



citycounty insurance services Quarterly Report to Members

Property/Casualty Trust Distribution Details Released

Members and agents attending the 9th Annual CIS Annual Meeting and Risk Management Conference learned the specific details of the CIS Board of Trustees' \$5.4 million equity distribution. The distribution, approved in December 2009, provides contribution credits to members renewing for 2010-11. The credits result from Member Equity built between 1992-93 and 2000-01 in the property, liability, and auto physical damage coverages. Those years are now closed out.

Please note that not every year during the 1992-2001 period generated Member Equity for distribution. If your entity was not in the property, liability, or auto physical damage programs for the entire period, you may not receive a distribution.

Entity-specific detail for all members is now available on the [CIS Members-Only Portal](#).

Here's some information about using your contribution credits:

- The credits apply to specific lines of coverage. Property credits apply to property coverage. General Liability (GL) and Auto Liability (AL) credits apply to Liability coverage. Auto Physical Damage (APD) credits apply to APD coverage.
- The credits have a three-year lifespan. You can use them in total this year, or spread them out over two, or three years. The choice is yours.
- If you are NOT currently with CIS for a coverage in which you have a credit, you have three years (until 2012-13) to rejoin CIS for that coverage and claim your credit.
- Credits unused by the end of the 2012-13 coverage year revert to the Trust.
- Although GL and AL credits were earned separately, GL and AL are now combined in CIS' Liability coverage document. GL and AL credit amounts should be added together to determine the amount of credit that can be applied to Liability coverage in 2010-11 and beyond.

IN THIS EDITION:	
P/C Trust Distribution	1
FY 2010-11 Budget Planning-Rate projections	2
New website, e-mail Addresses for CIS	2
Board moves forward Medical self-insurance	3
Limited pollution liability Coverage approved	3
Conference "Thank You"	3
2009 CIS Member Survey	3
Other program updates	4



FY 2010-11 Budget Planning -

Rate projections for CIS P/C Trust, CIS Benefits

While the CIS Board of Trustees will not formally set rates for the 2010-11 coverage year until its next meeting on March 26, 2010, preliminary rate projections were released at the CIS Risk Management Conference. *Please note that rate changes for your entity may differ due to your own loss experience and risk management efforts, as well as changes in the benefits plans you select and/or the exposures you want to cover.*

Across all lines of coverage, risk management efforts continue to pay off for CIS members. The Board's decision to partially self-insure CIS/Regence medical plans, and the continued positive influence of CIS' Healthy Benefits initiative, help keep CIS Benefits' costs below statewide trends. Property, liability and workers' compensation pool costs are also trending favorably, resulting in stable rates for members participating in all three lines of coverage.

CIS Benefits Projections for FY2010-11

Medical - Regence: While medical inflation is still running at over 10% annually, the Board's decision to partially self-insure Regence

medical plans has helped reduce the rate of increase for 2010-11. The projected medical rate increase is not to exceed 8%. This compares favorably with Regence's fully-insured rate increase projection of 12.1%. In a self-insured model, CIS receives the same services from Regence, but Regence charges less for administration, and CIS no longer pays Regence a premium for the insurance risk associated with the program. Rates for larger entities (those with over 100 covered employees) are based, in part, on their own individual experience so their changes may vary above or below that percentage.

Medical - Kaiser: a 15.9% increase is anticipated. Kaiser now bases CIS' renewal on the experience of CIS' Kaiser members, who incurred higher-than-anticipated large claims in the past year.

Dental - CIS/ODS: Preliminary indications are that rates will not increase by more than 8%.

Dental - Willamette Dental: a 19.8% increase is anticipated.

Dental - Kaiser: a 6% increase is anticipated.

Vision - VSP: no rate change is expected; CIS is in the second year of a two-year rate guarantee.

Life/Disability - The Hartford: no change in rates is anticipated. Rates are guaranteed until 2011-12.

Please contact CIS Benefits staff for help with strategies that can help reduce the impact of these increases for your entity. March is a particularly good month for our staff to visit with you and your employees about alternative plan designs.

CIS P/C Trust

Workers' compensation and liability rates are expected to increase by less than 1% for the coming year. Rates for property and auto physical damage coverage are expected to decline, resulting in an overall 0% rate change for members who place all three lines of coverage with CIS. The Board also has approved larger discounts for those with more than one CIS coverage. More precise numbers will be available early in April.

Again, it's important to note that we're talking here about CIS rates. Your actual costs will be determined by rates as they're applied to your entity's claims experience and exposures.

New website, e-mail addresses for CIS

CIS or CCIS? No question: it's **CIS**. We've put "City" and "County" back together in our name - CityCounty Insurance Services - and launched a new web address: www.cisoregon.org. E-mail addresses for staff have also changed: you can reach us all using each staff member's [firstinitiallastname@cisoregon.org](mailto:firstname.lastname@cisoregon.org).

You'll see that we have a new logo, too... but what's unchanged is the combination of coverage, price and service that you've come to expect as Member-Owners of CIS.

Board moves forward with medical self-insurance; easy transition projected

As mentioned above, the Board finalized plans to implement partial self-insurance of the CIS/Regence medical plans for the year beginning August 1, 2010. In choosing to purchase reinsurance for the program and formalizing its reserve policy, the Board took steps to ensure members will be protected against any self-insurance risk for 2010-11.

An easy transition is projected. Because the only thing that's changing is the financing on the CIS side, there should be no impact on

employers and employees. The plan designs are the same, the Regence claims and customer services are the same, the provider networks are the same, and the CIS services are the same. Unless the employer makes changes, a new ID card for all covered employees will be the only evidence that something is different.

“...there should be no impact on employers and employees.”

Limited pollution liability coverage approved

In another example of the breadth of CIS' coverage, the Board of Trustees has approved a limited pollution liability coverage for the program year beginning July 1. Pollution liability is generally excluded in traditional insurance policies, and until now, has also been excluded in CIS plans, with the exception of coverage for transporting hazardous wastes.

The parameters for the new coverage are as follows:

- Limit of \$100,000 per occurrence and aggregate (per Member), which includes legal defense costs.
- Excludes underground storage tanks.
- Not applicable to damage to Member's own property.
- Excludes bodily injury related to exposure to asbestos.
- Excludes landfills.
- Not applicable to pre-existing conditions, known or unknown.



Conference “Thank You”

Over 400 people packed the Embassy Suites in Tigard for our 9th Annual CIS Member Meeting and Risk Management Conference. Special thanks go out to Conference Co-Chairs Julie LaMarche and Kim Kunkle, and our team of employee volunteers, who make it all

happen. We also thank our sponsors for their generosity, and CIS Trustees. If you attended and haven't yet given us your feedback by responding to the evaluation questionnaire, the deadline is Friday, February 19.

2009 CIS Member Survey

Nearly 350 representatives from CIS member agencies took advantage of the opportunity to share their opinion about the quality of CIS services in a recent online survey. Survey results will be available on the CIS web site at www.cisoregon.org later this month.

Other program updates

Below you'll find updates on other action taken by the CIS Board at its February 3 meeting.

CIS Bylaws

The Board acted to modify the CIS Bylaws in response to 2009's SB 311, which modified the Oregon Tort Claims Act (OTCA) and superseded the statutory references included in the Bylaws. The amended definition of "public body" (ORS 174.10) in the OTCA includes entities that do not fit within the definition of eligible entities in the current Bylaws.

The Board adopted a revision to Section 2.3 of the Bylaws, as follows:

"2.3 Eligibility to Become Member. Entities eligible to become a CIS Member are:

The CIS Trust itself.

LOC and any Oregon city that is a member of the LOC.

AOC and any Oregon county that is a member of the AOC.

Any other "public body", as defined in ORS 174.109, that is subject to ORS 30.260 to 30.300 (Tort Actions Against Public Bodies) and that is created by a city or county under statutory or home rule authority or that provides services a city or county may provide within its own boundaries."

Entities that wish to join the P/C Trust or CIS Benefits going forward must meet these criteria before being considered for CIS membership. All entities must maintain membership in LOC or AOC to participate in CIS.

Reserve Policy

The Board adopted a formal policy for the maintenance and use of Member Equity, also known as financial reserves. The policy will guide the board in making sure there are sufficient reserves to pay claims, and in using the reserves to promote stability in rates.

Member equity will be divided between a claims reserve and a rate stabilization reserve. These two areas are further defined, as follows:

The Claims Reserve includes:

- Reserves for known and unknown outstanding claims.

- Reserves to protect against adverse development in programs and activities.
- Catastrophic loss reserves.

The Rate Stabilization Reserve includes:

- Funding for programs designed to benefit Members.
- Potential rate subsidies and distributions.

The policy further guides the Board in balancing the use of Member Equity with maintaining the overall financial health of the Trust(s).

CIS Benefits

In other actions, the CIS Board of Trustees:

- Approved changes to the CIS Benefits Rules that cover loss fund protection and surplus distribution, mirroring similar rules on the Property/Casualty side. Other rule changes formalized existing policies around payment of commissions to agents.
- Authorized staff to move forward with additional high-deductible medical plan options, in response to member requests.
- Approved a contract between CIS and TAVi Health for a turnkey wellness program to help those trying to make behavioral changes to improve their health.
- Heard a presentation by Dr. Bruce Goldberg, Oregon Health Authority director, and Barney Speight, who staffs the Oregon Health Policy Board, about health care reform goals in Oregon.
- To increase the number of claims that are handled electronically by Regence, and ultimately decrease costs, CIS is planning to move to a new Regence claims payment system, called FACETS. There are some slight changes to benefits that were discussed with the Benefits Advisory Committee following the Conference. All benefits have the same or greater value to employees, however. Members with questions or concerns about the proposed changes should contact Carolyn Van Dyke (cvandyke@cisoregon.org).



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