

**Iowa Communities Assurance Pool
Board of Directors
Thursday, June 16, 2011**

Marriott Townplace Suites, Johnston

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Holly Fokkena, Tom Roth, Larry Burger, Pam Ward, Bill Peterson and Alan Kemp. Present from American Risk Pooling Consultants: John Brockschmidt, Chris Dondzila, Michele Chandler and J.T. Babish. Present from Public Entity Risk Services of Iowa: Frank Miller. Present from Bilbrey Insurance Services: Ken Bilbrey, Kasi Koehler and Megan Roth. Present from York Risk Services Group, Inc.: John Stanzi.

The meeting was called to order at 9:15 a.m. CT by Mr. Smith, Chairman.

Upon motion by Ms. Fokkena, second by Mr. Mahannah, the agenda was unanimously approved.

No member or citizen comments were brought forward.

Upon motion by Mr. Burger, second by Ms. Ward, the minutes from the April 2011 Board meeting were unanimously approved.

Claims Report

Mr. Miller reviewed new and active claims with reserves or payments of \$100,000 or more.

Upon inquiry from Mr. Mahannah, Mr. Dondzila explained the reserve criteria currently used to determine which claims are included in Exhibit E of the claims report. Mr. Dondzila will explore alternative parameters for qualifying claims to Exhibit E and will present option(s) for the Board's consideration at the next scheduled Board meeting.

Financial Report

Mr. Brockschmidt presented the financial report as provided in the Board book. He discussed first quarter results, indicating ICAP has experienced a growth in fund balance, largely due to investment income and unrealized gains, which are both favorable to the prior year.

Mr. Brockschmidt continued with an overview of the 2011 casualty budget and property projection, offering explanation for the changes in the excess budget. He concluded with a summary of first quarter activity, commenting the Pool remains in-line with budget projections for the year.

Mr. Stanzi presented an analysis of the insurance industry today. He discussed current market conditions as they relate to recent weather events; he reviewed updated ICAP and APEEP surplus ratios and past strategic actions; and he concluded with an overview of current fund balances. Mr. Stanzi indicated both ICAP and APEEP will have options

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and flexibility going forward, and that both programs are well-positioned for future changes in the commercial marketplace.

Loss Control Report

Ms. Chandler reviewed the loss control report as provided in the Board book. She stated 110 loss control visits and inquiries were addressed during March and April, forty-five of which were special requests brought forth by members, underwriters and agents.

Ms. Chandler continued with a discussion of various other aspects of loss control, including resource requests, online training, e-alerts and webinars offered in conjunction with HRSentry.

She then offered a brief overview of future projects, commenting loss control will continue to build and strengthen awareness amongst members.

Mr. Roth inquired about potential communication efforts related to sewer claims for ICAP Members and a brief discussion ensued. Mr. Dondzila advised this subject was a topic in a recent ICAP newsletter and that sewer backup coverage is available to ICAP Members via endorsement. He further stated that, even though an ICAP Member might have this coverage, it might not be liable for third-party claims against the member if it has no prior notice of a problem with the sewer system and otherwise meets the criteria for immunity. Mr. Dondzila elaborated, concluding with an explanation that, for this reason, third-party claims are often declined due to non-liability under the immunity statute.

Investment Report

Mr. Smith reviewed the Investment Report for the period ended 5/31/2011. He discussed recent actions of the Investment Committee, stating the Pool continues to hold the GMAC bond, which price has remained above par in recent months and is scheduled to mature this September.

Mr. Smith then discussed alternative investment options, indicating the Pool's investment counselors have suggested the Committee place more emphasis on emerging market funds by allocating \$600,000 to the international fund arena.

He continued with a statement that both ICAP's total investment income and the equity market, remain favorable, and that the Calamos bond remains strong. Mr. Smith concluded with a summary of performance and fund balances, stating the Investment Committee is satisfied with the Pool's results for the year-to-date.

Marketing/Local Administration

Ms. Koehler and Mr. Bilbrey reviewed the marketing report as provided in the Board book.

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Unfinished Business

a) Unallocated Endorsement Fees

Ms. Roth provided the Board with an update on *Coffee with ICAP*, the Pool's 12-part webinar series. She advised the first webinar will begin streaming on the ICAP website Tuesday, July 12th, at 10 a.m. Following the webinar premier, a new episode will be available at 10 a.m. on the second Tuesday of each month.

b) ICAP's 25th Anniversary

Ms. Roth provided an update on the 25th Anniversary celebrations for ICAP. She advised plans are firming up for the ILOC's Annual Conference and confirmed a similar event will be held at ISAC's Fall School in November. An event is also confirmed for the Association of Iowa Fairs' conference in December, the details for which have yet to be finalized.

c) 2012 Board Meeting Calendar

Ms. Roth presented the proposed 2012 Board meeting calendar for final review. Upon motion by Mr. Mahannah, second by Mr. Hageman, the proposed 2012 meeting dates were unanimously approved.

d) ARPCO Name Change

Mr. Brockschmidt provided an update on the proposed ARPCO name change, which was previously discussed at the April Board meeting. Mr. Brockschmidt indicated that ARPCO will change its corporate name to York Risk Pooling Services, Inc., but will continue doing business as ARPCO with respect to the APEEP member pools.

e) Coverage Enhancements

Mr. Babish provided an update on bond coverage for ICAP members. Mr. Babish indicated that, going forward, members will be able to secure bond coverage through one of two available markets.

Discussion ensued and, upon inquiry from Mr. Burger, Ms. Koehler indicated BISI will market this coverage on a case-by-case basis.

New Business

a) APEEP Update

Mr. Mahannah reviewed the APEEP report, as provided in the Board book, and stated

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APEEP received an unqualified opinion – a “clean” opinion – the highest opinion available on its recent audit report.

He then provided an update on the status of the contingency plan, which was tabled at the last APEEP meeting. Discussion ensued and Mr. Mahannah suggested ICAP will continue to raise this issue for discussion at APEEP.

Mr. Mahannah and Mr. Smith requested ARPCO’s assistance in evaluating various retention options and indicated the ICAP Board’s desire to have these options presented to prior to the November 2011 APEEP meeting so there is ample time to make changes to the current structure in 2012 should the Board decide to do so.

Upon inquiry from Mr. Burger, it was suggested this change would likely result in an increase in the overall cost of reinsurance. Mr. Brockschmidt provided insight from ARPCO’s perspective and discussion ensued related to the board’s continued desire to review alternative retention levels.

b) Intent for Re-election

Mr. Mahannah and Mr. Burger both indicated their intent to seek re-election to the ICAP Board. Ms. Fokkena stated she will not seek re-election and expressed her appreciation for having had the opportunity to serve on the board.

c) CQA Presentation

Mr. Dondzila offered an analysis of the CQA, the process through which ARPCO audits claims and measures file attributes on a consistent basis.

Mr. Dondzila explained the intention of this audit and the capabilities and findings of the process, as well as the ways in which it benefits the Pool.

He provided a breakdown of the audit procedures and detailed the specific materials that are expected to be included in the file of each adjuster. Mr. Dondzila then reviewed a breakdown of the scoring system used on the audit, commenting on how this information is used for comparison audits later on.

Mr. Dondzila continued with a review of the scores specific to ICAP. He provided a comparison between the scores of 2010 and 2011, highlighting a 1.5% improvement in the scores over the year prior.

d) 2010 CAFR

Mr. Smith provided a brief overview of the CAFR process and, upon motion by Mr. Mahannah, second by Mr. Roth, it was unanimously approved to move forward with the 2010 CAFR process.

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e) Next Regular Meeting

Ms. Roth reported the next regularly scheduled ICAP Board Meeting will be held August 17-19 in Southfield, Michigan. Ms. Chandler offered additional input related to proposed scheduling and accommodations.

Mr. Smith relayed APEEP's Claim Audit Committee's request to review the CQA audit of each APEEP member pool, including ICAP. Discussion ensued and areas for further clarification were identified. The ICAP Board resolved to further discuss the matter upon a formal request by the full APEEP Board, together with an explanation of the reason and authority for this request. Mr. Mahannah moved to approve this course of action and Ms. Ward seconded. Additional discussion ensued and the motion was unanimously approved.

Ms. Ward provided the board a brief overview of the circumstances surrounding her employment status with the City of Ottumwa.

Mr. Smith adjourned the meeting at 1:42 p.m. CST.

Respectfully submitted,


Dave Hageman, Secretary

DH/mmr