

## APPROVED MINUTES

### LOUISIANA CLERKS OF COURT INSURANCE TRUST BOARD OF TRUSTEES MEETING SEPTEMBER 13, 2018 9:00 AM BATON ROUGE, LA

A meeting of the Board of Trustees of the Louisiana Clerks of Court Insurance Trust was held on Thursday, September 13, 2018 in Baton Rouge, LA.

The meeting was called to order by President Steve Andrews. Randy Deshotel then gave the invocation. Laura Culpepper then led the Pledge of Allegiance.

#### MEMBERS PRESENT:

Steve Andrews	Laura Culpepper
Brian Lestage	Connie Couvillon
Randy Deshotel	Randy Briggs
Darlene Landry	Rick Arceneaux
Lance Marino	Dot Lundin
Susan Racca	

#### ALSO PRESENT:

Debbie Hudnall, Executive Director	Annette Fontana
Tamara Volkert, Hunt Insurance Group	Kim Turlich-Vaughan
Angela Kersey, Hunt Insurance Group	Chris Kershaw
Patrice Brown, Hunt Insurance Group	Dagmar Hebert

**ABSENT:** Dodi Eubanks and Mark Graffeo

#### APPROVAL OF MINUTES

Brian Lestage moved that the minutes of June 13, 2018 be approved as presented. Motion seconded by Rick Arceneaux. **MOTION CARRIED.**

**FINANCIALS: (Report on file in office)** Treasurer Randy Deshotel presented the financial reports for the Insurance operations fund for August 2018:

<b>Aug 2018-</b>	Total Assets:	\$ 404,651
	Monthly Revenue	12,200
	Monthly Expenses	( 8,905)
	Monthly Net Income	\$ 3,295

Randy Briggs moved to receive the financial report as presented. Motion seconded by Darlene Landry. **MOTION CARRIED.**

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**ADMINISTRATORS' REPORT: (Report on file in office)**

Tamara Volkert introduced Angela Kersey and Patrice Brown from Hunt Insurance Group to the Board Members.

**Financials:** Tamara Volkert gave the financial reports for the Insurance Trust for the month of July 2018.

**July 2018 Statement of Net Assets**

Total Assets	\$ 8,605,032
Total Liabilities	( 962,252)
Net Assets	\$ 7,642,779

**Cash Analysis (as of July 2018)**

Beginning Balance	\$ 2,254,503
Funds Received	\$ 718,109
Total Expenses	(\$ 1,631,251)
Cash Balance	\$ 1,341,361

Tamara stated that the Network Access Fee and Utilization Fee have been consolidated into the claims administration fee on the financial statement as the Trust received a reduction in the BCBS administration fee in lieu of pharmacy rebates.

Tamara further explained the aggregate attachment point versus actual claims, as a way to determine the plan's performance, based on claims projections. There has been no reimbursement from the stop loss insurance.

She reported on the dental reserve and Debbie questioned the industry standard for the amount held in reserves for self-funded insurance plans. Tamara stated that it is typically one month's premium plus claims that are Incurred but Not Reported (IBNR).

**Investments:** Tamara reported the market value of Investments as of June 30, 2018 was \$4,593,093 and LAMP Investments were \$2,515,521.

**CLAIMS EXPERIENCE:** Tamara then reviewed the Claims experience as follows:

**CLAIMS EXPERIENCE - 2018**

	Prescriptions	Medical	Monthly Totals	Aggregate
Jan 18	\$ 121,963	\$ 713,007	\$ 834,970	\$ 834,970
Feb 18	\$ 95,980	\$ 445,998	\$ 541,978	\$ 1,376,948
Mar 18	\$ 89,464	\$ 321,371	\$ 410,835	\$ 1,787,782
Apr 18	\$ 76,382	\$ 562,957	\$ 639,338	\$ 2,427,121
May 18	\$ 90,515	\$ 429,155	\$ 519,670	\$ 2,946,790
June 18	\$ 89,464	\$ 541,698	\$ 631,162	\$ 3,577,952
July 18	\$ 99,257	\$ 487,234	\$ 586,491	\$ 4,164,443
<b>TOTALS</b>	<b>\$ 663,025</b>	<b>\$3,501,420</b>	<b>\$4,164,443</b>	

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**CLAIMS EXPERIENCE - 2017**

	Prescriptions	Medical	Monthly Totals	Aggregate
Jan 17	\$ 111,867	\$ 470,373	\$ 582,240	\$ 582,240
Feb 17	\$ 103,587	\$ 574,280	\$ 677,867	\$ 1,260,108
Mar 17	\$ 96,940	\$ 756,993	\$ 853,933	\$ 2,114,041
Apr 17	\$ 117,765	\$ 529,716	\$ 647,481	\$ 2,761,522
May 17	\$ 106,958	\$ 640,010	\$ 746,968	\$ 3,508,490
June 17	\$ 99,850	\$ 730,909	\$ 830,759	\$ 4,339,249
July 17	\$ 121,432	\$ 355,262	\$ 476,694	\$ 4,815,944
Aug 17	\$ 104,266	\$ 779,891	\$ 884,157	\$ 5,700,101
Sept 17	\$ 107,972	\$ 534,973	\$ 642,945	\$ 6,343,045
Oct 17	\$ 110,858	\$ 723,087	\$ 833,945	\$ 7,176,991
Nov 17	\$ 103,361	\$ 675,685	\$ 779,046	\$ 7,956,037
Dec 17	\$ 115,373	\$ 700,538	\$ 815,912	\$ 8,771,948
<b>TOTALS</b>	<b>\$ 1,300,229</b>	<b>\$ 7,471,717</b>	<b>\$8,771,948</b>	

Tamara reported that claims for January – July 2018 are approximately \$610,754 per month. She reported that there are more enrolled members under Option 1 than Option 2.

Debbie reminded the Board members that retirees who reach age 65 are required to enroll in Medicare Part A and B. Debbie reported that one retiree's coverage had ended due to not timely enrolling in Part A and B and making the required move to the Medicare Supplement.

Tamara also reported that there are four claimants as of July 2018 listed on the spec list.

**AUDIT REPORT(report on file in office):** Russell Perkins with Thomas, Howell, Ferguson (THF) joined the meeting via conference call to present the 2017 audit report. He reported that the Trust received an unqualified opinion, which is the highest cleanest opinion that can be received. He stated that there were no uncorrected misstatements and no disagreements with management. He reported a slight increase in net assets for 2017 as compared to 2016. Controller Chris Kershaw questioned the industry standard to have in reserves. Russell commented that it is based on an organizations comfort level but most maintain 3-6 months in reserves. He presented the report charged to those with governance and the audit adjustment journal entries. He reported that Hunt Insurance Group was a very effective and efficient manager of the Trust and no material misstatements were found. Chris questioned the completion of the Form 5500 that is due by October 15<sup>th</sup>. Russell will provide a timeline for its completion.

A motion was made by Rick Arceneaux to accept the audit report for the fiscal year December 31, 2017 as presented. The motion was seconded by Brian Lestage.

**MOTION CARRIED.**

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**DENTAL CLAIMS- 2018 (SELF FUNDED AS OF JANUARY 1, 2014)**

<b>Date</b>	<b>Lives</b>	<b>Total Claims</b>	<b>Premiums</b>	<b>Delta/Hunt Admin</b>	<b>Reserves</b>	<b>Loss Ratio</b>
Jan 18	1,345	\$ 49,803	\$ 59,542	\$3,712 \$2,269	\$3,758	94%
Feb 18	1,351	\$ 51,521	\$ 59,378	\$3,720 \$2,261	\$1,877	97%
Mar 18	1,351	\$ 45,861	\$ 59,862	\$3,745 \$2,280	\$7,975	87%
Apr 18	1,349	\$ 55,923	\$ 59,332	\$3,715 \$2,261	(\$2,567)	104%
May 18	1,353	\$ 63,615	\$ 59,865	\$3,732 \$2,276	(\$9,758)	116%
June 18	1,349	\$ 55,594	\$ 59,875	\$3,745 \$2,280	(\$1,745)	103%
July 18	1,350	\$ 48,731	\$ 58,742	\$3,732 \$2,252	\$4,027	93%
<b>TOTALS</b>	<b>9,448</b>	<b>\$371,048</b>	<b>\$416,596</b>	<b>\$26,102</b> <b>\$15,879</b>	<b>\$3,568</b>	<b>99.1%</b>

**DENTAL CLAIMS- 2017 (SELF FUNDED AS OF JANUARY 1, 2014)**

<b>Date</b>	<b>Lives</b>	<b>Total Claims</b>	<b>Premiums</b>	<b>Delta/Hunt Admin</b>	<b>Reserves</b>	<b>Loss Ratio</b>
Jan 17	1,207	\$36,246	\$53,925	\$3,345 \$2,044	\$12,289	77%
Feb 17	1,200	\$46,612	\$53,905	\$3,329 \$2,037	\$1,927	96%
Mar 17	1,198	\$47,309	\$53,933	\$3,326 \$2,037	\$1,262	98%
Apr 17	1,200	\$40,438	\$53,293	\$3,295 \$2,016	\$7,544	86%
May 17	1,201	\$45,815	\$53,294	\$3,309 \$2,021	\$2,149	96%
June 17	1,200	\$49,159	\$53,309	\$3,309 \$2,022	(\$1,181)	102%
July 17	1,201	\$34,656	\$52,671	\$3,306 \$2,011	\$12,698	76%
Aug 17	1,204	\$53,048	\$53,263	\$3,331 \$2,029	(\$5,145)	110%
Sept 17	1,204	\$41,482	\$52,804	\$3,282 \$2,034	\$6,006	89%
Oct 17	1,206	\$40,735	\$53,418	\$3,342 \$2,035	\$7,306	86%
Nov 17	1,208	\$42,061	\$53,198	\$3,334 \$2,028	\$5,775	89%
Dec 17	1,217	\$47,722	\$53,204	\$3,370 \$2,031	\$81	100%
<b>TOTAL</b>	<b>14,441</b>	<b>\$525,284</b>	<b>\$640,218</b>	<b>\$39,879</b> <b>\$24,344</b>	<b>\$50,712</b>	<b>92.1% avg</b>

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Tamara reported that there had been several claims for the short term disability and no long term disability claims.

**DISABILITY - 2018**

	<b>SHORT TERM</b>	<b>LONG TERM</b>
Earned Premium	\$4,656	\$14,940
Paid Claims	2,219	0
Change in IBNR	0	0
Change in Reported Reserves	0	0
Premium Tax	105	336
Other Expenses	1,606	4,168
<b>BALANCE</b>	<b>\$726</b>	<b>\$10,436</b>

**LIFE INSURANCE: 07/01/2008 – 06/30/2018**

	<b>Term, Dependent and AD&amp;D Life</b>
Earned Premium	\$7,867,478
Paid Claims	7,453,000
Active Claim Reserves	68,750
Change in IBNR	230,058
Change in Reported Reserves	
Total Incurred Claims	7,751,808
Total Expense & Risk Charges	1,721,433
<b>BALANCE</b>	<b>(\$1,605,763)</b>

**VISION INSURANCE - 2018**

<b>Date</b>	<b>Lives</b>	<b>Premium</b>	<b>Claims</b>	<b>Hunt Adm</b>	<b>Total Loss Ratio</b>
Jan 18	944	\$ 7,998	\$ 2,093	\$ 800	36.20%
Feb 18	963	\$ 7,381	\$ 4,330	\$ 820	69.80%
Mar 18	966	\$ 7,379	\$ 6,787	\$ 820	103.10%
Apr 18	965	\$ 7,345	\$ 5,330	\$ 809	83.60%
May 18	966	\$ 7,348	\$ 4,066	\$ 817	66.5%
June 18	967	\$ 7,361	\$ 6,138	\$ 818	94.5%
July 2018	970	\$ 7,341	\$ 5,278	\$ 814	83.0%
<b>TOTALS</b>	<b>963 avg</b>	<b>\$ 52,153</b>	<b>\$ 34,022</b>	<b>\$5,699</b>	<b>76.2% avg.</b>

**VISION INSURANCE - 2017**

<b>Date</b>	<b>Lives</b>	<b>Premium</b>	<b>Claims</b>	<b>Hunt Adm</b>	<b>Total Loss Ratio</b>
Jan 17	923	\$ 7,030	\$ 1,760	\$ 781	36.15%
Feb 17	925	\$ 6,975	\$ 7,238	\$ 775	114.89%
Mar 17	917	\$ 6,993	\$ 3,138	\$ 777	55.99%
Apr 17	915	\$ 7,723	\$ 4,390	\$ 773	66.85%
May 17	918	\$ 7,669	\$ 4,226	\$ 767	65.11%
June 17	918	\$ 7,725	\$ 4,885	\$ 773	73.24%
July 17	919	\$ 7,653	\$ 5,461	\$ 766	81.36%
Aug 17	920	\$ 7,734	\$ 5,481	\$ 774	80.88%
Sept 17	923	\$ 7,651	\$ 3,604	\$ 765	57.11%
Oct 17	927	\$ 7,750	\$ 4,036	\$ 775	62.08%
Nov 17	931	\$ 7,787	\$ 3,991	\$ 779	61.30%
Dec 17	939	\$ 7,054	\$ 5,085	\$ 772	83.00%
<b>TOTAL</b>	<b>11,075</b>	<b>\$ 89,744</b>	<b>\$ 53,295</b>	<b>\$ 9,278</b>	<b>69.70%</b>

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**RENEWALS:** Tamara reported that at the previous meeting the Board had authorized Hunt Insurance Group to go out to market on any coverage increases. She reported that the life, disability and vision coverages have a rate hold for 2019. She stated that there was a marginal increase in the stop loss coverage. She stated that there was an increase in premiums for the Medicare Supplement and Part D coverage and would like additional time to review. Tamara also stated that the Actuary report had just been received as well and is not recommending any increases for 2019. However, she needs additional time to prepare that report for presentation to the Board. She proposed that a conference call be held to discuss and finalize renewals.

**PARISH CHOICE FORM 2019:** Tamara then presented a more simplified parish choice election form as compared to the previous year's more complicated version.

**BILLING ISSUE UPDATE:** Tamara reported that a requested change from the Accounting department regarding the Medicare Supplement Administration Fee had caused the previous month's delay in the invoices. Manual adjustments are being made to the remittance through the end of the year and detailed billing will be correct beginning 2019. There was an issue regarding the email notification and Angela Kersey is working to get that fixed.

Randy Briggs brought to the Board's attention a certain prescription drug (PCSK-9 inhibitor) that is currently excluded by the plan. It is a certain medication for those unable to take statin drugs that helps to lower cholesterol. It is an injectable drug that is costly. The Board had voted previously to exclude this type of drug based on a recommendation from Blue Cross Blue Shield and due to cost. Tamara stated that the medication exclusion could be removed from the plan but the requirement of some type of step therapy/pre-authorization be implemented. A motion was made by Rick Arceneaux to include this medication requiring prior approval/step therapy effective October 1, 2018. The motion was seconded by Laura Culpepper. **MOTION CARRIED.** Randy Briggs abstained.

**EXECUTIVE DIRECTOR REPORT:** At this time Debbie Hudnall asked Tamara and her staff to step out of the meeting. There was discussion regarding the ongoing issues with Hunt Insurance Group including billing errors that are taking months to resolve. Debbie gave the history of how Hunt was initially hired because of the Association's existing relationship with Hunt handling the E&O insurance. She said that Hunt Insurance had turned the Clerks' insurance program around 11 years ago when it was virtually bankrupt and had brought it to the good position it is in now. She stated that Tamara had been wonderful to work with and had become a friend to her and the Clerks. However, it is the Board's fiduciary responsibility to make sure they are getting the best services at the best prices for its' members.

Debbie reported to the Board that other Insurance companies have contacted her from time to time over the years about providing administration for the Insurance Trust.

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After the continued discussions about issues, Debbie finally allowed Gallagher Insurance, who currently carries the D & O insurance for all our boards, cyber security insurance, liability insurance for the Association and the insurance on the office building and content for the past five years to provide a proposal for the administration of the Insurance Trust. Gallagher is a national firm with a local office here in Baton Rouge. Gallagher met with Debbie, Chris and Dagmar and presented their proposal. After receiving a proposal that appeared to be very interesting, Debbie contacted President Steve Andrews, first vice-president Brian Lestage, immediate past president, Rick Arceneaux, and the longest serving board member Mark Graffeo and asked if they would be interested in meeting with Gallagher to hear their proposal. They agreed, and President Andrews, Brian Lestage, Rick Arceneaux, Mark Graffeo, Debbie and Chris met with Gallagher on September 11<sup>th</sup>.

President Andrews reported they had met with Gallagher at their office and were very impressed by their proposal and services they provided and wanted to know if the Board would be interested in hearing their proposal at a special Board meeting. There was discussion as to how this might affect renewals for 2019. There was also further discussion as to whether the Board was open to receive and review proposals from other companies that may be interested. After much discussion, it was agreed by the Board that a Special Board meeting would be held on Tuesday, September 25, 2018 at 2:00 P.M. for a presentation by Gallagher.

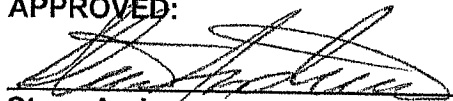
**COMMENTS BY BOARD MEMBERS:** Randy Deshotel commented on his concern of the timing of the matter with the proposal from the other administrator seeking to handle the Trust.

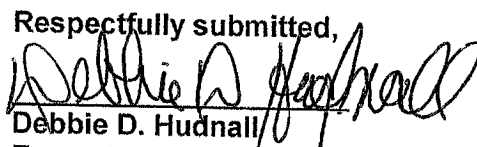
**OTHER BUSINESS:** None

There being no further business, Connie Couvillon moved that the meeting be adjourned. Motion seconded by Laura Culpepper. **MOTION CARRIED.**

**Meeting adjourned.**

**APPROVED:**

  
Steve Andrews  
President

Respectfully submitted,  
  
Debbie D. Hudnall  
Executive Director