**MONTANA SELF INSURERS’ ASSOCIATION**

**May 18, 2022 Board Meeting Minutes**

**11:00a Mountain**

**Zoom Meeting Meeting ID: 835 4645 3138**

**Passcode: 998856**

Members Present: A. Komac (Chair) MMIA, J. Haun (Vice Chair) Rosauers, D Haeder Northwestern Energy, D. Walcheck Logan Health, P. Strauss (Exec Dir) ex-officio and non-voting. M. Marsh (Sec’y/Treas) Midland Claims was excused.

1. **Approval of 4/21/2022 Board Meeting Minutes**

Strauss reviewed the draft Board meeting minutes from the last meeting on 4/21, including the 5/12 email motion to provide additional flexibility in dues collection for new members sent to Board members with the meeting invitation on 5/15.

**Komac moved and Haeder seconded a motion to approve the minutes of the 4/21 meeting as presented. Motion passed unanimously, with no abstentions.**

1. **Director’s Report**:

**Financials**

The April 2022 monthly statements from First Interstate Bank, the DA Davidson Savings and Investment accounts and the most current Financial Transactions spreadsheet, which is more up to date, were sent to Board members with the meeting invitation sent on 5/15.

First Interstate Balance                               = $31,061.95

DA Davidson Bond Fund Balance        = $9,383.76

DA Davidson Investment Acct                   = $22,958,99

In addition, we have the Valley Bank 12-month CD deposit of $10,240. The CD matures on August 27.

Association expenses incurred in April included the domain name, the April CardSetter website maintenance charge and the mileage to and from the Bozeman airport for the WCRI trip for a total of $156.92. Strauss had forgotten to include the mileage in the March expenses.

Expenses in May include the usual domain name and CardSetter charges, the CE charge for our June 8 NCCI webinar (78.48) and a $25 registration fee for the Montana Society of Association Executives Annual Meeting on May 26. As a speaker at the Governors Conference Strauss’s registration fee is covered by ERD as is two o f the three nights in the hotel.

Looking forward, Strauss is planning on attending the National Council of Self-Insurers as a member of their Executive Committee. They will pay some, if not all of his expenses, so we are not certain what expenses will have to be picked up. The NCSI Annual Conference will be June 12 – 16 in Scottsdale, AZ.

Strauss reported on the conversation with the new MSIA accountant, Dawn Wrigg of Rudd & Co and she tried to file our IRS form 990 – N, which is a simplified filing for smaller tax exempt entities for the period 2/4 – 6/30/2021. However, the IRS system did not accept our EIN as a valid tax exempt organization. That means their system has not been updated with our new status as yet. Both Rudd and MSIA have retained the records to demonstrate that we attempted to file timely, but the IRS system would not accept the filing. Through Rudd & Co, MSIA will file a 990 for our tax year 2021 – 22 and that should force the update in the IRS system. We did not have a tax liability as a for profit entity last year, so there should be no issue. The IRS ultimately has all of our documentation.

MSIA will also have to file for tax exempt approval with the Montana Department of Revenue. Strauss will follow up on that effort to get approval from Montana. Tax exempt entities, approved by the state, do not have to file state returns, and are not liable for the minimum $50 corporate tax levy.

Strauss reported he had planned on attending the start of the Annual MSF Medical Conference and had set up some meetings with members and potential members. Unfortunately, he had a close COVID exposure over the prior weekend and some family travel scheduled for later that day. In an abundance of caution, and to ensure the family travel and event over the weekend, Strauss cancelled all the meetings and did not attend the Conference.

**Membership**

MES, a national IME group, has committed to MSIA membership. They contacted Strauss for some information on the Montana market and ultimately agreed the best way to stay on top of the market in the state is as an Associate member. They will be joining in June based on their budgeting process.

Strauss reported on his conversation with another Albertsons representative who has more direct responsibility for the Montana market and he was initially very encouraging. However, we have not been able to connect since. Strauss will continue to pursue Albertsons as an employer member.

Rising Medical Solutions verbally committed in March and a meeting was set with them at the MSF Medical Conference. Strauss will follow up with them at a later time. OneCall has not responded since their commitment in March. Strauss is going to let this slide a bit as we are at about our limit of Associate to Employer member ratio. We have 17 Employer members and now, 22 Associate members. That is a little heavy on Associate members, which is another reason to continue to pursue Albertsons. Ideally we would like about a 50/50 split between Associates and Employer members.

1. **Bylaws Review**

Strauss reported this is the time of year he reviews our Bylaws to confirm they are up to date and reflect how we want to operate.

Strauss is recommending consideration of three changes to the current Bylaws:

1. **Article III** – Membership: Permit Captive Groups and Employers with a Captive as defined by MT law to be employer members
2. **Article IV** – Meetings: Permit Associate members to be counted to make a Quorum
3. **Article V** – Board of Directors: Identify that the Executive Director serves as an ex-officio, non-voting member of the Board.

The suggested changes were attached in an email sent to Board members on 5/1 and with this meeting invitation sent to Board members on 5/15, in revision marking mode so members could see the suggested changes easily.

Strauss discussed the reasons for the recommended changes:

1. MSIA has members, particularly a group member, who is actively considering creating a Captive to provide their coverage. By definition, a captive or a captive risk retention group is a carrier/group that is owned and controlled by the employer/group. It may be contractually operated by a third party, but their contract and control of the organization remains with the employer/group. The employer gets whatever financial benefit there may be to forming a captive. Strauss identified two drivers for his thoughts. First we do not want to lose employer members. Second, permitting captive or captive risk retention groups provide another potential source of members.
2. Associate members do not have a vote (other than the Associate seat on the Board) and MSIA most recently last year reviewed that proposal and determined not to make a change. We are not considering that with this change. Strauss reviewed that we have a tough enough time providing a quorum for the Business and Annual meetings with only employer members. Currently our numbers are slightly skewed toward Associates. We picked up one employer member during this past year and Strauss is working on another. We would like to maintain about a 50/50 balance between Employer and Associate members. Although Strauss has not worked with MSIA during a non-pandemic “normal” time, he noted we have had a tough time getting employer members to make the annual meeting or provide their proxy. Regardless, we rarely have controversial issues hit our Annual Meeting and the Board provides active guidance on how to address them when we do. With the growing membership, it would be easier to manage the Annual Meeting and would give Strauss another opportunity to keep the Associates involved in our Association.
3. Strauss pointed out we do not have a time-sensitive issue regarding this proposal. There is nothing requiring us to address the clarification of the role of the Executive Director as an ex-officio, non-voting member of the Board. At the same time, it is how we are operating. Formally, it provides the Executive Officer the basis for committing the organization to things the Board has approved or directed the Executive Director to address. Everyone assumes the ED is an officer of the organization; our bylaws do not specifically make the statement.

The Board discussed general support for the proposals and identified that if we are to adopt changes, they must be proposed at one meeting and adopted at the next meeting.

**Komac moved and Haun seconded a motion to consider formal and final approval of the proposed changes as made at the next MSIA Board meeting, currently scheduled for June 16, 2022. Motion passed unanimously, with no abstentions.**

1. **MSIA Webinar Series** –

Strauss reported we are set with our next CE Webinar, reviewing the NCCI state system results and some Plan 1 information secured from the Department of Labor as a contrast. This will be an interview type webinar, with Todd Johnson, Senior State Relations Executive with NCCI and Strauss providing some powerpoints and perspectives on the Montana system results. We are not proposing to tape the presentation and will make the slide deck available after the webinar.

This webinar is designed less for our membership and more to enhance the state-wide credibility of MSIA with the Montana workers’ compensation community, including public policymakers. Strauss is not recommending charging non-member attendees for this webinar. MSIA has used as broad an email list for invitees as possible. Strauss has requested other groups to send out the invitation as well. As with the first webinar, we are not anticipating expenses related to this webinar other than the states’ CE charge.

The survey of members regarding potential topics last month has not generated a lot of response. As well, the responses received have supported what we thought would be good topics to cover for members and/or others. MSIA has been approached by Clarus (formerly WellCare), an IME group in Missoula. Clarus is active in the Montana marketplace and they would provide a speaker, at no cost, about IME examinations in the state system. We are anticipating this webinar to be in early September, prior to our Business and Annual Meeting and the Governor’s Conference.

1. **Web Site**

The Web Site has been updated with the most recent MSIA Updates and the new member contacts.

1. **Old Business / New Business**

**Tax Filing –** See above discussion in the Director’s Report. We have attempted to file a 990-N with the IRS, but their system is not updated with the MSIA EIN as a tax exempt organization as yet. The annual filing, due by September 15 will force an update and there should be no issue going forward.

**Conflict of Interest Statement** – we had previously discussed an annual conflict of interest statement for the Executive Director and Board members to review and sign. We have general language within the adopted Board Member Responsibilities statement adopted last year. With Strauss being approached to teach workers’ compensation to the National Association of Mutual Insurance Companies staff, the Board requested the opportunity to review our formal statements regarding potential conflicts. The Board reviewed a proposal first suggested by Marsh and distributed at the April 21 Board meeting. That language was again included in the invitation to this meeting, sent 5/15 to Board members.

**Haeder moved and Walcheck seconded a motion to adopt the attached Conflict of Interest statement and ask Board members, including the Executive Director to fill it out annually, starting July 1, 2022. The motion passed unanimously with no abstentions.**

**Budget** – Strauss will review our financials and present a proposed budget and details for the Board’s consideration prior to the next Board meeting. MSIA is a little odd in that we adopt a budget in time for our fiscal year, July 1 and then at the Annual Meeting, typically held in September, ask the general membership to ratify what we have been working with. Strauss does not expect to propose to change this approach. The Board discussed that as long as the Board adopts a budget, our request of membership to approve is more of a courtesy to provide them our financial information and projections, rather than a substantive discussion of budget items. The Board also recognizes they do not want to present potentially controversial issues in the budget proposal, nor to the general membership to address at the Annual Meeting. Should those issues arise, we would prefer to address them through general membership email and discussion well before a vote would have to occur.

**Executive Director Contract** – Strauss reported that his contract currently terminates in September 2022. Strauss thanked the Board for retaining him, providing guidance and allowing him the opportunity to represent and work with the membership. At the same time, our finances and membership levels at the time the Board initially retained Strauss were not as robust as they are. Nor did we have the financial controls, communications tools, education programs or membership retention and growth programs we currently have. The Board discussed the advancements we have made and thanked Strauss for his service. The Board provided direction to Strauss to include an increase in his retainer to the level of his predecessor within the next budget, recognizing this was very likely to be the most significant change to the existing budget.

**Self Insurers Guaranty Fund Annual Meeting** – Haeder reported on the recent Montana Self-Insurers Guaranty Fund Annual Meeting, held on 5/17. The Guaranty Fund had a relatively quiet year and may be reporting some investment income, which is a change from typically situations. J. Bastian will be retained another year as the Director for the Guaranty Fund and the Fund noted their appreciation for the work and relationships the ERD staff have built with them. Strauss reported his appreciation of working with Bastian as well and her willingness to work with MSIA. Bastian will be invited to join MSIA at our Business and Annual meeting at her request.

1. **Adjourn**

The meeting adjourned at 11:35a. The next meeting is scheduled for June 16 at 11:00a MDT.