

Approved  
April 20, 2005



**Actuary Committee  
Regular Meeting  
Summary Minutes**

**March 31, 2004  
ABAG Conference Room B  
101 Eighth Street, Oakland, CA**

**Presiding**

Alex McIntyre, Chairman

**Jurisdiction**

Tiburon

**Committee Members Present**

Larry Anderson, Vice Chair

Julie Carter

Emma Karlen

Jim Steele

Gretchen Conner

LeeAnn McPhillips via teleconference

Burlingame

Dublin

Milpitas

So. San Francisco

Campbell

Gilroy

**Staff Present**

Marcus Beverly, ABAG PLAN Risk Manager

Henry Gardner, ABAG Deputy Executive Director

Angela Salsbury, ABAG PLAN Claims Manager

Carol Johnson, ABAG PLAN Recording Secretary

**Consultants Present**

Dennis Mulqueeney & Seth Cole, Driver Alliant Insurance Services

**1. CALL TO ORDER - WELCOME AND INTRODUCTIONS:**

Vice Chairman Larry Anderson called the meeting to order at 10:10 a.m.

**2. PUBLIC COMMENTS:**

There were no public comments.

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### **3. APPROVAL - MINUTES, DECEMBER 3, 2003 ACTUARY COMMITTEE MEETING**

Motion was made by Carter/S/Steele/C to approve the December 3, 2003 Actuary Committee meeting minutes as presented.

### **4. ACTUARIAL REVIEW OF SELF FUNDED EXCESS LIABILITY PROGRAM AS OF JUNE 30, 2004**

ABAG PLAN Risk Manager Marcus Beverly reviewed Bickmore Risk Services' analysis of the program's outstanding liabilities and funding for the 2004-05 program year. Overall funding for 04-05 is expected to increase 6%, due to a 10% increase in payroll and 4% increase in loss funding. The base loss rate increased just over 5%, from \$1.168 to \$1.229 per \$100 of payroll.

Estimated Ultimate Losses increased by \$864,480, due to increases in the 01-02 and 02-03 Program Years. Estimated losses for prior years continue to decrease. The overall increase is attributed to one large loss, over \$2 million, in 01-02 and increased severity of sewer losses in 02-03.

Members expressed concern and discussed ways to stem the increase in outstanding liabilities due to the escalating cost of sewer backup clean-ups. They discussed raising member retentions for sewer claims if set rules and loss prevention methods are not exercised. Staff mentioned a number of measures members are taking and that so far severity of losses for 03-04 have decreased, due in large part to the efforts of the claim specialist we hired.

Since we had not received confirmation of the insurance pricing for next year, the committee was not able to approve a specific funding amount. There was a consensus of the group to postpone any major changes in funding for at least one more year, to further evaluate the changes in outstanding liabilities created by changing actuaries last year and the adverse development caused by sewer losses.

After further review and discussion by committee members motion was made by Conner/S/Carter/C to retain funds in excess of the 90% confidence level.

Motion was made by Anderson/S/Steele and approved by the committee, with McIntyre voting no, to purchase insurance as part of the funding for the 04-05 Program Year. Our broker will present options of \$5 million excess \$5 million retention, as well as options for \$10 xs \$5 million and \$10 xs \$10 million retention.

### **5. EXCESS LIABILITY FUNDING OPTIONS**

Dennis Mulqueeny and Seth Cole of Driver Alliant Risk Services presented the committee an overview of the insurance market and options for 2004-05.

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## 6. FUNDING POLICY REVISIONS

Marcus Beverly discussed his staff report to the committee analyzing the PLAN funding benchmarks and recommending Funding Policy revisions. He provided a summary of our expected funding as of 6/30/04 and how well we are achieving our funding benchmarks. The PLAN continues to increase its overall funding and has met or exceeded a number of goals. The only benchmark that reflects adverse change is the increase in expected liabilities by almost 20%. This will be an important benchmark to review after next year's actuarial study and is a factor in the committee's decision not to make significant changes in funding for 04-05.

The changes suggested in the Funding Policy benchmarks reflect the committee's conservative approach to funding and will provide a more comprehensive review of important funding factors by including loss reserves in the analysis. Motion was made by Conner/S/Anderson/C to approve the Funding Policy revisions as presented.

## OTHER BUSINESS:

Dennis Mulqueeney from Driver Alliant Risk Services presented before the committee an update on workers compensation and how the current environment has affected funding requirements.

## ADJOURNMENT:

/M/Conner/S/Anderson/C/ to adjourn the meeting at 12:30 p.m.

Respectfully Submitted,



Marcus Beverly  
Risk Manager & Secretary  
ABAG PLAN Corporation

/cj