

**SECURIS INSURANCE POOL INC.**

**Minutes of the Meeting of the Board of Directors  
December 1, 2021**

A meeting of the board of directors of Securis Insurance Pool, Inc., was held on December 1, 2021.

**Members present:** David Tharp: Central Arizona Fire and Medical Authority  
Mary Dalton: Arizona Fire and Medical Authority  
David Maxwell: Daisy Mountain Fire and Medical  
Ed Mezulis: Sedona Fire District  
Norman "Brad" Bradley: Northwest Fire District  
Randy Karrer: Golder Ranch Fire District

**Members via remote access:** Josh Tope: Pinewood Fire District

**Staff Present:** John Ashton: RPA  
Tracy Foss: RPA  
Roshell Lee: RPA  
Garrett Mahoney: RPA  
Lori Jundt: RPA  
Ginger Schell: RPA  
Catie Bassett: RPA  
David Dodenhoff: RPA  
Andre Lugo: RPA  
Macy McPhilliamy: RPA  
Julie Palko: RPA  
Jennifer MacLennan: Gust Rosenfeld, PLC

**A. Opening of the Meeting**

1. Call to order

David Tharp called the meeting to order at 11:07 a.m.

2. Welcome visitors

Matt Waller, Henry and Horne, LLP  
Michael Guido, Henry and Horne, LLP  
Russ Sutter, Willis Towers Watson  
Alex Turrell, Willis Towers Watson  
Russel Greig, Willis Towers Watson  
Renee Pastor, Industrial Commission of Arizona  
Patrick Moore, Bullhead City Fire Department

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Brian Moore, Daisy Mountain Fire District  
Brian Tobin, Daisy Mountain Fire District  
Keona Freeman, Sedona Fire District  
Lisa Elliot, Verde Valley Fire District

**B. General Business**

1. A motion was made to approve the agenda for December 1, 2021.

Brad Bradley, moved  
Randy Karrer, seconded  
Motion passed unanimously

2. A motion was made to approve the minutes of the September 22, 2021 annual meeting of the board

Randy Karrer, moved  
Mary Dalton, seconded  
Motion passed unanimously

**C. New Business**

1. Discussion and approval of 2021 actuarial analysis of indicated unpaid losses at June 30, 2021

John Ashton introduced Russ Sutter of Willis Towers Watson to present the findings of the IBNR (incurred but not reported) actuarial analysis for the period ending June 30, 2021.

Mr. Sutter presented the August 9, 2021 report and provided highlights of his analysis. He stated that the pool had indicated liabilities for unpaid losses as of June 30, 2021 of \$2,131,430 and projected liabilities for unpaid losses as of June 30, 2022 of \$3,930,216. He further clarified that the report did not consider the impact of the September 2021 presumptive cancer legislation and advised that additional analysis related to presumptive cancer would be addressed as a separate item during this meeting.

Mr. Sutter closed his presentation by advising the board that he expected the pool's future loss experience to see a significant increase from the August report with the acceptance of the COVID death claim in late November 2021.

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A motion was made to approve the actuarial analysis of indicated losses at June 30, 2021.

Brad Bradley, moved  
Randy Karrer, seconded  
Motion passed unanimously

#### **2. Discussion and approval of 2021 audited financial statements**

Lori Jundt introduced Matt Waller of Henry and Horne, LLP. Mr. Waller started his presentation with a high-level discussion of Henry and Horne's risk-based approach. He then presented the pool's year-end financial statement audit for the year-end June 30, 2021. The major highlights for the period from May 7, 2020 (inception) through June 30, 2021 were as follows:

- total assets: \$3,911,312;
- net position: \$710,466;
- total net premiums: \$3,949,764;
- increase in net position due to excess of revenues over expenses: \$21,773; and
- capital contributions from members: \$688,693.

Mr. Waller closed by recommending a slight modification to the subsequent event statements in order to further clarify Securis's recent acceptance of the COVID death claim in November.

Management offered to leave the room to allow board members to speak with the auditors without management present. The board advised that this was not necessary.

A motion was made to approve the 2021 audited financial statements.

Brad Bradley, moved  
Mary Dalton, seconded  
Motion passed unanimously

#### **3. Discussion and approval of additional assurance audit**

Mr. Waller informed the board that Securis also contracted with Henry & Horne to prepare an additional assurance audit for the year ended June 30, 2021. The

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audit was based on a review of certain agreed-upon procedures and addressed the following:

- pool disbursements (35 randomly selected);
- expenses charged to the Securis credit card;
- reimbursement of expenses to Securis board members;
- payments made to Risk Program Administrators in conjunction with the administrator's contract; and
- the independent claims audit.

Mr. Waller announced that the pool passed the additional assurance audit with no issues.

A motion was made to approve the additional assurance audit.

Brad Bradley, moved  
Randy Karrer, seconded  
Motion passed unanimously

#### **B. General Business Continued**

##### **3. Management Report**

The following items were discussed in the management report:

- nurse case manager introduction;
- 2022/2023 marketing and renewal plan;
- loss control program update; and
- items to be discussed at the next board meeting.

##### **4. Claims Report**

Ginger Schell presented the claims performance reports for Securis. The reports contained 2021/2022 claims data through October 31, 2021.

Ms. Schell advised that open claims through October 31, 2021 showed a gross incurred amount of \$3,367,265, with a total paid amount of \$1,159,264.

Next, Ms. Schell reviewed current year-to-date claims organized by the board-directed loss cause categories.

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The claims report concluded with a discussion regarding the increase of COVID claims, including one COVID death. The board directed staff to dive deeper into COVID claims and determine if education needs to be provided to membership.

#### **5. Financial Reports**

Garrett Mahoney presented a summary of Securis's October 31, 2021 financials via the financial dashboard. The dashboard summarized the pool's financial performance: contributions and capitalization, loss expenses, and paid and incurred amounts compared to budget.

Mr. Mahoney then presented the interim financial statements as of October 31, 2021. Total assets were \$6,311,697. The reserve for reported losses and loss expense was \$2,211,359. Claims incurred but not reported (IBNR) increased to \$1,724,654. Total liabilities were \$5,889,108. Net position as of June 30, 2021 was \$422,589.

Mr. Mahoney continued by presenting the statements of revenues, expenses, and changes to the net position for the one-month and four-month periods ending October 31, 2021.

The financial report concluded with Mr. Mahoney providing the board a glimpse into the preliminary November 30, 2021 financial statements.

#### **C. New Business Continued**

##### **4. Discussion and approval of investment policy and procedure**

Lori Jundt presented the pool investment policies and procedures to the board. She explained that these must be approved annually, and are intended to ensure the preservation of capital, current income as necessary to meet the pool's needs, and long-term growth of capital and income.

A motion was made to approve the investment policy and procedures

Brad Bradley, moved  
Dave Maxwell, seconded  
Motion passed unanimously

##### **5. Discussion of presumptive cancer legislation and costs**

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John Ashton kicked off the presumptive cancer legislation agenda items by explaining the steps staff was going to take for each of the discussions.

Next, he reminded the board of the unknowns surrounding Senate Bill 1451, and noted that Securis had engaged Willis Towers Watson to perform a presumptive-cancer-specific actuarial study. Mr. Ashton introduced Alex Turrell of Willis Towers Watson to present the results of the study.

Mr. Turrell explained that the full-year estimates—exclusive of retiree costs, which are unknown—occupy a range from \$2.1M (low reasonable) to \$3.9M (central) to \$5.9M (high reasonable) at existing Securis enrollment levels. Additionally, in the current policy year, the figures are estimated to range from \$1.6M (low reasonable) to \$2.9M (central) to \$4.4M (high reasonable) because the new legislation did not take effect until September 29, 2021.

To conclude Mr. Turrell's presentation, John Ashton explained how these figures represent a considerable increase in estimated Securis liabilities in the current policy year and future years. Mr. Ashton then explained that to meet this challenge, staff is evaluating a number of options:

1. a member assessment;
2. an increase in renewal contributions;
3. pursuit of cancer risk mitigation efforts; and
4. pursuit of external funding sources, which would likely involve a government relations campaign.

This introduction led into the subsequent agenda items.

#### **6. Discussion of presumptive cancer mitigation efforts**

Roshell Lee explained that at the September meeting of the board, it was announced that Arizona Fire and Medical Authority (AFMA) had invited membership to participate in a regional Assistance to Firefighters Grant (AFG) focused on cancer screenings. Ms. Lee explained that following the September meeting, a membership survey was conducted, and 23 members committed to participating in the grant application. Additionally, it was determined that if awarded the grant, the funds will go toward cancer screenings with Vincere Cancer Centers. Ms. Lee concluded her presentation by noting that member data was due to Securis on December 1, and that the deadline for the grant application was December 17. Ms. Lee also noted that if participating members are awarded the grant, Securis may choose to cover the 10% member cost share.

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John Ashton re-introduced development of a Securis-funded firefighter health-screening program. The program was initially presented and tabled at the February 2021 meeting of the board. Mr. Ashton reiterated that annual health screenings provide added benefits such as early detection and overall wellness support. He requested direction from the board on whether Securis should pursue funding of a health-screening program effective July 1, 2022.

The board discussed the existing requirements for annual screenings by fire districts and directed staff not to pursue a separate program at this time.

#### 7. Discussion and approval of pursuit of external funding sources for cancer claims

David Dodenhoff explained that given the significant new liabilities associated with presumptive cancer claims under Senate Bill 1451, staff had researched possible external funding sources. He provided a brief overview of potential sources, which included:

- COVID-related funding;
- other federal grant funds;
- federal earmarks;
- non-medical marijuana revenues;
- the PSPRS cancer fund;
- the Municipal Firefighter Cancer Reimbursement Fund; and
- the Arizona Fire District Safety Act

The board discussed the above and suggested a request for reimbursement of COVID-19 pandemic expenditures from funds allocated to the State of Arizona under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) of 2021. Staff agreed to research this option further.

Mr. Dodenhoff continued to explain that given the unavailability and/or uncertainty surrounding each of the funding sources, staff had evaluated the possibility of seeking a fire-district-specific appropriation in next year's legislative session. He explained that if the pool were to pursue this option, it would require a government relations effort backed by an outside lobbying firm. At Securis's direction, this firm could pursue only the appropriation; pursue the appropriation *and* help support passage of the Arizona Fire District Safety Act; or support passage of the Arizona Fire District Safety Act but not pursue the appropriation.

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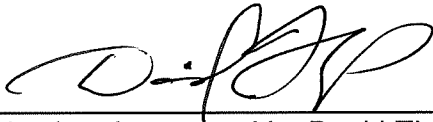
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This resulted in board discussions, which concluded with the board wanting to conduct additional conversations with partner organizations and stakeholders before making a decision.

As follow-up, a board meeting was scheduled for December 7, 2021, and this item was tabled until then.

**D. Adjournment**

David Tharp adjourned the meeting at 2:09 p.m.



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