



Draft

**ABAG PLAN CORPORATION
Claims Committee Regular Meeting
Summary Minutes**

**Wednesday, February 6, 2008
101 Eighth Street
Oakland, CA 94607
Conference Room B**

Presiding

Orry Korb – by Teleconference

Jurisdiction

Los Gatos

Committee Members Present

Shawn Mason
Heather McLaughlin
Gary Galliano - by Teleconference

San Mateo
Benicia
Newark

Committee Members Absent

Pamela Thompson

San Bruno

Staff Present – ABAG PLAN Corporation

Marcus Beverly, ABAG Plan Risk Manager
Kenneth Moy, ABAG Counsel
Angela Salsbury, ABAG Plan Claims Manager
Gertruda Luermann, ABAG Plan Risk Management Analyst

1. Call to Order

Orry Korb called the meeting to order at 10:10 a.m. A quorum was present.

2. Public Comments

None

3. Approval of Minutes

March 6, 2007, Claims Committee meeting minutes approved as presented.
/M/McLaughlin/S/Mason/C/unanimously approved.

4. Resolving Coverage Questions

Ken Moy presented a report outlining issues encountered in resolving recent coverage litigation and discussed with the Committee members the resulting questions regarding the inverse exclusion, risk sharing, and amendments to the Risk Coverage Agreement.

There was much discussion about our ability to write an effective exclusion v. an effective coverage resolution process, the processes for their implementation, and the implications of the different approaches.

The most significant challenge presented by the options discussed is that an amendment to the Risk Coverage Agreement needs to be approved by all members. If not, and members still wish to proceed under the new agreement, there is the potential a new pool would have to be formed. The members must be prepared to manage such an outcome, and that raises the priority for approving a risk sharing formula, a process we began in 2006.

The members agreed on the importance of taking action to address the exposure to coverage for inverse claims. However, given the implications of amending the Risk Coverage Agreement, the members agreed to recommend addressing both the MOC revision and risk sharing formula concurrently, then deciding if further action is necessary.

After discussion, the Committee agreed to recommend to address the risk sharing formula and revision of the Memorandum of Coverage, but to defer the issue of revision to the Risk Coverage Agreement. /M/Mason/S/McLaughlin/C/unanimously approved.

5. Property MOC Revision

Marcus Beverly provided the Committee with an update regarding options for covering property losses with insurance deductibles above \$100,000. The committee previously recommended capping the pooled losses at \$100,000, regardless of the insurance deductible.

However, the Executive Committee requested we look at options for covering the gap between \$100,000 and, most significantly, the deductible of \$250,000 for certain flood losses. The additional funding would be spread among the members with the exposure to those losses. Staff is working with actuary and the Actuary Committee on funding options to present to the Executive Committee.

After presentation and discussion, no action was taken.

6. Risk Management Information System (RMIS) RFP

Marcus Beverly presented a memo on issuing a Request For Proposals (RFP) to review options for updating or replacing our current claims operating software. Due to the need to move to a Web-based environment, staff is recommending we take this opportunity to evaluate our options. As PLAN's risk management programs have grown, we have expanded the amount of data we manage and are looking for a program to accommodate this additional data.

We also hope a new program will help us streamline our claims processing and eliminate the time, expense and uncertainty of maintaining the customization of our current program. This is particularly important in light of future staff retirements. The Risk Management Committee agreed to recommend proceeding with the RFP, and staff is preparing to provide vendor options at the next Board meeting.

After presentation and discussion, no action was taken.

7. 2007 Year-end Claim & Claim Policy Review

Marcus Beverly presented a report of claim activities, including numbers of claims for 2007 and settlements over \$125,000. A report of open claims with potential over \$125,000 was presented in closed session. After presentation and discussion, no action was taken.

Item 8 was discussed in closed session pursuant to the requirements of the Ralph M. Brown Act. Actions taken were announced in open session prior to the adjournment of the meeting.

8. Conference with Legal Counsel - -anticipated or existing litigation

- * Suto v. City of Saratoga
- * Claims over \$125,000

9. Announcements:

Orry Korb announced in open session at 11:30 a.m. that no final reportable action was taken in closed session.

10. Other Business: None

11. Adjournment: Orry Korb adjourned the meeting at 11:35 a.m.

Respectfully Submitted,



Marcus Beverly
Risk Manager & Secretary
ABAG PLAN Corporation