

FLASH REPORT!

CIGA Enters New Phase Of Public Accountability

SAN FRANCISCO-- Intermittent rain storms aside, the sun began to shine on the California Insurance Guarantee Association yesterday. CIGA's board of directors were assembled in San Francisco to conduct their first meeting in the public realm since being ordered to do so by the California Legislature and its passage of SB 1467 last year.



Daniel Jacobson

The forced sunshine was in response to concerns in some corners -- including some of CIGA's own board -- that CIGA's management was not doing all that it could to control costs and to effectively manage the claims left behind by defunct carriers. The meeting went smoothly for the most part, but as with any new process it was apparent that there will be a learning curve for all involved.

In a precursor to a battle that would come later in the day, board member Dan Jacobson and CIGA general counsel Tom Jenkins sparred in the first few minutes of the proceeding over the application of the open meeting rules, including what issues could and could not be raised during the meeting. The issue is a pertinent one for Jacobson who is the business community's representative on the board and has been a frequent critic of CIGA's operating practices.

Jacobson came to the meeting in part to take issue with CIGA executive director Wayne Wilson and his handling of information -- most notably the results of a preliminary report from the California Department of Insurance and another report that was prepared at the board's behest to investigate allegations were raised by independent auditor John Williams. Jacobson also came with the intent of furthering a process for creating a request for proposal process for hiring attorneys.



Wayne Wilson

In the end, Jacobson raised each of the issues, but no immediate action resulted.

In a dust-up with Wilson over access to CDI's preliminary report, Jacobson was assured that he would be allowed to review the preliminary report but was rebuffed in his efforts to obtain a physical copy of the document. "The issue is the potential release of a preliminary report that may have inaccuracies in it," Wilson explained in denying the request to allow copying. Jacobson maintained that he presented no

such danger, which prompted an audible snicker from the other end of the table.

"It's not lost on a couple of these members that the next meeting is my last," Jacobson told *Workers' Comp Executive* after the meeting, noting that action was delayed on the other two items he raised during the meeting.

Board chairman James Sevey of California Casualty Insurance Group terminated discussion on a report prepared by attorney Martha Boersch of Jones Day after two board members objected to discussing in depth an item that was not on the official meeting agenda. The report on the findings in the William's audit was presented to the board at its last meeting, but Jacobson maintains that it is still incomplete.

"We were told that it was a draft but now they say it was the final report. But what good is it without the exhibits," Jacobson asks, noting that the copy the board received made references to supporting exhibits that were not included with the document. "What did we pay for?"



James Sevey

But discussion was cut short and the issue will be on the agenda for the board's meeting in May. It's still unknown if the subject will be discussed in open or closed session, as that was left up to the board's counsel to determine what would be appropriate.

Also rejected was Jacobson's suggestion for a formal RFP process for hiring CIGA's general counsel. Instead, the board asked the association's staff to schedule the issue for discussion at the next meeting. At Wilson's suggestion, the item will be structured as a performance evaluation of CIGA's existing general counsel -- Locke Lord Bissell & Liddell. Such a move will allow the issue to be discussed during the board's closed session, instead of during the portion of the meeting that is open to the general public.

So the day's weather forecast appeared apropos after all -- mostly cloudy with periods of partial sunshine. Maybe by summer

-30-

Copyright 2009 Providence Publications, LLC. All Rights Reserved.