

MINUTES OF DIRECTORS MEETING
LANE COUNTY MASS TRANSIT DISTRICT
ADJOURNED MEETING
December 12, 1978

Pursuant to notice given to the Register Guard and Springfield News on November 21, 1978, an adjourned meeting of the board of directors of Lane County Mass Transit District was held at the Rodeway Inn, Springfield, Oregon, on December 12, 1978 at 7:00 a.m.

Present:

Richard A. Booth, Secretary
Jack J. Craig
Daniel M. Herbert, Vice President
Kenneth H. Kohnen, President, presiding
Ted J. Langton, Treasurer
Glenn E. Randall
Carolyn Roemer
Fred C. Dyer, General Manager
Phyllis Loobey, Director of Administrative Services
Mavis Skipworth, Recording Secretary

News media representative:

Marvin Tims, Register Guard

Insurance carrier representatives:

SAIF - Malcolm Nichols, Manager
Larry Cox, Insurance Consultant
James & Co. - David Schaerer, Administrator of
Self Insurance Program
Koford-Chapman-Malone - Don Waddell

Mr. Kohnen advised that the purpose of the meeting was to consider various proposals concerning Worker's Compensation and he introduced representatives present from three insurance carriers: Malcolm Nichols and Larry Cox of State Accident Industrial Fund, David Schaerer of James & Company, and Don Waddell of Koford-Chapman-Malone.

Ms. Loobey presented material on alternative programs and expressed the need for implementation of internal control programs to reduce time loss duration and frequency. She said the staff recommendation would be to remain with SAIF with an insured program for the 1979 premium year rather than to attempt to become a direct responsibility employer through self-insurance for this period. She noted that the option of electing direct responsibility employer status would still be available under present legislation at a later date.

Mr. Nichols said he concurred with the staff recommendation as it appeared that the district was not eligible to become self-insured at the present time. He reviewed the past performance of the district under the SAIF program followed and explained the records and costs incurred. He gave a detailed explanation of the advantages and disadvantages of following a Guaranteed Cost program. He said the district should strive to eliminate accidents by good safety measures, and control loss by good claims management.

Mr. Cox gave a comprehensive explanation of the mechanics of a Retrospective Rating program, noting that although there would be some cash flow advantages through the deferral pay feature, the final cost could be greater and said he would recommend the Guaranteed Cost program even though the front end costs would be higher. He said he believed either plan would be beneficial over the current plan; that under the standard plan, businesses are subsidizing each other and are heavily dependent upon the SAIF dividend, for which the trend is lowering.

Responding to a question by Mr. Craig of what the costs of the past six years would have been under either of these plans, Mr. Cox said a summary would indicate the cost would have been greater.

Mr. Schaerer said he believed the district would qualify for a self-insurance program. He explained how a self-insurance program functions and presented a cash flow projection. He spoke of an aggressive, technically oriented claims staff of James & Company and reported that they have cut Tri-Met's loss time days by one-half through claims management and medical control.

Mr. Langton concurred in the necessity of stringent management control and said he believed it had been lacking in the claims management of the district. Mr. Nichols said SAIF has taken an aggressive posture and is currently developing a program to improve claims management, and that changes in the law will make it easier.

Mr. Waddell said he believed the representatives of SAIF had reported a realistic market for the next 12 months and concurred that it was essential to implement an effective loss control program to lower the frequency and severity of claims. He encouraged development of a good management program to settle claims promptly and to pursue developing a self-insurance program. He said it appeared to him that the current plan has given the lowest possible premium and perhaps should be continued for the coming year.

MOTION

Mr. Randall moved that the district retain the current SAIF insurance program and that every effort be made to implement internal goals for the reduction of average claims frequency from 35 claims to 25 claims and a reduction in average time loss duration from 17 days to 12 days for the premium year 1979. Mr. Booth seconded the motion and it carried unanimously.

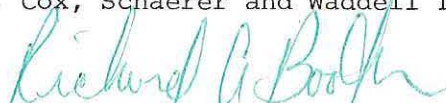
VOTE

Ms. Loobey advised that there could be additional costs incurred in implementing the program, such as physical examinations and safety training, which are not budgeted currently. Mr. Langton said he believed the board should discuss this later to evaluate it at greater depth, with assistance from SAIF. Mr. Randall asked that the staff prepare a cost analysis and present it to the board for review.

TDP AND BUDGET CALENDAR: Mr. Kohnen spoke of the advantage of an early meeting to be held of the budget committee for their involvement in the TDP update. Mr. Herbert suggested that the president work with the staff in recommending the most effective way to accomplish that.

Mr. Kohnen thanked Messrs. Nichols, Cox, Schaerer and Waddell for attending the meeting.

The meeting was adjourned.


Secretary