

MINUTES OF THE MEETING  
THE FLORIDA BIRTH-RELATED  
NEUROLOGICAL INJURY COMPENSATION ASSOCIATION

December 13, 2019  
Orlando Airport Hyatt  
Orlando, Florida

**EXECUTIVE SESSION**

The Executive Session of the December 13, 2019 meeting of the Board of Directors of the Florida Birth-Related Neurological Injury Compensation Association was called to order by Charlie Lydecker.

Present and constituting a quorum were:

Charlie Lydecker  
Steven Dukes, M.D.  
Marcos Lorenzo, M.D.

Also present:

Kenney Shipley, NICA Executive Director  
Tim Daughtry, NICA Deputy Director  
Steve Ecenia, NICA General Counsel  
Tana Storey, NICA General Counsel's Office (by phone)  
Michael Dobson, Department of Financial Services  
Tosha Seaney, Phipps Reporting  
Brooke Gaffney, Smith Bigman Brock  
Elizabeth Myers, Smith Bigman Brock

Current and potential litigation issues were discussed.

The Board then met in regular session.

**GENERAL SESSION**

Charlie Lydecker then called the General Session of the Board meeting to order.

Present and constituting a quorum were:

Charlie Lydecker  
Steven Dukes, M.D.  
Marcos Lorenzo, M.D.

Also present:

Kenney Shipley, NICA Executive Director  
Tim Daughtry, NICA Deputy Director

Steve Ecenia, NICA General Counsel  
Tana Storey, NICA General Counsel's Office (by phone)  
Tamara St. Hilaire, Office of Insurance Regulation (by phone)  
Daniel Chang, Miami Herald  
Janice Yecco, NICA Investment Consultant  
Felicia Bennett, Wilshire Consulting  
Steve Lehmann, Pinnacle Actuarial Resources  
Mark Crawshaw, Madison Consulting  
John Kenny, MetLife Investment Management (by phone)  
Jacky Chu, BlackRock (by phone)  
Adnan Virani, Sterling Capital

The Chair asked for a motion to approve the minutes of the August 26, 2019 and October 24, 2019 Board meetings.

**A motion was made to approve the minutes as drafted. The motion passed unanimously.**

### **Investments**

Janice Yecco followed with a discussion of overall economic fundamentals as well as NICA's investment results.

For the trailing twelve months ending September 30, 2019, the return of the overall portfolio of 9.49% exceeded the expected return of 5.77%. For the quarter ending September 30, 2019, the NICA portfolio outperformed the blended benchmark but lagged the policy benchmark. The portfolio lagged both benchmarks for the trailing twelve months. The portfolio's equity composite matched its blended benchmark but underperformed the policy benchmark. The fixed income composite, with a return of 4.2%, outperformed both the blended benchmark and policy benchmark (both at 4.15%) for the quarter but underperformed slightly for the trailing twelve months.

A table comparing market weights by asset class as of October 31, 2019 with target percentages established by NICA's investment policy was presented. With the exception of cash, all asset classes were within the target range. Approximately \$7.3 million of the excess cash had been re-allocated to the TIPS portfolio which had been at the low end of the range.

At the October 24, 2019 meeting, the Board had approved the recommendation to transition the balances both the Intech and the BlackRock Russell 1000 Growth accounts into the BlackRock Russell 1000 Index Fund. That transition had been completed at the end of October.

Felicia Bennett of Wilshire Consulting then presented the executive summary for the quarter ending September 30, 2019 and the investment manager Watch List as of September 30, 2019. There were two managers on the Watch List, Intech (since September 30, 2016) and Schroders (since June 30, 2019). (Intech had been terminated by the Board during the October 24, 2019 conference call.) Watch List status for Schroders was triggered by fourth

quartile rankings as compared to peers for their three year performance and three year information ratio. It was noted that Watch List status for Schroders was triggered for periods of performance that were before NICA hired this manager. It was recommended that NICA continue to monitor this manager.

### **Reserve Evaluation**

Steve Lehmann introduced Mark Crawshaw, Ph.D. of Madison Consulting Group, Inc. who would be taking over as consulting peer review actuary.

For the quarter ending September 30, 2019 the overall recommended reserve for loss and loss adjustment expenses, including both allocated and unallocated loss adjustment expense, was \$852.2 million gross of anticipated reinsurance recoveries. This was an increase of \$4.0 million since June 30, 2019. Reinsurance recoveries of \$16 million had been collected and represented the final decision of the arbitration panel relative to the reinsurance recovery from Gen Re. No change was proposed in the risk margin reserve of \$75.5 million.

Summary exhibits from the September 30, 2019 actuarial report were presented. The exhibits detailed case reserves as established by NICA, payments and incurred but not reported (IBNR) and loss development amounts by birth year. The assumptions used for prospective inflation of 3.5% and prospective investment rate of return of 5% had not changed since the last evaluation. Mr. Lehmann pointed out that the significant factor is the differential between the two which was 1.5%. The other key assumption was the incurred loss development factor of 1.099 for 369 months to ultimate. The present value of case reserves of \$573.9 million had decreased by \$2.6 million since June 30, 2019. The reserve for IBNR and development of \$278.3 million increased by approximately \$6.6 million for the quarter.

**A motion was made to approve the September 30, 2019 actuarial reserve evaluation. The motion passed unanimously.**

Mr. Lehmann continued with a presentation of the Calculation of Threshold for Suspension of Claims as of September 30, 2019. This calculation is a statutorily required test. Based on the analysis and test, NICA met the statutory requirement.

**A motion was made to approve the September 30, 2019 Threshold Calculation. The motion passed unanimously.**

The Chair thanked Mr. Lehmann for his hard work and commitment to NICA over the years.

Mr. Lehmann asked Dr. Crawshaw summarize his actuarial qualifications for the Board. Dr. Crawshaw is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. He is president of Madison Consulting Actuaries. He had also consulted with NICA during disputes with reinsurers as well as other projects.

### **General Counsel – Officer Designation**

Ms. Shipley advised the Board that in order to be covered by NICA's D&O policy and crime policy, the General Counsel would need to be designated as an "Officer of the Association".

**A motion was made to designate the General Counsel an Officer of the Association for purposes of signing documents and checks. The motion passed unanimously.**

There being no further business before the Association, the meeting was adjourned.