

1 HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

2 Minutes of the Board of Trustees

3 Thursday, February 28, 2002

4  
5 TRUSTEES PRESENT: Mr. Sam Callejo, Chairperson  
6 Ms. Audrey Hidano, Vice-Chairperson  
7 Ms. Joan Lewis  
8 Ms. Kathryn S. Matayoshi  
9 Mr. Neal Miyahira  
10 Mr. Will Miyake  
11 Mr. Jimmy Yasuda  
12 Mr. Davis Yogi  
13  
14 TRUSTEES ABSENT: Mr. Jim Williams, Secretary-Treasurer  
15 Mr. Chip Uwaine  
16  
17 ATTORNEY: Mr. Brian Aburano, Deputy Attorney General  
18  
19 HEUHBTF STAFF: Mr. Tracy Ban  
20 Ms. Lynette Fukunaga  
21 Ms. Shirley Kawamoto  
22 Ms. Wanda Kimura  
23 Ms. Karen Tom  
24  
25 OTHERS PRESENT: Ms. Jean Aoki, HSRTA  
26 Ms. Lynette Arakawa, HDS  
27 Mr. George Butterfield, HSTA-Retired  
28 Ms. Nani Crowell, HSTA  
29 Ms. Alana Deppe-Mariota, Kaiser  
30 Ms. Monica Engle, VSP  
31 Mr. Melvin Higa, MBAH  
32 Mr. Charles Khim  
33 Mr. Gordon Murakami, Royal State  
34 Mr. George Yamamoto, HGEA-Retirees  
35

36 A. CALL TO ORDER

37 The regular meeting of the Board of Trustees was called to order at 9:35 a.m. by Mr. Sam  
38 Callejo, Chairperson, in Conference Room 303/304, No. 1 Capitol District Building, 250 South  
39 Hotel Street, Honolulu, Hawaii, on Thursday, February 28, 2002.  
40

41 MOTION to nominate Mr. Miyake as Secretary-Treasurer *pro tem* was made by Ms. Lewis and  
42 seconded by Mr. Yogi. There was no discussion.  
43

44 MOTION to close nominations was made by Ms. Matayoshi and seconded by Ms. Hidano.  
45 There was no discussion. The motion was passed unanimously. (Employer trustees 5/  
46 Employee-Beneficiary trustees 3)  
47

48 B. PRESENTATION BY INSURANCE BROKERS (Agenda Item V.A.)

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1 Ms. Matayoshi announced that there were to be presentations by the two insurance brokers that  
2 provided proposals in response to the Board's solicitation. She indicated that an executive  
3 session will be placed on the agenda for the March 12, 2002 meeting to discuss liability and legal  
4 aspects relating to the insurance policies.  
5

6 A presentation on the proposal from Aon was made by Mr. William Sandkuhler and Aon's  
7 Hawaii staff. Aon's proposal was for insurance that is on a primary basis and stands alone from  
8 the State's insurance program.  
9

10 In response to questions, Mr. Sandkuhler explained that the proposed fiduciary liability policy is  
11 a duty to defend policy. The attorneys used for litigation would be those listed on the insurer's  
12 pre-approved panel of attorneys. If agreed to by the insurer, the Attorney General's Office may  
13 be included in the panel. In response to a question from Mr. Aburano concerning one of the  
14 provisions of the fiduciary liability policy, Mr. Sandkuhler will confirm if it will be required that  
15 the Board request indemnity from the State prior to the insurer being obligated to pay a claim; he  
16 will obtain an answer in writing and submit it to Chair Callejo.  
17

18 Mr. Sandkuhler's recommendation for coverage was to obtain premium quotes for \$250,000 -  
19 \$500,000 retention amounts and cost for \$5 million, \$10 million, and \$30 million insurance  
20 limits.  
21

22 In response to a question on liability of the Board for past acts by the Health Fund,  
23 Mr. Sandkuhler commented that for a newly formed entity prior acts are not normally covered,  
24 however, if the entity wishes to include a prior act, it may be possible to negotiate inclusion of  
25 the act with the carrier.  
26

27 The trustees were advised that any further questions for Aon should be submitted to the Chair by  
28 the close of business on March 1, 2002.  
29

30 RECESS AT 10:30 a.m.; reconvened at 10:35 a.m.  
31

32 A presentation on the proposal from Marsh, an MMC Company, was made by Mr. Mike Grossi  
33 and Ms. Stephanie Tsubata. Marsh's proposal was for an insurance program that is coordinated  
34 with the State's insurance program.  
35

36 In response to a question regarding the Board's liability for actions taken by the Health Fund,  
37 Ms. Tsubata commented that the proposed policies exclude any known, prior, or pending  
38 litigation. An unknown prior occurrence that results in a claim during the policy period could  
39 possibly be covered depending upon the allegations and circumstances. Should the Board know  
40 of any occurrence that may turn into a claim, the Board could submit the circumstances in  
41 writing to the insurer within the policy period so that the claim may be covered depending upon  
42 the allegations and circumstances.  
43

44 In response to a question regarding the Board's liability for decisions it is currently making that  
45 may impact its future assets, Ms. Tsubata indicated that the policies are "claims-made" policies

1 which means that they cover a claim that occurs within the policy period and reported within the  
2 claims reporting period.

3  
4 In response to Mr. Aburano's question relating to the policy's coverage of defense for excluded  
5 non-monetary claims, she indicated that the policy has a duty to defend provision that would  
6 cover defense of such claims. The carrier has its pre-approved panel of attorneys from which to  
7 select but it is possible to request the addition of local attorneys and the Attorney General to the  
8 carrier's approved panel.

9  
10 The trustees were advised that any further questions for Marsh should be submitted to the Chair  
11 by the close of business on March 1, 2002.

12  
13 C. FUTURE AGENDA ITEMS AND NEXT MEETING DATE  
14 Tuesday. March 5, 2002, 9 a.m. at the same location.

15  
16 D. ADJOURNMENT  
17 MOTION to adjourn the meeting was made by Ms. Matayoshi and seconded by Mr. Miyake.  
18 There were no objections; the motion as unanimously passed. (Employer trustees 5/Employee-  
19 beneficiary trustees 3).

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21 The meeting was adjourned at 11:25 a.m.

22  
23 Respectfully submitted,

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25  
26  
27  
28 \_\_\_\_\_  
29 Will Miyake, Secretary-Treasurer *pro tem*

30 APPROVED on March 12, 2002.

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32 Documents Distributed:

- 33 1. Minutes for January 24, 2002. (7 pages)  
34 2. Aon presentation. (4 pages)  
35 3. Marsh presentation. (12 pages)