



**DISTRICTS MUTUAL INSURANCE & RISK MANAGEMENT SERVICES**  
**BOARD OF DIRECTORS MEETING**  
WEB BASED MEETING  
April 22, 2021 – 10:00 am

**Present:** David Brown, Renea Ranguette, Roxanne Lutgen, John Will, John Van De Loo, Steven Stoeger-Moore

**Guests:** Russ Denk (Stroh Ballweg), Erin Dawson (Stroh Ballweg), Don Miller (Madison Scottsdale), Kathe Kuna (CliftonLarsonAllen), and Stephen Streff (Streff Insurance)

**Recording Secretary:** Suzette Harrell (DMI Administrative Assistant)

1. **Call to Order** – R. Lutgen, DMI Board Chair called the meeting to order at 10:04 am.
2. **Statement of Public Notice** – R. Lutgen read the Statement of Public Notice into record.
3. **Roll Call and/or Declaration of Quorum** – Roll call was taken by S Harrell. David Brown, John Will, John Van De Loo, Renea Ranguette, and Roxanne Lutgen were present. A quorum was advised.
4. **Approval of Board of Directors Meeting Minutes – January 14, 2021.** J. Will motioned to accept the January 14, 2021 meeting minutes as presented. R. Ranguette seconded. All were in favor.
5. **Financial Report** – Erin Dawson, Strohm Ballweg – E. Dawson first mentioned the implementation of a Positive Pay program finalized in late 2020. A Positive Pay system is used for fraud protection. Each time a check is written by Strohm Ballweg or TPA's for claims, the payments are uploaded and matched as checks are cashed. Checks are not cashed unless previously conveyed to the bank. E. Dawson turned her attention to reviewing the larger typical quarterly checks from the general expense register. She reviewed check register figures and advised details on larger payment expenses. She outlined specifics on property/casualty claim payments made during the quarter, then reviewed United Heartland's payment check register by expounding on open/closed claims and payments over \$5,000. The Board was apprised on DMI's financial documents (Balance Sheet and Income Statement) with comparisons between current quarter and previous quarter. E. Dawson discussed several annual graphs prepared comparing DMI's performance against peers and current insurance industries. D. Brown motioned to approve the financial reports as advised. R. Ranguette seconded. All were in favor – Motion carried.
6. **Annual Audit** – Kathe Kuna (CliftonLarsonAllen) stated that even though the audit was completed remotely, it was highly successful and the easiest remote audit she has done because all the information was available electronically. She highlighted noteworthy items and made a comment that this year (like prior years) the auditors had a clean opinion based on statutory accounting principles for 2020. She provided an overview of the events occurring during the year and reviewed figures from the audit giving further explanation as needed. No significant changes were revealed, and no new disclosure requirements identified. No changes noted in accounting policies, no sensitive financial statement disclosures, no disagreements with management, no adjusting entries, and no consultation with other accounting entities. This year CLA reviewed 3 months of DMI credit card statements for accuracy, business purpose, and to ensure charges were supported with proper receipts. No negative reports in this area. A motion was made by R. Ranguette to accept the Annual Audit report as presented by K. Kuna. D. Brown seconded. All were in favor. Motion carried.
7. **Investment Report** – Don Miller (Madison Scottsdale) reviewed current "Federal" bond market practices (purchasing \$120B bonds monthly) and conditions. He expounded on the past year's fluctuating basis points and cited the jump was due to economic and GDP growth. The yield increased at the end of the quarter due to federal stimulus funds. Bond yields are low. Consumers seeing more negative bond returns than ever;



which is an indication of overpriced/overvalued bond prices. He continued by explaining why Fed Fund Bonds are not projected to increase until 2023. He expounded on stock market conditions and stock performances – particularly small cap funds. Like the bond market, he advised, the stock market is overvalued. Yet growth is expected to continue into 2022. D. Miller reviewed DMI’s investment portfolio. He mentioned taking certain actions with DMI’s bond durations to capitalize in the current market and continue to reduce risk. He advised DMI’s portfolio performance is up due to the diversity (mix of investments) it currently holds. He briefly spoke about Madison Scottsdale’s prepared annual financial analysis, which is intentionally done to help him understand the risks being taken on the operational side of DMI. A motion was made by R. Ranguette to accept the investment report as presented by D. Miller. J. Will seconded. All were in favor – Motion carried.

8. **Actuarial Reports** – S. Streff talked about DMI’s reserve consistency. From the reserve opinion statement, he agrees, DMI’s reserves are clean, reasonable and any other actuary would come to the same conclusions. He reviewed details in the Statement of Actuarial Opinion and Summary and reported how he derived the set reserves, the impact of those reserves and where he recommends the reserves be set going forward. He expounded on an overview of DMI’s ceded premiums ratio, case reserves and reserve levels. A motion was made by J. Will to approve the Loss Reserve Report and the Actuarial Opinion. R. Ranguette seconded the motion. All in favor. Motion carried.

S. Streff appraised Board members on his PY2021/22 actuarial pricing and analysis. He detailed figures and the impact due to last year’s conditions (pandemic, low student FTE, property claims, reinsurance premium increases, workers comp. experience swings). Discussion ensued on re-insurance marketplace conditions and continued rate increases. DMI seeds 40% of collected premiums to the re-insurance market. As increases continue in this area so does its’ impact on DMI. The cyber liability marketplace has seen drastic changes over the last couple of years due to increased breaches, ransomware, and other cyber attacks. S. Stoeger-Moore stated an aggressive marketing approach is being taken, with a number of business opportunities (9 different markets for cyber, including the current incumbent) to obtain the best pricing structure for DMI’s cyber re-insurance component. Of the nine, only Beazley and Ascent offered terms and conditions. Cyber liability underwriting has become highly restrictive with significant changes anticipated in cyber liability limits and deductible limits. He is currently working with two additional markets and would like to bring total findings back to the Board mid-May for continued conversation on rating the DMI issued cyber policy.

S. Streff reviewed reinsurance rates for the other lines of DMI coverage and proposed premium rate increases for FY22. A couple suggestions for Board approved DMI funding were made to provide assistance to offset some of the premium increases for the coming year. J. Will made a motion to accept the recommended proposed premium rate increases as identified by S. Streff, with the exception of the cyber liability coverage premium, which will be discussed further mid-May. D. Brown seconded. All were in favor. Motion carried. S. Stoeger-Moore advised S. Streff to provide his quotations (by line of coverage renewal) so S. Harrell could send the Colleges renewal quotes (except cyber) the week of May 10<sup>th</sup>.

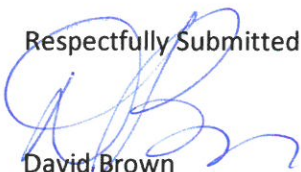
9. **Reinsurance Coverage Renewal Terms and Conditions** – S. Stoeger-Moore provided Board members with an overview of the greater commercial marketplace and provided background information explaining why rates are increasing. He sited conditions of frequency and severity of claims, social inflation (award judgments), increases in average cost of claims, Title IX, Traumatic Brain Injury (TBI), etc. These, plus others, have led to a hard insurance market. He reviewed a comparison of rating between the general commercial



meeting, and expanded (re-insurance, renewal of DMI policies, rates, and changes in coverage) content for Risk Managers. Accommodations will be made for virtual attendance to the April 2022 meetings if college travel continues to be prohibited for FY22. Board members were agreeable with the recommended meeting format change.

14. **Progress Report on Insurance Renewal Process** – S. Harrell provided Board members with an outline of steps taken in a small (college member) focus group study of DMI’s annual insurance renewal activities. The goal of the study was to ascertain the areas within the renewal process that were being done well for the sake of the college representatives and determine areas where it is felt improvements could be made. A formal report with recommendations will be presented during the July 2021 Board of Directors meeting.
15. **President Report** – S. Stoeger-Moore reviewed a memorandum from General Counsel regarding recent COVID-19 immunity legislation (2021 Wisconsin Act 4) signed into enforcement by Wisconsin’s Governor. The Act provides a broad civil immunity available by statute from individuals who make accusations or assertion they contracted COVID-19 from a specific place – like a technical college or other place of business. The legislation prevents individual suits to be brought forth for action. DMI has not received any filed general liability claims from the Technical Colleges. The board moved into executive/closed session at 2:50 pm to continue conversation on items 18, 19, 20, and 21.
16. **DMI Consultant Quarterly Reports** – Are to be read at leisure. S. Stoeger-Moore remarked, the DMI consultants are fully engaged with the colleges by way of virtual GoToMeetings, contact by telephone, virtual tabletop exercises, etc. The means by which the consultants work with college representatives has shifted to accommodate representative’s current availability.
17. **Future Meeting Dates** – Discussed earlier. S. Harrell will update the presented schedule to account for format changes as identified. The schedule is to “hold dates”. Future meeting logistics will follow.
18. **High Value Claims Review\*** See Item 15 above. Items discussed during executive session.
19. **DMI President Performance Evaluation\*** See Item 15 above. Items discussed during executive session.
20. **DMI President Compensation Package for 2021/22\*** See Item 15 above. Items discussed during executive session.
21. **DMI Staff Performance Evaluation and Salary Consideration for 2021/22\*** - See Item 15 above. Items discussed during executive session. A motion to accept salary considerations as discussed during executive/closed session was made by D. Brown. J. Will seconded. All were in favor. Motion carried.
22. **Adjourn** - J. Van De Loo motioned at 4:00 pm to move to open session. J. Will seconded. All were in favor. D. Brown motioned to adjourn the meeting. J. Van De Loo seconded. All in favor. Meeting adjourned at 4:03 pm.

Respectfully Submitted



David Brown

DMI Board Secretary



insurance marketplace in relation to higher education by line of coverage, and DMI's rates. It was noted DMI is in a relatively manageable position by comparison with rates for Property coverage up 10%, Equipment Breakdown up 5%, General Liability up 10%, Deadly Weapon Protection remains flat, Terrorism & Sabotage up 1.7%, and Cyber to be determined. He reviewed DMI's 7/1/21 Program Summary with members, stating DMI has been well served by incumbent providers, whose rates have remained manageable, and limits have not been reduced. J. Will motioned to accept the re-insurance coverage renewal terms and conditions. J. Van De Loo seconded. All in favor. Motion carried.

10. **Review of Capital Adequacy Plan** – R. Denk (Strohm Ballweg) provided a capital adequacy calculation review which evaluated DMI's position in comparison to highly rated insurance companies. He identified a discretionary fund amount, initial College contributions, and provided sample distribution options of the discretionary amount. Discussions ensued with a focus on using the discretionary funds for risk mitigation of cyber related issues and loss projects (such as technology penetration testing, software updates, multifactor authentication, cloud storage, multiple back-up systems and servers, etc.). Premium relief at a % return per College, foundation scholarships, DMI Risk Management Project Awards were all discussed. J. Will motioned to approve \$5,000/College for DMI 2021-22 Foundation Donations and \$800,000 (up to \$50,000 per College) for cyber risk mitigation, and a deferral on discussions for a planned premium relief allocation (until DMI cyber premiums are confirmed for 2021-22). R. Ranguette seconded. All in favor. Motion carried. Board meeting will be scheduled for mid-May to discuss and finalize DMI cyber premium rates.
11. **Service Provider Contract Renewal Recommendations PY21-22** – SSM spoke about DMI's outsourced service partners, their current contractual terms of service, and costs. He asked for Board approval on the service provider agreements for the next 7/1/2021-22 policy year. S. Stoeger-Moore will be working with services providers, in their last contractual year, to identify their desire to continue working with DMI in the future and negotiating/issuing renewed contracts. R. Ranguette motioned to accept the PY21-22 service provider contracts. J. Van De Loo seconded. All were in favor. Motion carried.
12. **Attend URMIA's 2021 Annual Conference** – S. Stoeger-Moore said URMIA is in the process of planning their 52<sup>nd</sup> Annual Conference in Seattle, WA (Oct 16-20<sup>th</sup>). Last year URMIA hosted a completely virtual conference. This year a hybrid conference is being planned. The Board was asked to consider providing funding stipends for WI Technical College members to attend. The 2021 URMIA registration fee is \$769.00 regardless of in-person or online attendance. The virtual component allows 10 individuals within an organization to participate. J. Will motioned to approve two (2) in-person attendee stipends with a maximum amount of \$1,500/stipend and two (2) virtual campus stipends at \$769 to cover the registration fees. J. Van De Loo seconded. All were in favor. Motion carried.  
**UPDATE: 7-21-21** - Three virtual attendee stipend awards were presented instead of the two original approved stipends for virtual attendance.
13. **Future Quarterly Meeting Format** – S. Stoeger-Moore advised since the beginning of the pandemic's travel restrictions, DMI's consultants started hosting bi-weekly/monthly virtual meetings. The effectiveness in conveying timely, topical information to the Colleges' Campus Security and Environmental Health and Safety members has been well received and highly successful. The DMI team will continue the monthly meetings until it is felt by College members there is no longer value. Knowing of the College's challenged travel restrictions, DMI proposes hosting three (3) virtual quarterly meetings and one (1) in-person meeting for FY22. S. Stoeger-Moore suggested the in-person meeting be held at the Osthoff Resort for the April 2022 Quarterly meeting. The April quarterly meeting is commensurate with DMI's Annual meeting, Special BOD