore has advised Foundations to acquire stand-alone policies to properly cover their exposures. DMI currently extends \$50,000 of coverage to Foundations. According to DMI By-Laws, Foundations do not fit the description of an insured as they are 501(c)(3)'s. There were two options presented – one is to discontinue the practice of listing Foundations as Additional Named Insured – second is to have Arthur Gallagher research a group plan for stand-alone coverage. There was a suggestion to table this to a future meeting after further research has been completed.

**Dr. Hytrek moved, and Mr. Blumreich seconded to review (with legal counsel) the list of the Additional Named Insured within the next six months to determine eligibility and establish a policy. The motion carried.**

**12. Investment Practices and Internal Controls Manual - Revision**

Mr. Stoeger-Moore stated that per the request of the Board at the January 2010 meeting the addition of the “basket clause” language has been added.

**Dr. Hytrek moved, and Mr. Blumreich seconded to accept the proposed revision of the Investment Practices and Internal Controls Manual. The motion carried.**

**13. MSDS (Material Safety Data Sheets) Online Services Funding Request**

Mr. Stoeger-Moore stated through the work that Mr. Greene has done with the Districts he has noticed several areas that are in need of improvement. In the opinion of Mr. Greene, compliance in the area of providing MSDS is one of those areas that needs improvement. Mr. Greene put together an RFP (through Bob Anderson) – to obtain a quote for services (for all Districts). Quotes are due back early May. There was discussion about the pros and cons about offering this sort of service. A suggestion was made to await the results of the RFP process and then present the idea to the Districts to get a commitment of usage.

**Mr. Blumreich moved, and Ms. Kieffer seconded to await the results of the RFP process and then present it to the Districts. At that point get a commitment from the Districts before progressing. The motion carried.**

**14. Professional Travel Funding Request for Tim Greene**

Mr. Stoeger-Moore asked the group to fund the travel request. It was stated that requests should be approved through the Executive Vice President as long as there are funds in the budget.

**15. Executive Vice President Performance Evaluation and Salary Consideration for 2010/11 \***

The annual performance evaluation and salary consideration of Mr. Stoeger-Moore for 2010/11 will be discussed in closed session.

**Dr. Hytrek moved, and Mr. Blumreich seconded to move into Executive Session.**

Roll call vote to move into closed session: Mr. Olson – Yay; Mr. Blumreich – Yay; Mr. Zlevor – Yay; Ms. Kieffer – Yay; Dr. Hytrek - Yay

**Dr. Hytrek moved, and Mr. Blumreich seconded to move back into regular session.**

Roll call vote to move out of closed session: Mr. Olson – Yay; Mr. Blumreich – Yay; Mr. Zlevor – Yay; Ms. Kieffer – Yay; Dr. Hytrek – Yay

No action was taken on this item in either closed or open session.

**16. Risk and Loss Control Consultant Position Performance Evaluation and Salary Consideration for 2010/11 \***

The annual performance evaluation and salary consideration of Mr. Tim Greene for 2010/11 will be decided at a teleconference to be held at some future date.

**17. DMI Annual Report Draft**

Mr. Stoeger-Moore spoke with the group regarding the draft of the Annual Report. The goal is to have this printed for the July meeting. A final draft will be distributed by late-May. Ms. Justinger will arrange for printing through one of the Technical Colleges.

**18. The “DMI Story” Draft**

Mr. Blumreich stated that he and Mr. Stoeger-Moore recorded the “DMI Story” a few weeks ago. It was suggested to put it on the website in the Members Only section.

**19. Midwest Claims Best Practices – Jim Youngblood, President, Midwest Claims - Teleconference**

Mr. Stoeger-Moore will reschedule to the July meeting.

**20. Claims Reports\*\***

Mr. Olson asked if there was need to move into Executive Session – there was not a need.

**21. URMIA National Conference – October 9-13, 2010**

Mr. Stoeger-Moore spoke with the group regarding the National Conference and asked that anyone wanting to attend please contact him.

**22. Future Meetings**

Mr. Stoeger-Moore reviewed the proposed future meetings with the group. He stated that the locations have not been listed. It was suggested that the Risk Manager group discuss this tomorrow. The consensus of this group was that the face-to-face works well for the BOD.

**23. Executive VP Report**

**a. BOD Candidates**

Mr. Stoeger-Moore distributed a sample ballot to the group.

**24. Adjourn**

Mr. Olson adjourned the meeting at 5:23 p.m.

Approved by the DMI Board of Directors on July 14<sup>th</sup>, 2010.

Respectfully Submitted,

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Barbara M. Kieffer  
DMI Board Secretary