

PURMIT Board of Trustees Meeting

January 21, 2015

Time 2:45 – 4:45 p.m.

Mt. Tabor Room (MCB 312), 1600 SW 4th Avenue, Portland, OR

Phone: 1-800-689-9374, Passcode: 700464

Agenda

1. Call to Order, Roll Call, Welcome
2. Review and Approval of Minutes from October 24, 2014 PURMIT Board of Trustees Meeting, November 10, 2014 PURMIT Steering Committee Meeting, December 5, 2014 PURMIT Steering Committee Meeting.
3. Second Quarter of Fiscal Year 2015 Claims Report
4. Second Quarter of Fiscal Year 2015 Financial Report
5. PURMIT Board Committee Structure
6. Internal Claim Settlement Authority at Member Institutions
 - a. **Proposal:** Each Member Institution is to have full settlement authority up to their chosen deductible to PURMIT within the policy year the claim falls. Claims should continue to be tracked through Riskmaster and written notification should be sent to PURMIT once a claim's Total Incurred value reached 50% of their deductible amount.
7. Oregon State University Proposal for Deductible Advance on Protection & Indemnity Crewmember Claims
8. Adjournment

Informational Only:

- Insurance Renewal Update from Arthur J. Gallagher

Public Universities Risk Management and Insurance Trust ("PURMIT")

Board of Trustees Meeting

October 24, 2014

8:35 a.m. – 10:30 a.m.

Monmouth, Oregon

Minutes

Trustees Present: Chair Eric Yahnke (WOU); Vice Chair Lara Moore (EOU); Brian Roy (PSU); Jamie Moffitt (UO); Craig Morris (SOU); Glenn Ford (OSU)

Trustees Absent: George Marlton (OIT)

Others Present: Ellen Holland, Administrator (PURMIT); Ashley Grealish (PURMIT); James Parker, Interim Counsel (DWT); John McLaughlin (Arthur J. Gallagher); Angela Stockdall (USSE); Karren Cholewinski (OSU); MaryAnn Zemke (OIT)

Administrative

a) **Call to Order**

Chair Yahnke called the meeting to order at 8:47 a.m.

b) **Roll Call**

Chair Yahnke requested roll call to be taken of those present at the table.

Review and Approval of Minutes from August 27th, 2014; September 24th, 2014 meeting cancelled.

Action:

A motion was made by Craig Morris to approve the minutes from the meeting on August 27th, 2014. The motion was seconded by Glenn Ford. The motion carried with no objection.

Insurance Review: Renewals 2014-2015; Claim Reports;

Administrator Holland reviewed the Schedule of Insurance. Craig Morris asked where the insurance for the board was located, and Administrator Holland indicated it was in the Educators' Legal Liability (ELL) coverage. Craig Morris requested a white paper indicating what the board coverage is that can be distributed to board members. Administrator Holland noted that there is a coverage document that contains that information, but a one-page document can be provided as well.

Administrator Holland reviewed the Claim Reports for fiscal year 2014 year-end and the first quarter of fiscal year 2015.

Action:

No action was taken.

Trust Banking & Accounting Update: FY'14 Q4; FY'15 Q1

Administrator Holland discussed the June 30, 2014 financials and the September 30, 2014 financials. The Board suggested the financials have a consistent format and include important numbers such as the required minimum surplus amount. Perkins & Co., will be invited to a future meeting. PURMIT staff will provide additional information to the Board on the June 30, 2014 fund balance and the premium amount in the clearing account on the Profit and Loss statement.

Action:

No action was taken.

Contracts Update: CSC Riskmaster – James Parker, DWT

James Parker reported on the status of the transfer the CSC contract from OUS to PURMIT.

Action:

No action was taken.

Documents for Discussion

Common Interest Agreement

The Board discussed a request from University of Oregon to enter into a Common Interest Agreement. The Board discussed the form of a potential common interest agreement and privilege.

Action:

A motion was made by Jamie Moffitt authorizing DWT to work with the General Counsel of each of the PURMIT members to implement common interest agreements between each member and PURMIT, with the goal of creating a standard form for use by all members. Brian Roy seconded the motion. The motion passed with no objection.

Coverage Document

Administrator Holland discussed the Coverage Document and noted that each university's provost and senior staff should be aware of claims and reporting issues.

Action:

No action taken.

Role of Angela Stockdall

Glenn Ford brought up the issue of Angela's involvement with PURMIT. The issue is to determine how to have her involved in PURMIT and maintain privilege. James Parker indicated that the Staffing Agreement could be modified to include Angela should the Board agree. There would be no additional cost for this modification.

Action:

No action was taken.

Broker Presentation

Trusts Defined and Purpose, Autonomy and Flexibility

John McLaughlin, the Higher Ed Practice Manager from Arthur J. Gallagher, spoke to the Board on the role of PURMIT moving forward and how PURMIT can help the member institutions moving forward. John suggested that the Board take time over the next 90 days and determine what PURMIT should be moving forward. The Board agreed to commit to meeting periodically during the next 90 days to figure out what is needed from PURMIT and how changes moving forward may affect PURMIT and its members.

Action:

No action was taken.

Announcements

Ellen Holland announced that she will be resigning as PURMIT Administrator effective November 30, 2014.

Jamie Moffitt announced that University of Oregon intends to no longer participate in PURMIT beginning on July 1, 2015.

Adjournment

Glenn Ford moved to adjourn the meeting. Lara Moore seconded the motion. The meeting was adjourned at 10:43 a.m. with no objection.

Public Universities Risk Management and Insurance Trust ("PURMIT")

Board of Trustees Meeting

November 10, 2014

1:00 – 3:00 pm

Phone Conference

Minutes

Trustees Present: Chair Eric Yahnke (WOU); Vice Chair Lara Moore (EOU); Craig Morris (SOU); and George Marlton (OIT)

Trustees Absent: Jamie Moffitt (UO); Brian Roy (PSU); and Glenn Ford (OSU)

Others Present: John McLaughlin (AJG); Karen Graham (AJG); Dorothy Gjerdrum (AJG); Angela Stockdall (USSE); Dave Blake (OSU); and Patrick Hughes (OSU)

Call to Order

Chair Yahnke called the meeting to order at 1:00 p.m.

Roll Call

Chair Yahnke requested roll call to be taken of those present at the table.

November 6, 2014 Transition Meeting Recap and Discussion

Chair Yahnke thanked everyone for participating in the meeting and asked Karen Graham of Arthur J. Gallagher to summarize the PURMIT Transition meeting held on November 6th, 2014 in Portland, Oregon with PURMIT staff and Chair Yahnke.

Ms. Graham reported that the Transition meeting was very valuable for all involved and was happy to report that PURMIT Chief Risk Officer Ellen Holland and Risk Analyst Ashley Grealish really moved mountains in an ever changing environment to have the structure in place that exists today. She also stressed how important Ms. Grealish is to all of us and that Ms. Grealish is committed to PURMIT and making sure the transition is successful.

Transition Items for Board Consideration

Ms. Graham summarized, and the group discussed, transition items for the Board of Trustees to consider, including:

- Establishment a Claim Committee & Grant of Authority to Pay Claims;
- US Bank Signatory Authority;

- Certificate of Insurance Signature Authority;
- Transition Plan Summary; and
- Pool Contractual Relationships.

Transition Items for AJG

Ms. Gjerdrum spoke on items AJG will perform relating to the transition:

- John Watson will meet in person with Ms. Holland and Ms. Grealish to gain a deeper working knowledge of the program administration.
- AJG's Client Service and Risk Management Team will begin a thorough analysis of the current risk financing structure. They will also review financials and allocation models for the Property, Casualty and Workers Compensation programs. Loss runs and claims handling procedures will involve meeting with the TPA and actuary.
- AJG will participate in day-to-day Risk Management and technical questions, such as coverage, contract review and coverage administration, will keep a list of their team's involvement, and will update the Board at regular board meetings.
- Mr. Watson will participate in the bi-weekly PURMIT Risk Counsel Meetings.
- Prepare materials on structure, goals, and pool model for presentation at PURMIT meeting on December 5, 2014.
- Gather underwriting information in preparation for marketing.

Adjournment

The meeting adjourned at 2:20 pm.

Public Universities Risk Management and Insurance Trust ("PURMIT")

Board of Trustees Meeting

December 5, 2014

9:00 a.m. – 1:00 p.m.

Chancellor's Office Boardroom (ASRC 515) 1800 SW 6th Avenue, Portland, Oregon

Phone: 1-800-850-4523, Passcode: 830767

Minutes

Trustees Present: Chair Eric Yahnke (WOU); Vice Chair Lara Moore (EOU); Brian Roy (PSU); Craig Morris (SOU); Patrick Hughes (OSU); George Marlton (OIT)

Trustees Absent: Jamie Moffitt (UO)

Others Present: Ashley Grealish (PURMIT); James Parker, Interim Counsel (DWT); Karen Graham (Arthur J. Gallagher); Dorothy Gjerdrum (Arthur J. Gallagher); Angela Stockdall (USSE); Christina McKnight (OSU), Allen Risen (WOU), Teresa Carson-Mastrude (EOU), Mary Ann Zemke (OIT), Leticia Hill (OIT), Treasa Sprague (SOU)

Call to Order

Chair Yahnke called the meeting to order at 9:08 a.m.

Roll Call

Chair Yahnke requested roll call to be taken of those present at the table.

PURMIT Legal Counsel and Discussion Regarding RFP

The Board discussed whether to evaluate options for legal counsel.

Action:

No action was taken.

PURMIT Staffing Updates – Contacts

Chair Yahnke noted that Ashley Grealish is to be the primary contact for PURMIT-related business currently and that Jeremy Seicianu will be producing loss runs and working on the 2015-16 renewal. The Board discussed claims handling, reporting, and carrier notice.

Action:

No action was taken.

Arthur J. Gallagher & Co. to Present on Pool Foundation and Strategy

Dorothy Gjerdrum and Karen Graham from Arthur J. Gallagher spoke to the Board on Trust Foundation and Strategy. They began with an overview of the history of the Trust as well as the current organization structure. Ms. Gjerdrum and Ms. Graham then discussed examples of other Funds, Trusts or similar organizations and how they conduct business as well as the best practices they employ. They noted the responsibility of the Trustees to act on behalf of PURMIT while in their role as Trustee. Ms. Gjerdrum and Ms. Graham worked with the Trustees to determine their wants and needs of PURMIT as customers of the Trust, and determined from that discussion an action plan for PURMIT.

Action:

No action was taken.

Executive Session

The Board entered executive session pursuant to ORS § 192.660.

Action:

No action was taken.

Transition Items

The Board discussed the recommendations offered by Arthur J. Gallagher during the November 10, 2014 transition conference call with Eric Yahnke (WOU), Lara Moore (EOU), Craig Morris (SOU), George Marlton (OIT), John McLaughlin (AJG), Karen Graham (AJG), Dorothy Gjerdrum (AJG), Angela Stockdall (USSE), Dave Blake (OSU), and Patrick Hughes (OSU).

Certificates of Insurance

The Board discussed the transition of signature authority for certificates of insurance issued by PURMIT.

Action:

A motion was made by Mr. Morris to grant Ashley Grealish the authority to sign Certificates of Insurance within the PURMIT Self-Insurance Retention. Mr. Roy seconded the motion. The motion passed with no objection.

Payment & Check Signing Authority

The Board discussed the transition of signature and payment authority for payments made by PURMIT.

Action:

A motion was made by Ms. Moore to: (1) authorize the removal of Ellen Holland and addition of USSE Executive Director (Angela Stockdall) and the OUS Acting Chancellor and CFO (Cathy Dyck) as check signers on PURMIT's bank account with US Bank; (2) authorize USSE Executive Director

(Angela Stockdall) or the OUS Acting Chancellor and CFO (Cathy Dyck) to sign checks for approved invoices of up to \$250,000; (3) require that both the USSE Executive Director (Angela Stockdall) and the OUS Acting Chancellor and CFO (Cathy Dyck) sign checks over \$250,000; and (4) the Chair and Vice Chair of the PURMIT Board have exclusive authority to approve payments executed by USSE Executive Director (Angela Stockdall) and/or the OUS Acting Chancellor and CFO (Cathy Dyck). Mr. Morris seconded the motion. The motion passed with no objection.

New Trustee Member

Mr. Hughes was welcomed as the newest Trustee on the Board. He was appointed by Oregon State University President Edward J. Ray on November 21, 2014, to replace Glenn Ford effective December 1, 2014.

Adjournment

Mr. Morris moved to adjourn the meeting. There were multiple seconds of the motion and no objection. The meeting was adjourned at 1:22 p.m.



Public Universities Risk Management & Insurance Trust

PURMIT Claims Report
January 21, 2015 Board Meeting
Valuation Date: 12.31.14

Fiscal Year	Claim Type	Freq	Reserves			Paid			Recovery	Member Paid	Trust Incurred	% Change from Previous FY
			Expense ^[2]	Indemnity	Total	Expense ^[2]	Indemnity	Total				
REDACTED												

PURMIT
Profit & Loss by Class
July through December 2014

	Auto	Clearing	Direct Specialty	Gen Liab	Operations	Property	Workers Comp	TOTAL
Ordinary Income/Expense								
Income								
40000 - Revenues								
40100 - RM Assessments	36,287.84	0.00	1,756,218.29	1,198,668.49	0.00	2,308,098.21	2,184,443.46	7,483,716.29
40300 - Insurance Restitution	0.00	0.00	0.00	0.00	0.00	5.00	0.00	5.00
40500 - Insurance Subrogation	0.00	0.00	0.00	0.00	0.00	345,068.47	0.00	345,068.47
40800 - Premium Credit	0.00	0.00	0.00	0.00	0.00	185,823.00	0.00	185,823.00
Total 40000 - Revenues	36,287.84	0.00	1,756,218.29	1,198,668.49	0.00	2,838,994.68	2,184,443.46	8,014,612.76
42000 - Surplus- Expected Claims								
42010 - 25% Surplus - Current Year	2,821.94	0.00	0.00	163,393.57	0.00	102,024.59	0.00	268,240.10
42020 - Fund (Surplus) /Deficit	22,137.22	0.00	0.00	958,175.94	0.00	-393,085.30	-1,178,833.46	-591,605.60
Total 42000 - Surplus- Expected Claims	24,959.16	0.00	0.00	1,121,569.51	0.00	-291,060.71	-1,178,833.46	-323,365.50
Total Income	61,247.00	0.00	1,756,218.29	2,320,238.00	0.00	2,547,933.97	1,005,610.00	7,691,247.26
Gross Profit	61,247.00	0.00	1,756,218.29	2,320,238.00	0.00	2,547,933.97	1,005,610.00	7,691,247.26
Expense								
60000 - Claims								
60100 - Settlements	9,441.71	0.00	0.00	292,505.56	0.00	155,046.46	934,138.48	1,391,132.21
60500 - Expense	615.15	0.00	0.00	2,753.75	0.00	0.00	0.00	3,368.90
60800 - Legal Expense - Claims	0.00	0.00	0.00	1,144,057.84	0.00	0.00	0.00	1,144,057.84
Total 60000 - Claims	10,056.86	0.00	0.00	1,439,317.15	0.00	155,046.46	934,138.48	2,538,558.95
63000 - Insurance Premium Expense	0.00	648,819.27	213,770.75	545,338.86	0.00	787,291.67	281,560.54	2,476,781.09
64000 - Software license (RMIS DB)	0.00	0.00	0.00	0.00	13,245.27	0.00	0.00	13,245.27
66000 - Professional Services								
66050 - USSE Expense	0.00	0.00	0.00	0.00	76,460.00	0.00	0.00	76,460.00
66200 - Actuary Fee	0.00	0.00	0.00	0.00	20,000.00	0.00	0.00	20,000.00
66300 - Legal Expense	0.00	0.00	0.00	0.00	19,641.50	0.00	0.00	19,641.50
66400 - Accounting Expense	0.00	0.00	0.00	0.00	6,187.97	0.00	0.00	6,187.97
66500 - Other Professional Services	0.00	0.00	0.00	0.00	3,326.91	0.00	0.00	3,326.91
Total 66000 - Professional Services	0.00	0.00	0.00	0.00	125,616.38	0.00	0.00	125,616.38

PURMIT
Profit & Loss by Class
July through December 2014

	Auto	Clearing	Direct Specialty	Gen Liab	Operations	Property	Workers Comp	TOTAL
66700 · Contract Personnel Expense	0.00	0.00	0.00	0.00	155,920.00	0.00	0.00	155,920.00
67000 · Depreciation Expense	0.00	0.00	0.00	0.00	17,393.82	0.00	0.00	17,393.82
67200 · License Expense	0.00	0.00	0.00	0.00	739.90	0.00	0.00	739.90
67300 · Professional Development	0.00	0.00	0.00	0.00	1,170.00	0.00	0.00	1,170.00
67500 · Dues & Subscriptions	0.00	2,733.00	0.00	0.00	1,070.00	0.00	0.00	3,803.00
70000 · Office Expense	0.00	0.00	0.00	0.00	0.00	0.00	67.50	67.50
70200 · Telephone and Internet expense	0.00	0.00	0.00	0.00	440.85	0.00	0.00	440.85
70300 · Bank and Finance Charges	0.00	0.00	0.00	0.00	415.90	0.00	0.00	415.90
70500 · Meals and Entertainment	0.00	0.00	0.00	0.00	192.00	0.00	0.00	192.00
Total Expense	10,056.86	651,552.27	213,770.75	1,984,656.01	316,204.12	942,338.13	1,215,766.52	5,334,344.66
Net Ordinary Income	51,190.14	-651,552.27	1,542,447.54	335,581.99	-316,204.12	1,605,595.84	-210,156.52	2,356,902.80
Other Income/Expense								
Other Income								
80000 · Other Income	0.00	0.00	0.00	0.00	34,816.24	0.00	0.00	34,816.24
85000 · Interest Income	0.00	0.00	0.00	2,863.96	0.00	0.00	0.00	2,863.96
85500 · Dividend Income	0.00	0.00	0.00	0.00	0.00	0.00	1,565,625.00	1,565,625.00
80000 · Other Income - Other	0.00	0.00	0.00	2,863.96	34,816.24	0.00	1,565,625.00	1,603,305.20
Total 80000 · Other Income	0.00	0.00	0.00	2,863.96	34,816.24	0.00	1,565,625.00	1,603,305.20
Total Other Income	0.00	0.00	0.00	2,863.96	34,816.24	0.00	1,565,625.00	1,603,305.20
Net Other Income	0.00	0.00	0.00	2,863.96	34,816.24	0.00	1,565,625.00	1,603,305.20
Net Income	<u>51,190.14</u>	<u>-651,552.27</u>	<u>1,542,447.54</u>	<u>338,445.95</u>	<u>-281,387.88</u>	<u>1,605,595.84</u>	<u>1,355,468.48</u>	<u>3,960,207.80</u>

PURMIT
Balance Sheet by Class
As of January 16, 2015

ASSETS	Auto	Cleaning	Direct Specialty	Gen Liab	Operators	Other	Property	Workers Comp	Unclassified	TOTAL
Current Assets										
Checking/Savings										
10000 - US Bank	20,339.57	-29,314.00	-88,078.18	397,246.64	-324,810.18	0.00	1,701,491.35	1,259,130.51	0.00	2,936,005.71
10500 - Money Market - US Bank	105,984.55	-1,486,183.17	-290,251.30	1,349,083.27	-112,309.61	-26,678.30	-2,108,521.70	6,138,538.22	0.00	3,569,661.96
Total Checking/Savings	126,324.12	-1,515,497.17	-378,329.48	1,746,329.91	-437,119.79	-26,678.30	-407,030.35	7,397,668.73	0.00	6,505,667.67
Accounts Receivable										
11000 - Accounts Receivable	20,415.66	0.00	1,756,218.29	774,821.59	0.00	0.00	1,060,954.13	336,190.00	0.00	3,948,599.67
Total Accounts Receivable	20,415.66	0.00	1,756,218.29	774,821.59	0.00	0.00	1,060,954.13	336,190.00	0.00	3,948,599.67
Total Current Assets	146,739.78	-1,515,497.17	1,377,889.81	2,521,151.50	-437,119.79	-26,678.30	653,923.78	7,733,858.73	0.00	10,454,287.34
Fixed Assets										
15000 - Fixed Asset	0.00	0.00	0.00	0.00	173,938.41	0.00	0.00	0.00	0.00	173,938.41
15300 - Software Assets	0.00	0.00	0.00	0.00	173,938.41	0.00	0.00	0.00	0.00	173,938.41
Total 15000 - Fixed Asset	0.00	0.00	0.00	0.00	173,938.41	0.00	0.00	0.00	0.00	173,938.41
17000 - Accum. Depr.	0.00	0.00	0.00	0.00	-57,979.41	0.00	0.00	0.00	0.00	-57,979.41
17300 - Software Accum	0.00	0.00	0.00	0.00	-57,979.41	0.00	0.00	0.00	0.00	-57,979.41
Total 17000 - Accum. Depr.	0.00	0.00	0.00	0.00	-57,979.41	0.00	0.00	0.00	0.00	-57,979.41
Total Fixed Assets	0.00	0.00	0.00	0.00	115,959.00	0.00	0.00	0.00	0.00	115,959.00
Other Assets										
14000 - Prepaid Premiums	0.00	888,078.73	126,697.73	543,838.80	0.00	0.00	2,991,708.33	0.00	0.00	4,530,323.59
14400 - Prepaid Dues	0.00	5,466.00	0.00	0.00	39,735.73	0.00	0.00	0.00	0.00	5,466.00
14500 - Prepaid Web Hosting/Software	0.00	0.00	0.00	0.00	39,735.73	0.00	0.00	0.00	0.00	39,735.73
Total Other Assets	0.00	873,544.73	126,697.73	543,838.80	39,735.73	0.00	2,991,708.33	0.00	0.00	4,575,525.32
TOTAL ASSETS	146,739.78	-641,952.44	1,504,586.54	3,064,990.30	-281,425.06	-26,678.30	3,645,632.11	7,733,858.73	0.00	15,145,751.66
LIABILITIES & EQUITY										
Liabilities										
Current Liabilities										
Other Current Liabilities	74,090.00	0.00	0.00	5,437,506.00	0.00	0.00	1,248,438.00	4,433,094.00	0.00	11,193,128.00
23000 - Accrued IBNR Claims - estimate	74,090.00	0.00	0.00	5,437,506.00	0.00	0.00	1,248,438.00	4,433,094.00	0.00	11,193,128.00
Total Other Current Liabilities	74,090.00	0.00	0.00	5,437,506.00	0.00	0.00	1,248,438.00	4,433,094.00	0.00	11,193,128.00
Total Current Liabilities	74,090.00	0.00	0.00	5,437,506.00	0.00	0.00	1,248,438.00	4,433,094.00	0.00	11,193,128.00
Equity										
32000 - Retained Earnings	31,894.55	9,599.83	-18,740.00	-2,710,961.65	0.00	-26,678.30	791,598.27	2,108,181.71	0.00	184,894.41
Net Income	40,755.23	-651,582.27	1,523,326.54	338,445.95	-281,425.06	0.00	1,605,595.84	1,192,583.02	0.00	3,767,729.25
Total Equity	72,649.78	-641,952.44	1,504,586.54	-2,372,515.70	-281,425.06	-26,678.30	2,397,194.11	3,300,764.73	0.00	3,952,623.66
TOTAL LIABILITIES & EQUITY	146,739.78	-641,952.44	1,504,586.54	3,064,990.30	-281,425.06	-26,678.30	3,645,632.11	7,733,858.73	0.00	15,145,751.66



Enterprise Risk Services
Oregon State University, 3015 SW Western Boulevard, Corvallis, Oregon 97333
T 541-737-7252 | F 541-737-5546 | <http://risk.oregonstate.edu>

January 14, 2015

To: PURMIT and PURMIT Board Chair

From: Oregon State University

Subject: Proposal for deductible advance on Protection & Indemnity Crewmember Claims

Oregon State University (OSU) has crewmembers who operate marine vessels. For the purposes of work-related injuries, these crewmembers are protected by a federal act called the Jones Act, which provides specific benefits and allows a crewmember to sue their employer or the vessel owner.

Historically, this exposure was covered by SAIF. After a thorough review of the SAIF policy language, it was determined that there were gaps in coverage and that the policy did not provide defense of Jones Act claims, nor did it cover the area where OSU vessels frequent. As such, Oregon State University added crewmember coverage by endorsement to an existing Marine Protection & Indemnity policy. This policy closes the gaps in coverage and provides defense for Jones Act claims; however, each incident or occurrence has a \$10,000 deductible.

Due to the complex nature of such claims, OSU intends to have an independent adjusting firm, assigned by the insurance company, manage all claims. As there is a \$10,000 deductible per incident or occurrence, OSU proposes that PURMIT provide a deductible advance to the independent adjusting firm, much like what occurs currently when Sedgwick handles liability claims. This deductible advance would provide the cash flow needed to administer payments with regard to the injured crewmembers' claims.

It should be noted that this exposure was contemplated in the 2014-15 allocation for OSU under State Act Workers' Compensation claims. The SAIF policy carries a \$0 deductible, so the full balance of these claims would have been paid had the exposure not been moved to the Protection & Indemnity policy. In other words, there is allocated funds available to provide for the cash flow. Since PURMIT does follow policy form, OSU would be billed back the difference for the deductibles on these claims when the claim closes or when the deductible of \$10,000 is fully realized. A proposed procedure is attached. OSU asks for your consideration of this proposal.

(PROPOSED) Procedures: Protection & Indemnity Crewmember Claims

General Information

Oregon State University (OSU) employs crewmembers who operate or work as part of the operation of a marine vessel. These crewmembers are protected by a federal act called the Jones Act. The Jones Act provides similar benefits to that of Workers' Compensation; however, there are some very distinct differences. Crewmembers have the right to three traditional federal maritime legal remedies: maintenance and cure benefits, Jones Act negligence (the ability to sue the employer for negligence that had some casual connection to the injury), and unseaworthiness (where one's injuries resulted from vessel equipment that was not reasonable safe for the intended purpose). With the goal of providing OSU crewmembers with the appropriate benefits and in order to adequately protect the University, OSU has an endorsement for crewmember/Jones Act coverage on a Marine Protection & Indemnity policy.

Crewmember Work-related Injuries

When a crewmember sustains an injury that has occurs in the course and scope of his/her employment, the crewmember must notify his/her supervisor as soon as possible. The following Claims Forms must be completed:

- Personal Injury/Illness Report – to be completed by the injured crewmember
- Master's Report of Injury/Illness – to be completed by manager/supervisor/captain of vessel
- Witness Statement – Personal Injury Report – to be completed by any witnesses

These forms will be submitted to the OSU Office of Human Resources within 24 hours by one of the following methods:

- Fax to 541-737-0553 – or –
- Email to Heidi.Melton@oregonstate.edu

If an emergency occurs (where a crewmember must be taken off the vessel for treatment), the supervisor should contact Jeanne Matejovsky, Marine Claims Executive at 206-607-0931, with the Seattle Office of Arthur J. Gallagher (broker).

Claims Intake

The OSU Office of Human Resources will receive and acknowledge the abovementioned forms and seek any additional information that may be critical to the claim. All claims information will be forwarded to Jeanne Matejovsky, Marine Claims Executive, at Arthur J. Gallagher within 24 hours of receipt. Jeanne

Matejovsky will send the claims information to the underwriter of the insurance company, International Specialty Insurance, Inc. and to the adjusting firm, Aasgard Summit Management, simultaneously. Aasgard Summit Management will assign to an adjuster best suited to handle the claim.

The OSU Office of Human Resources will keep an internal file with the claims information and any incoming documents related to the claim.

Claims Handling

Aasgard Summit Management will receive the claim and adjust in accordance with their claims handling best practices to include contact with interested parties and witnesses, reserving, paying benefits and medical bills, adjusting the claim and communicating with all parties.

Aasgard Summit Management will request from PURMIT a reasonable amount not to exceed \$10,000 per incident or occurrence to adjust the claim. They will track the amount paid and if upon claim closure there is an overage, then the money will be reimbursed to PURMIT. This money may be requested incrementally. For example, if at the onset the claim is expected to cost \$3,000 and PURMIT advances such funds, but new information shows it will ultimately cost \$6,000, then Aasgard Summit Management will request an additional \$3,000.

Aasgard Summit Management will maintain contact with the OSU Office of Human Resources throughout the course of the claim.

OSU will be responsible for any unearned wages that must be paid to comply with the Jones Act. Such wages will be paid through payroll. Proof of such payment will be forwarded to Aasgard Summit Management to account for as a claims expense and Oregon State University will be reimbursed for any unearned wages in excess of the deductible.

Deductible Reimbursement

PURMIT will provide the cash flow to administer the claims not to exceed \$10,000 per incident or occurrence. At claims closure or when the deductible of \$10,000 is fully realized, PURMIT will request reimbursement from OSU. Any overage in the advance that PURMIT provided to Aasgard Summit Management will be reimbursed to PURMIT.



Arthur J. Gallagher & Co.

BUSINESS WITHOUT BARRIERS™

January 17, 2015

Via: Mail

TO: Eric Yahnke, PURMIT Board of Trustees Chairperson

FROM: Karen Graham, Area Executive Vice President, AJG

RE: 2015 Renewal – Progress Report

Happy New Year to all!

We are on track to meet timelines to provide market quotes as established with the Board.

JULY 1, 2015 Casualty, Miscellaneous and Institution Specific policies

Below are the completed timeline objectives and status of the current open items:

- Gallagher Request for Underwriting information sent to PURMIT – Completed the week of November 17, 2014.
- Conference calls with Risk Council members to review applications and answer questions – 12/16/2014; 1/6/2015 and 1/12/2015
- Applications for the primary casualty lines (GL, ELL, LPL, Excess and Allied Health Medical Professional) are due by January 16, 2015 and scheduled for completion as of this memo date and per the call held on 1/12.
- Applications for the other lines of coverage (Crime, Fine Arts, Media Prof., Foreign Package, Marine, Non-owned and owned Aviation, K&R, and Fiduciary) are due on 2/2/2015 and those are on track as well.
- Submissions to the market are scheduled to go out by 1/27/2015 for the casualty lines and 2/17/2015 for other lines of coverage.
- Quote due dates from the carriers to Gallagher are:
 - 2/24/15 for primary casualty lines
 - 3/17/2015 for other lines
- Quotes presented to PURMIT, Risk Council scheduled for April. Specific date to present to the PURMIT board is April 22, 2015. We should be able to confirm the target date for presentation once all submissions have gone out to the carriers.

October 15, 2015 – Property and Equipment Breakdown Policy

The Property program currently expires on October 15, 2015. The marketing process will begin in mid-May. We will be seeking competitive options from multiple carriers. The marketing process will involve engineering inspections by the various underwriters.

In addition to presenting multiple carrier options for your review, we will present two renewal term options in September as follows:

- Current one year policy expiring October 15, 2016
- Short term option expiring July 1, 2016 to synch up with the majority of the July 1 renewals

We will keep you apprised of our progress. Thank you.

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