

**Districts Mutual Insurance - Board of Directors' Meeting  
Wisconsin Technical College Foundation Office - Waunakee, Wisconsin**

**April 23, 2009 – 11 a.m.**

Present: Stan Hollmann, Doug Olson, Jim Blumreich, Barb Kieffer, Steven Stoeger-Moore

Guests: Doug Ballweg (1:30 p.m.), Erin Dawson (11:45 a.m.) – Strohm Ballweg; Steve Streff – Streff Insurance (1:30 p.m.); Jeff Brandenburg, Andy Jones (12:30 – 1:00 p.m.) – Clifton Gunderson

Via Teleconference: Mike Lanser, Jeff Carew – PMA

Recording Secretary: Geri Justinger (DMI Administrative Consultant)

**1. Call to Order**

Doug Olson, DMI President, called the meeting to order at 11:05 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. Approval of Minutes from:**

January 22, 2009 – BOD Meeting.

**Mr. Blumreich moved, and Ms. Kieffer seconded, to approve the minutes; motion carried unanimously.**

February 10, 2009 – BOD Teleconference Meeting.

**Ms. Kieffer moved, and Mr. Hollmann seconded, to approve the minutes; motion carried unanimously.**

**4. Executive Vice President Performance Evaluation and Salary Consideration for 2009/2010 \***

Mr. Blumreich made a motion to move into closed session, Mr. Hollmann seconded  
Roll Call Vote: Mr. Olson - AYE, Mr. Hollmann - AYE, Mr. Blumreich - AYE, Ms. Kieffer – AYE – Mr. Lanser – AYE

The group remained in closed session for item #4

Mr. Blumreich made a motion to move back into open session, Ms. Kieffer seconded  
Roll Call Vote: Mr. Olson - AYE, Mr. Hollmann - AYE, Mr. Blumreich - AYE, Ms. Kieffer – AYE – Mr. Lanser – AYE

Mr. Olson stated that in 2007 the Board had decided to get the salary of the Executive Vice President to the mid-point of the salary range. The decision of the Board was to extend a two-year contract renewal to the Executive Vice President. It was also the decision of the Board for the Executive Vice President to contribute the employee portion of the health insurance premium.

**Mr. Hollmann moved, and Ms. Kieffer seconded, to give the Executive Vice President a 3% raise for 2009/2010 and to extend a two-year contract renewal – also the Executive VP will begin contributing the employee portion of costs (7% of the total premium) to the Moraine Park health insurance program motion carried unanimously.**

**5. Financial Report – Erin Dawson, Doug Ballweg, Strohm Ballweg, LLP**

Ms. Dawson reviewed check registers with the group. There were several specific check disbursements that were discussed. There was a question about several checks that had no payee listed.

Ms. Dawson reviewed the financial information with the group. She stated that there hasn't been anything unexpected.

Mr. Ballweg stated that DMI is tax exempt but is still required to file – the appropriate forms have been filed.

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

**6. Annual Audit – Andy Jones, Jeff Brandenburg – Clifton Gunderson**

Mr. Stoeger-Moore introduced Andy Jones and Jeff Brandenburg. Mr. Brandenburg stated that one of the compliance issues for the State is provide a qualification letter to Strohm Ballweg – it was given to Erin Dawson. He further stated that there was one adjustment in regards to a Workers' Comp premium – he did state that they did not feel it was material enough to adjust the audited annual financial statement. Mr. Jones stated that one of the steps in the audit is to visit United Heartland and review their numbers and the processes in place. A question was asked about reviewing Midwest Claims files – Mr. Brandenburg stated that they are in the Detroit area annually end of January/February and that they could incorporate an audit if the Board would be so inclined. The feeling of the Board is that they would like them to do this every few years (possibly every three years) beginning next year. He reminded the group that the oversight and control is still ultimately up to the leadership of the company. Electronic versions of 2007 and 2008 Annual Audits will be posted online in the Members Only section. It was suggested to make one meeting a year a more "in-depth" look at financials.

**Mr. Blumreich moved, Mr. Hollmann seconded to approve the Annual Audit as presented. The motion carried unanimously.**

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

Mr. Streff stated that the models have been developing nicely. He stated that he tends to lean conservatively and this has led to some "nice adequacies". He further stated that he is using industry standards because he doesn't feel that the non-workers' comp line numbers have credibility yet (if they ever will – due to lack of frequency / severity). He stated that there are several lines that do not have much activity (which also contributes to this lack of "triangle" building).

Mr. Streff moved on to the rating model portion of his report. He reviewed the numbers with the group and talked about his "proposed" rates. Mr. Ballweg stated that as an accountant he likes revenue and stated that other businesses will have

had investment losses and they will be looking for increased rates. Mr. Stoeger-Moore stated that from his visit with the reinsurance marketplace that is indeed the case – there has been a request for additional premium dollars. The consensus of the group is to keep the rates the same as last year.

**Mr. Hollmann moved, and Ms. Kieffer seconded to accept this opinion letter – the motion carried unanimously.**

**Mr. Hollmann moved, and Mr. Lanser seconded to set the premium rates as expiring for 7/1/09 – the motion carried unanimously.**

#### **8. Investment Report – Jeff Carew, PMA**

Mr. Carew reviewed the reports with the group. Mr. Carew discussed the Quarterly Performance Report with the group. He further reviewed the Transaction Summary with the group. He stated that he added the Merrill 1-3 year Bond Index along with the Barkley 1-3 year Bond Index (formerly the Lehman 1-3).

There was discussion regarding future investments as there doesn't seem to be an advantage to 3-5 year range rates at this time. He feels that in the next few months the Build America bonds will push the rates down.

Mr. Olson asked about the Chase account and other options. Mr. Carew will provide some options about liquid accounts to Mr. Olson and Mr. Stoeger-Moore.

**Mr. Blumreich moved, and Mr. Hollmann seconded to approve the Investment Report from PMA. The motion carried unanimously.**

There was discussion about researching a financial advisor that knows the insurance industry. It was suggested as an information item in July to bring in an advisor (Doug Ballweg will arrange).

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

Mr. Stoeger-Moore reviewed the list with the group. There was some discussion about the terms and conditions of the various service providers.

**Mr. Blumreich moved, and Mr. Hollmann seconded the Service Provider Contract Renewal Recommendations as presented. The motion carried.**

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

Mr. Stoeger-Moore distributed information regarding renewal terms and conditions. He reviewed the data with the group. There was discussion about underwriting various other lines of coverage. Mr. Stoeger-Moore stated that most increases have been driven by payroll increases or increases in property. He further stated that Ms. Joski is researching other options for the property reinsurance coverage.

**Mr. Blumreich moved, and Ms. Kieffer seconded approving the renewal terms and conditions not to exceed \$1,770,037 pending additional premium quotes. The motion carried unanimously.**

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

Mr. Stoeger-Moore reminded the group that additional research on this topic was requested at the last Board meeting. Mr. Stoeger-Moore asked corporate counsel to opine on this topic. The advice of general counsel was to either amend the by-laws or ask the Foundations to seek stand-alone policies. It was suggested to do more research as to how to proceed and bring back to the July agenda.

## **12. Investment Strategy**

See number 8 above.

## **13. DMI Risk and Loss Control Position**

Mr. Stoeger-Moore queried the Board as to how they would like to utilize this position. Mr. Blumreich would like to see him developing best practices for safety. Mr. Stoeger-Moore stated that he would like to see him focus some significant efforts on workers' comp and return to work programs because of the significant impact. He further stated that in discussions with Mr. Greene they decided that the first thing that he should do is to get out and do a needs assessment at each of the Districts. Mr. Olson stated that he would like to set clear expectations of this position. He voiced concerns that he may be abused. Mr. Stoeger-Moore stated that he has had discussions with Mr. Greene regarding this and both feel very strongly that Mr. Greene will serve as a resource – and that he will not be “doing” for the Districts. There was a suggestion that Mr. Greene become a claims advocate and follow-up with some of the larger claims. Another suggestion was to hold more train the trainer sessions. There was concern about getting the communication to the Presidents – it was suggested that after the “training period” for the Districts was over that some sort of evaluation and reporting system be implemented that would include the Presidents.

## **14. MOD Factor History**

Mr. Stoeger-Moore reviewed the numbers with the group.

## **15. Claims Reports\*\***

Mr. Blumreich made a motion to move into closed session, Mr. Hollmann seconded Roll Call Vote: Mr. Olson - AYE, Mr. Hollmann - AYE, Mr. Blumreich - AYE, Ms. Kieffer – AYE

The group remained in closed session for item #15

Mr. Blumreich made a motion to move back into open session, Mr. Hollmann seconded - Roll Call Vote: Mr. Olson - AYE, Mr. Hollmann - AYE, Mr. Blumreich - AYE, Ms. Kieffer – AYE

## **16. Stan Hollmann Letter**

Mr. Hollmann will be retiring at the end of the fiscal year (September 2009). Mr. Stoeger-Moore asked that the minutes reflect Mr. Hollman's dedication to and his strong support for DMI (since inception).

## **17. OCI Examination Update**

Steven Stoeger-Moore stated that Strohm Ballweg has been involved with the examination – the “internal” draft of the examination is still in the review process. As far as Mr. Stoeger-Moore is aware most of the concerns are minor. He stated that

according to OCI a “public” version of the report should be available sometime in June. Mr. Stoeger-Moore stated that OCI had some concerns about E&O coverage for Board Members. Mr. Stoeger-Moore has pursued obtaining a review of the E&O coverage by corporate counsel and a letter from the reinsurer stating that they will follow DMI’s form to provide to OCI.

#### **18. URMIA Regional Meeting**

This conference will be held in Madison on June 3-4, 2009. The Board decided to offer to pay the registration for the conference (one representative per District).

#### **19. Future Meetings**

There was discussion about the proposed meeting schedule. There was a potential conflict with the October dates so it was decided to change the dates to October 15<sup>th</sup> and 16<sup>th</sup>.

#### **20. Executive Vice President Report**

##### ***District Visits***

Mr. Stoeger-Moore stated that he has maintained a travel schedule of approximately one week per month to conduct face-to-face DMI business.

#### **21. Adjourn**

**Mr. Blumreich moved, and Ms. Kieffer seconded to adjourn; motion carried unanimously.**

Mr. Olson adjourned the meeting at 4:42 p.m.

Approved by the DMI Board of Directors on July 16<sup>th</sup>, 2009.

Respectfully Submitted,

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Barb Kieffer  
DMI Board Secretary