AGENDA

UTAH COUNTIES INSURANCE POOL
Board of Trustees Meeting
August 21, 2003, 10:00 a.m. – 2:00 p.m.
Cache County Administration Building, 179 N. Main, Suite 109 (Multipurpose Room) Logan, UT

Please read: Minutes, Actuarial Contract, and Endorsement No. 10
Please bring: All Enclosures

	Call to Order	Dan McConkie
	Welcome New Board Member, Ira Hatch	
	Review of Board Members Absent	
	Approval of July Minutes	
ITEM	**Information**	
1	Broker's Report	John Chino
2	Loss Control Manager's Report	Mark Brady
3	Director's Report	Lester Nixon
4	Receive Second Quarter Financial Statements	
5	Utah Counties Insurance Pool Logo	Sonya White
6	November Membership Meeting Agenda	
	Action	
7	Authorize President to Execute Actuarial Service Contract	
8	Approval of Service Award Program Guidelines for Retiring Trustees	Lester Nixon
9	Approve Endorsement No.10 – E&O Retroactive Dates	
10	Approval of 2004 Premium Contributions	
11	Amended Interlocal Cooperation Agreement	
12	Ratification and Approval of Payments	Gene Roundy
13	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
14	Action on Litigation Matters	Kent Sundberg
15	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	
	Wrap-up	
	Other Business	
	Next Meeting	
	Adjourn	

Additional Instructions: Choose your favorite UCIP logo
Lunch will be provided

Utah Counties Insurance Pool
Serving Counties Since 1992

MINUTES

August 21, 2003, 10:00 a.m.
Cache County Administration Building, Logan, Utah

BOARD MEMBERS PRESENT	Dan McConkie, *President*, Davis County Commissioner Lynn Lemon, *Vice President*, Cache County Executive Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner Steve Baker, Davis County Personnel Director Ken Bischoff, Weber County Commissioner Jim Eardley, Washington County Commissioner Jerry Grover, Utah County Commissioner Ira Hatch, Emery County Commissioner Kent Sundberg, Utah County Deputy Attorney Steve Wall, Sevier County Clerk-Auditor
BOARD MEMBERS ABSENT	Kay Blackwell, Piute County Commissioner Ed Phillips, Millard County Sheriff
OTHERS PRESENT	Lester Nixon, Director Mark Brady, Loss Control Manager Sonya White, Executive Assistant Korby Siggard, VeriClaim, Claims Manager John Chino, Arthur J. Gallagher, Vice President

CALL to ORDER & WELCOME NEW BOARD MEMBER

Dan McConkie called the meeting to order at 10:00 a.m. Dan introduced Ira Hatch, Emery County Commissioner, and welcomed him to the Board.

REVIEW of BOARD MEMBERS ABSENT

Kay Blackwell requested to be excused from this meeting to be with his wife who is having surgery. Ed Phillips was called to duty and requested to be excused from this meeting. Lynn Lemon made a motion to excuse Kay Blackwell and Ed Phillips from this meeting. Jim Eardley seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes from the Board of Trustees meeting held July 17, 2003 were previously sent to the Board for review. Steve Baker explained that he meant to reference the Bylaws, not Title 26A, during the BROKER'S REPORT, page three, and recommended that the last sentence in paragraph two read: *Steve Baker stated that under ~~Title 26A~~ Section 4.1 of the Bylaws, only counties are members...* Steve Wall recommended that the following corrections be made: 1) page two, ACTUARY'S REPORT, *booked* be corrected to *reserved*; 2) page two, SERVICE FEE PRESENTATION to UTAH ASSOCIATION of COUNTIES BOARD of DIRECTORS, *were* corrected to *was* in the second sentence; 3) page four, DIRECTOR'S REPORT, BUILDING OPTIONS, *interpretation* corrected to *misinterpretation* in the second to the last sentence; and 4) page four, RECEIVE FIRST QUARTER FINANCIAL STATEMENTS, *Lester Nixon reviewed the month ending March 31, 2003 financial statements...* and *capitol* corrected to *capital*. Ken Bischoff made a motion to approve the July 17, 2003 meeting minutes as corrected. Steve Wall seconded the motion, which passed unanimously.

5397 South Vine Street, Salt Lake City, UT 84107 • Phone (801) 293-3098 • Fax (801) 293-3480

BROKER'S REPORT

John Chino presented the Board with Gallagher's January 1, 2004 Risk Management Proposal (see attachment #1). This proposal is for the quotes received from the Pool's current carriers, Travelers and American Reinsurance. John reviewed with the Board the information used to market the Pool's program. Page four shows the *List of Members*, with Morgan County and the Health Departments added. The Health Departments are named insureds by endorsement but listed as members on the reinsurance policy so that there is no confusion in the event of a claim. Tooele County Health Department was written with the anticipation of Tooele County becoming a member January 1, 2004. Pages five and six show the exposure comparison of the expiring program and the renewing program. John said there was only a 1.5% increase in gross operating expenditures, which seems low, but Sonya White explained that the renewing number is more accurate than the expiring number because the members completed a *Net Operating Expenditures Breakdown* worksheet that more clearly defined the budget items to be included in the gross operating expenditures amount. John explained that the number of employees increased 12% and the number of vehicles and property values increased 7%. The Loss Analysis, page seven, shows that the estimated losses have historically been higher than the actual losses. Underwriters like to see conservative reserving. The same limits and coverage as the expiring program make up the structure chart on page 11. The Pool is responsible for the first $150,000 of property claims and has a $250,000,000 reinsurance limit. The Pool is responsible for the first $250,000 of liability claims and has a $2,000,000 reinsurance limit. The Board, based on cost efficiency, governmental immunity and loss experience, selected the self-insured retention limits. Page 21 lists the expiring and renewing cost summary. The 2004 liability program increased 16% in cost (3% exposure increase, 13% cost increase).

Lester Nixon explained that he has contacted other carriers and is set to meet with them because a 16% increase is unacceptable. He has only contacted companies that have an A-7 or above rating. Travelers and American Reinsurance are the highest rated companies in the industry. John explained that the 2% increase from Travelers can be negotiated, but that the marketing efforts on the casualty side will be aggressive as he continues to market the program. American Reinsurance will not negotiate their quote. Jerry Grover asked why the Pool has two different carriers? John responded that it would seem that a better rate would be given if both the property and casualty were written with the same company, but that is not the experience. If a company has a good property product, they usually don't have a good casualty product. Travelers will include Flood Zone A properties in the 2004 program. The quote being presented does not include the cost for Flood Zone A.

LOSS CONTROL MANAGER'S REPORT

Mark Brady reported that the Facilities Management Conference is scheduled for November 6, 2003 at Utah County. Topics include: *Preventing Slip, Trip & Fall, New Fire Code Requirements, Security Tools & Procedures* and *Preventing Maintenance Programs*. Mark is scheduled to meet with Wilf Sommerkorn, Davis County, to coordinate the Planning and Zoning Conference. Utah Local Governments Trust has a two-day commission training that includes a session on planning but the Pool wants to target county employees with legally based planning and zoning training.

Mark reviewed current loss charts with the Board including frequency by category (see attachment #2), severity by category (see attachment #3), and severity by department (see attachment #4). Law enforcement continues to be the greatest exposure, public works is the second highest and administration type claims are rising. These are the departments Mark is targeting when planning training and risk management programs. Jerry Grover asked what areas of risk management are members not following? Mark directed the Board's attention to the spreadsheets showing a breakdown of every claim for 2003 by type (see attachment #5). Backing, rear ending and employees not paying attention (non-pursuit type losses) are the bulk of auto physical damage losses. Jim Eardley asked if any one particular county stands out—per mile/per employee? Mark said that it is hard to see a trend in small counties. Ken Bischoff asked if these types of losses were caused by repeat offenders? Yes, explained Mark, the Pool recommends that employees, who cause two or more accidents within a two-year period while driving in the scope of their duties, lose driving privileges. Mark reviews all the loss data to incorporate recommendations into the Risk Management Program. Members are invited to provide input in making the Program more effective.

DIRECTOR'S REPORT

EMERY COUNTY. Lester Nixon reported that on August 12, 2003 he, Mark Brady, Sonya White and Korby Siggard met with Commissioner Ira Hatch to explain the responsibilities as a Member of the Board and answer any question Ira had regarding his new appointment as a Trustee of the Board.

INVESTMENTS. Lester reported that Wachovia Securities continues to find investments that are twice the average return as the Public Treasurers Fund. The Pool has almost reached the amount of monies to be invested pursuant to the investment ladder. Trades are being watched closely so that an operating cash flow continues to be available.

BUILDING AGREEMENT. Pursuant to the direction of the Board, Lester contacted Craig Wentz to finalize the Building Agreement between the Utah Association of Counties and the Utah Counties Insurance Pool. Brent Gardner, UAC Executive Director, has also engaged an attorney to finalize the Building Agreement. Dan McConkie stated that the Agreement needs to be finalized so the Pool knows what to expect and plan. Lynn Lemon asked if the Agreement will show all years that the Pool has paid the debt service and what the Pool's equity is in the building? Yes, Lester explained, and soon he will have a proposal for the Board to review.

RECEIVE SECOND-QUARTER FINANCIAL STATEMENTS

Pursuant to the Bylaws, the Board received the second quarter financial statements. Lester Nixon reviewed the month ending June financial statements with the Board (see attachment #6). The Balance Sheet, page two, shows the Pool's current assets at $11,129,804 and total liabilities at $5,077,112 for total net assets of $6,052,692, in balance with surplus. The Statement of Income and Changes in Retained Earnings, page three, shows the change in assets including the budgeted amount of equity used to fully fund the program. Jim Eardley made a motion to receive and accept the June 30, 2003 Financial Statements as presented. Gene Roundy seconded the motion, which passed unanimously.

UTAH COUNTIES INSURANCE POOL LOGO

Six sample logos were previously sent to the Board for review (see attachment #7). Sonya White explained that these six were the favorites that staff selected out of 12 logos designed from Board and staff input. Each Member of the Board selected their favorite. Logo #1 received two votes, logo #4 six votes and logo #6 two votes. Staff was directed by the Board to incorporate the new logo.

NOVEMBER MEMBERSHIP MEETING AGENDA

Sonya White prepared a tentative agenda for the November membership meeting for the Board's review (see attachment #8). The following additions were made to the tentative agenda: Kay Blackwell will introduce the Trustee Nominations, Jim Eardley will review the Amended Interlocal Cooperation Agreement, Steve Wall will present the Bylaws for approval and a Broker's, Loss Control Manager's, Director's and Claims Report were added.

AUTHORIZE PRESIDENT to EXECUTE ACTUARIAL SERVICE CONTRACT

A copy of the Agreement between the Utah Counties Insurance Pool and By the Numbers Actuarial Consulting (BYNAC) was previously sent to the Board for review (see attachment #9). Lester Nixon explained that BYNAC's legal department reviewed the Agreement and requested the following changes: 1) insert the word "negligent" between the words "any" and "act" in the fifth line of subparagraph (a) on page three; 2) in Section II(E)(1) on page four, put a period after "August 21, 2004", delete the remainder of the existing sentence and replace the deleted language with the following sentence: "This agreement will be automatically renewed for three consecutive one-year terms beginning on August 22, 2005, 2006 and 2007 unless either party terminates the agreement by providing written notice to the other party at least 90 days before the expiration of any original or renewal term."; and 3) add the following sentence to the end of Section II(B)(2) on page two: "UCIP shall pay all invoices submitted by BYNAC within 30 days after UCIP's receipt of each invoice." Lester said that Mark Brady has reviewed these changes and agrees. Lynn Lemon made a motion authorizing the President of the Pool to execute the Actuarial Service Contract as presented and amended. Jerry Grover seconded the motion, which passed unanimously.

APPROVAL of SERVICE AWARD PROGRAM GUIDELINES for RETIRING TRUSTEES

As directed by the Board, Lester Nixon presented a listing of service awards for Trustees by length of service (see attachment #10). For six to 47 months as Trustee, a plaque and gift (not to exceed $50) will be awarded. For four years to 71 months as Trustee, a plaque and gift (not to exceed $100) will be awarded. For over six years as Trustee, a plaque and gift (not to exceed $150) will be awarded. Service as President merits a gift equal to service tenure as Trustee plus $100. Lester explained these recommendations are in line with what Board members requested and what other state pools are awarding. Gene Roundy made a motion to approve the Service Awards for Trustees as presented. Jim Eardley seconded the motion, which passed unanimously.

APPROVE ENDORSEMENT NO.10 – E&O RETROACTIVE DATES

A new draft endorsement, Endorsement No. 10—Errors & Omissions Retroactive Dates, was previously sent to the Board for review (see attachment #11). Lester Nixon explained that the retro active dates for each member should be listed in the Coverage Agreement in the event an errors & omissions claim is made to make certain when coverage for claims made began. Jim Eardley made a motion to approve Endorsement No. 10—Errors & Omissions Retroactive Dates as written. Gene Roundy seconded the motion, which passed unanimously.

APPROVAL of 2004 PREMIUM CONTRIBUTIONS

Lester Nixon and Sonya White compiled the member's five year loss history, the renewal information and used the reinsurance quotes provided by Gallagher to calculate three premium scenarios for the Board's review (see attachment #12). Lester explained that the first column was calculated using the same formula as 2003 (a plus or minus 10% cap). The second column was calculated using a 10% cap on member's premiums that increased from the previous year and, if member's premiums decreased, their premium would remain the same. The third column was calculated using a 15% cap on increases with no premium decreases. $416,965 retained equity would be used to fully fund the program in the first scenario. $304,439 would be used under the second scenario and $271,851 under the third scenario. Jim Eardley made a motion to approve scenario number two, 10% cap on increased premiums and no premium decreases. Steve Wall seconded the motion, which passed unanimously.

AMENDED INTERLOCAL COOPERATION AGREEMENT

Lester Nixon reported that after the Board approved the changes to the Interlocal Cooperation Agreement and the Agreement was sent to each member to approve, Davis County and Utah County requested additional changes to be made. A copy of Utah County Commissioner, Steve White's, letter and the proposed changes to be made in Section 9 and Section 12 were given to the Board (see attachment #13). Davis County Deputy Attorney, Gary McKean, recommended that the statute references be changed from the year 2002 to 2003. Lester explained that a letter from Daggett County Commissioner, Sharon Walters, explained that the Commission would not sign the Resolution and Agreement because they disagree with the structure of the Board, but Daggett County voted in favor of the changes to the Bylaws (that included the change in structure of the Board) at the November 2002 member meeting. Lynn Lemon made a motion to incorporate the changes requested by Davis and Utah Counties to the Interlocal Cooperation Agreement and submit the Agreement again to the members for approval. Ken Bischoff seconded the motion, which passed unanimously. Staff will assist Jim Eardley in his presentation to the members in November and will personally meet with each county, if needed.

RATIFICATION and APPROVAL of PAYMENTS

Gene Roundy reviewed the payments made and payments to be made with the Board (see attachment #14). The Board had no questions regarding the expenditures. Jim Eardley made a motion to ratify the payments made and the payments to be made from August 11-21, 2003. Ken Bischoff seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

Kent Sundberg reported that there are no pending or reasonably imminent litigation matters to discuss or that need action. Therefore, the Board did not set a date and time for a closed meeting.

SET DATE and TIME for CLOSED MEETING

Lynn Lemon made a motion to set the date and time for a closed meeting to discuss the character, professional competence, physical or mental health of an individual on August 21, 2003 at 11:50 a.m. Gene Roundy seconded the motion, which passed unanimously.

Jim Eardley made a motion to conclude the closed meeting to discuss the character, professional competence, physical or mental health of an individual on August 21, 2003 at 12:05 p.m. Gene Roundy seconded the motion, which passed unanimously.

Steve Baker made a motion to approve a 6% salary increase for Sonya White retroactive to July 1, 2003. Gene Roundy seconded the motion, which passed unanimously.

OTHER BUSINESS

Lester Nixon explained that the Board budgeted for six Trustees to attend the Association of Governmental Risk Pools Governance and Leadership Conference, October 20-22, 2003 at Marco Island, FL. The following Trustees requested staff to make the arrangements for them to attend: Kay Blackwell, Ken Bischoff, Jerry Grover, Lynn Lemon, Dan McConkie and Steve Wall.

The next meeting of the Board of Trustees will be a telephonic conference scheduled for Wednesday, September 17, 2003 at 2:00 p.m. The October meeting is scheduled for the 16th at 9:00 a.m. at the Utah Counties Insurance Pool Building.

Respectfully submitted by Sonya White, Executive Assistant.

Approved on this 17 day of Sept 2003

Gene Roundy, *UACIM Secretary-Treasurer*

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STEVE WHITE
VICE CHAIRMAN
UTAH COUNTY COMMISSION

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SUITE 2300
PROVO, UTAH 84606

Lester Nixon, Director
UACIM
5397 S. Vine St.
Salt Lake City, UT 84107

August 6, 2003

Dear Lester:

On Tuesday, August 5, 2003, the Utah County Commission met in its regular meeting and noted a couple of concerns with new interlocal agreement offered by your office.

- Page 2, Section 4. Members: The 4th word "Mutual" should be changed to "Pool." Please make this correction so that all county commissions may approve the change.

- Page 6, Section 9. Property Used in Cooperative Undertaking: The 3rd paragraph states that upon dissolution, remaining assets "shall be distributed, as determined by the Board." When discussing this with Commissioner Jerry Grover in Commission Meeting, he indicated that there was a formula in the current by-laws that discusses distributions based upon previous contributions by various members. We would like that inserted into language of paragraph 3 to be part of the interlocal agreement, especially since the 2nd paragraph of Section 12 (page 7) states that "Upon partial or complete dissolution of the Pool by the Members, the Trustees shall determine all other matters relating to the disposition of property and dissolution of the Pool by a two-thirds vote of all Trustees." This causes some concern about potential distribution dissolution.

Please feel free to contact me at (801) 370-8136, should you have any questions.

Respectfully,

Steve White
Commissioner

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Section 9 on page 6, add a sentence at the end of 3rd paragraph, "Such dissolution shall be handled as provided in Section 12."

Section 12 insert a new 3rd paragraph:

Each member's interest in the property of the Pool shall be calculated as follows:

1. The sum of the contributions for all fund years for which the member was a participant in the Pool divided by all contributions received by the Pool during its life, is the ratio used to calculate interest in Pool property other than equity, which is defined for these purposes as cash or cash equivalent assets of the Pool.
2. For equity calculation, the ratio of each member's contributions to the total contributions shall be computed for each fund year. The member's contribution ratio shall then be multiplied by the total surplus, less any borrowed surplus, attributable to a fund year as stated in the most recent monthly financial statement. A member's total equity will be the sum of the yearly amounts for each fund year for which that member was a participating member in the Pool.
3. In the event that the surplus amount is a negative number, a member's equity will be decreased using the same method of calculation as above.
4. In the event of a voluntary withdrawal or an involuntary termination of membership, the withdrawn or terminated member shall lose and have no claim to any Pool property or assets. The property interest or equity formerly attributed to that member for each fund year shall be allocated to the remaining counties that were members during that year.

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AMENDED BYLAWS FOR THE
UTAH ~~ASSOCIATION OF~~ COUNTIES INSURANCE ~~MUTUAL~~ POOL

These Amended Bylaws are adopted and entered into by and among Members of the Utah Counties Insurance Pool ("Pool"), each of which hereby agrees to abide by the terms and conditions of these Amended Bylaws and all actions taken pursuant hereto.

ARTICLE 1. Authority.

1.1 These Bylaws are amended pursuant to the provisions of Paragraph 4 of Section 4 of the Amended Interlocal Cooperation Agreement.

ARTICLE 2. Definitions.

As used in these Bylaws, the following terms shall have the meaning hereinafter set out:

2.1 **Administrator**. The Board of Trustees of the Pool.

2.2 **Agreement**. The Amended Interlocal Cooperation Agreement for Utah Counties Insurance Pool.

2.3 **Articles**. The Articles of Incorporation of the Pool.

2.4 **Board of Trustees or Board**. The Board of Trustees of the Pool.

2.5 **Bylaws**. The Amended Bylaws for Utah Counties Insurance Pool.

2.6 **Code**. The Utah Code, including Utah Code Ann. Title 31A, as amended from time to time.

2.7 **County or Counties.** One or more of the twenty-nine counties of the State of Utah.

2.8 ~~**Director**~~ **Chief Executive Officer.** The person designated by the Board of Trustees as ~~Director~~ Chief Executive Officer of the Pool.

2.9 **Member**. A county that is a party to the Amended Interlocal Cooperation Agreement.

2.10 **Meeting.** A meeting of the Board of Trustees where a quorum is present and for which proper notice has been provided in accordance with Utah law.

2.11 **Officer.** The President, Vice-President, or Secretary-Treasurer elected in accordance with these Amended Bylaws.

2.12 **Pool.** Utah Counties Insurance Pool, an Interlocal entity.

2.13 **Representative.** The person designated pursuant to Article 4.5b to be a Member's official representative for the purposes of the Pool.

2.14 **Trustee.** A natural person elected or appointed in accordance with Article 5 of these Amended Bylaws to a Trustee position on the Board.

ARTICLE 3. Pool.

3.1 The Pool is a public agency insurance mutual and a political subdivision of the State of Utah as provided by law.

3.2 The Pool is formed, financed, organized, and shall operate in accordance with the Agreement, the provisions of these Bylaws and the Articles of Incorporation of the Pool.

3.3 The Pool may sue and be sued, complain and defend, in its corporate name.

3.4 The Pool is not assessable.

3.5 These Bylaws may be amended and shall continue in effect for a period of fifty years from the adoption date of the original Bylaws, at which time, they shall terminate unless renewed as permitted by law, or until earlier dissolved as provided herein.

3.6 The Pool shall have all powers necessary or desirable to achieve the purposes of the Pool as set forth in the Agreement, the Articles of Incorporation and these Bylaws.

ARTICLE 4. Members.

4.1 Membership in the Pool is limited to Utah counties and county related entities that properly enter into the Agreement.

4.2 Counties, including former Members, may be admitted to the Pool after its formation only upon approval of the Board and subject to the conditions set out in the Agreement, these Bylaws and such additional conditions as the Board may from time to time require.

4.3 The Members shall have the power to:

(a) Elect Trustees pursuant to Article 5 of the Bylaws.

(b) Remove any Trustee from the Board by a two-thirds vote of the Members present at a meeting.

(c) Voluntarily dissolve the Pool, but only at a meeting at which a majority of all

Members, whether present at the meeting or not, vote in favor of the dissolution;

(d) Amend the Bylaws by a two-thirds vote of the Members present at a meeting. Written notice of any proposed amendment shall be provided to each Member at least 30 days in advance of the vote thereon.

(e) Amend the Articles of Incorporation by a two-thirds vote of the Members present at a meeting. Written notice of any proposed amendment shall be provided to each Member at least 30 days in advance of the vote thereon.

4.4 Members shall meet at least once annually. A meeting of the Members may be called by the Board or President pursuant to a procedure to be established by the Board, or upon written request executed by at least 30 percent of the Members.

(a) Notice of any Member meeting shall be mailed to each Member at least 15 days in advance.

(b) The President, Vice President, or Secretary-Treasurer of the Board shall preside at the meeting or the President's designee if no other Officer is present at the meeting.

(c) A majority of the Members shall constitute a quorum to do business.

(d) Proxy voting shall not be allowed.

(e) Each Member shall be entitled to one vote, to be cast by its representative. The representative shall be designated by the Member in accordance with Article 4.5(b) of the Bylaws.

(f) The location of meetings of Members will be as determined from time to time by the Board.

4.5 Members shall have the obligation to:

(a) Pay promptly all premiums and other payments to the Pool at such times and in such amounts as shall be established in accordance with these Bylaws, including any interest and penalties for late payment as may be required by a policy adopted by the Board.

(b) Designate in writing a representative and one or more alternate representatives for the Members' meetings. Each representative and alternate representative must be an elected or appointed officer or employee of a Member and must be appointed by majority vote of the governing body or by the county executive or county mayor of the Member to be the Member's official representative for the purposes of the Pool. An alternate representative may exercise all the powers of a representative during a Member meeting, in the absence of the representative.

(c) Allow the Pool, its ~~Director~~ Chief Executive Officer, agents, contractors, employees and officers reasonable access to all facilities and records of the Member as required for the administration of the Pool and implementation of the Agreement.

(d) Cooperate fully with the Pool's attorneys, its ~~Director~~ Chief Executive Officer, and any other agent, contractor, employee or officer of the Pool in activities relating to the purposes and powers of the Pool.

(e) Provide information requested by the Pool, its ~~Director~~ Chief Executive Officer, and any other agent, contractor, employee or officer of the Pool, as reasonably required for the administration of the Pool.

(f) Allow the Pool, and attorneys and others designated by the Pool, to represent the Member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Pool and also to deny coverage for any claims settled by a Member or for any monies paid by a Member toward claims without the prior written approval of the Pool.

(g) Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board.

(h) Report to the Pool, in the form and within the time required by the Board, all incidents or occurrences that could reasonably be expected to result in a covered claim to the Pool under the coverage agreement issued to the Member.

(i) Report to the Pool, in the form and within the time required by the Board, the addition of new programs, facilities and exposures or the significant reduction or expansion of existing programs and facilities covered under the coverage agreement issued to the Member.

ARTICLE 5. Board of Trustees.

5.1 The Board shall be comprised of ~~twelve~~ thirteen persons in the following manner:

(a) One Trustee, appointed by the governing body of Davis County, representing Davis County;

(b) One Trustee, appointed by the governing body of Utah County, representing Utah County;

(c) One Trustee, appointed by the governing body of Washington County, representing Washington County;

(d) One Trustee, appointed by the governing body of Weber County, representing Weber County;

(e) Two Trustees, elected by member counties of the third class, representing Counties of the third class;

(f) One Trustee, elected by member counties of the fourth class, representing counties of the fourth class;

(g) One Trustee, elected by member counties of the fifth and sixth class, representing Counties of the fifth and sixth class;

(h) Two Trustees, elected by all member counties, representing all counties at large;

(i) One Trustee , appointed by the Board, shall be a sheriff of a member county, who serves as the Chair of the Law Enforcement Committee~~, appointed by the Board~~;

(j) One Trustee, appointed by the Board, shall be the Chair of the Litigation Management Committee~~ appointed by the Board~~ and;

(k) One Trustee, appointed by the Board, shall be the Chair of the Personnel Committee~~ appointed by the Board~~.

Trustees serving pursuant to subsections (~~d~~e)-(~~g~~h) shall be Designated as "Elected Trustees" and serve two-year overlapping terms. Trustees serving pursuant to subsections (a)-(~~e~~d) shall serve for two-year terms. Trustees serving pursuant to subsections (~~h~~i)-(~~j~~k) shall serve for two-year terms and may be reappointed to subsequent terms by the Board. A Trustee serving pursuant to subsection (i) shall serve a two-year term ending in odd numbered years. Trustees serving pursuant to subsections (j) and (k) shall serve two-year terms ending in even numbered years.

5.2 No person convicted of a felony may serve as a Trustee.

5.3 Each Trustee shall be an elected or appointed officer or an employee of a Member.

5.4 Election of Trustees shall take place at the annual meeting of the Members. Elected Trustees shall assume office at the first Board meeting of the calendar year following their election.

5.5 The Board of Trustees shall elect three Trustees to serve on a Nominating Committee at the first Board meeting of each calendar year. The Nominating Committee shall solicit nominations for available elected Trustee positions. Any elected official of a Member or any Trustee may nominate eligible persons to run for available elected Trustee positions. Nominations will be received at the Pool office no later than 30 days prior to the meeting at which the election is scheduled. The Pool will verify that each nominee is willing to

serve if elected before forwarding the nominations to the Nominating Committee. The Nominating Committee shall review the nominations and select by a majority vote not more than three names to be placed on the ballot for each available elected Trustee position. A person may not be nominated and placed on the ballot for more than one available elected Trustee position. In the event that no nominations are received for one or more available elected Trustee positions, the President of the Board of Trustees can solicit nominations from the floor on the following conditions:

(a) The nominee is eligible to serve as a Trustee under Articles 5.2 and 5.3; and

(b) The nominee, if present, expresses a willingness to serve, or, if not present, the Pool has verified that the nominee has expressed in writing a willingness to serve.

5.6 In the event of a tie vote for elected Trustee positions:

(a) If two nominees are running for the same elected Trustee position, the President of the Board of Trustees may conduct a coin toss when the votes are tied.

(b) If three nominees are running for the same elected Trustee position and two of the three nominees have an equal and highest number of votes, the President of the Board of Trustees may call for a revote between the two nominees receiving the equal number of votes.

5.7 A vacancy shall occur on the Board when a Trustee:

(a) Submits a written resignation to the Board.

(b) Dies.

(c) Is no longer an elected or appointed officer or employee of a Member.

(d) Fails to attend three consecutive regular meetings of the Board without the Board having excused such absences except that such additional absence or absences shall be excused for temporary mental or physical disability or illness.

(e) Is removed by the Members pursuant to Article 4.3 of the Bylaws.

(f) Is convicted of a felony.

5.8 Any vacancy in the position of an elected Trustee may be filled by majority vote of the remaining Trustees until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy for the unexpired term.

5.9 Any vacancy in the position of an appointed Trustee under Article 5.1(a)-(c) shall be filled by appointment from the respective county and the Trustee shall serve for the remainder of the unexpired term. If the county is no longer a member, the Trustee position shall

revert to an at large position and be filled by a majority vote of the remaining Trustees until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy.

5.10 Any vacancy in the position of an appointed Trustee under Article 5.1(h)-(j) shall be filled by majority vote of the remaining Trustees and shall fill the unexpired term of the Trustee.

5.11 To the extent permitted by law, Trustees may be reimbursed for expenses incurred in the performance of their duties, as authorized by the Board.

5.12 Each Trustee must be a resident of the State of Utah.

5.13 Subject to the limits described in Article 3.6 of the Bylaws, the powers of the Board shall include, but not be limited to, the powers to:

(a) Delegate, by resolution adopted at a meeting of the Trustees and specifically defined in the written minutes of the Trustees' meetings, authority for specific functions to the ~~Director~~ Chief Executive Officer, but only to the extent permitted by the laws of the State of Utah and these Bylaws.

(b) Establish premiums, pursuant to guidelines adopted by the Board from time to time.

(c) Serve as the policyholder of any group policies or plans.

(d) Determine the methods of claim administration and payment; provide for claim experience for the Members collectively or separately; and establish claim procedures and conditions to be met prior to the payment or defense of a claim.

(e) Jointly self-insure or obtain reinsurance or excess insurance (specific or aggregate), or any combination thereof, or otherwise provide for the funding of coverages and adopt and adjust coverages provided by or through the Pool, as the Board deems appropriate.

(f) Establish employment policies for the employees of the Pool including but not limited to policies, salaries and benefits.

(g) Provide for the administration of the moneys of the Pool, for the manner of payments to the Pool, and for payment of all expenses of the Pool; establish standards for the accountability of all receipts and disbursements of the Pool; and establish procedures for safekeeping, handling, and investing such monies received or paid.

(h) Acquire, lease, hold, and dispose of real and personal property.

(i) Exercise the full power and authority of any Member of the Pool when requested to do so by the Member's governing body.

(j) Provide for necessary activities, and enter into contracts as necessary or appropriate to accomplish the purposes of the Pool.

(k) Do any act permitted by law and not in conflict with these Bylaws, the Agreement, or the Articles of Incorporation of the Pool.

(l) Provide for an independent audit of claim handling procedures, payments, and overall operations of the Pool, at such times as the Board may determine.

(m) Establish loss reduction, prevention and risk management policies, procedures, and requirements for Members of the Pool and provide risk management services and educational and other programs related to risk management.

(n) Create various Committees including, but not limited to, a Law Enforcement Committee, a Personnel Committee, and a Litigation Management Committee. The members of such Committees, including the Chair, shall be appointed by the Board.

~~(o) Appoint committees from time to time, as the Board considers appropriate.~~

(o) Approve a list of attorneys or law firms authorized to represent Members in claims covered by or through the Pool.

(p) Obtain the services of agents, attorneys, brokers, consultants, employees, and service providers as necessary or appropriate for the operation of the Pool.

(q) Exercise all powers of the Pool except those powers reserved to the Members, and all powers necessary and proper for the operation of the Pool and implementation of the Pool, subject to the limits of the Agreement, the Articles of Incorporation, Bylaws, and the Code. The Board is responsible for all operations of the Pool.

5.14 The Board shall:

(o) Perform all duties required by Utah law, the Agreement, the Articles, and these Bylaws.

(p) Obtain and provide to Members at least annually an audit of the finances of the Pool performed by an independent certified public accountant.

(q) Provide for at least quarterly financial statements to account for income, expenses, assets and liabilities of the Pool.

(r) Provide at least annually for an actuarial review of the Pool.

(s) Adopt a budget annually and report the budget to the Members.

(t) Require that fidelity bonds or appropriate insurance, in an amount to be determined by the Board, be in effect for employees of the Pool, and every other person having access to moneys of the Pool.

(u) Appoint an Audit Committee to review the financial statements, actuarial analysis, make recommendations to the Board on the financial affairs of the Pool, and make an annual report to the members regarding the financial affairs of the Pool.

ARTICLE 6. Officers, Meetings, Procedures.

6.1 The principal offices of the Board shall be: president, vice-president and secretary-treasurer. The principal offices shall be held by three separate natural persons. Officers shall be elected by and from among the Trustees, at the first Board meeting following each annual meeting of the Members. The Board shall establish the powers and duties of each officer, consistent with these Bylaws, the Agreement and the Articles of Incorporation of the Pool. All Members of the Board shall have full voting rights. The president shall preside over meetings of the Board and of the Members and shall perform such other duties as may be prescribed from time to time by the Board and the Members. The vice-president shall exercise the powers of the president in the absence of the president, and the secretary-treasurer shall exercise the powers of the president in the absence of the president and vice-president.

6.2 The Board shall fix the date, time and place of regular meetings that are scheduled in advance over the course of a year. Meetings may be called by the president, or by any five Members of the Board, by written notice mailed at least ten days in advance to all Trustees or by unanimously executed waiver of notice. Emergency meetings of the Board may be held to consider matters of an emergency or urgent nature, after an attempt has been made to notify all Board Members and a majority votes in the affirmative to hold the meeting. Notice, including public notice, of all meetings and the agenda shall comply with applicable laws of the State of Utah.

6.3 Seven Trustees shall constitute a quorum to do business. All actions of the Board shall require a quorum and a majority vote of the Trustees present, except where a different vote is required by these Bylaws.

6.4 The Board shall adopt such procedures as it deems necessary or desirable for the conduct of its business.

6.5 Any or all Trustees may participate in any meeting of the Board by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence at the meeting.

6.6 The Board shall establish its own rules of order that are not in conflict with the laws of the

State of Utah, the Articles, and other specific provisions of these Bylaws.

ARTICLE 7. Financing.

7.1 All monies of the Pool, and earnings thereon, shall be held in the name of and for the use and benefit of the Pool.

7.2 The Board shall establish Member premiums pursuant to guidelines established by the Board from time to time.

7.3 Any refund of surplus moneys shall be consistent with policies adopted by the Board.

7.4 Investments of monies of the Pool shall be limited to those investments permitted by the State Money Management Act, Utah Code Ann. §51-7-1 et seq. (2002), as amended.

ARTICLE 8. Withdrawal from the Pool.

8.1 Any Member may withdraw from the Pool, at the end of a coverage period after giving the Board timely written notice of such withdrawal, pursuant to a resolution of the Member's governing body. Timely written notice of such withdrawal must be provided to the Board no later than 120 days day prior to the date the Member's coverage would otherwise renew. The Board shall consider a timely written notice of withdrawal to be a final decision unless the notice is withdrawn by the Member 90 days prior to the date the Member's coverage would otherwise renew. The Board may, by a three-fourths vote and at its sole discretion, agree to permit an earlier date of withdrawal.

8.2 A withdrawn Member shall lose all voting rights upon the effective date of withdrawal. Any claim of title or interest to any asset of the Pool, and any continuing obligation of the Pool to the Member or of the Member to the Pool, after the effective date of the Member's withdrawal, shall be consistent with these Bylaws, the Agreement and any policy adopted by the Board, and the laws of the State of Utah.

ARTICLE 9. Termination of Membership.

9.1 A Member that fails to pay a premium due the Pool shall have its membership in the Pool terminated at 12:00 a.m. MST on the sixtieth day following the due date, unless time for payment is extended by the Board and payment is made within any extended period. A notice of failure to pay a premium due the Pool shall be mailed to the Member at least 30 days prior to the date of termination. A termination of membership under this paragraph shall not be subject to the provisions of Article 9.2.

9.2 Any membership in the Pool may be terminated by the Board or by a three-fourths vote of the Members for failure of the Member to carry out any other obligation of the Member, subject to the following:

(a) The Member shall receive written notice from the Board of the alleged failure and shall be given not less than 30 days in which to correct the alleged failure, along with notice that termination of membership could result if the failure is not corrected.

(b) The Member may request a hearing before the Members at a membership meeting prior to the termination. The request shall be made in writing to the Board at least ten business days before the end of the period given by the Board to correct the alleged failure. The Board shall present the case for termination of membership at the hearing and the affected Member may present its case. The affected Member shall not be counted in determining the number of votes required, nor shall the representative of such Member be entitled to vote on the termination.

(c) If a request is not received pursuant to Article 9.2(b) of the Bylaws and if the failure is not corrected within the time required by the Board's notice, or any extension of such time as the Board may grant, the Board may terminate the membership. The Member may request a hearing before the Board on the proposed termination in lieu of a hearing before the Members. The request shall be made in writing and received by the Board at least five days before the end of the period given by the Board to correct the alleged failure, and shall be granted if so made.

(d) The Board shall provide the Member at least ten days prior written notice of the time and place of any requested hearing, and the proposed termination of membership may not take effect until such time after the conclusion of any hearing as the Board or Members, as applicable, may set.

9.3 Termination of membership shall be in addition to any other remedy that may exist.

9.4 A Member shall lose all voting rights upon termination of its membership. The terminating Member shall lose any claim of title or interest to any asset of the Pool, and any continuing obligation of the Pool to the Member or of the Member to the Pool, after the termination of membership, shall end.

ARTICLE 10. Dissolution and Disposition of Property.

10.1 The Pool may be dissolved by the Members as provided in Article 4 and in the Agreement. In the event of voluntary dissolution of the Pool, the assets of the Pool not used or needed for the purposes of the Pool, including its contractual obligations, shall be distributed, as determined by the Board, only to Utah counties, which are Members of the Pool at the time of dissolution.

10.2 Upon partial or complete dissolution of the Pool by the Members in accordance with Article 4 of the Bylaws and the Agreement, the Trustees shall determine, consistent with these Bylaws, all other matters relating to the disposition of property and dissolution of

the Pool by a two-thirds vote of all Trustees.

10.3 The Board shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Pool.

ARTICLE 11. Liability of Board, Officers and Employees.

11.1 It is the intent of the Pool to provide the broadest possible immunity from personal liability to each Trustee, officer, and employee of the Pool allowed by applicable laws of the State of Utah including, but not limited to, the Governmental Immunity Act, the Corporations Code and the Insurance Code, as amended from time to time. The Pool shall defend and indemnify the Trustees, officers and employees of the Pool against any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah. The Pool shall purchase liability or other appropriate insurance providing coverage for the Trustees, officers and employees of the Pool. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

ARTICLE 12. Arbitration.

12.1 To the extent permitted by any applicable reinsurance or excess insurance, if the Board or its authorized representative and a Member disagree on whether a loss is covered through the Pool or on the amount of a covered loss, the Board or its authorized representative or the Member may request that the disagreement be submitted to binding arbitration as follows:

(a) Unless otherwise agreed by the Board or its authorized representative and the Member, three persons shall be selected for the arbitration panel, one by the Board or its authorized representative, one by the Member, and one by the two so selected to act as umpire to decide the items upon which the other two disagree. If the two so selected fail for fifteen days to agree upon the umpire, the dispute of coverage shall be submitted to the American Arbitration Association for arbitration pursuant to their standard rules and regulations.

(b) The decision of the panel shall be binding on the Board or its authorized representative and the Member.

(c) The Pool shall pay the fees and expenses of the panelist selected by the Board or its authorized representative, the Member shall pay the fees and expenses of the panelist selected by it, and the fees and expenses of the umpire shall be shared equally by the Pool and the Member.

ARTICLE 13. General Provisions.

13.1 Except as provided in these Bylaws and to the extent of the financial contributions to the Pool agreed to herein or such additional obligations as may come about through amendments to these Bylaws, no Member agrees or contracts herein to be held responsible for any claims made against any other Member. The contracting parties intend in the creation of the Pool to establish an organization to operate only within the scope herein set out and have not herein created as between Member and Member any relationship of partnership, surety, indemnification, or responsibility for the debts of or claims against any other Member.

13.2 The laws of Utah shall govern the interpretation and performance of these Bylaws.

13.3 In the event that any portion of these Bylaws is held invalid or unenforceable, such invalidity or unenforceability shall not affect other portions, and these Bylaws are expressly declared to be severable.

13.4 These Bylaws do not relieve any Member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Pool satisfies such obligation or responsibility.

13.5 All moneys received by the Pool are public funds, including earned interest, derived from its Members, which are counties within the State of Utah.

13.6 It is the intention of the Members that the Pool and any income of the Pool not be subject to taxation, and the Members shall cooperate in such respects, including amending these Bylaws, as reasonably necessary to establish and maintain the non-taxable status of the Pool.

13.7 Except as permitted in these Bylaws, and amendments hereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the Members.

13.8 In the event of the payment of any loss by the Pool under this Agreement, the Pool shall be subrogated to the extent of such payments to all the rights of the Member against any other person or other entity legally responsible for damages for such loss, and in such event the Member agrees to render all reasonable assistance to effect recovery.

Dated this _____ day of _____, 200____.

By: _____

Print Name: Dan R. McConkie

Title: President

ATTEST:

By: _____

Print Name: Gene E. Roundy

Title: Secretary/Treasurer

Date: _____

AFFIDAVIT OF DAN McCONKIE

STATE OF UTAH)
:ss
COUNTY OF SALT LAKE)

Dan McConkie, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.

2. That the Affiant, on or about the 21 day of August, 2003, presided over a meeting of the Utah Counties Insurance Pool Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Counties Insurance Pool Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.

DATED this 15 day of January, 2004.

Dan McConkie
DAN McCONKIE, President
Utah Counties Insurance Pool

On the 15 day of January 2004, personally appeared before me Dan McConkie, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.

NOTARY PUBLIC
SONYA WHITE
10169 S. Heytesbury Ln.
Sandy, UT 84092
My Commission Expires: 4-18-2006
State of Utah

Sonya White
NOTARY PUBLIC

Residing at: Sandy, UT

My Commission Expires: 4-18-06

NOTARY PUBLIC
SONYA WHITE
10169 S. Heyesbury Ln.
Sandy, UT 84092
My Commission Expires: 4-18-2008
State of Utah

SAMPLE LOGOS

UTAH COUNTIES
THE POOL
INSURANCE POOL

1

UTAH COUNTIES INSURANCE POOL
Insuring Utah Counties Since 1992

2

UTAH UCIP COUNTIES INSURANCE POOL

3

Utah Counties
UCIP
Insurance Pool

4

UTAH COUNTIES INSURANCE POOL
Insuring Utah Counties Since 1992

5

UCIP
Utah Counties Insurance Pool

6

Tentative

AGENDA

UTAH COUNTIES INSURANCE POOL
Annual Membership Meeting
November 12, 2003, 4:00 p.m.
Dixie Convention Center, St. George, Utah

Please read: Minutes, Bylaws
Please bring: All Enclosures

	Call to Order	Dan McConkie
	Announcement of New Name, *Utah Counties Insurance Pool*	
	Introduction of New Director	
	Introduction of Trustees	
	Member Roll Call	
	Introduction of Trustee Nominations	
	Ballot Election for 2004 Board of Trustees	
ITEM	**Information**	
1	Committee Reports	
	Audit	Lynn Lemon
	Law Enforcement	Ed Phillips
	Litigation Management	Kent Sundberg
	Personnel	Steve Baker
2	Amended Interlocal Cooperation Agreement	?
3	Workers Compensation Pool	Lester Nixon
4		
5		
	Action	
7	Approval of November 2002 Minutes	Dan McConkie
8	Approval of the 2004 Budget	Gene Roundy
9	Proposed Bylaw Amendments	?
10		
11		
	Wrap-up	
	Service Awards	Dan McConkie
	Outstanding Achievements Awards	
	Election Results	
	Dinner for Meeting Attendees and their Spouses	

Additional Instructions:

AGREEMENT

THIS AGREEMENT, ("Agreement") is made and entered into this 21st day of August, 2003, by and between the following parties: By the Numbers Actuarial Consulting, Inc. and Utah Counties Insurance Pool and their successors and assigns, (hereinafter collectively referred to as the "Parties").

I. RECITALS

WHEREAS, Utah Counties Insurance Pool ("UCIP") desires to obtain actuarial consulting services; and

WHEREAS, By the Numbers Actuarial Consulting ("BYNAC") is engaged in the business of providing professional actuarial consulting; and

WHEREAS, BYNAC desires to provide certain actuarial consulting services to UCIP and UCIP desires to have BYNAC provide such services in accordance with the terms hereof and with the Request for Proposals dated June 30, 2003, to which BYNAC responded and was awarded at the UCIP Board of Trustees meeting of July 17, 2003, which is hereby incorporated by reference and made a part of this Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

II. AGREEMENT

A. Obligations of BYNAC

1. Using data provided by claims administrator pursuant to the timeline of Number 13 below, project historical losses on an occurrence basis by accident year and line of coverage, to ultimate levels, based on UCIP's historical retentions.
2. Estimate ultimate losses, IBNR and outstanding losses on a discounted basis.
3. Compare the latest estimates of ultimate loss with prior projections.
4. Project expected losses for next accident year.
5. Project cash flow outgo and changes in IBNR over the course of future years using estimates of projected 1992-2003 losses.
6. Calculate an Unallocated Loss Adjustment Expense reserve.
7. Provide estimates of funding requirements at confidence levels of 70%, 80%, 90%, and 95%.

8. Calculate member contributions annually using individual experience within the context of the Pool's overall experience.
9. Provide a final actuarial report including an executive summary (two bound copies and one unbound copy) documenting data used, conclusions, methodology, and assumptions, by timeline of Number 13 below.
10. Provide assistance to the outside financial auditor regarding questions they may have on reconciling their work and yours.
11. Assist UCIP staff to prepare any planned distribution to members of surplus and/or dividends.
12. Assist UCIP staff with preparing cost allocation for member counties for apportioning contributions within respective counties.
13. Develop a contribution schedule for the following year by October 1 of each year and a reserve analysis for previous year by March 1 of each year.
14. The following lines of coverage will be evaluated:
    a) General/Other Liability, including auto, civil rights, errors and omissions, and
    b) Law Enforcement, including detention centers.

B. Obligations of UCIP

1. UCIP shall promptly provide all claims data and other information as needed by BYNAC to timely complete its work.
2. UCIP shall pay BYNAC its service fees and legitimate expenses, in conformity with the terms of this Agreement.

C. Mutual Obligations

1. Ownership of Record and Documents

    a) All loss, claim, and reinsurance files, both hard copies and electronically generated or stored, are the property of UCIP and are considered confidential information.

    b) BYNAC agrees not to reproduce, disclose, or disseminate any confidential information acquired or used arising from its fulfillment of this Agreement without the written consent of UCIP.

    c) Upon termination of this Agreement, BYNAC shall immediately return all original material, any copies, and any compilations prepared for UCIP using original UCIP material, to UCIP.

2. Indemnification and Insurance

   a) BYNAC shall indemnify and save harmless UCIP and its representatives from and against all losses and claims, demands, suits, actions, payments and judgments arising from personal injury or otherwise, brought or recovered against UCIP or its representatives by reason of any act or omission of BYNAC, its agents, servants or employees, in the execution of the contracted work, including any and all expense, legal and otherwise, incurred by UCIP or its representatives in the defense of any claim or suit.

   b) Unless otherwise indicated, BYNAC shall maintain in force at all times while performing the scope of work insurance coverage, which meets as a minimum, the following requirements:

   c) Workers' Compensation Insurance shall be in effect for all of BYNAC's employees performing the Scope of Work. Coverage will provide for statutory limits with an insurance company authorized to write such insurance in all states where the BYNAC's employees will work on this proposal .

   d) Commercial General Liability Insurance as shall protect BYNAC against claims for damages resulting from bodily injury, including wrongful death, and property damage (including broad form property endorsement), which may arise from operations under this contract whether such operations be by BYNAC or by any Subcontractor or anyone directly or indirectly employed by either BYNAC or Subcontractor. The minimum acceptable limits of liability to be provided by such General Liability Insurance shall be $1 million Combined Single Limits.

   e) Professional Liability Insurance with limits of no less than $1million. Coverage will include protection for license and trademark infringements. If such coverage is on a claims-made basis, BYNAC must agree to maintain coverage for three years after conclusion of all services performed under this agreement through an extended discovery period.

3. Waiver of Nonperformance

   No waiver of any default in performance on the part of BYNAC or like waiver by UCIP, or any breach or a series of breaches of any of the terms,

covenants, or conditions of this agreement shall constitute a waiver of any subsequent breach or a waiver of said terms, covenants or conditions. The pursuit of any remedies referred to herein shall not be construed as a waiver of any other rights and remedies to which either party is entitled under this agreement or otherwise.

4. Entire Agreement

   This Agreement, together with the applicable insurance policies, contains the entire agreement between BYNAC and UCIP. There are no other understandings or agreements, verbal or otherwise, in relation thereto, between the parties except as herein expressly set forth.

5. Governing Law

   The validity, interpretation, and performance of this agreement shall be controlled and construed according to the laws of the State of Utah. The parties agree to the jurisdiction and venue of any duly authorized Court in Salt Lake County, Utah.

6. Assigns and Subcontracting

   This agreement is personal to each of the parties and no party may assign or delegate that party's rights or obligations under this agreement without the written consent of the other party.

D. Relationship of the Parties

It is understood and agreed that BYNAC is engaged to perform services under this agreement as an independent contractor. The parties agree that neither party has any relationship with or contractual liability to the other with respect to the subject matter of this agreement other than as set forth.

E. Term and Termination Provisions

1. This agreement shall take effect on August 21, 2003 and continue until August 21, 2004, with three consecutive, annual renewals, assuming adequate funding, unless otherwise terminated as provided herein.
2. In the event of a material breach of this agreement, the non-offending party may terminate this agreement by providing 30 day written notice of termination to the other party.

3. Should either party desire to terminate this agreement for other than cause, the party pursuing the termination must provide 90 days notice of intent to the other party.

F. Fees

1. UCIP will pay BYNAC an annual fee of $8,500 for the two studies as described in A. Obligations of BYNAC. The fee includes one business presentation in Salt Lake City. Any other trips to Salt Lake City will be paid by UCIP at the rate of $500 per visit.
2. BYNAC may bill up to one half the cost of each study at the beginning of the study and the other half upon acceptance by UCIP.
3. Costs of data or material transfers will be paid by the sender or transmitter.

G. Notices

All notices as provided herein shall be in writing, and shall be sent by certified mail, postage prepaid, with return receipt requested to the following address or to such other address as either party may hereafter furnish:

For Utah Counties Insurance Pool:

Dannie R. McConkie, President
Utah Counties Insurance Pool
5397 South Vine Street
Salt Lake City, Utah 84107

For By the Numbers Actuarial Consulting, Inc:

Lisa Dennison
By the Numbers Actuarial Consulting, Inc.
Chesapeake Centre
205 Powell Place
Brentwood, TN

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed on the date first written above.

UTAH COUNTIES INSURANCE POOL

By: _____

Title: _____

BYNAC, Inc.

By: _____

Title: _____

Subject: FW: Contract
Date: Mon, 25 Aug 2003 11:26:31 -0600
From: "Lester Nixon" <lnixon@uacim.org>
To: "Sonya White" <sonya@uacim.org>

-----Original Message-----
From: Lisa Dennison [mailto:bynac@earthlink.net]
Sent: Wednesday, August 13, 2003 10:20 AM
To: 'Lester Nixon'
Subject: RE: Contract

Lester,

Our attorney has reviewed the contract, and we request the following changes to the contract:

1. Please insert the word "negligent" between the words "any" and "act" in the fifth line of subparagraph (a) on page 3.

2. In Section II(E)(1) on page 4, please put a period after "August 21, 2004," delete the remainder of the existing sentence, and replace the deleted language with the following sentence: "This agreement will be automatically renewed for three consecutive one-year terms beginning on August 22, 2005, 2006, and 2007 unless either party terminates the agreement by providing written notice to the other party at least 90 days before the expiration any original or renewal term."

3. Please add the following sentence to the end of Section II(B)(2) on page 2: "UCIP shall pay all invoices submitted by BYNAC within 30 days after UCIP's receipt of each invoice."

Please let me know if you have any questions.

Lisa Dennison, FCAS, FCA, MAAA

President and Consulting Actuary

By the Numbers Actuarial Consulting, Inc.

Chesapeake Centre

205 Powell Place

Brentwood, TN 37027

(615) 369-0753

(615) 369-0754 facsimile

ldennison@bynac.com

www.bynac.com

UTAH COUNTIES INSURANCE POOL

SERVICE AWARDS for TRUSTEES

Length of Service	***Service Award***
Six Months to 47 Months as Trustee	Plaque Gift not to exceed $50, e.g., mantle clock
Four Years to 71 Months as Trustee	Plaque Gift not to exceed $100, e.g., leather portfolio
Over Six Years as Trustee	Plaque Gift not to exceed $150

Service as President merits a gift equal to service tenure as Trustee plus $100

Utah Association of Counties Insurance Mutual

Endorsements

Endorsement No. 10

Errors & Omissions Retroactive Dates

This endorsement attaches to and forms part of Policy No. UACIM-03.100.

The effective date of this endorsement is January 1, 2003.

It is understood and agreed that the **Mutual** provides Errors & Omissions coverage for the **Insured** on the following retroactive dates:

Beaver County	January 1, 1992	Sanpete County	January 1, 1992
Box Elder County	January 1, 1992	Sevier County	January 1, 1992
Cache County	January 1, 1992	Uintah County	January 1, 1992
Carbon County	January 1, 1998	Utah County	January 1, 1992
Daggett County	January 1, 2000	Wasatch County	January 1, 1992
Davis County	January 1, 1992	Washington County	January 1, 1992
Duchesne County	January 1, 1992	Wayne County	January 1, 1992
Emery County	January 1, 1992	Weber County	January 1, 1998
Garfield County	January 1, 1992	Bear River Health Department	July 1, 2003
Grand County	January 1, 1992	Central Utah Public Health Department	July 1, 2003
Iron County	January 1, 1992	Southeastern Utah District Health Department	July 1, 2003
Juab County	January 1, 1993	Southwest Utah Public Health Department	July 1, 2003
Kane County	January 1, 1992	Tooele County Health Department	July 1, 2003
Millard County	January 1, 1993	TriCounty Health Department	July 1, 2003
Morgan County	January 1, 2003	Utah County Health Department	July 1, 2003
Piute County	January 1, 1992	Wasatch County Health Department	July 1, 2003
Rich County	January 1, 1992	Weber-Morgan Health Department	July 1, 2003
San Juan County	January 1, 1992		

Subject otherwise to all terms, clauses and conditions of this policy.

COUNTY	2003	2004 Premium Scenerios			2004
		10% +/- Cap	10% Cap no reductions	15% Cap no reductions	100% Fund
Beaver	70,907	67,381	70,907	70,907	62,450
Box Elder	160,800	163,471	163,471	164,629	170,963
Cache	198,194	211,900	211,900	218,372	225,915
Carbon	111,413	119,539	119,539	122,531	231,621
Daggett	41,250	41,793	41,793	42,548	47,814
Davis	430,230	405,797	430,230	430,230	360,913
Duchesne	94,179	119,029	119,029	119,995	122,174
Emery	163,980	156,628	163,980	163,980	110,702
Garfield	68,171	65,397	68,171	68,171	56,349
Grand	92,354	90,063	92,354	92,354	95,091
Iron	138,399	151,767	151,767	155,828	162,615
Juab	115,543	121,785	121,785	124,846	129,126
Kane	75,166	80,309	80,309	82,727	94,818
Millard	145,870	144,741	145,870	145,870	150,413
Morgan	55,504	56,000	55,504	55,504	52,073
Piute	24,950	24,882	24,950	24,950	24,124
Rich	42,009	44,138	44,138	45,286	84,023
San Juan	165,655	163,993	165,655	165,655	166,736
Sanpete	82,776	74,426	82,776	82,776	70,687
Sevier	81,720	84,987	84,987	86,992	125,309
Uintah	184,482	184,418	184,482	184,482	187,184
Utah	466,001	490,563	490,563	490,563	490,563
Wasatch	178,120	172,225	178,120	178,120	187,974
Washington	234,403	241,739	241,739	248,220	269,194
Wayne	40,448	42,293	42,293	43,336	45,550
Weber	451,062	446,547	451,062	451,062	655,190
UCIP	973	5,116	5,116	5,142	7,148
Bear River HD	17,957	11,937	17,957	17,957	11,937
Central HD	10,785	5,957	10,785	10,785	5,957
Southeastern HD	12,544	4,498	12,544	12,544	4,498
Southwest HD	15,200	8,014	15,200	15,200	8,014
Tooele HD	5,868	1,704	5,868	5,868	2,873
TriCounty HD	9,257	3,137	9,257	9,257	3,137
Utah HD	24,054	17,201	24,054	24,054	17,201
Wasatch HD	3,366	2,701	3,366	3,366	2,701
Weber-Morgan HD	14,810	7,732	14,810	14,810	7,732
TOTALS	4,028,402	4,033,805	4,146,331	4,178,919	4,450,770
Retained Equity		416,965	304,439	271,851	

UAC Insurance Mutual
Payments
August, 2003

Type	Date	Num	Name	Memo	Split	Amount
WF-Expense						
Liability Check	8/11/2003	2039	Utah Retirement Systems	Unit Number: 864	-SPLIT-	-2,863.71
Check	8/11/2003	2040	PEHP-LTD	Coverage Period: July 2003	Medical	-91.31
Liability Check	8/11/2003	2041	Utah Local Governments Trust	Customer Number: 1576	-SPLIT-	-2,585.96
Check	8/11/2003	2042	AJ Gallagher Risk Management Services Inc	Invoice Number: 188800	-SPLIT-	-629.00
Check	8/11/2003	2043	James Eardley	Mileage Reimbursement	Board Expense	-216.00
Check	8/11/2003	2044	Kenneth Bischoff	Mileage Reimbursement	Board Expense	-32.40
Check	8/11/2003	2045	Steven Wall	Mileage Reimbursement	Board Expense	-118.80
Check	8/11/2003	2046	Lynn Lemon	Mileage Reimbursement	Board Expense	-64.80
Check	8/11/2003	2047	Kay Blackwell	Mileage Reimbursement	Board Expense	-136.80
Check	8/11/2003	2048	Jerry Grover	Mileage Reimbursement	Board Expense	-32.40
Check	8/11/2003	2049	Steve Baker	Mileage Reimbursement	Board Expense	-18.11
Check	8/11/2003	2050	Kent Sundberg	Mileage/Tip Reimbursement	Board Expense	-36.00
Check	8/11/2003	2051	Dan McConkie	Mileage Reimbursement	Board Expense	-22.32
Check	8/11/2003	2052	Ed Phillips	Mileage Reimbursement	Board Expense	-101.16
Check	8/11/2003	2053	Qwest	Account Number: 801-293-3098-606B	Telephone	-131.39
Check	8/11/2003	2054	AJ Gallagher Risk Management Services Inc	Invoice Number: 189880	-SPLIT-	-13,016.00
Check	8/11/2003	2055	Lester J. Nixon	AGRiP Institute for Management (Per Diem)	Expenses	-300.00
Check	8/11/2003	2056	CAJPA	Annual Fall Conference & Training Seminar	Expenses	-350.00
Check	8/11/2003	2057	International Special Risk Service, Inc.	Invoice 9725	-SPLIT-	-120.00
Check	8/11/2003	2058	Verizon Wireless	Account Number: 1006-10502048	Telephone	-38.18
Check	8/11/2003	2059	Verizon Wireless	Account Number: 1016-10497697	Telephone	-39.46
Check	8/11/2003	2060	A.M. Best Company, Inc.	Invoice Number: 1802350	-SPLIT-	-65.00
Check	8/11/2003	2061	Mark W. Brady	Reimburseable Expenses	-SPLIT-	-815.70
Check	8/11/2003	2062	Suitter Axland	Invoice Numbers: 1263588	-SPLIT-	-882.00
Paycheck	8/15/2003		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	8/15/2003		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	8/15/2003		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	8/15/2003		QuickBooks Payroll Service	Created by Payroll Service on 08/13/2003	-SPLIT-	-5,716.70
Liability Check	8/21/2003	2063	Utah Local Governments Trust	Customer Number: 1576	-SPLIT-	-2,585.96
Check	8/21/2003	2064	TelAmerica	Invoice Number: 1499894	Telephone	-49.03
Check	8/26/2003	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	Dues / Subscriptions	-145.00
Check	8/26/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-64.27
Check	8/26/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-761.00
Total WF-Expense						-32,028.46
TOTAL						**-32,028.46**

The final program for the October 20-22, 2004 AGRIP Governance and Leadership Conference in Marco Island, FL will be on www.agrip.org and in the mail no later than September 1. Many people have already made reservations at the Radisson to prepare for this great conference on the Gulf Coast. A hotel reservation form is available at http://www.agrip.org/semi.html.

The 2004 conference will feature a variety of sessions related to pool governance and leadership of interest to governing body members and those involved in the governance process. This conference is for pools serving all types of entities and/or providing all types of coverage programs. Primary emphasis will be on public entity governance in the new age of public corporate governance brought on by the Sarbanes-Oxley Act; ethical issues of special concern to pool officials; an examination of causes of insurance company failures and their implications to pools, and, of course, an AGRIP update on the market for excess and reinsurance for all lines of coverage. For newcomers, there will be a ½ day workshop on the basics of pooling. Other conference sessions will include an introduction to the new music license agreement for public entities (and its implications for pools), strategies for reducing the possibility of embezzlement within the pool or among members, and others. Keynote presentations will be by Mary Grover an attorney who has served as ethics advisor to the professional standards committee of the International City/County Management Association; and Mary Jo McGrath, creator of the Lead with SUCCEED™ program that is used by public entities throughout the country. And there will be ample opportunity for formal and informal information exchange among all attendees. The conference will begin with a reception on Sunday evening and end at noon on Wednesday.

HOTEL RESERVATION FORM

2003 AGRIP Governance and Leadership Conference - Radisson Suite Beach Resort
October 20-22, 2003 - Marco Island, FL

Contract Name: **AGRIP** (Please use contract name when making reservations)

Guest Name: _____

Pool/Company Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

Check In Date: _____ Check Out Date: _____

Number of Persons in room: _____

Person Requesting Reservation: _____

Phone Number: _____ Fax: _____

Hotel Rates – Valid October 17-25, 2003
$129 per night, Run of the House
(Combination of Guest Rooms and One-Bedroom Suites)

Room Request: (Please Check One/Subject to Availability)
King: _____ Smoking: _____
Double: _____ Non-Smoking: _____

Room requests are subject to availability within the Group Room Block, and will be based on a "First come, First serve" basis. All rooms in the block, which have not been reserved by ***September 17, 2003***, will be released for other guests. The Radisson Suite Beach Resort will continue to accept reservations after that date at the prevailing room rate. **Check-in is 4 pm: Checkout is 12 noon**. Reservations will not be processed without a form of guarantee. Cancellation Policy is 72 hours prior to arrival date.

_____ Credit Card Guarantee Type: _____

Acct. Number: _____ Exp. _____

A Group Service Charge of $5.00 per unit per day, applies to cover group services (including Bellmen/Housekeeping gratuities) plus 9% state and local tax.
Rates are subject to Florida State Sales and Hotel Tax. Rates are net non-commissionable.

For Reservations: Call 1.800.814.0633 or
Fax this form to: 1.239.394.0262 / 8 am to 5 pm (EST) / Monday – Friday or
Email this form to: Tracey Taylor at tracey.taylor@ihrco.com or
Make Checks payable to: *The Radisson Suite Beach Resort on Marco Island*
And mail to: The Radisson Suite Beach Resort, 600 South Collier Boulevard, Marco Island, FL 34145
Attention: Reservations Department

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

UACIM FACILITIES MANAGEMENT CONFERENCE

THURSDAY, NOVEMBER 6, 2003 FROM 8:00-4:00

THE UTAH COUNTY ADMINISTRATION BUILDING
100 E. CENTER STREET PROVO, UTAH

COME AND LEARN ABOUT TOPICS THAT ARE IMPORTANT TO YOU:

PREVENTING SLIP, TRIP AND FALL
NEW FIRECODE REQUIREMENTS
SECURITY TOOLS AND PROCEDURES
PREVENTIVE MAINTENANCE PROGRAMS
(THAT SAVE YOU TIME AND MONEY)
AND MORE!!

LUNCH PROVIDED!!

COST: FREE!!!! (FOR MEMBER COUNTIES)
$15 FOR ALL OTHERS

Registration Form
Must Be Received 1 Week Prior to Conference

Name

Agency

Phone

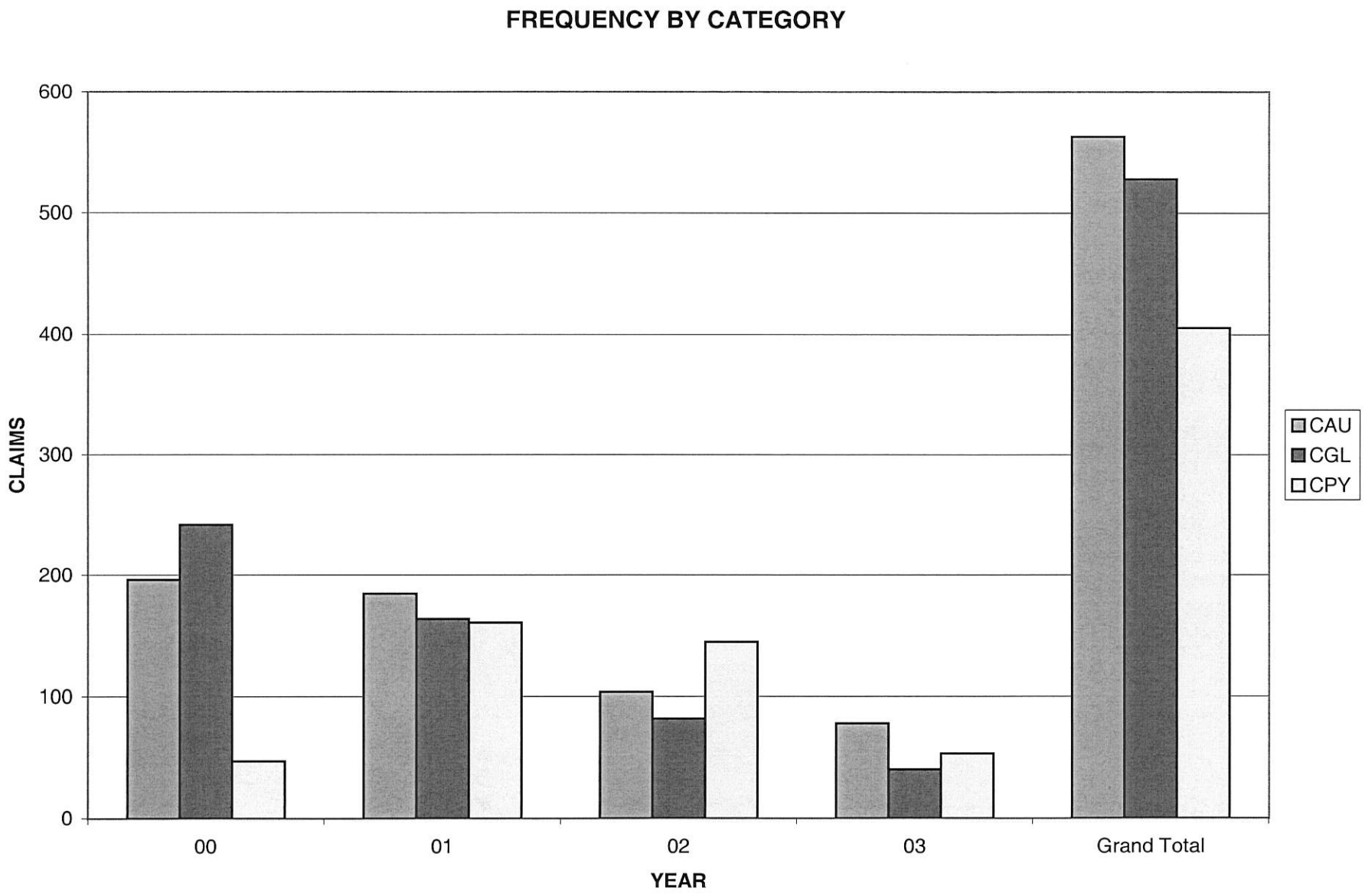
☐ Payment Enclosed

☐ Payment to follow

☐ MEMBER

SEND, FAX OR EMAIL TO:
Mark Brady, Loss Control Manager, UACIM
5397 South Vine Street
Salt Lake City, UT 84107
PHONE: 801 293-3098 FAX (801) 293-3480
Mbrady@uacim.org

SPONSORED BY THE UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL


FREQUENCY BY CATEGORY
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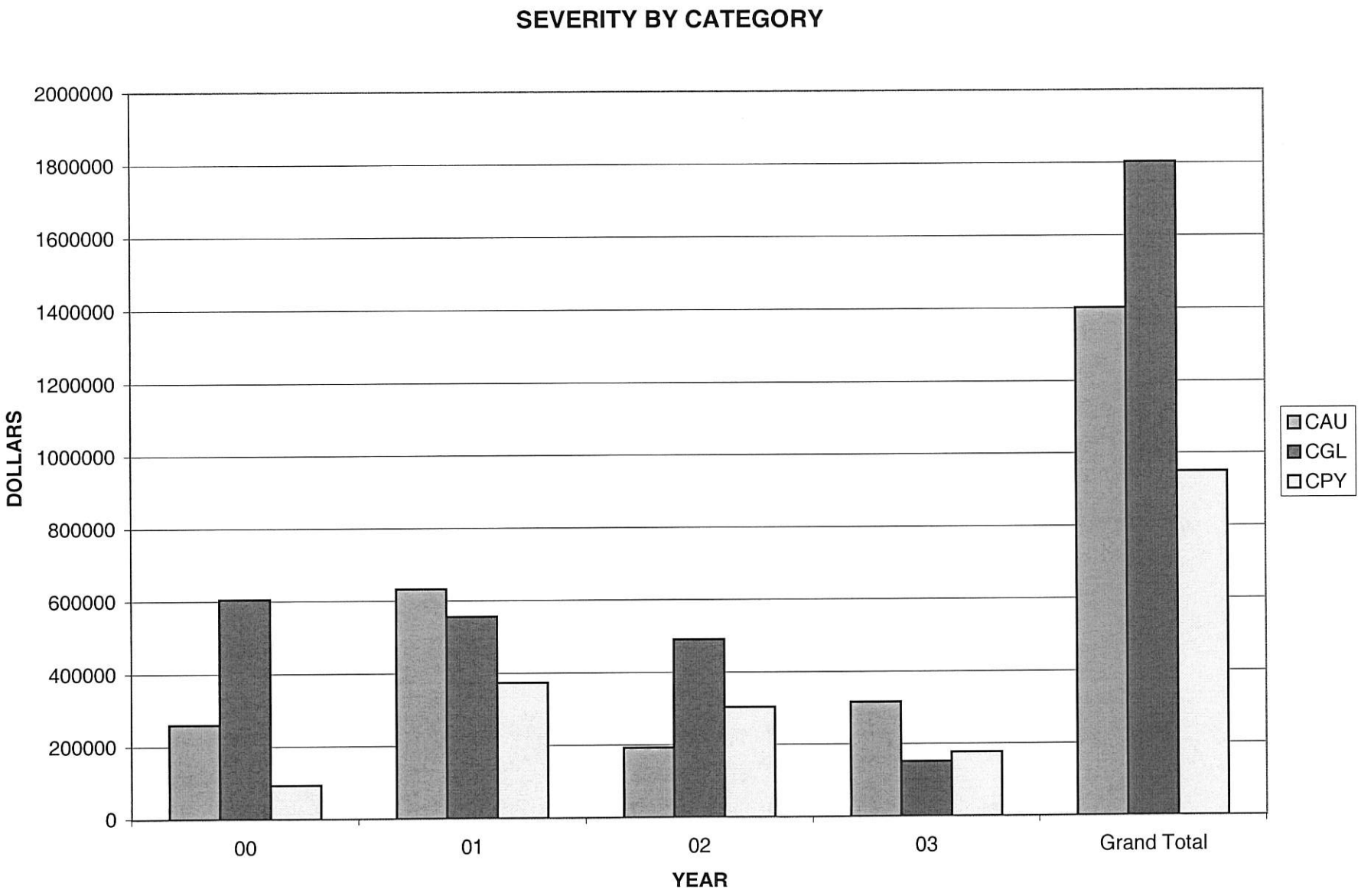
500
400
300
200
100
0
CLAIMS
00
01
02
03
Grand Total
YEAR
CAU
CGL
CPY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1800000
1600000
1400000
1200000
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DOLLARS
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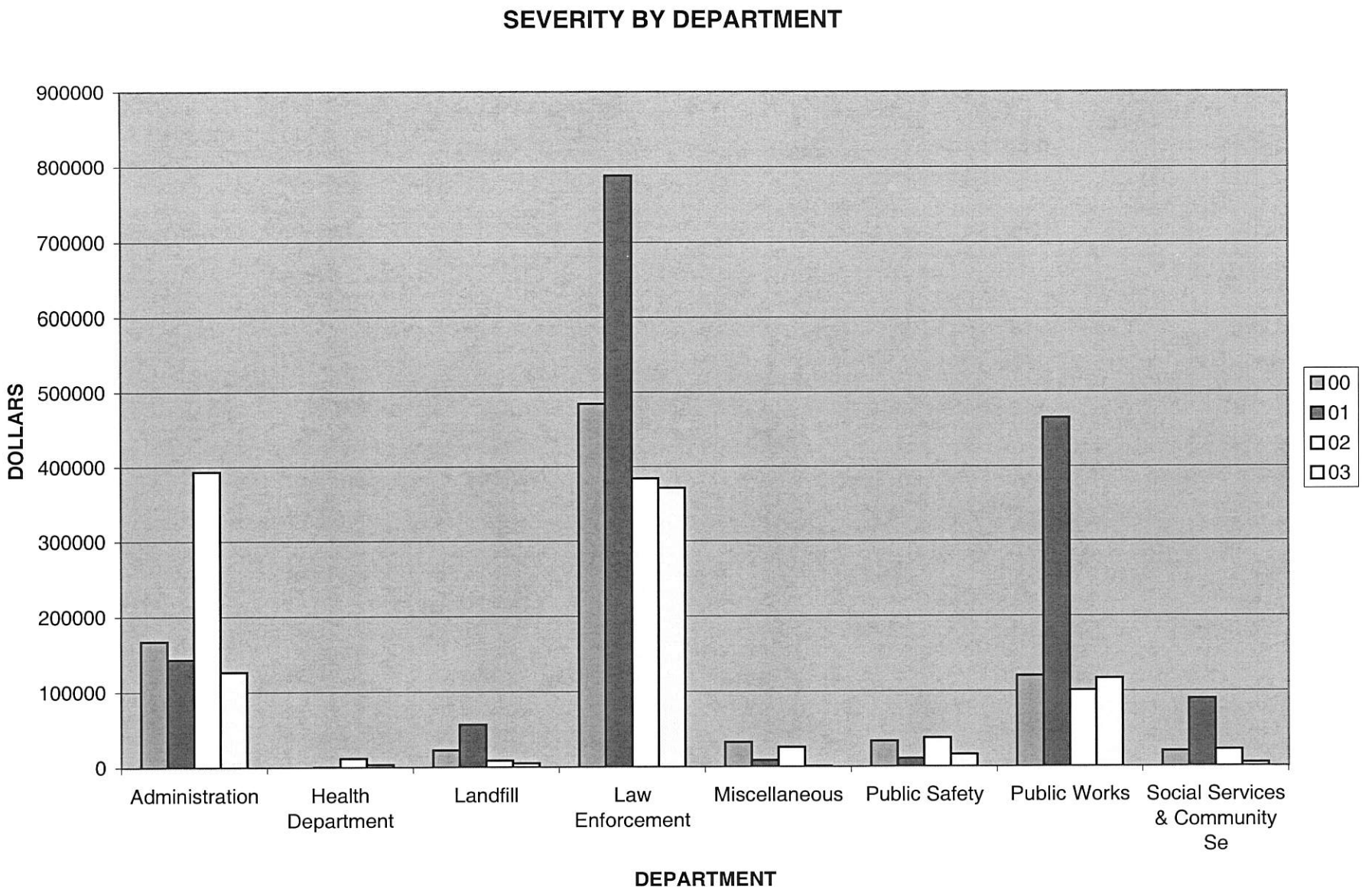
Grand Total
YEAR
CAU
CGL
CPY


SEVERITY BY DEPARTMENT
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800000
700000
600000
500000
400000
300000
200000
100000
0
DOLLARS
Administration
Health Department
Landfill
Law Enforcement
Miscellaneous
Public Safety
Public Works
Social Services & Community Se
DEPARTMENT
00
01
02
03

Sum of Net Incurred		Year	
Misc 2	Description	03	Grand Total
AB	IV CROSSED CENTER LINE & STRUCK OV HEAD ON	3000	3000
	IV MADE LEFT-HAND TURN IN FRONT OF MOTORCYCLE	5000	5000
	IV REARENDED OV	3000	3000
	IV STRUCK OV	6000	6000
	IV, TRANSPORTING INMATES, SLID INTO OV'S	3566.24	3566.24
	OV COLLIDED WITH POLICE VEHICLE	268	268
AB Total		20834.24	20834.24
AD	County Vehicle Backed Into Claimant Vehicle	561.6	561.6
	County vehicle Parked on Curve, hit by Claimant	2000	2000
	Improper Lane Change by County Driver	2389.87	2389.87
	IV BACKED INTO PARKED OV	866.42	866.42
AD Total		5817.89	5817.89
AP	ALGD GRAVEL FROM PUBLIC WORKS TRUCK HIT OV	165	165
	ALLEGED ROCKS FROM DUMP TRUCK BROKE WINDSHIELD	0	0
	CLMT ALGD THAT ROCK FROM IV BROKE HIS WINDSHIELD	300	300
	CO. DUMP TRUCK STRUCK A POWER LINE	3000	3000
	CONDUIT CAME OFF TRAILER & STRUCK OV-Roger Parry	357	357
	Improper Lane Change by County Driver	0	0
	IV & OV COLLIDED - BOTH HAD IMPROPER LOOK OUT	0	0
	IV BACKED INTO OV	2919.06	2919.06
	IV BACKED INTO OV - Gerald Smith	1500	1500
	IV BACKED INTO PARKED OV	2843.38	2843.38
	IV BACKED INTO PARKED OV - Chet Hansen	3550.66	3550.66
	IV BACKED INTO PARKED OV - Dennis Harris	2214.51	2214.51
	IV BACKED INTO PASSING OV IN PARKING LOT	3500	3500
	IV CHANGED LANES & SIDESWIPED OV - Chad Reed	2500	2500
	IV CROSSED CENTER LINE & STRUCK OV HEAD ON	156500.19	156500.19
	IV MADE LEFT-HAND TURN IN FRONT OF MOTORCYCLE	7327.74	7327.74
	IV REARENDED OV	2000	2000
	IV REARENDED OV - Archie Walker	2000	2000
	IV REARENDED OV - Dan Endter	1000	1000
	IV REARENDED OV CAUSING A CHAIN REACTION	1718.8	1718.8
	IV REARENED OV - Cory Cox	1500	1500
	IV ROLLED INTO OV	394.37	394.37
	IV SLID INTO OV	0	0
	IV STRUCK OV	3966.99	3966.99
	IV STRUCK PARKED OV	658.81	658.81
	IV WAS NOT IN PARK & ROLLED INTO OV & TREE, ETC.	3810.68	3810.68
	IV, TRANSPORTING INMATES, SLID INTO OV'S	5991.65	5991.65
	OV COLLIDED WITH POLICE VEHICLE	8171.95	8171.95
	ROCK BROKE CLMT'S WINDSHIELD	0	0
	ROCK FROM SNOWPLOW BROKE REAR WINDOW OF OV	639.79	639.79
	ROCKS FROM UNCOVERED CARGO DMGD MTRHOME W/S	906.5	906.5
	SNOWPLOW STRUCK GRAVEL, DMGING CLMT VEH	1454.18	1454.18
	SNOWPLOW THREW ROCKS & BROKE SIDE WINDOW OF OV	139.75	139.75
	V1 rearended V2 into V3	5907.08	5907.08
AP Total		226938.09	226938.09
EC	Sewer Back Up	224.06	224.06
EC Total		224.06	224.06
EE	ALGD NEGLIGENCE IN PLANNING AND ZONING	50000	50000

	ALGD NEGLIGENT SUPERVISION & WRONGFUL TAKING	11000	11000
	ALLEGED MISCONDUCT OF CO. BUILDING INSPECTOR	15000	15000
	Alleged Pollution of Property	2000	2000
	Declaratory Relief for Water Rights	0	0
EE Total		78000	78000
GB	Claimant cut toes on door	0	0
	claimant tripped and fell	1000	1000
	CLMT SLIPPED & FELL ON HANDICAP RAMP	0	0
	OV SLIPPED ON BLACK ICE & WRECKED	0	0
	Slip and fall	2000	2000
GB Total		3000	3000
GD	Lawnmower Flipped Rock on Claimant Vehicle	248.2	248.2
GD Total		248.2	248.2
GL	Alleged Discrimination/Harrassment	16000	16000
	Alleged False Imprisonment	6000	6000
	alleged violation of civil rights	6000	6000
	Alleged Violation of Civil Rights by a Transient	1000	1000
	Inmate Hung Himself in Jail	6000	6000
GL Total		35000	35000
GP	Alleged Improper Waste Disposal at County Jail	16000	16000
	Alleged Negligence to vehicle in custody of County	500	500
	CLMT DROVE ON CLOSED ROAD & DMGD UNDERCARRIAGE	5000	5000
	CO EXCAVATOR HIT TELEPHONE POLE	6815.74	6815.74
	CUT, FALLING BRANCHES PULLED DOWN POWER LINE	2000	2000
	IRRIGATION DITCH FLOODED CLMT'S BASEMENT	1587.49	1587.49
	LUG NUTS NOT TIGHTENED AFTER SAFETY INSPECTION	140.17	140.17
	OV HIT ROCK IN ROAD DURING ROAD GRADING	0	0
	OV SLIPPED ON BLACK ICE & WRECKED	0	0
	PAINT OVERSPRAY COVERED EMPL'S VEHICLES	392.2	392.2
	Wind Blew Gate into Claimant Vehicle	0	0
GP Total		32435.6	32435.6
ME	D8N CAT GOT DAMAGED DURING DEMOLITION	0	0
	Fire to Mobile Equipment	45100	45100
ME Total		45100	45100
PA	CO. DUMP TRUCK BACKED INTO OTHER CO. DUMP TRUCK	7117.94	7117.94
	DEER JUMPED OVER BARRIER INTO IV	4554.31	4554.31
	DEER RAN INTO IV	0	0
	DEER RAN INTO SHERIFF VEHICLE	1109.51	1109.51
	Door Opened into Cement Barrier	431.13	431.13
	Driving too Fast for Conditions	1351.55	1351.55
	HEAT BROKE I/V WINDSHIELD	0	0
	IV & OV COLLIDED - BOTH HAD IMPROPER LOOK OUT	0	0
	IV CHANGED LANES & SIDESWIPED OV - Chad Reed	742.83	742.83
	IV COLLIDED WITH A COW	295.4	295.4
	IV CROSSED CENTER LINE & STRUCK OV HEAD ON	22826.4	22826.4
	IV MADE LEFT-HAND TURN IN FRONT OF MOTORCYCLE	2248.3	2248.3
	IV REARENDED OV - Archie Walker	396.96	396.96
	IV REARENED OV - Cory Cox	787	787
	IV ROLLED INTO AN APRICOT TREE	3600.02	3600.02
	IV SCRAPED FIRE HYDRANT	0	0
	IV SCRAPED RIGHT SIDE ON RR TIE - Art Florence	460.69	460.69
	IV SLID ON ICE & RAN OFF OF THE ROAD	695.7	695.7

	IV SLID ON ICE INTO DIRT/DEBRIS PILE	9690.43	9690.43
	IV STRUCK A CEMENT BARRIERED STORM DRAIN	1177.93	1177.93
	IV STRUCK A DEER	3196.42	3196.42
	IV STRUCK A DEER - TRAVIS MITCHELL	346.95	346.95
	IV STRUCK A DEER - WAYNE PETERSON	3524.34	3524.34
	IV STRUCK CATTLE IN THE ROAD - RAYMOND EDWARDS	1797.51	1797.51
	IV STRUCK OV	7197.56	7197.56
	IV SWERVED TO MISS MOTORHOME & ROLLED-P. Quittner	21810.65	21810.65
	IV WENT OFF ROAD & STRUCK A TREE - Jody Scott	593.9	593.9
	IV WENT THROUGH A MUD PUDDLE & STRUCK A STUMP	351.13	351.13
	IV, TRANSPORTING INMATES, SLID INTO OV'S	13587.92	13587.92
	Lost Control of V1 and Rolled	10928.8	10928.8
	OV BACKED INTO IV	1000	1000
	OV BACKED INTO IV - (Sandra Asbury)	5073	5073
	OV BACKED INTO PARKED IV - Clete Carter	762	762
	OV COLLIDED WITH POLICE VEHICLE	5249.39	5249.39
	OV RAN INTO PARKED IV	0	0
	OV REARENDED IV - Tracy Christensen	231.85	231.85
	OV SIDESWIPED IV - Jeff Roach	693	693
	PARKED IV GOT VANDALIZED	0	0
	SINGLE VEHICLE ROLLOVER	22197.69	22197.69
	SNOW PLOW BLADE STRUCK RAILROAD TRACK	6055.53	6055.53
	TRAILER FROM OV CAME OFF & STRUCK IV	0	0
	V1 rearended V2 into V3	1832.96	1832.96
PA Total		163916.7	163916.7
PM	Trailer Stolen	5492	5492
PM Total		5492	5492
PR	Lightning Struck Electrial Transformer	2000	2000
	SEVERE WIND DAMAGE TO VARIOUS ENTITIES	20500	20500
	THEFT AT TRANSFER STATION	4103.65	4103.65
PR Total		26603.65	26603.65
RB	Lightning Damage to Substation	1000	1000
RB Total		1000	1000
RC	THEFT AT TRANSFER STATION	844.37	844.37
RC Total		844.37	844.37
Grand Total		645454.8	645454.8

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Financial Statements
and
Accountants' Compilation Report

June 30, 2003

LARSON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' COMPILATION REPORT

The Board of Trustees
Utah Association of Counties Insurance Mutual

We have compiled the accompanying balance sheet of **Utah Association of Counties Insurance Mutual** as of June 30, 2003, and the related statements of income and changes in retained earnings and cash flows for the six months then ended and the accompanying supplementary schedules, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the owners. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Larson & Company

Sandy, Utah
July 23, 2003

9065 SOUTH 1300 EAST • SANDY, UTAH 84094 • (801) 313-1900 • FAX (801) 313-1912 • WWW.LARSCO.COM

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Balance Sheet

As of June 30, 2003

ASSETS

Current assets:		
Cash and cash equivalents		$ 10,186,207
Receivables:		
Administration fee reimbursement receivable	$ 147,480	
Accounts receivable	78,746	
Total receivables		226,226
Prepaid expenses:		
Other prepaid expenses	40,000	
Prepaid reinsurance expense	677,371	
Total prepaid expenses		717,371
Total current assets		11,129,804
Total assets		$ 11,129,804

LIABILITIES AND NET ASSETS

Current liabilities:		
Reserves for loss and loss adjustment expenses		$ 3,083,809
Pass through premium		13,778
Payroll liabilities		6,985
Unearned premium		1,929,040
Building related payables		43,500
Total current liabilities		5,077,112
Total liabilities		5,077,112
Net assets:		
Capital	2,233,303	
Unrestricted	3,762,015	
Appropriated	57,374	
Total net assets		6,052,692
Total liabilities and net assets		$ 11,129,804

The accompanying notes to financial statements are an integral part of these financial statements.

See accountants' compilation report.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Statement of Income and Changes in Retained Earnings
For the Six Months Ended June 30, 2003

Income:		
Premiums and other considerations	$ 2,001,184	
Investment income	95,277	
Administration fee reimbursement	22,894	
Miscellaneous income	1,812	
Total income		$ 2,121,167
Benefits:		
Losses and loss adjustment expenses	1,313,139	
Reinsurance expense	683,838	
Total benefits		1,996,977
Administration expenses:		
Accounting	10,809	
Actuary	6,594	
Auto Expense	543	
Brokerage Expense	40,000	
Board Expense	11,811	
Building - Maintenance	139	
Copying	(4)	
Dues & Subscriptions	1,959	
Information Technology	602	
Insurance	2,251	
Miscellaneous Expense	2	
Lease Purchase (Debt Service)	43,500	
Loss Control - Training	8,597	
Office Equipment	1,033	
Office Supplies	1,023	
Other Expenses	(146)	
Postage	(1)	
Premium credits and incentives	77,162	
Printing	729	
Professional Fees	2,762	
Staff Expenses	11,322	
Staff Salaries	83,605	
Staff - Payroll Misc.	6,075	
Staff retirement	17,342	
Staff Medical Insurance	16,867	
Telephone	2,264	
Total administration expenses		346,840
Total benefits and expenses		2,343,817
Change in net assets		(222,650)
Net assets, beginning of year		6,275,342
Net assets, end of year		$ 6,052,692

The accompanying notes to financial statements are an integral part of these financial statements.

See accountants' compilation report.

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets		$ (222,650)
Adjustments to reconcile net income to net cash provided by operating activities		
Interest received on investments	(95,277)	
Changes in assets and liabilities:		
Increase in accounts receivable	(74,772)	
Increase in prepaid expenses	(717,371)	
Decrease in reserves for estimated liabilities	(202,674)	
Increase in pass through premium	9,804	
Increase in unearned premium	1,929,040	
Increase in accounts payable	49,305	
Decrease in premiums paid in advance	(611,871)	
Total adjustments		263,290
Net cash flows provided by operating activities		$ 40,640

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Notes to Statutory Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Utah Association of Counties Insurance Mutual (the Mutual), was incorporated in December 1991 as a non-profit public agency insurance mutual under the mutual insurance statutes of the State of Utah as a self-insurance program to cover property and liability claims for counties who are members of the Mutual. All of the Mutual's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Mutual adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), in fiscal year 2002, effective January 1, 2001.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Significant estimates of the Mutual include the reserves for losses and loss adjustment expenses.

Income Taxes

The Mutual is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Mutual considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund and cash on deposit are considered to be cash equivalents.

The Mutual is required to follow the requirements of the Utah Money Management Act, Section 57-7, *Utah Code Annotated, 1953*, as amended, in handling its depository and investment transactions. This law requires that investment transactions be conducted through qualified depositories and stipulates the types of securities allowable as acceptable investment transactions. Management believes the Mutual was in compliance with the Utah Money Management Act during the six months ended June 30, 2003.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

2. INVESTMENTS IN UTAH PUBLIC TREASURERS' INVESTMENT FUND (PTIF)

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer. The investment in PTIF totaled **$7,905,000** for the month ended June 30, 2003.

3. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 1.65% for the month ended June 30, 2003.

4. RELATED PARTY TRANSACTIONS

As of June 30, 2003, amounts receivable from the Association for reimbursement of administrative fees totaled $147,480.

5. CONTINGENCIES

The Mutual is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

6. REINSURANCE

The Mutual has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a $250,000 self-insured retention and property and crime insurance in excess of a $150,000 self-insured retention up to an aggregate loss limit. The Mutual has purchased reinsurance to protect against losses above these limits.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Mutual is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Mutual's net assets.

Reinsurance Recoverable in Dispute

The Company does not have any disputed balances or uncollectible funds.

SUPPLEMENTARY SCHEDULES

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
Statutory Budget to Actual Comparison
For the Six Months Ended June 30, 2003

	2003 Budget As Amended July 17, 2003	Y-T-D Actual	Budget Remaining	Percent Complete
Income:				
Premiums and other considerations	3,957,425	2,001,184	(1,956,241)	51%
Investment income	175,000	95,277	(79,723)	54%
Administrative Fee Reimbursement	22,894	22,894	-	100%
Miscellaneous income	-	1,812	1,812	0%
Total income	4,155,319	2,121,167	(2,034,152)	51%
Benefits:				
Losses and loss adjustment expenses	2,626,278	1,313,139	1,313,139	50%
Reinsurance expense	1,409,700	683,838	725,862	49%
Total benefits	4,035,978	1,996,977	2,039,001	49%
Administration expenses:				
Accounting (Larson & Company)	14,750	10,809	3,941	73%
Actuarial Analysis (Taylor Walker)	13,000	6,594	6,406	51%
Administration Fee (UAC)	-	-	-	0%
Automobile Expense	7,500	543	6,957	7%
Automobile Reserve	15,120	-	15,120	0%
Bank Charges	100	-	100	0%
Brokerage Fees (Arthur J. Gallagher)	80,000	40,000	40,000	50%
Board Expense	28,000	11,811	16,189	42%
Building: Maintenance	12,000	139	11,861	1%
Building: Repairs & Replacement	5,634	-	5,634	0%
Building: Reserve	17,260	-	17,260	0%
Copying Costs	1,200	(4)	1,204	0%
Dues / Subscriptions	3,500	1,959	1,541	56%
Exhibiting and Sponsorship	4,000	-	4,000	0%
Expenses Paid to UAC	-	-	-	0%
Information Technology	4,000	602	3,398	15%
Insurance	3,000	2,251	749	75%
Interest Expense	-	-	-	0%
Miscellaneous expense	-	2	(2)	0%
Lease Purchase (Debt Service)	87,000	43,500	43,500	50%
Lobbying and Legislative Tracking	-	-	-	0%
Loss Control / Training	14,000	8,597	5,403	61%
Office Equipment	-	1,033	(1,033)	0%
Office Supplies	2,500	1,023	1,477	41%
Other Expenses	-	(146)	146	0%
Other Services (UAC)	-	-	-	0%
Postage	1,000	(1)	1,001	0%
Premium Credits and Incentives	80,000	77,162	2,838	97%
Printing	1,000	729	271	73%
Professional Fees	10,000	2,762	7,238	28%
Property and Equipment	10,000	-	10,000	0%
Staff Expenses	20,000	11,322	8,678	57%
Staff Salaries	189,815	83,605	106,210	44%
Staff Payroll - misc.	-	6,075	(6,075)	0%
Staff Retirement	40,580	17,342	23,238	43%
Staff FICA	14,304	-	14,304	0%
Staff Medical Insurance	32,340	16,867	15,473	52%
Telephone	5,500	2,264	3,236	41%
Total administration expenses	717,103	346,840	370,263	48%
Net income	(597,762)	(222,650)	375,112	37%

Note:
This year is 50% complete

See accompanying notes to statutory financial statements and accountants' compilation report

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
Schedule of Income and Surplus by Policy Year
For the Month Ended June 30, 2003

	Policy Year												
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Income:													
Premiums and other considerations	-	-	-	-	-	-	-	-	-	-	-	378,429	378,429
Investment income	-	-	-	-	-	-	-	-	-	-	-	13,576	13,576
Administrative Fee Reimbursement	-	-	-	-	-	-	-	-	-	-	-	22,894	22,894
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	450	450
Total income	-	-	-	-	-	-	-	-	-	-	-	415,349	415,349
Benefits:													
Losses and allocated expenses paid	-	-	-	-	-	3,786	2,958	15,414	84,925	18,331	11,111	205,193	341,718
Case reserves	-	-	-	-	-	(3,786)	(2,958)	14,162	(15,685)	(9,331)	(12,045)	6,639	(23,004)
Incurred but not reported	-	-	-	-	-	-	-	(29,576)	(69,240)	(9,001)	933	(13,164)	(120,048)
Owed and paid recoverable under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense												112,895	112,895
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	20,189	20,189
Total benefits	-	-	-	-	-	-	-	-	-	-	-	331,752	331,752
Administration expenses:													
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	2,276	2,276
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration Fee (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	50	50
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	6,667	6,667
Board Expense	-	-	-	-	-	-	-	-	-	-	-	6,285	6,285
Building: Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	(4)	(4)
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	311	311
Exhibiting and Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-	-	274	274
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Purchase (Debt Service)	-	-	-	-	-	-	-	-	-	-	-	7,250	7,250
Lobbying and Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	5,917	5,917
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	161	161
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Credits and Incentives	-	-	-	-	-	-	-	-	-	-	-	(114)	(114)
Printing	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	1,766	1,766
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	15,219	15,219
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	1,095	1,095
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	5,244	5,244
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	2,677	2,677
Telephone	-	-	-	-	-	-	-	-	-	-	-	422	422
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	55,496	55,496
Net income	-	-	-	-	-	-	-	-	-	-	-	28,101	28,101
Contributed surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in non-admitted assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowed surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending surplus	-	-	-	-	-	-	-	-	-	-	-	28,101	28,101

See accompanying notes to statutory financial statements and accountants' compilation report

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
Schedule of Income and Surplus by Policy Year (Continued)
For the Six Months Ended June 30, 2003

	Policy Year												
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Income:													
Earned premium	-	-	-	-	-	-	-	-	-	-	-	2,001,184	2,001,184
Investment income	-	-	-	-	-	-	-	-	-	-	-	95,277	95,277
Administrative Fee Reimbursement	-	-	-	-	-	-	-	-	-	-	-	22,894	22,894
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	1,812	1,812
Total income	-	-	-	-	-	-	-	-	-	-	-	2,121,167	2,121,167
Benefits:													
Losses and allocated expenses paid	-	-	-	4,657	-	27,637	12,027	83,307	219,082	416,555	151,496	357,792	1,272,553
Case reserves	-	-	-	(4,657)	-	(13,681)	33,661	19,167	(83,875)	(280,879)	(57,668)	237,565	(150,367)
Incurred but not reported	-	-	-	-	-	(13,956)	(45,688)	(102,474)	(135,207)	(135,676)	(93,828)	596,646	69,817
Owed and paid recoverable under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	683,837	683,837
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	121,137	121,137
Total benefits	-	-	-	-	-	-	-	-	-	-	-	1,996,977	1,996,977
Administration expenses:													
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	10,809	10,809
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	6,594	6,594
Administration Fee (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	543	543
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000
Board Expense	-	-	-	-	-	-	-	-	-	-	-	11,811	11,811
Building: Maintenance	-	-	-	-	-	-	-	-	-	-	-	139	139
Building: Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	(4)	(4)
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	1,959	1,959
Exhibiting and Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-	-	602	602
Insurance	-	-	-	-	-	-	-	-	-	-	-	2,251	2,251
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	-	2	2
Lease Purchase (Debt Service)	-	-	-	-	-	-	-	-	-	-	-	43,500	43,500
Lobbying and Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	8,597	8,597
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	1,033	1,033
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	1,023	1,023
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	(146)	(146)
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Premium Credits and Incentives	-	-	-	-	-	-	-	-	-	-	-	77,162	77,162
Printing	-	-	-	-	-	-	-	-	-	-	-	729	729
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	2,762	2,762
Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	11,322	11,322
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	83,605	83,605
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	6,075	6,075
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	17,342	17,342
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	16,867	16,867
Telephone	-	-	-	-	-	-	-	-	-	-	-	2,264	2,264
Total administration expenses	-	-	-	-	-	-	-	-	-	-	-	346,840	346,840
Net income	-	-	-	-	-	-	-	-	-	-	-	(222,650)	(222,650)
Contributed surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in non-admitted assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowed surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending surplus	-	-	-	-	-	-	-	-	-	-	-	(222,650)	(222,650)

See accompanying notes to statutory financial statements and accountants' compilation report

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
Schedule of Income and Surplus by Policy Year (Continued)
Inception to June 30, 2003

	Policy Year												
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Income:													
Earned premium	1,302,622	1,443,143	1,571,870	1,775,358	1,844,816	2,271,005	2,351,523	2,479,776	2,351,234	2,352,140	2,405,492	2,001,184	24,150,163
Investment income	152,239	168,656	192,275	198,970	126,063	344,931	406,049	441,615	579,370	432,139	231,873	95,277	3,369,457
Administrative Fee Reimbursement	-	-	-	-	-	-	-	-	-	-	124,586	22,894	147,480
Miscellaneous income	-	-	-	-	-	-	2,000	15	-	2,271	5,877	1,812	11,975
Total income	1,454,861	1,611,799	1,764,145	1,974,328	1,970,879	2,615,936	2,759,572	2,921,406	2,930,604	2,786,550	2,767,828	2,121,167	27,679,075
Benefits:													
Loss and loss adjustment expenses	1,259,596	1,559,186	1,452,911	1,115,903	1,617,424	1,343,144	1,558,000	1,182,541	1,092,769	699,903	1,283,580	1,192,003	15,356,960
Owed and paid recoverable under excess policy	(409,596)	(459,186)	(102,911)	-	-	-	-	-	-	-	-	-	(971,693)
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	683,837	683,837
Unallocated loss adjustment expenses	201,001	202,002	207,006	247,610	239,514	236,022	287,021	253,050	224,000	223,998	232,960	121,137	2,675,321
Total benefits	1,051,001	1,302,002	1,557,006	1,363,513	1,856,938	1,579,166	1,845,021	1,435,591	1,316,769	923,901	1,516,540	1,996,977	17,744,425
Administration expenses:													
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	10,809	10,809
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	6,594	6,594
Administration Fee (UAC)	186,819	225,000	225,000	260,000	260,000	267,500	280,000	358,610	447,688	446,815	494,804	-	3,452,236
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	543	543
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Brokerage Fees (Arthur J. Gallagher)	150,000	150,000	150,000	125,000	125,000	108,125	105,000	105,000	101,000	105,000	80,000	40,000	1,344,125
Board Expense	-	-	-	-	-	-	-	-	-	-	-	11,811	11,811
Building: Maintenance	-	-	-	-	-	-	-	-	-	-	-	139	139
Building: Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	(4)	(4)
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	1,959	1,959
Exhibiting and Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-	-	602	602
Insurance	-	-	-	-	-	-	-	-	-	-	-	2,251	2,251
Interest expense	-	-	-	-	-	-	-	269,899	39,220	-	-	-	309,119
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	-	2	2
Lease Purchase (Debt Service)	-	-	-	-	-	-	-	-	-	-	-	43,500	43,500
Lobbying and Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	8,597	8,597
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	1,033	1,033
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	1,023	1,023
Other Expenses	16,693	8,563	23,169	13,490	20,706	4,121	20,958	4,143	3,363	30,838	48,309	(146)	194,207
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Premium Credits and Incentives	-	-	-	-	-	-	-	-	-	-	-	77,162	77,162
Printing	-	-	-	-	-	-	-	-	-	-	-	729	729
Professional Fees	77,374	73,449	84,209	37,287	33,461	16,092	38,164	37,013	29,551	35,806	46,182	2,762	511,350
Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	11,322	11,322
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	83,605	83,605
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	6,075	6,075
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	17,342	17,342
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	16,867	16,867
Telephone	-	-	-	-	-	-	-	-	-	-	-	2,264	2,264
Total administration expenses	430,886	457,012	482,378	435,777	439,167	395,838	444,122	774,665	620,822	618,459	669,295	346,840	6,115,261
Net income	(27,026)	(147,215)	(275,239)	175,038	(325,226)	640,932	470,429	711,150	993,013	1,244,190	581,993	(222,650)	3,819,389
Contributed surplus	401,913	430,206	464,180	460,780	476,224	-	-	-	-		-	-	2,233,303
Change in non-admitted assets	-	-	-	-	-	(61,466)	34,202	25,264	(5,000)	7,000	-	-	-
Borrowed surplus	620,000	-	-	-	-	-	-	(30,101)	(589,899)	-	-	-	-
Ending surplus	994,887	282,991	188,941	635,818	150,998	579,466	504,631	706,313	398,114	1,251,190	581,993	(222,650)	6,052,692

See accompanying notes to statutory financial statements and accountants' compilation report

Arthur J. Gallagher & Co.

Utah Counties Insurance Program

Risk Management Proposal
January 1, 2004

Date Presented: August 21, 2003

Presented by:

Arthur J. Gallagher & Co.

Rich Stokluska, ARM
Vice President

John Chino
Vice President

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UTAH COUNTIES INSURANCE PROGRAM
2004 Risk Management Proposal

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UTAH COUNTIES INSURANCE PROGRAM
2004 Risk Management Proposal

EXECUTIVE SUMMARY

Arthur J. Gallagher & Co. is pleased to present the renewal terms and conditions to the Utah Counties Insurance Program for the January 1, 2004 program year. Enclosed for your review are the preliminary indications from the incumbent carriers. As in previous years, these indications are based on underwriting and loss information provided to all of the insurers valued as of July 2003. Should the composition of the group or loss history change significantly prior to the effective date, the underwriters have reserved the right to adjust their quotations accordingly.

The proposal contains premium indications from the current carriers so that the Utah Counties Insurance Program can meet its obligations to their members by notifying them of any premium changes from the previous year. It also allows the Executive Board to compare any increases or decreases in premiums and exposures.

In addition to the current carriers, Arthur J. Gallagher & Co. is marketing the entire program to several other reinsurance companies. Due to the nature and structure of the program, our underwriters are requiring more time to properly review the risk and pricing methods. We have allowed those companies additional time to continue the underwriting process. Our office is in regular contact with those carriers that have expressed interest in your account. We full anticipate that the marketing of the Utah Counties Insurance Program will be concluded within the next 45 days.

On behalf of the entire Arthur J. Gallagher & Co. service team, we look forward to working with the Utah Counties Insurance Program's Executive Board, staff, and all of its member counties for many years to come.

ARTHUR J. GALLAGHER & CO.
Client Commitment ... The Gallagher Way

Managing our client's risks is our highest commitment.

We try to anticipate our client's needs in advance.

We seek to understand the client's business, not just our own.

We always recommend that which is in the client's best interest, even if it diminishes our revenues.

We lead our clients to ever more effective risk management techniques.

We seek long-term relationships, not quick profits.

Getting the order is only the beginning of our commitment, not the end.

We never promise what we cannot produce.

Honesty and integrity are paramount. If we make a mistake, we admit it, and we make it right.

Every client, large or small, has full access to all of our expertise and capability.

STATISTICAL INFORMATION

LIST OF MEMBERS

Beaver
Box Elder
Cache
Carbon
Daggett
Davis
Duchesne
Emery
Garfield
Grand
Iron
Juab
Kane
Millard
Morgan
Piute
Rich
San Juan
San Pete
Sevier
Uintah
Utah
Wasatch
Washington
Wayne
Weber
Bear River Health Department
Central Utah Health Department
Southeastern Utah District Health Department
Southwest Utah Public Health Department
Tooele County Health Department
Tri-County Health Department
Utah County Health Department
Wasatch County Health Department
Weber-Morgan Health Department

EXPOSURE COMPARISON

General Liability:

	Expiring	Renewal	%
Gross Operating Expenditures	$463,795,869	$470,674,242	1.48%
Streets	28,419	31,045	9.24%
Parks	48	40	-16.67%
Golf Receipts	1,722,283	1,559,655	-9.44%
Stadium Receipts	269,190	311,946	15.88%
Number of Zoos	1	1	0.00%
EMT's/Paramedics	435	697	60.23%
Volunteers			
Full-time	0	12	0.00%
Part-time	259	317	22.39%
Number of Nurses	40	161	302.50%
Number of Employees	4,500	5,041	12.02%

Law Enforcement:

	Expiring	Renewal	%
Number of Officers			
Number of Full-time	612	684	11.76%
Number of Part-time	171	164	-4.09%
Number of Jailers			
Number of Full-time	656	706	7.62%
Number of Part-time	48	30	-37.50%

EXPOSURE COMPARISON

Automobile Liability:

	Expiring	Renewal	%
Sheriff's Cars	913	1,057	15.77%
Fire Cars	151	113	-25.17%
Fire Trucks	99	151	52.53%
Private Passenger	327	332	1.53%
Vans/Pickups/Light Trucks	917	893	-2.62%
Medium Truck	179	234	30.73%
Heavy Trucks	391	394	0.77%
Buses	35	48	37.14%
Ambulances	104	95	-8.65%
Motorcycles	2	2	0.00%
ATV's	112	128	14.29%
Total	3,230	3,447	6.72%

Property:

	Expiring	Renewal	%
Total Insurable Values	$775,100,937	$830,520,604	7.15%

TOTAL INCURRED LOSS ANALYSIS

Valued as of 6/30/2003

	1998	1999	2000	2001	2002	2003	Total	Average [1]
Property	$122,548	$137,429	$62,753	$221,793	$149,319	$77,540	$771,382	$140,251
Auto Physical Damage	350,162	280,347	173,814	249,716	261,974	172,885	1,488,898	270,709
Auto Liability	295,613	129,279	158,736	690,045	123,628	242,371	1,639,672	298,122
General Liability	555,788	932,439	467,052	411,008	171,773	41,560	2,579,620	469,022
Errors & Omissions	54,500	75,681	145,139	118,676	359,565	61,000	814,561	148,102
Crime	0	0	705	571	1,763	0	3,039	553
Total	**$1,378,611**	**$1,555,175**	**$1,008,199**	**$1,691,809**	**$1,068,022**	**$595,356**	**$7,297,172**	**$1,326,759**

(1) Average losses for five years and six months (Total x 12 months ÷ 70 months = average).

COVERAGE SUMMARY

CASUALTY

CASUALTY

Coverage: Third-party Liability including bodily injury, property damage, and personal injury, exclusive of a $250,000 self-insured retention

Company: American Reinsurance Co.

Form: Occurrence except for Public Officials' Liability which is claims-made

Loss Fund: None

Aggregate Excess Protection: N/A

Premium: $835,000

Coverage Parts	Limit	Terms
General Liability	$2,000,000 $3,000,000	Per occurrence Aggregate per member
Law Enforcement Liability	$2,000,000 $2,000,000	Per occurrence Aggregate per member
Employee Benefits Liability	$2,000,000 $3,000,000	Per occurrence General aggregate per member
Automobile Liability	$2,000,000	Per occurrence
Auto Medical Payments	$5,000	Per person
Uninsured Motorists	Statutory	Per occurrence
Underinsured Motorists	Statutory	Per occurrence
Public Officials' Liability	$2,000,000 $2,000,000	Per occurrence General aggregate per member

Terms and Conditions:

- Note that **Nonbinding indications** are subject to receipt of updated underwriting information within 60 days of natural inception date.
- Terrorism excluded entirely. Please advise if you would like us to approach underwriters for a quote to include Terrorism.
- Terms indicated are subject to change based upon exposure adjustments, deterioration in loss experience, or any other factor that may have an impact on underwriters' assessment of this risk.
- Sexual Harassment coverage limited to $1,000,000 total.
- Claims Administration (in-house) subject to prior approval.
- Mold will be excluded by endorsement for all lines.

2004 RISK MANAGEMENT STRUCTURE

American Reinsurance Co. and Travelers Insurance Co.

Property	General Liability	Police Professional
Mobile Equip.	Auto Liability	Public Officials'
Auto Phys. Damage	EMT's	Employee Benefits

The self-insured retention is a per occurrence retention. Only one retention applies in the event of a multiple coverage part loss.

PROPERTY

PROPERTY

Perils:	All Risk, including Flood and Earthquake except as sublimited below	
Company:	Travelers Insurance Company	
Coverage:	Real and Personal Property, including Auto Physical Damage	
Policy Limit:	$250,000,000	Excess of $150,000 Self-insured except for Earthquake which is 2% of the location limit or a minimum of $150,000
Sublimits:	$5,000,000	Earthquake (annual aggregate)
	$20,000,000	Flood (annual aggregate) excluding Zone A
	$2,000,000	Flood (annual aggregate) Zone A
	$5,000,000	Builders' Risk (90 days reporting)
	$5,000,000	Ordinance or Law in any one loss
	$5,000,000	Debris Removal or 25% of loss, whichever is less
	$1,000,000	Newly Acquired Property (90 days reporting)
	$10,000,000	Mobile Equipment in any one loss
	$9,512,700	Valuable Papers in any one loss
	$1,250,000	Fine Arts in any one loss
	$2,500,000	Accounts Receivable in any one loss
	$1,000,000	Extra Expense per member ($25,000,000 maximum)
	$1,000,000	Errors & Omissions in any one loss
	$10,000,000	Data Processing Equipment and Media in any one loss
	$1,250,000	Data Processing Extra Expense in any one loss
	$10,000,000	Vehicles in any one loss ACV basis
	$250,000	Pollutant Cleanup annual aggregate
	$15,000	Fungus ($100,000 aggregate)
	All sublimits are per occurrence unless otherwise noted.	
Deductible:	$150,000	Self-insured Retention except Earthquake which is 2% of the location limit or a minimum of $150,000
Cancellation:	60-days' notice of cancellation applies except 10 days for nonpayment of premium.	
Valuation:	Repair or replacement basis as outlined in the policy form except for auto physical damage and mobile equipment which is actual cash value.	
Premium:	$672,719	

CRIME

CRIME COVERAGE

Coverage: Crime and Employee Dishonesty
Company: Travelers Insurance Company
Coverage Parts: See below

Form	Limit	Terms
Money and Securities (Within premises)	$150,000	Each and every loss excess of the self-insured retention
Money and Securities (Outside premises)	$150,000	Each and every loss excess of the self-insured retention
Commercial Blanket Bond	$150,000	Each and every loss excess of the self-insured retention – excludes employees known to have committed fraudulent or dishonest acts.
Depositors' Forgery	$150,000	Each and every loss excess of the self-insured retention
Self-insured Retention	$150,000	Per occurrence
Member Deductible	$500	Per occurrence
Premium	T.B.D.	

Notes:

- The reporting period for crime losses is one year from expiration.
- Faithful performance is included in the Commercial Blanket Bond.

BOILER & MACHINERY

BOILER & MACHINERY
Travelers Insurance Co.

Limit:	$50,000,000
Sublimits:	
Expediting Expenses	Policy limit
Ammonia Contamination	Policy limit
Water Damage	Policy limit
Hazardous Substance	$2,000,000
Demolition/Increased Cost	$1,000,000
Media	$500,000
Statistical, Accounting, and Management Computer Equipment	Policy limit
Broad Comprehensive coverage, including certain electronic control equipment	Yes
Repair or Replacement:	Yes
Business Interruption:	Policy limit
Extra Expense:	Policy limit
Refrigeration Interruption:	Policy limit, four-hour waiting period
Service Interruption:	Policy limit excludes property perils, four-hour waiting period
Location Insured:	All
Special Provisions:	
Joint Loss Agreement	Yes
Connected Ready for Use	Waived
Earthquake	Excluded
Explosion Exclusion	Modified
Lightning Exclusion	Applicable, if covered elsewhere
Property Perils Exclusions (Frost, freeze, flood, ice, snow, sleet, hail, windstorm, etc.)	Included
Automatic Coverage for New Locations	365 days for direct damage, indirect damage – policy limits
Deductible:	$1,000
Premium:	$38,670

BROKERAGE SERVICES

BROKERAGE SERVICES

Arthur J. Gallagher & Co. receives from Utah Counties Insurance Program an annual fee for providing brokerage services to the membership for the placement of the Excess Property, Liability, Automobile, Law Enforcement, and Public Officials' Liability coverages. The 2004 fee is $80,000, which is the same as last year.

The services that Arthur J. Gallagher & Co. provides to Utah Counties Insurance Program as a whole, and to individual member counties include, but are not limited to, the following:

- Provide information regarding insurance markets from the standpoint of cost, service, coverage, and security;
- Keep client informed of changes in insurance market conditions that may affect the insurance program;
- Coordinate and develop renewal information with client;
- Assist in the preparation of materials, specifications, and underwriting data required by insurers;
- Market required insurance coverages;
- Prepare and present formal annual renewal presentation to client;
- Place coverage as instructed by client;
- Review the accuracy and adequacy of all policies, policy endorsements, and invoices prior to delivery;
- Assist client in the design of policy forms as needed;
- Issue binders, certificates of insurance, and other coverage verification documents as required;
- Present policy coverage questions to underwriters;
- Assist in obtaining settlements from insurers for losses that penetrate excess insurance layers;
- Act as liaison with insurance companies and McLarens-Toplis, Inc.;
- Be available to answer day-to-day questions from member counties; and
- Attend client meetings when requested.

COST ANALYSIS

2004 PROGRAM YEAR
Cost Summary

Description	Expiring	Renewal	Insurer/Provider
Casualty (Third-party Liability)	$732,125	$835,000	American Reinsurance Company
Property	615,244	672,719	Travelers Insurance Company
Crime/Employee Dishonesty	5,060	TBD	Travelers Insurance Company
Boiler & Machinery	35,067	38,670	Travelers Insurance Company
Brokerage Fee	80,000	80,000	Arthur J. Gallagher & Co.
Total Insurance Costs	**$1,467,496**	**$1,626,389**	

INSURANCE COMPANY SELECTION

PROPOSED CARRIER RATINGS AND ADMITTED STATUS

	Proposed Carriers	A.M. Best's Rating 2003	Admitted/Nonadmitted
1.	American Reinsurance Company	A++ XV	Not Applicable[1]
2.	Travelers Insurance Company	A++ XV	Not Applicable[1]

If the above indicates coverage is placed with a Nonadmitted Carrier, the carrier is doing business in the state as a surplus lines or nonadmitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

Guide to Best Ratings

Rating Levels and Categories

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation
				S	Rating Suspended

Financial Size Categories
(In $000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I		Up to	1,000	FSC IX	250,000	to	500,000
FSC II	1,000	to	2,000	FSC X	500,000	to	750,000
FSC III	2,000	to	5,000	FSC XI	750,000	to	1,000,000
FSC IV	5,000	to	10,000	FSC XII	1,000,000	to	1,250,000
FSC V	10,000	to	25,000	FSC XIII	1,250,000	to	1,500,000
FSC VI	25,000	to	50,000	FSC XIV	1,500,000	to	2,000,000
FSC VII	50,000	to	100,000	FSC XV	2,000,000	or more	
FSC VIII	100,000	to	250,000				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

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(1) Reinsurance agreements are not covered by, or fall under the jurisdiction of the Utah State Guaranty Fund.

Copies of the Best's Insurance Reports on the insurance companies are available upon your request.

Arthur J. Gallagher & Co. uses A.M. Best & Co.'s rating services to evaluate the financial condition of insurers whose policies we propose to deliver. The rating of the carrier and the year of publication of that rating are indicated. Arthur J. Gallagher & Co. makes no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

ACTUARIAL DISCLAIMER

CLIENT AUTHORIZATION TO BIND COVERAGE

After careful consideration of your proposal dated August 21, 2003, we accept your insurance program subject to the following exceptions/changes:

Exceptions

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

Please provide us with a binder(s) and invoice(s) for the coverages agreed upon at your earliest convenience.

Agent Signature	Client Signature
Dated	Dated