



DISTRICTS MUTUAL INSURANCE & RISK MANAGEMENT SERVICES

BOARD OF DIRECTORS MEETING

VIRTUAL MEETING

April 28, 2022 – 9:00 am

Present: John Will, David Brown, Valarie Wunderlich, Carrie Kasubaski, Steven Stoeger-Moore

Guests: Sarah Fisher (CLA), Russ Denk (Strohm Ballweg), Erin Dawson (Strohm Ballweg), Gary Strohm (Strohm Ballweg), Don Miller (Madison Scottsdale), Stephen Streff (Streff Insurance Services)

Recording Secretary: Suzette Harrell (DMI Administrative Assistant)

1. **Call to Order** – J. Will, DMI Board Chair, called the meeting to order at 9:00 am.
2. **Statement of Public Notice** – At the request of J. Will, S. Harrell read the Statement of Public Notice into record.
3. **Roll Call and/or Declaration of Quorum** – Roll call was taken by S Harrell. John Will, David Brown, and Valarie Wunderlich were present. A quorum was advised. C. Kasubaski joined the meeting 10 minutes later.
4. **Approval of Board of Directors Meeting Minutes for January 13, 2022** – S. Stoeger-Moore offered a correction to Item #5 reference to CliftonLarsonAllen as DMI's 3rd Party auditing firm and not accounting firm as presented. D. Brown motioned to approve the meeting minutes with the identified correction. V. Wunderlich seconded. All in Favor
5. **Investment Report** – D. Miller advised PCI this year hit 8.5%. PCE, which is what the Fed follows for inflationary numbers, hit 6.4%. Producer prices, which are the inputs going into products, hit 11.2%. Inflation is here. Treasury returns are in the negative – which never happened before. GDP reported at -1.4% due to trade imbalances (which were down 3.2%) and decreased inventories. Positively, consumer spending was up 2.7% this quarter and business income was reported at 9.2%. Going into a recession is not expected this year. The Federal Reserve is planning an interest rate hike in May and July. D. Miller outlined DMI's investment portfolio, stating 2021 overall was a good year. He reviewed DMI's current bond holdings, fixed income portfolio and the equity portfolio. Questions were asked and answered. It was noted DMI's equity portfolio has done very well and has helped to grow DMI's surplus. D. Brown motioned to accept the investment report as presented by D. Miller. V. Wunderlich seconded. Vote All in Favor. Motion carried.
6. **Financial Report** – E. Dawson provided an overview of the check register figures and advised details on larger payment expenses and those that may have occurred outside the normal distribution time schedule (ex. Foundation donations distributed in January verses April). E. Dawson advised The Office of the Commissioner of Insurance (OCI) reached out and they would be auditing DMI in the very near future. She described installment payments for DMI service partners. Overall this quarter's expenses were a little higher than last year but that was due to timing of the Foundation donations and reinsurance installments. She then identified property and casualty claim payments (5 claim payments >\$5,000) and worker comp claim payments (10 claim payments >\$5,000) of which 9 were still open claims. Slip, trip and fall claims were down for the quarter and were attributed to the Colleges' response to Covid. The Board was appraised on DMI's financial documents (Balance Sheet and Income Statement) with comparisons between current quarter and previous quarter. E. Dawson reviewed several annual graphs prepared comparing DMI's performance against peers and current insurance industries. DMI is operating above average compared to peers. Surplus and capital adequacy allow DMI to provide colleges with relief and services. A motion was made by C. Kasubaski to accept the financial report. V. Wunderlich seconded. All voted in favor. Motion carried.

7. **Annual Audit** – S. Fisher presented on behalf of Kathe Kuna who had a family emergency. S. Fisher advised the financial information in the audit report is consistent with the figures provided quarterly by Strohm Ballweg. No audit adjustments were needed, and the numbers remained the same from what was already presented. Ms. Fisher complimented S. Stoeger-Moore and Strohm Ballweg for their thoroughness and preparation efforts for the audit. She said it was pretty amazing to see an audit completed within a 3-week time span. The audit was completed virtually with electronic data exchange. She mentioned there is an adverse opinion listed in the audit based on GAP accounting principles, however it has no bearing because DMI utilizes statutory accounting principles as required by OCI. S. Fisher reviewed audited financial and made comments along the way. She reviewed the Communication Letter and required Governance communication; including advising on the adoption of a new accounting standard SAS 134 – which changes to how the report is prepared, location of information, and expands on auditor responsibilities. Overall very clean audit thanks to Strohm Ballweg. C. Kausbaski motioned to approve the Annual Audit as presented. D. Brown seconded. All were in Favor. Motion carried.
8. **Actuarial Report** – S. Streff advised his role with DMI is to protect and advise DMI on its’ reserving position. Second, to advise what rates to charge for each of the lines of coverage that are issued by DMI. At this time, DMI controls about half of the premiums for rating purposes. He reviewed his historical stance on setting reserves and expanded on his Opinion letter, to current reserve setting practices and DMI surplus. From there he reported on establishing premium rates for the Colleges. The Board of Directors is in charge of setting the final premium rates except for Workers Compensation with S. Streff providing the information necessary to do so. Rates are based on exposure data which S. Streff outlined by coverage type. He then provided members with the recommended premium rates and a recommended retention layer increase for Workers’ Comp for discussion. Because Beazley’s cyber premium quotes were received by S. Stoeger-Moore hours prior to this meeting, cyber premium figures were not calculated into the overall recommendation. C. Kasubaski made a motion to accept the information and the Actuarial Report as provided by S. Streff. V. Wunderlich seconded. All were in Favor. Motion carried.
9. **Coverage Renewal Terms and Conditions** – Based on the recommendations made by S. Streff in his summary document, a motion was made by D. Brown to approve the rates proposed for 2022/23, except for cyber liability. C. Kasubaski seconded the motion. Discussion ensued prior to a final vote by the Board members. S. Stoeger-Moore reviewed the DMI program structure; desired goals points for cyber coverage – no change to limits and deductibles, no loss of various sublimit(s) in the policy, no copay and reduce anticipated cyber premium increases to less than 50%; advised on building values increases, property reinsurance increases, and other line of coverage conditions. After lengthy discussion of proposed options and DMI’s financial position to consider, J. Will called the vote for setting the 2022/23 premium rates to the colleges (except for cyber) as identified in S. Streff’s summary document. Property – 4.8% increase; Equipment Breakdown – 15.4% increase; Terrorism – Flat; General Liability – 9.1% increase; Auto Liability and Physical Damage – Flat; Workers Compensation – decrease 5.2%, Deadly Weapon Protection – Flat; ELL – 9.5% increase, Health Care Professional Liability – 21.2% increase. Vote: All in Favor. Motion Carried
10. **Review of Capital Adequacy Plan and Possible Decisions on Surplus** - S. Stoeger-Moore commented on various noted Q4 (2021) market conditions. He said the Q1 2022 market conditions report has not been released, but moderate rate increases are expected to continue across all lines of coverage except cyber. He will keep the Board apprised when the figures come in. R. Denk, provided background information on how the subject of capital adequacy came to fruition, took a look at this year's calculation, discussed consideration of adoption of a board policy related to capital adequacy, and talked about what the Board

wanted to do in 2022 regarding giving benefits back to the colleges with the capital adequacy. As R. Denk identified a proposed policy for annual review by the Board, they asked him to add the formulation calculation to the policy to allow future changes by the Board of Directors. A motion was made to accept the report and adopt the policy with changes discussed by C. Kasubaski. V. Wunderlich seconded. Vote: All in favor. Motion carried.

11. **Premium Relief Initiative** – S. Stoeger-Moore presented information on the 2021/22 premium relief initiative and asked the Board if they wanted to consider doing something again this year. Lengthy discussions, questions and answers ensued. It was decided the conversation of this topic would be deferred until S. Stoeger-Moore and the Board has more firm cyber information available for the discussion. J. Will also asked that funding of the Risk Management Project Awards for 2022 also be brought up during the future meeting. No action taken.
 12. **Service Provider Contract Renewal Recommendations FY22-23** – S. Stoeger-Moore said typically during the April quarterly Board meeting, service provider agreements are brought forth for Board approval. S. Stoeger-Moore briefly reviewed the agreement worksheet with the members and asked for approval. C. Kasubaski made a motion to approve the Service Provider Agreements for 7/1/2022. V. Wunderlich seconded. Vote: All in favor. Motion carried.
 13. **Succession Plan Update** – S. Stoeger-Moore advised based on feedback from a previous Board meeting, the DMI Succession Plan was updated with his title change (President, CEO) and identification of short-term absence resources. A motion was made by V. Wunderlich to approve the Succession Plan as updated. C. Kasubaski seconded. Vote: All in Favor. Motion carried.
 14. **Budget Approval for July Risk Mitigation Forum** – S. Stoeger-Moore provided background on the Risk Mitigation Forum. The Forum is planned as an every other year event expanding on the typical quarterly meeting interest groups. It was meant to be a day and a half workshop on hot topics in higher education. This will be the first planned in-person event since October 2019. S. Stoeger-Moore provided additional details on the event. S. Stoeger-Moore asked the board to support a funding request of \$12,000 for the event. V. Wunderlich made a motion to approve the funding amount. C. Kasubaski seconded the motion. Vote: all in Favor. Motion carried.
 15. **Funding URMIA's 2022 Annual Conference** – S. Stoeger-Moore led the conversation by recommending the board approve again this year, a stipend for attendance to URMIA's Annual Conference. The Board decided to fund 3 stipends. In -person attendees would be awarded \$1,500 to help defray costs associated with registration and travel and virtual attendees would be awarded \$869.00 for the cost of the early bird registration fee. Virtual attendee can have up to 5 college colleagues attend as well. DMI will administer the application and award program as done in the past. A motion was made to approve the 3 individual stipends at the identified amounts. All were in favor.
 16. **Future Quarterly Meetings Format** – to be reviewed at Board members leisure
- V. Wunderlich motioned to move to **Executive Session**. C. Kasubaski seconded. All were in favor. E. Dawson, R. Denk, and G. Strohm left the meeting. S. Harrell left the meeting at 1:32 pm.

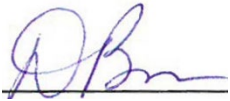
17. **President's Report** – *Given during Executive Session*
18. **DMI Consultant Quarterly Reports** – *Reviewed During Executive Session*
19. **High Value Claims Review**** - *Discussed During Executive Session*
20. **DMI President Performance Evaluation*** - *Discussed During Executive Session*

21. **DMI President Compensation Package for 2022/23* - Discussed During Executive Session**
22. **DMI Staff Performance Evaluation and Salary Consideration for 2022/23* - Discussed During Executive Session**

A motion was made by C. Kasubaski to return to **Open Session** at 3:00 pm. V. Wunderlich seconded. All in favor.

23. **Adjourn** - A motion was made by J. Will to adjourn the meeting at 3:01 pm. All were in favor. Meeting adjourned.

Respectfully Submitted,



David Brown
DMI Board Secretary