



*Utah Risk Management Mutual Association*

# AGENDA

*Board Meeting*

**August 10, 2018**

**10:30 AM**

**Kanab City Center**

**37 North 100 East, Kanab, Utah**

1. WELCOME
2. **MOTION - Approval of Minutes from June 20, 2018 Electronic Board Meeting**
3. **SCHEDULED ITEMS**
  - 3.1 **RESOLUTION NO. B0810-3.1 - JPP ADOPTION AND AMENDMENT**
  - 3.2 **MOTION - WORKERS COMPENSATION**
  - 3.3 **MOTION - ASSOCIATION FOCUS FOR THE INSPECTION PROGRAM**
  - 3.4 **MOTION - LOCATION FOR SUMMER CONFERENCE 2019**
4. **ADJOURN**

2. MOTION - Approval of Minutes from June 20, 2018 Electronic Board Meeting

[SEE ATTACHMENT - 06 20 18 B ELECTRONIC MINUTES](#)

### 3. SCHEDULED ITEMS

#### 3.1 RESOLUTION NO. B0620-3.1 - JPP ADOPTION AND AMENDMENT

**RECOMMENDATION:** The CEO recommends that the Board, by resolution, adopt the Joint Protection Program for 2018-2019.

**BACKGROUND:** Each year the Board adopts the JPP for the coming fiscal year. This year there are two proposed amendments. First is the same amendment submitted for the Board's approval in the June meeting regarding the provision of workers compensation coverage. This amendment was rejected by the Board in that meeting. It was continued to the Fall, without a date certain. ***It is included here only on the off-chance that the Board feels prepared to make a decision at this time instead of waiting further.*** If the Board desires, it's included in the draft of the JPP. If not, it is easy enough to approve the JPP without that provision.

#### ARTICLE II: COVERAGES

##### Section 1: Core Protection Package.

Coverage E: Workers Compensation Coverage. The members are required to purchase workers compensation coverage through the Group Plan established by the Association.

The second is an amendment to Article VIII of the JPP regarding the obligations of withdrawing members. In particular, it clarifies language currently in the JPP that is confusing and apparently contradictory relative to a member which does not want to wait the year to leave as required by the Interlocal Agreement. The situation became an issue when Roy requested to leave early. Following is the proposed language for Article VIII Section 2 Subsections A and B:

#### ARTICLE VIII: WITHDRAWING MEMBERS

##### Section 2: Repayment Options

- A. The withdrawing member must give at least one year's notice in writing before withdrawing. The coverage shall terminate on June 30<sup>th</sup> after the one year waiting period passes. After termination of coverage the standard repayment program will continue until all losses are repaid under the program. Any loss that has been capped pursuant to the repayment program will no longer be capped after the withdrawal, so that URMMA does not share any loss of a withdrawn Member.
- B. The one year waiting provision shall be waived upon request of a Member provided that the Member complies with the requirements listed below. These are the conditions for withdrawal and the conditions of coverage for the withdrawing Member:
  1. The Member must give written notice of its desire to withdraw by March 31<sup>st</sup> for a June 30<sup>th</sup> termination. No withdrawal shall be allowed prior to June 30<sup>th</sup>.
  2. The withdrawing Member shall pay all amounts owed under the repayment program by the July 10<sup>th</sup> immediately following withdrawal. This includes payments the Member would have paid in the year following the withdrawal plus all payments that URMMA has already covered that would normally be paid over the next five years.
  3. For pending claims that URMMA will still be defending after the withdrawal, the Member may reimburse URMMA for monies expended after the withdrawal date pursuant to the normal

repayment program; provided, however, that no loss will be capped once the Member has withdrawn, and the Member will be required to repay the full loss. URMMA shall not share in losses once the Member has withdrawn.

4. The Member shall pay the equivalent of 50% of its projected premium for the fiscal year that immediately follows the withdrawal as a penalty for early withdrawal. This payment shall also be made by July 10<sup>th</sup>. The premium shall include all amounts the Member would have owed as earned premium, reinsurance premium and membership fees.
5. Coverage shall terminate on June 30<sup>th</sup>. URMMA will only cover claims that have been filed against the Member and presented to URMMA by that date.
6. URMMA may settle or otherwise dispose of pending claims without input or direction from the Member.
7. The withdrawing member shall be responsible for all deductibles associated with its claims.
8. The Member shall sign a contract by June 30<sup>th</sup> with the following provisions:
  - a) A statement accepting the terms for early withdrawal as stated in this Subsection 3B.
  - b) A covenant not to sue and full release of URMMA for any liability arising out of the Member's membership in URMMA.

The language would still allow for an early departure, but only on the conditions shown in the language set forth above. This includes payment of all amounts currently owed under the Repayment Program, including those that would have been paid over the next five years, and a requirement that the departing member pay 50% of the estimated next year's premium as a penalty for not waiting the year. Future expenses made for pending claims and lawsuits will be billed under the regular 5-year repayment plan, except that there will be no capped loss available to the withdrawn member.

If the Board chooses to, it could entirely eliminate the opportunity to leave before the year, or it could increase the percentage of premium to be paid for an early departure to an amount higher than the 50% contained in this draft.

[SEE ATTACHMENT - JPP FY18-19 - REDLINED](#)

[SEE ATTACHMENT - JPP FY18-19 - EXHIBIT A](#)

## **RESOLUTION NO. B0810-3.1**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF UTAH RISK MANAGEMENT MUTUAL ASSOCIATION ADOPTING THE JOINT PROTECTION PROGRAM OF URMMA.**

**WHEREAS** URMMA provides liability coverage to its Members pursuant to a Joint Protection Program (JPP); and

**WHEREAS** the Board of Directors adopts the JPP on an annual basis; and

**WHEREAS** the Board has reviewed a proposed draft of the JPP with certain amendments thereto regarding workers compensation coverage and the responsibilities of Members withdrawing from URMMA; and

**WHEREAS** the Board now desires to adopt the JPP as amended for fiscal Year 2018-2019, effective July 1, 2018;

#### **NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The Board hereby adopts the Joint Protection Program as amended for Fiscal Year 2018-2019, effective as of July 1, 2018. The approved JPP is attached hereto as Exhibit A and is incorporated herein by reference.
2. All resolutions or actions in conflict with this Resolution are hereby repealed.

**PASSED AND APPROVED THIS 10th day of August 2018.**

Utah Risk Management Mutual Association

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David Dobbins, Chairman of the Board

ATTEST:

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M. Elizabeth Christensen, Association Secretary

### 3.2 MOTION - WORKERS COMPENSATION

**RECOMMENDATION:** Staff recommends that the Board, by motion, request that Moreton & Co. present to the Board in our November meeting a recommendation for a group workers compensation program through a qualified provider.

**BACKGROUND:** The Board voted in June to continue the discussion on a workers compensation program servicing the entire group to sometime in the Fall, without a date certain. Our normal Executive Committee meeting is scheduled for November 8<sup>th</sup>, which would be a good time to continue the discussion. The Board can determine to either leave it to the Executive Committee or expand that meeting to a full Board meeting.

There has been much discussion about workers compensation subsequent to our June meeting. Two of the issues that are being raised by some of our cities are (1) Would we be better served by having a broker act as liaison with the workers comp provider, and (2) Are we required to put this out to bid as opposed to relying on sole source provisions to contract with WCF. While the Utah Procurement Act by its own terms does not apply to URMMA, it is still unclear whether or not we need to put it out to bid. Regardless of whether we're required to, there are some benefits to going through an RFP or bidding process for us.

Both issues are resolved if we contract with our current broker, Moreton & Co. to go through their normal RFP/bidding process to find us the best coverage. It is our recommendation that we do that and ask Moreton to be ready for a recommendation at our November meeting, for a January 1 trigger date for the new program.

### **3.3 MOTION - ASSOCIATION FOCUS FOR THE INSPECTION PROGRAM**

**RECOMMENDATION:** Staff recommends that the Board, by motion, choose the Association Focus for the Inspection Program.

**BACKGROUND:** In years past the association has had a yearly risk management focus. In the May 2018 Executive Committee Meeting it was discussed and decided that the Board be involved in the discussion and choosing of the Association Focus worth 4 points in the Inspection Program.

### 3.4 MOTION - LOCATION FOR SUMMER CONFERENCE 2019

**RECOMMENDATION:** Staff recommends that the Board approve by motion the meeting dates for the next fiscal year and select a location for next summer's annual conference.

**BACKGROUND:** Each year at the annual conference the Board determines its meeting schedule for the next year. The Bylaws as recently amended call for full Board meetings in February and in association with the annual conference, which must be held between June and September. The Executive Committee also meets twice annually, in May and November. The following meeting schedule is proposed for Board approval:

November Executive Committee Meeting: November 8, 2018

February Full Board Meeting: February 7, 2019

May Executive Committee Meeting: May 16, 2019

August Full Board Meeting: August 9, 2019 (in conjunction with the annual conference)

In the last couple of years, the board has moved the annual conference to August. Previously it was always held the last week of June. The Board has discretion to hold the meeting anytime between June and September and should discuss the best time for next year.

The Board also chooses the location for the next summer conference and annual board meeting. Following are the recent choices and potential locations:

2018: Kanab

2017: Cedar City

2016: Bear Lake

2015: Bryce Canyon

2014: Logan

Other locations discussed include Park City, Ogden and Moab. Anywhere in the State is fair game, including our member cities.

4. ADJOURN