

SECURIS INSURANCE POOL, INC.

Minutes of the Meeting of the Board of Directors September 23, 2020

A meeting of the board of directors of Securis Insurance Pool, Inc., was held on September 23, 2020.

Members present: David Tharp: Central Arizona Fire and Medical Authority
Ed Mezulis: Sedona Fire District
David Maxwell: Daisy Mountain Fire and Medical

Members via remote access: Norman "Brad" Bradley: Northwest Fire District
Mary Dalton: Arizona Fire and Medical Authority
Randy Karrer: Golder Ranch Fire District
Josh Tope: Pinewood Fire District

Members absent: None

Staff present: John Ashton: Ashton Tiffany, LLC
Tracy Foss: Ashton Tiffany, LLC
Roshell Lee: Ashton Tiffany, LLC
Wes Gates: Ashton Tiffany, LLC
Garrett Mahoney: Ashton Tiffany, LLC
Lori Jundt: Ashton Tiffany, LLC
Austin Schell: Ashton Tiffany, LLC
Anne Skadeland: Ashton Tiffany, LLC
Krisanne Hudson: Ashton Tiffany, LLC
Catie Bassett: Ashton Tiffany, LLC
Tara Zika: Ashton Tiffany, LLC
Lauren Scardello: Ashton Tiffany, LLC
Jessica Schuler: Ashton Tiffany, LLC
Robert Strub: Ashton Tiffany, LLC
Jennifer MacLennan: Gust Rosenfeld, PLC

A. Opening of the Meeting

1. Call to order

David Tharp called the meeting to order at 11:03 a.m.

2. Welcome visitors

Renee Pastor, Industrial Commission of Arizona
Shauna Fisher, Arizona Fire and Medical Authority
Todd Lundmark, Lundmark, Barberich, LaMont & Slavin, PC

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B. General Business

1. A motion was made to approve the agenda for September 23, 2020.

David Maxwell, moved
Randy Karrer, seconded
Motion passed unanimously

2. A motion was made to approve the minutes of the June 25, 2020 meeting of the board.

Josh Tope, moved
Randy Karrer, seconded
Motion passed unanimously

3. A motion was made to approve the minutes of the July 15, 2020 meeting of the board.

Mary Dalton, moved
David Maxwell, seconded
Motion passed unanimously

4. Financial Report

Garrett Mahoney provided an update to the board on the status of membership contributions and capitalization installments.

Mr. Mahoney then presented the interim financial statement as of July 31, 2020. He acknowledged that these were the first statements to be presented to the board and provided a detailed overview of the components. He noted that total assets were \$2,726,243. The reserve for reported losses and loss expense was \$94,922. Claims incurred but not reported (IBNR) increased to \$108,181. Total liabilities were \$1,847,209. Year-to-date net income was \$24,493. Net position as of July 31, 2020 was \$879,034.

Mr. Mahoney closed the financial report with a preliminary update on the August 31, 2020 statements. He advised that the findings were similar to July, and that based on reporting to date, the claims picture was favorable.

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5. Management report

The following items were discussed in the management report:

- investment manager services;
- Henry and Horne contract term;
- claims and nurse triage update;
- additional claim services;
- volunteer payroll reporting; and
- Origami claim system.

C. New Business

1. Discussion and approval of 2020/2021 meetings of the board

David Tharp explained that the 2020/2021 Securis board meeting dates were previously decided upon by the board. However, a formal board resolution was not in place.

It was recommended that the board of directors approve the remaining schedule of regular meeting dates as follows:

- December 2, 2020;
- February 24, 2021; and
- June 23, 2021.

A motion was made to approve the remaining schedule of regular meeting dates for the 2020/2021 policy year, with a start time of 11:00 a.m.

Ed Mezulis, moved
David Maxwell, seconded
Motion passed unanimously

2. Discussion and revision of annual meeting date

David Tharp reminded the board of the discussion at the June board meeting regarding a change in the date of the annual meeting of the membership to June 23, 2021.

A motion was made to approve June 23, 2021 for the initial annual meeting of the membership.

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Josh Tope, moved
David Maxwell, seconded
Motion passed unanimously

3. Discussion and approval of additional Securis members

Roshell Lee advised the board that a new fire district had approached Securis staff about joining the pool mid-year. She explained that mid-year membership additions will go through the underwriting process, and Securis may be required to provide the Industrial Commission of Arizona (ICA) with additional financial security based on historical loss experience of incoming members.

Ms. Lee continued to explain that staff foresees the possibility of additional fire districts wishing to join Securis mid-year. She asked the board to grant Ashton Tiffany permission to underwrite prospects, and to add new members to the pool subject to: (1) ICA notification and approval; (2) an increase in the security deposit, if required by the ICA; and (3) any other actions necessary to complete the membership process.

David Tharp requested that staff remain cautious in its underwriting practices. Ms. Foss noted that a formal underwriting policy would be presented to the board for review at the December meeting. John Ashton further advised the board that staff would continue to keep the board apprised of potential new members.

A motion was made to grant authority to Ashton Tiffany as presented.

Randy Karrer, moved
Josh Tope, seconded
Motion passed unanimously

4. Discussion and approval of policies and procedures

Tracy Foss presented the pool policies and procedures to the board. She explained that these were drafted based on proven internal practices and recommended best practices from the Association of Governmental Risk Pools (AGRIP).

Jennifer MacLennan advised the board that she had reviewed the policies and procedures presented in the board materials. She stated that she found them to be in order and to represent good pooling practice.

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Policies and procedures presented to the board included:

- Bill of Rights,
- Code of Conduct,
- Conflict of Interest,
- Protection of Electronic Files,
- Board Communication,
- Board Expense,
- Accounting Procedures, and
- Claims Policies and Procedures.

A motion was made to approve the pool policies and procedures.

Brad Bradley, moved
David Maxwell, seconded
Motion passed unanimously

5. Discussion and approval of foreign voluntary workers' compensation and employers' liability endorsement

Tracy Foss explained the background and intent of the endorsement. She noted that the limited endorsement would provide for reimbursement of benefits to the member in accordance with the workers' compensation rules of the state of Arizona subject to a maximum annual limit of \$100,000. She advised the board that staff had addressed the terms with the ICA, the pool's excess insurance carrier, and coverage counsel. Additionally, she explained that the endorsement was optional based on member request.

A motion was made to approve the foreign voluntary workers' compensation and employers' liability endorsement with a coverage limit of \$100,000.

Mary Dalton, moved
Josh Tope, seconded
Motion passed unanimously

6. Discussion of loss control program

John Ashton led a discussion of loss control services with support from Robert Strub. Mr. Ashton explained that staff spent the past few months exploring options, having discussions with members, and conducting a member survey to

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gain a baseline understanding of current member processes and needs. He noted that Ashton Tiffany was leaning away from a pre-set, "cookie cutter" approach to loss control for the Securis membership, and that more time was needed to design a customized, comprehensive program. Mr. Ashton outlined next steps, including individual member site visits.

Robert Strub asked the board for feedback on the implementation of NFPA standards within the loss control program. The board discussed leaning toward education and guidelines, rather than compliance, for the initial program and suggested revisiting this issue at a future date.

The discussion concluded with Ashton Tiffany committing to provide an overview of the recommended program services and potential costs at the February board meeting.

D. Executive Session

A motion was made to enter into executive session.

Dave Maxwell, moved
Ed Mezulis, seconded
Motion passed unanimously

E. Open Session

A motion was made to re-enter open session.

Brad Bradley, moved
Josh Tope, seconded
Motion passed unanimously

A motion was made to direct staff to take the actions discussed in executive session.

Randy Karrer, moved
Brad Bradley, seconded
Motion passed unanimously

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F. Adjournment

David Tharp adjourned the meeting at 1:34 p.m.

DocuSigned by:

David Tharp

Received and approved by David Tharp
Board President
Securis Insurance Pool, Inc.