

## **Districts Mutual Insurance - Board of Directors' Meeting Strohm Ballweg - Madison, Wisconsin**

**July 16, 2009 – 9 a.m.**

Present: Doug Olson, Jim Blumreich, Barb Kieffer, Gayle Hytrek, Mark Zlevor, Steven Stoeger-Moore

Guests: Stan Hollmann, Doug Ballweg, Erin Dawson – Strohm Ballweg; Jeff Carew – PMA (via teleconference)

Recording Secretary: Geri Justinger (DMI Administrative Consultant)

### **1. Call to Order**

Doug Olson, DMI President, called the meeting to order at 9:18 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. Introduction of New Board Members**

Mr. Olson had the group make introductions. Stoeger-Moore introduced the new board members. He then thanked Mr. Hollman for his many years of service on the DMI Board and presented him with a thank you gift. Mr. Hollman thanked everyone for the opportunity to serve and stated that this is truly one of the highlights of his career.

### **4. Election of Officers**

**Mr. Blumreich nominated Doug Olson for President; motion carried.**

**Mr. Zlevor nominated Jim Blumreich for Treasurer; motion carried.**

**Mr. Blumreich nominated Barb Kieffer as Secretary; motion carried.**

### **5. Approval of Minutes from:**

April 23, 2009 – BOD Meeting.

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

April 24, 2009 – BOD Meeting.

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

### **6. Financial Report – Doug Ballweg, Strohm Ballweg, LLP**

Ms. Dawson reviewed check registers and other financial data with the group. There was some discussion about the expenditures being stable and predictable for the most part. There was a question about payments made to banks on the check register – these payments were for workers' compensation claim settlements as agreed by the parties and approved by the Department of Workforce Development specific instructions to bring the matters to closure are reflected in the various settlement payments shown. There was another question regarding how claims auditing at United Heartland happens – Mr. Stoeger-Moore stated that this happens

three times annually – once with the auditors (Clifton Gunderson) and twice by a group consisting of Lisa Brennan, Linda Joski (AJG), claims supervisor and claims adjustor from UH, and himself. That group reviews all claims reserved exceeding a predetermined amount. Mr. Ballweg stated that there is a significant amount of dollars that need to be invested within the next year. There was some discussion regarding replacement value and how it comes into effect. There was discussion about the proposed budget – the large percentage of fixed costs helps keep this stable and expected.

**Dr. Hytrek moved, and Mr. Blumreich seconded to approve the financial report including the budget from Strohm Ballweg. The motion carried.**

## **7. Investment Report**

- a. Mr. Carew reviewed the reports with the group. Mr. Carew discussed the transaction summary with the group. Mr. Carew spoke with the group about the past investment strategy. It was stated that the liquidity amount should be increased from \$250,000 to \$500,000. Mr. Carew will make the necessary adjustments. A question was asked regarding the ability of PMA to deal in corporate bonds and access to the CDARS program. Mr. Carew stated that they can deal in corporate bonds and have access to the CDARS program although they have not participated in the CDARS program as they are not meeting PMA's financial criteria at this time.
- b. The group reviewed the summary of the CDARS program.

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

## **8. Code of Ethics / Conflict of Interest**

On an annual basis DMI reviews its Conflict of Interest and Code of Ethics policies. The Board of Director members and DMI employees (Stoeger-Moore and Greene) acknowledged their review of the above policies and provided for the record the signature pages. The signature pages will be scanned and sent to each individual.

## **9. ACCT October 7-11 Travel Expenses – Jim Blumreich**

Mr. Blumreich stated that he has been accepted to make a presentation at the ACCT and asked to have Mr. Stoeger-Moore make the presentation with him. There was also suggestion to have Mr. Stoeger-Moore to make a presentation for the Board of Trustees. The consensus of the Board was that Mr. Stoeger-Moore should travel to the ACCT to be a co-presenter.

## **10. OCI Examination**

Mr. Stoeger-Moore stated that the OCI conducts a thorough examination every five years. This was concluded this past spring and the report has been received. A compliance requirement is to distribute a full copy of the report to each Board Member, the Member signifies by signature on the Financial Examination Affidavit their receipt of the report. Mr. Stoeger-Moore presented a one-page summary of the report for the group. One of the recommendations stated that contracts with third-party administrators must state that DMI owns all data (this was rectified for the United Heartland and Midwest Claims contracts for 2009/10). Another recommendation was to request an SAS 70 form from each service provider if available. Another recommendation was that DMI develop a disaster recovery plan.

Another recommendation was that all investments show DMI as the custody (this has been done). Another recommendation was that a reserve must be in place for a claim to be paid – this has been addressed with the new software that United Heartland has in place along with some other internal controls that have been applied. The report is now public record and will be available on the OCI website.

**Ms. Kieffer moved, and Mr. Zlevor seconded to accept the report to take action on the recommendations from the OCI. The motion carried.**

### **11. Investment Strategy – Doug Ballweg**

Mr. Ballweg spoke with the group about DMI's limitations in investing, investment history, and comparison of portfolios to other similar companies. He distributed a report to the group showing similar entities investment portfolios. He stated that he is not aware of the investment policies of the Technical College and feels that they are probably more prohibitive than insurance law. The group reviewed the comparison report – Mr. Ballweg stated that these entities' portfolios are very conservative compared to a "normal" insurance company. Mr. Ballweg distributed the DMI Investment Policy – he stated that he felt the policy is still viable. The consensus of the group was to revise the policy to be more on the conservative side and then find an investment advisor to work with to handle the portfolio. Mr. Ballweg stated that he would recommend that the advisor be familiar with the insurance companies or at least be willing to learn the business. There was a suggestion for Mr. Stoeger-Moore to begin researching options for advisors. Mr. Ballweg suggested that three presenters be invited to each make a 20 minute presentation at the October meeting. Mr. Stoeger-Moore will make that happen.

### **12. Revision of By-Laws – Article III Section 3.3**

Mr. Olson moved this item to October meeting agenda. Mr. Stoeger-Moore will bring revised language to the meeting.

### **13. Executive VP Report**

#### **a. URMIA National Conference**

Mr. Stoeger-Moore stated that the URMIA National Conference will be held in Nashville in September. If anyone is interested please let Mr. Stoeger-Moore know ASAP.

#### **b. Revised Organizational Charts**

Mr. Stoeger-Moore reviewed the revised handout with the group.

#### **c. Future Meeting Dates**

Mr. Stoeger-Moore spoke with the group about the future meetings.

#### **d. Risk & Loss Control Consultant Update**

Mr. Stoeger-Moore stated that he has tremendously enjoyed working with Tim Greene. He stated that he has been doing a fantastic job establishing an outreach to the Colleges and will be having a large attendance at today's Risk & Loss Control Committee meeting. Mr. Greene has been working with United Heartland on many issues regarding workers' compensation as that will be his main initial focus.

#### **e. Excess Property Coverage Update - Travelers**

Mr. Stoeger-Moore stated that there has been a good outcome of the negotiations for excess property coverage. He further stated that Travelers has offered coverage of \$350M/per occurrence, a two-year rate guarantee, and a lower rate than the previous carrier.

**f. Premium Spreadsheet / Program Structure**

Mr. Stoeger-Moore reviewed Program Structure with the group.

**g. Claims Review**

Mr. Stoeger-Moore stated that these reports will be reviewed in more depth at tomorrow's Risk Manager Meeting.

**14. Adjourn**

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

Mr. Olson adjourned the meeting at 12:06 p.m.

Approved by the DMI Board of Directors on October 15<sup>th</sup>, 2009.

Respectfully Submitted,

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Barbara M. Kieffer  
DMI Board Secretary