

APPROVED MINUTES

LOUISIANA CLERKS OF COURT INSURANCE TRUST BOARD OF TRUSTEES MEETING

JUNE 14, 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, June 14, 2018 in Baton Rouge, LA.

The meeting was called to order by President Steve Andrews. Randy Briggs then gave the invocation. Brian Lestage then led the Pledge of Allegiance.

MEMBERS PRESENT:

Steve Andrews
Brian Lestage
Randy Deshotel
Darlene Landry
Lance Marino
Susan Racca

Dodi Eubanks
Laura Culpepper
Connie Couvillon
Randy Briggs
Rick Arceneaux
Dot Lundin

ALSO PRESENT:

Debbie Hudnall, Executive Director
Tamara Volkert, Hunt Insurance Group
Kim Turlich-Vaughan
Jeff Skidmore
Dagmar Hebert

ABSENT: Mark Graffeo

APPROVAL OF MINUTES

Steve Andrews administered the oath of office to Laura Culpepper, Randy Briggs and Dot Lundin.

APPROVAL OF MINUTES

Dodi Eubanks moved that the minutes of March 20, 2018 be approved as presented. Motion seconded by Connie Couvillon. **MOTION CARRIED.**

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

May 2018-	Total Assets:	\$ 412,951
	Monthly Revenue	12,532
	Monthly Expenses	(7,504)
	Monthly Net Income	\$ 5,028

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

ADMINISTRATORS' REPORT: (Report on file in office)

Billing Issues - Tamara Volkert updated the Board that the bills are now back to the regular cycle having processed both May and June bills back to back. Many of the issues have been corrected except one parish still having issues with disability billing.

She reminded the Board to enter information timely into Benefit Solver. She also reminded the Board about two newsletters that are sent monthly, one from HR 360 and one from Hunt Insurance.

Enrollment/Change Forms – Tamara presented two updated enrollment/change forms to the Board for the Active members and Retired Members.

Financials: Tamara Volkert gave the financial reports for the Insurance Trust for the month of April 2018. She reported that financial reports are posted to the Sharefile drive forty five days after the close of the month.

Apr 2018 Statement of Net Assets

Total Assets	\$ 8,053,458
Total Liabilities	(1,045,204)
Net Assets	\$ 7,008,253

Cash Analysis (as of April 2018)

Annual Funds Received	\$ 4,158,040
Annual Total Expenses	(\$ 4,754,940)
Cash Balance	\$ 1,084,133

Tamara explained the decrease in cash from 2017 to 2018 was due to the timing of billing issues along with excess cash being transferred to LAMP. Debbie commented that Premium Expense for Disability should be listed separately from the Life Premium Expenses.

She then presented the Monthly Claims Paid Report and explained to the new Board Members how the stop loss coverage works with the specific deductible of \$180,000 and the corridor of \$475,000. She stated that the plan is running well this year having total claims paid as \$2,487,842 versus the aggregate attachment point of \$4,086,795.

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Investments: Tamara reported the market value of Investments as of April 30, 2018 was \$4,586,717.

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

CLAIMS EXPERIENCE - 2018

	Prescriptions	Medical	Monthly Totals	Aggregate
Jan 18	\$ 121,963	\$ 773,729	\$ 895,692	\$ 895,692
Feb 18	\$ 95,980	\$ 445,998	\$ 541,978	\$1,437,670
Mar 18	\$ 89,464	\$ 321,371	\$ 410,835	\$ 1,848,504
Apr 18	\$ 76,382	\$ 562,957	\$ 639,338	\$ 2,487,842
TOTALS	\$ 383,789	\$2,104,055	\$2,487,483	

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
TOTALS	\$ 1,300,229	\$ 7,471,717	\$8,771,948	

Tamara stated that claims per member per month are approximately \$660 per month. There was discussion regarding Medicare and the percentages Clerks contribute toward coverage. Tamara explained that the parish election forms for the plan year 2019 will revert back to the format used in previous years, as the form for 2018 was confusing.

Tamara also reported that one claimant has been added to the Potential Specific Claimant list for 2018.

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

Date	Lives	Total Claims	Premiums	Delta/Hunt Admin	Reserves	Loss Ratio
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%
TOTALS	5,396	\$203,108	\$238,114	\$14,892 \$9,071	\$11,043	95.4% avg

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

Date	Lives	Total Claims	Premiums	Delta/Hunt Admin	Reserves	Loss Ratio
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%
TOTAL	14,441	\$525,284	\$640,218	\$39,879 \$24,344	\$50,712	92.1% avg

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Tamara reported that there had been several claims for the short term disability and that there was one applicant for long term disability.

DISABILITY - 2018

	SHORT TERM	LONG TERM
Earned Premium	\$ 3,104	\$9,960
Paid Claims	407	0
Change in IBNR	0	0
Change in Reported Reserves	0	0
Premium Tax	70	224
Other Expenses	898	2,778
BALANCE	\$1,729	\$6,958

LIFE INSURANCE: 07/01/2008 – 04/30/2018

	Term Life	Dependent Life	AD&D
Earned Premium	\$ 6,949,485	\$236,142	\$488,354
Paid Claims	6,979,000	392,000	32,000
Change in IBNR	211,208	1,496	3,928
Change in Reported Reserves			
Total Incurred Claims	7,190,208	393,496	35,928
Total Expense & Risk Charges	1,519,932	54,280	101,867
BALANCE	(\$1,750,655)	(\$211,634)	\$350,559

VISION INSURANCE - 2018

Date	Lives	Premium	Claims	Hunt Adm	Total Loss Ratio
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%
TOTALS	960 avg	\$ 30,103	\$ 18,540	\$3,250	72.4% avg

VISION INSURANCE - 2017

Date	Lives	Premium	Claims	Hunt Adm	Total Loss Ratio
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%
TOTAL	11,075	\$ 89,744	\$ 53,295	\$ 9,278	69.70%

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Stewardship Report - At this time, Tamara presented the 2018 Stewardship Report prepared by Hunt Insurance Group. She highlighted the new staff and then initiated the discussion on the renewals for 2019. Tamara requested Board approval to go out to market for any coverages where the current carriers propose rate increases.

There was further discussion regarding optional benefits including Lifelock or Worksite (similar to AFLAC). There was no interest expressed.

Tamara then introduced two specific requests that had been submitted for review by the Board. She explained that as the policy stands today, there is no coverage for hearing aids. The plan could offer this benefit with a limit of \$2,500 per ear every 3 years. This would fall under durable medical equipment and the regular contract benefits would apply. There was discussion regarding utilization and the possible increase in premiums due to adding this coverage.

The second request was coverage for Blepharoplasty (removal of excess skin and fat of the eyelid that impedes vision). The plan current excludes this procedure even if medically necessary.

After discussion, a motion was made by Rick Arceneaux to include coverage for hearing aids with a cap of \$2,500 per ear every 3 years and Blepharoplasty procedure for those members covered under the Blue Cross Blue Shield plan to be effective July 1, 2018.

There was discussion as to retirees on the Medicare supplement and possible coverage for hearing aids. Tamara explained that there were fully insured plans that offer coverage for this but that the coverage didn't pay enough to be worth the premium cost.

A motion was made by Randy Deshotel to authorize Hunt Insurance Group to go out to market on any coverages whose providers come back with proposed increases for the plan year 2019. Motion was seconded by Connie Couvillon. **MOTION CARRIED.**

EXECUTIVE DIRECTOR REPORT:

Actuary Proposal – Debbie presented to the Board the proposal from L&E Actuaries for the calculation of the Incurred but Not Reported reserve as of 12/31/17, projection of expected income and disbursements through 2020 based on current benefits and the recommended aggregate funding levels for 2019 and 2020. The proposed cost is not to exceed \$5,500. A motion was made by Randy Briggs to approve the actuary proposal as presented. Motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

Investment Policy (Exhibit A) – Debbie stated that LACCRMA had recently adopted a revised investment policy and she suggested that both the Risk Management and Insurance Trust should have investments policies that are similar across the board. She presented the revised Insurance Trust Investment Policy. A motion was made by Randy Deshotel to approve the investment policy as presented. Motion was seconded by Lance Marino. **MOTION CARRIED.**

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Investment Advisor (Exhibit B) – Debbie informed the Board that Capital One Bank had contacted the office last week to notify her that they are closing the investment services department. Capital One handles the investments for LACCRMA and LCCIT. Angela Avants with Hancock/Whitney had reached out to Chris Kershaw. She was previously with Capital One and now works for Hancock/Whitney. Hancock is currently the custodian of investment funds for the Retirement Fund and would be able to provide the same services to LCCIT. Debbie explained that LACCRMA had approved a resolution to allow Hancock/Whitney to be the custodian for investments on a recent conference call. Debbie asked that the Board approve a similar resolution to allow Hancock to be the custodian for the Insurance Trust. The current investments would not need to be cashed out but would be transferred to Hancock. A motion was made by Rick Arceneaux to approve the Resolution for Hancock/Whitney to become the custodian bank for investment for the Insurance Trust. Motion was seconded by Darlene Landry. **MOTION CARRIED.**

COMMENTS BY BOARD MEMBERS: Rick Arceneaux thanked Tamara for working diligently to correct the issues that had been presented at the previous meeting.

Laura Culpepper thanked the Board for the opportunity to serve as the 5th District Member.

Dot Lundin also commented that she looked forward to serving as the Retired Clerk Member.

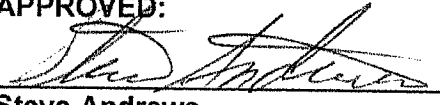
Randy Deshotel welcomed the new members to the Board and encouraged them to invite other Clerks from their districts to participate.

OTHER BUSINESS: None

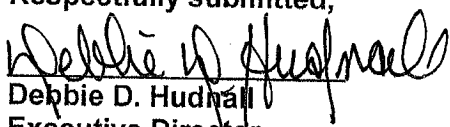
There being no further business, Lance Marino moved that the meeting be adjourned. Motion seconded by Brian Lestage. **MOTION CARRIED.**

Meeting adjourned.

APPROVED:


Steve Andrews
President

Respectfully submitted,


Debbie D. Hudnall
Executive Director

LOUISIANA CLERKS OF COURT INSURANCE TRUST

INVESTMENT POLICY AND GUIDELINES

SCOPE

The purpose of this policy is to provide a general guideline for the investment Manager and to define a formalized understanding of the practices to be employed.

The standard of prudence to be applied by the investment Manager shall be the “prudent investor” rule, which states, “Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” The prudent investor rule shall be applied in the context of managing the overall portfolio. This document will be reviewed annually by the administrator. Recommendations to the Board of Trustees as to adequacy or for the need of changes will be a part of the review

REPORTING

The Investment Manager will provide monthly statements for each account which will include at a minimum the cost, market value, face value, credit rating, interest rate, accrued interest and purchase and maturity dates of each investment held in the account.

At least two times per year, the Investment Manager or designee will prepare and present an investment report to the Board of Trustees.

DEFINITIONS

Operating Funds – Those assets expected to be spent during the current budget cycle.

Short Term Investments – Assets invested with stated maturities of less than three (3) years.

Medium Term Investments – Assets invested with stated maturities between three (3) and five (5) years.

Long Term Investments – Assets invested with stated maturities greater than five (5) years.

Equities – All individual common stocks, mutual funds, and assets invested with brokers or managers with the intent of investing primarily in common stocks.

Investment Manager – Entity or individual approved by the Board of Trustees responsible for management and oversight of the Fund Investments.

Appropriate Benchmark – For bonds, the Lipper U. S. Government or Lehman Brothers Intermediate Treasury.

ETHICS/CONFLICT OF INTEREST

Investment Manager shall not invest any fund monies into any business or fund for which he or she may have a proprietary or ownership interest without approval of all Board of Trustees. Companies or industries that sell products which conflict with the general philosophy of the Fund or conflict with the ethical standards of the Board of Trustees shall not be investment considerations for the portfolio.

OBJECTIVES

The overall investment objective is to achieve the highest level of investment performance that is compatible with its risk tolerance and prudent investment practices as preservation of capital is the primary concern with regard to investing claim reserves.

The following are investment objectives and strategies for the Louisiana Association of Clerks of Court Risk Management Agency as identified by its Board of Trustees. The Investment Manager shall handle all fund investments as set forth below:

1. Earn a competitive rate of total return versus appropriate benchmark.
2. Maintain adequate liquidity to pay claims and other expenses in a timely process.
3. Operating Funds shall be invested such that liquidity matches anticipated cash flow requirements and risk is minimized.

STRATEGIES

1. “Hold to Maturity” will be the normal procedure for Long Term investments.
2. Portfolio laddering will tend to reduce the interest revenue volatility.
3. Utilize the Treasury Yield Curve as a benchmark to guide investment decisions.
4. Investments which have tax base considerations and which yields are lower than Treasury Instruments of similar maturity shall not be used.

5. Risk and Return are not mutually exclusive. Risk can, however, be mitigated by asset allocation and diversification.
6. Bonds will have a credit rating of A2 and above (Moody's) and A and above (S&P). Should the credit rating deteriorate after purchase, the Board of Trustees will be informed and provide direction to Investment Manager whether to hold or sell the investment.
7. The need for liquidity will be balanced with the need for satisfactory yield.
8. Operating Fund investments shall consist of cash and publicly traded investment grade securities coming due within one year. This includes longer dated securities with average lives less than one year. These securities, supplemented by ongoing cash flow, will be available to pay claims and other expenses coming due within one year. The major activity in adjusting these cash flows will take place between October and February of each fiscal year as annual contributions are received.

INVESTMENT DIVERSIFICATION

Investment Type	Maximum % of Portfolio
FHLB	50
FHLMC	50
TREASURY	50
Other Agencies	50
CDs	50

APPROVED INVESTMENTS

1. Federally-Insured Certificates of Deposit not to exceed \$250,000 including interest at commercial banks or savings and loan institutions.
2. Money Market Funds that invest primarily in government backed securities
3. Direct obligations of the U. S. Government, its Agencies, and Instrumentalities.
4. U.S. Government Agency and Instrumentalities Discount Notes.
5. Repurchase Agreements with the current bank depositories.
6. Mortgage Backed Securities of the U.S. Government Agencies, and Instrumentalities.

7. Collateralized Mortgage Obligations of U.S. Government Agencies and Instrumentalities (PAC classes only).
8. Other investments specifically approved by the Board of Trustees which are deemed to be prudent and where no conflict of interest exists.

PROHIBITED INVESTMENTS

1. Equities
2. Corporate Bonds
3. Private Placements
4. Options
5. Letter Stock
6. Securities whose issuers have filed for bankruptcy
7. Real Estate
8. Zero Coupon Bonds other than Treasury Notes
9. Inverse Floaters
10. Derivative other than PAC CMOs
11. Junk Bonds

PROHIBITED ACTIVITIES

1. Short Sales
2. Margin Transactions
3. Speculative Investment Activities

SAFEKEEPING

Book entry investments shall be held in third party safekeeping. The safekeeping agent shall issue receipts for securities received listings of the securities held. The listing will include market value, cost and face value of the securities in the portfolio. The listing will be reconciled quarterly to the Investment Managers listing.

The following resolution was offered by Rick Arceneaux and seconded by Darlene Landry.

RESOLUTION

WHEREAS the Louisiana Clerks of Court Insurance Trust has Investments in U. S. Treasuries, Government Agency Bonds and other types of investments with Capital One Bank;

WHEREAS Capital One Bank is no longer providing these Investment Services;

WHEREAS Hancock Whitney Investments does provide these Investment Services;

BE IT RESOLVED that Debbie D. Hudnall, Executive Director and/or Chris Kershaw, Controller of the Louisiana Clerks of Court Association, is hereby authorized by the Board of Trustees of the Louisiana Clerks of Court Insurance Trust to act on behalf of the Board of Trustees to establish and manage a brokerage account with Hancock Whitney Investments in the name of Louisiana Association of Clerks of Court Risk Management Agency (LCCIT).

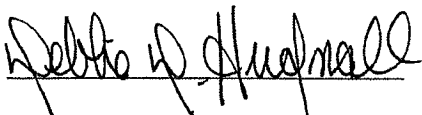
This Resolution having been submitted to a vote and the vote thereon was as follows:

YEAS: 12

NAYS: 0

Absent: 1

And the Resolution was declared adopted on this, the 14TH day of June, 2018.



Debbie D. Hudnall, Executive Director



Steve Andrews, Chairman