

DRAFT



**Actuary Committee
Regular Meeting
Summary Minutes**

**May 2, 2007
ABAG Conference Room B
101 Eighth Street, Oakland, CA
&**

Teleconference Location **Participant**
13777 Fruitvale Ave., Saratoga, CA Barbara Powell

<u>Presiding</u>	<u>Jurisdiction</u>
Emma Karlen	Milpitas
<u>Committee Members Present</u>	
Barbara Powell	Saratoga
Paul Rankin	Dublin
Larry Anderson	Burlingame
Bronda Silva	American Canyon
Jack Dilles	Morgan Hill

ABAG PLAN Staff Present
Marcus Beverly, ABAG Risk Manager
Gertruda Luermann, ABAG Risk Management Analyst

Others Present
Seth Cole, Alliant Risk Services
Michael Harrington, Bickmore Risk Services

1. CALL TO ORDER:

Emma Karlen called the meeting to order at 10:05 a.m.

2. PUBLIC COMMENTS:

There were no public comments.

3. APPROVAL OF MINUTES, May 3, 2006:

Minutes were approved as presented. /M/Anderson/S/Silva/C/approved, Jack Dilles – abstained.

Note – Paul Rankin joined the meeting at 10:15 a.m., just after start of Agenda Item 4.

4. ACTUARIAL REVIEW OF LIABILITY PROGRAM AS OF JUNE 30, 2007:

Michael Harrington of Bickmore Risk Services presented his firm's analysis of the program's outstanding liabilities and funding for the 2007-08 Program Year. Total expected liabilities are projected at just over \$17 million, an increase of \$556,000 or 3.3%. Liabilities at a 90% confidence level are projected to be \$25 million, with assets projected to be \$46,715,000, leaving more than \$21 million in the SIR Fund.

Funding of the \$5 million SIR for 07-08 is estimated at \$4,788,000, with excess insurance of \$15 million estimated at no more than \$800,000 and administrative expenses at no more than \$2,500,000. Overall the funding is expected to be \$8,088,000, compared with \$8,061,000 last year, or no change in spite of payrolls increasing over 5%.

Mike also explained the change in how the administration expense is calculated for next year, with a higher percentage being allocated to variable expense based on claims from both the liability and property programs, and a cap of the admin expense at no more than the loss funding for any member

After review and discussion the Committee accepted the Bickmore Risk Services report as presented, with additional exhibits to be provided explaining each member's change from FY 06-07 to FY 07-08.

/M/Anderson/S/Karlen/C/unanimously approved.

5. EXCESS LIABILITY & PROPERTY FUNDING OPTIONS: INFORMATION

Seth Cole of Driver Alliant Risk Services presented an overview of the insurance market and options for 2007-08. The market for our excess insurance remains about the same as last year, when we had more competition and options than in previous years. The property market is also relatively stable, given no major catastrophes last year, and we expect the rate for coverage to be about the same as it is currently.

6. FUNDING RECOMMENDATIONS:

Marcus Beverly, ABAG Risk Manager, presented recommended funding options to the committee and an update on our progress in achieving funding benchmarks. All of our results and benchmarks have improved over the last year, with total reserves expected to grow by \$5.6 million or 23%. If the projections bear out our total reserves will be just under \$30 million, almost enough to support a \$10 million SIR within our policy guidelines.

Given the stability of the excess insurance marketplace and our actuary's projections, staff is recommending we keep the \$5 million SIR and \$15 million in excess insurance for next year. The property pool would also remain the same, with a \$160,000 pool contribution and the excess property insurance allocated based on insured values.

Committee approved the funding recommendations as outlined in the staff report.

/M/Powell/S/Anderson/C/unanimously approved

Note: Barbara Powell left the teleconference connection after this agenda item. Their being no other business, the committee adjourned at 12:45 p.m. and discussed Item 7. informally over lunch until 1:15 p.m.

7. STRATEGIC PLANNING UPDATE & DISCUSSION: INFORMATION

Marcus Beverly presented a Benchmark Program Comparison report compiled by ARMTech for another pool, SANDPIPA, for the committee's review and as a framework for discussing strategic planning topics. The members discussed several aspects of the report, including CAJPA accreditation, expanding coverage for employment practices, and developing parameters for determining when we have enough in the SIR Fund and how we would deal with the excess.

8. OTHER BUSINESS:

None

9. ADJOURNMENT:

Meeting Adjourned at 12:45 p.m.

Respectfully Submitted,



Marcus Beverly
Risk Manager & Secretary
ABAG PLAN Corporation

/cj