

**Districts Mutual Insurance – Strategic Planning Meeting  
Wisconsin Technical College Foundation Office  
Waunakee, Wisconsin**

**October 11, 2007 – 9:00 a.m.**

Present: Stan Hollmann, Doug Olson, Jim Blumreich, Barb Kieffer, Steven Stoeger-Moore, Mike Lanser (9:15 a.m.)

Guests: Doug Ballweg, Strohm Ballweg; John McLaughlin, Gallagher Higher Education Practice; Steve Streff, Streff Insurance Services; Thomas Weber (10 a.m.)

Recording Secretary: Geri Justinger (DMI Administrative Consultant)

**1. Call to Order**

Jim Blumreich, DMI President, called the meeting to order at 9:00 a.m.

**2. Statement of Public Notice**

The Board noted that it was in compliance with Wisconsin State Statutes 19.83 and 19.84. Notices of the meeting were posted at the respective colleges.

**3. DMI Services, Hot Topics and Trends in Higher Education (John McLaughlin)**

Mr. McLaughlin introduced himself. He began the discussion by covering some national “hot topics” – costs of higher education, competition between Colleges, accessibility, and expectations – including very high involvement of parents. He stated that current statistics show that 19% of students are currently taking psychotropic drugs. He stated that Colleges are re-evaluating their responsibilities towards the students in regards to student health / mental health / counseling, etc. Other hot topics are; athletic programs, study abroad programs – international travel, student loan issues. He further discussed experiential learning and what the association / responsibilities with these outside firms should be. Business continuity / emergency response plans / critical incident prevention / communication procedures are all issues that need continued attention. FERPA – Gallagher has written two papers on FERPA regarding rights and responsibilities of Colleges – they will be posted on the DMI website.

Speaking to pools/group – he stated that we are in a soft market and trends have shown that these conditions could continue for 8-13 years. He stated that there are several strategies that should be considered to take advantage of the market conditions. He suggested that the group should analyze the strengths and weaknesses of the policy. He further suggested looking at extending sub-limits, increasing coverage limits, adding additional coverages – bringing a “wish list” to discussions.

He stated that it is important to really “mine the data” to understand what the numbers are saying about losses and the actions that should be taken to combat those issues. He further stated that there needs to be strong direction from the Board level as to expectations of the Members. A question was asked if any pools are

charging increased rates to Members that do not participate in training sessions or in adopting specified programs. Mr. McLaughlin stated that it is dependant on the group but that there are several that offer “credits” to Members that are shown to have low frequency / severity issues and are compliant in program acceptance / participative in training.

There is a continued move to community colleges partnering with 4-year colleges to expand the services offered. There is also an increase in online “distance” learning.

There was a comment regarding the inflexibility of host sites (specifically the medical associations) to consider any contract but their own. Mr. McLaughlin suggested attempting to convene a meeting of the “powers that be” so that some sort of agreement can be reached.

#### **4. Investment Strategy (Thomas A. Weber)**

Mr. Stoeger-Moore introduced Tom Weber. Mr. Weber has been involved in the financial investments his entire career. Mr. Stoeger-Moore sent an investment portfolio to Mr. Weber for his review. Mr. Weber suggested that a small group be formed to meet with an advisor to evaluate the financials on a periodic basis. Mr. Weber commented that group should look to extend the length of some of the investments. He suggested that a first step is to establish a group or committee. He would not suggest buying stocks or mutual funds at this time, Mr. Ballweg stated that there are limitation of a company less than 5 years of age investing in stock, although he feels approval could possibly obtained. Mr. Ballweg looked at 20 mutual companies’ investment profile and the distribution is approx. 80% bond and 20% other (including some stocks) – showing a return of 6% for 2006.

Mr. Ballweg suggested the four topics he felt should be covered – what is the appetite for risk; the duration of the portfolio; types of investment – vehicles to utilize; typical insurance company portfolio (which he has presented). Mr. Ballweg stated that 9 out of 10 companies that he works for – the Board creates an investment strategy and hires an investment manager/advisor that is held accountable for the performance. Mr. Weber stated that there are 25+ in-state advisors that he feels are very good. He further stated that financials should be reviewed on a monthly basis – and that the advisors should make reports quarterly. First it was decided that the Board need to decide on what dollars are available for investment as this would affect the managers that would be interested in the project. It was suggested that a team be formed to move forward, Steve Stoeger-Moore, Mike Lanser and Cindy Dross will be responsible for bringing back a policy with suggestion to the Board for the January meeting. Mr. Ballweg will give the team some sample plans. Mr. Weber stated that he can assist the team in formulating an investment plan and choosing an advisor. Mr. Weber stated that he would recommend extending the maturity dates later today at the meeting with PMA.

#### **5. Capital Surplus/Dividend Plan Proposal, Reserving Practice (Doug Ballweg, Steve Streff)**

Mr. Ballweg reviewed the history of the situation. He stated that the OCI has approved a repayment of surplus. The first question that needs to be answered is how the repayment will happen. Action will be taken at the BOD meeting later today regarding the distribution details.

Mr. Ballweg revisited the issue of “surplus” and what to do with it. There was agreement that if repayment is done that it would be based on capital payment. There was also discussion as to the 1:1 ratio that has been established and that it would likely need to change if DMI takes on additional risk. This topic will be readdressed in year six.

The next topic addressed will be the reserving practice. Mr. Streff has developed over the past 13 months an analysis of the workers’ compensation claims and non-workers’ compensation claims. There continues to be a small number of claims on the non-comp side. He feels that both sides are conservatively reserved.

There was discussion “long term” about adding staff or assistance in helping to fund a staff (regional?) to assist in loss control.

#### **6. Risk Manager Representatives**

Mr. Stoeger-Moore stated that there has been concern about the representatives and the level of influence that they have at their perspective colleges. There is some concern that there is a decline in influence and therefore implementation at the District level. It was suggested to add a BOD/RM Meeting proceedings section to the TIR as well as adding a list of the District Risk Manager Reps names. It was further suggested to send the TIR in e-format (in addition to hard copy) to the President group.

#### **7. Coverage Limits/Deductibles – How Much is Enough?**

Mr. Stoeger-Moore reviewed the current coverage limits / deductibles with the group. There was concern from the group regarding out-of-state liability issues – it was suggested to do some research regarding caps in other states. There was also discussion as to the level of property coverage which is currently \$250M which covers all the Districts except Milwaukee. It was suggested to draft a communication to Milwaukee so that the situation is clearly explained.

#### **8. Board of Directors Make-up**

Mr. Blumreich asked the group about their feelings about the make-up of the group. There was some discussion about phasing out the requirement for the president position from the Board.

#### **9. DMI Board Recommendations for Risk Management Practices**

Mr. Stoeger-Moore explained that these items were placed on the agenda as suggestions to consider in a reward / incentive program. The question was posed to the Board as to what strategic position they want to take on these issues. It was suggested to add a “Best Practices” section to the TIR – perhaps an annual award for Exemplary Practices.

- a. **Campus Violence Planning / Crisis Management**
- b. **MVR Checks**
- c. **Use of Rental Cars**
- d. **Acknowledgement of Risk / Acceptance of Responsibility (AR<sup>2</sup>)**
- e. **Student in Practicum Agreements**
- f. **Return to Work**

**g. Hazard Survey Reports**

There is a concern about a lack of response to hazard survey reports. Mr. Stoeger-Moore, United Heartland, Jim Lang, etc. A suggestion was made to ensure that the DMI Risk Manager is copied on the survey as well as making sure that language is added to all reports that request a reply.

**h. Others**

**10. Adjourn**

**Mr. Olson moved, and Mr. Hollmann seconded to adjourn; motion carried unanimously.**

Mr. Blumreich adjourned the meeting at 1:30 p.m.

Approved by the DMI Board of Directors on January 24, 2008.

Respectfully Submitted,

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Barb Kieffer  
DMI Board Secretary