

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL
Underwriting & Claims Committee Meeting**

Via Zoom Teleconference Software

Recorded Meeting Video May Be Viewed at

<https://www.tmlirp.org/who-we-are/your-board-members/board-meetings-and-agenda/#video>

April 23, 2021 (2:00 P.M.)

Committee Members Present

David Harris, Chair
Carol Loughlin
Leo Montalvo

Other Board Members Present

Randy Criswell
Jeffrey Snyder
Mike Smith

Staff Present

Jeff Thompson
David Reagan
Susie Green
Tito Villegas
Atul Poladia

Staff Present (cont.)

Mike Rains
Mike Bratcher
Mike Raigosa
David Nix
Cindy Arce
Bo Joseph
Phil English
Aaron Hardiman
Paula Marr-Ludwig
Tamara Chafin
Lindsey Fields
Kim Williams
Julie Nguyen
Irvin Janak

Staff Present (cont.)

Timothy Salzman
Brittani Miller
Chris Remmert
Latasha Partlow
Gary McAuliffe
Kris Reim
Wendy Standorf
Jon Norwood
Kathy Westbrook
Victoria Fisher
Patti Ledesma
Debbie Sherwood

Others Present

Collin Schoenfeld

At 2:00 P.M. on Friday, April 23, 2021, Lindsey Fields, Assistant Director of the Texas Municipal League Intergovernmental Risk Pool, read the following statement:

In an effort to mitigate the spread of Covid-19 by avoiding meetings that bring people in a group setting and in accordance with the Texas Governor's Declaration of Disaster enacted on March 13, 2020, and subsequently renewed monthly, Board members of the Texas Municipal League Intergovernmental Risk Pool are participating remotely in compliance with the Texas Open Meetings Act, as temporarily modified by Governor Abbott. Members of the public may participate by joining via Zoom by registering at the web address provided on the agenda posted at the TMLIRP website at www.tmlirp.org and at the Secretary of State's office. Once registered, instructions on how to access the meeting using Zoom or telephonically and how to make public comment are sent to the registrant either by email or phone call.

I'm Lindsey Fields and I will be the host of the TMLIRP Underwriting & Claims Committee meeting on this 23rd day of April, 2021. Zoom teleconferencing software is being utilized for this electronic meeting. All members of the Committee have the ability to communicate during this meeting through the platform and the public has access to listen. Committee members should remember that it is the requirement of the Texas Open Meetings Act that in order to lawfully participate in the teleconference, their camera must be engaged at all times, even if

they step away from their computer. Committee members are to refrain from using the chat function within Zoom unless they are experiencing technical difficulties and it is necessary to send a message to the I.T. Staff or if they need to indicate that they would like to make a comment or ask a question, they can then otherwise signify their intent to the Committee Chair. Any messages sent via chat will be recorded.

Any Board member who is attending the Committee meeting, but is not a member of the Committee, is respectfully requested to turn their camera off so that Committee members can be easily identified by all participants. If a Board member who is not a Committee member would like to speak, they should turn their camera on and indicate their desire to speak by either raising their hand virtually, raising their actual hand, or simply speaking up.

All votes taken during this meeting will be done by a show of hands with a roll call vote to be taken, if necessary. Should the meeting be interrupted by technical difficulties, it will be restarted as soon as technical difficulties are resolved and you are encouraged to check your email if the meeting is interrupted.

Chair David Harris called the meeting of the Underwriting and Claims Committee of the Texas Municipal League Intergovernmental Risk Pool to order at 2:03 P.M. on Friday, April 23, 2021, and indicated there are only three members remaining on the Underwriting and Claims Committee due to the departure of Andres Garza, Jr. and the death of Rob Hauck.

Consideration of minutes of the January 28, 2021, committee meeting (Tab 12)¹

MOTION by Carol Loughlin, seconded by Leo Montalvo, to approve the Underwriting and Claims Committee minutes of January 28, 2021, as written under Tab 12. Motion carried with unanimous approval.

Consideration of Property Rate Recommendations & Property Reinsurance Recommendations for May 1, 2021 to May 1, 2022 (Tab 13)

Lindsey Fields presented the property rate recommendations and the property reinsurance recommendation set forth under Tab 13. The Pool's actuary indicates an increase in property rates of 8.5%. Staff recommends an overall property rate increase of 6% for the 2021-22 fund year through more member targeted rate changes in response to poor loss experience as set out under Tab 13. The property reinsurance renewal faces a difficult renewal in light of a hard market and the Pool's poor five and ten-year loss experience in the bottom three layers of the reinsurance structure (15x10, 25x25, and 50x50). Overall projected reinsurance expense (including both London and Bermuda reinsurers, NLC Mutual and allocations to the Pool's Reinsurance Fund) will increase by \$5,135,250 (25.7%), from \$19,955,955 to \$25,091,205.

MOTION by Leo Montalvo, seconded by Carol Loughlin, to recommend to the Board to approve an overall 6% property rate increase as set forth under Tab 13; to approve the overall reinsurance structure recommended under Tab 13; and to approve the overall anticipated reinsurance expenditure of \$25,091,205 on reinsurance layers above \$10M with an additional

¹ All references to "Tabs" are references to the Tabs in the Board of Trustee packet.

contingency of \$2,509,121 (10%), with leeway for the Executive Director to make modifications to the reinsurance structure, but not to exceed \$27,600,326 in total (internal & external) reinsurance expenditure/allocation. Motion carried with unanimous approval.

Consideration of Workers' Compensation Rate Recommendations for 2021-22, including Underwriting Guidelines for Non-Municipal Firefighting Entities (Tab 14)

Lindsey Fields presented the workers' compensation rate recommendations and the underwriting guideline for workers' compensation coverage for non-municipal firefighting entities. Staff is recommending an overall flat rate adjustment, accomplished by making adjustments to individual class codes that do not create any additional projected revenue for the Pool. Staff also recommends excluding COVID-19 claims from the member experience modification factors. For non-municipal firefighting entities, staff recommends a minimum \$50,000 per occurrence workers' compensation deductible without an aggregate deductible and the entity being required to assume all payments and administration for all presumption claims if the entity withdraws from the Pool's Workers' Compensation Fund before completing 5 consecutive years in the Fund.

MOTION by Carol Loughlin, seconded by Leo Montalvo, to recommend to the Board the adoption of the following staff recommendations, as set forth under Tab 14:

1. Exclude COVID-19 claims from the experience modifier calculation resulting in a projected 1.30% decrease in contribution;
2. Rate changes as outlined under Tab 14 resulting in a projected overall 1.30% increase in contribution;
3. Eliminate the moratorium for non-municipal firefighting districts for quotes effective on or after October 1, 2021;
4. In addition to the guidelines approved in April, 2020, add two additional guidelines for new coverage requests from non-municipal firefighting districts joining the Workers' Compensation Fund on or after October 1, 2021:
 - a. Require a minimum \$50,000 occurrence without an aggregate workers' compensation deductible.
 - b. Require non-municipal firefighting entities to take responsibility for all management and payment of workers' compensation claims falling under the presumption statutes if withdrawing from the Workers' Compensation Fund before completing five consecutive years in the Workers' Compensation Fund with the Pool.

Motion carried with unanimous approval.

Consideration of Liability Rate Recommendations for 2021-22 (Tab 15)

Lindsey Fields presented the liability rate recommendations for 2021. The Pool's actuary indicated an overall increase of 6.4%, based on the Pool's ten-year loss history and an overall 10.9% increase based on the five-year loss history. The staff liability rate recommendation is to

increase overall liability rates by 6.2% at \$1 million in coverage. Specific recommended changes to rates are (1) 1% increase for General Liability, (2) 14.7% increase for Law Enforcement Liability, (3) 10.9% increase for Errors & Omissions Liability, and (4) 2% increase for Auto Liability.

MOTION by Leo Montalvo, seconded by Carol Loughlin, to recommend to the Board the adoption of the staff recommendations set forth under Tab 15. Motion carried with unanimous approval.

Consideration of Cyber Reinsurance Agreement Renewal and Cyber Coverage Rate Recommendation for 2021-22 (Tab 16)

Lindsey Fields presented the staff recommendation on the cyber reinsurance renewal coverage rate. Staff is recommending renewal of the cyber reinsurance through Beazley with an 11.11% rate increase to the Core and Core+ tiers, as set forth under Tab 16. It was also recommended the Pool continue to retain the Core tier cost for members that continue to participate in either the Property Coverage or the Liability coverage. Members will be responsible for the additional cost of Core+ tier and the three higher limit tiers that are provided.

MOTION by Leo Montalvo, seconded by Carol Loughlin, to recommend to the Board to approve renewing the reinsurance agreement with Beazley at an 11.11% increase in rate for Core and Core+ tiers and to approve the Pool continuing to retain cost for the base limit (Core) contribution for members that participate in the Pool's Real & Personal Property coverage or General Liability coverage as set forth under Tab 16. Motion carried with unanimous approval.

Consideration of Updated Project Scope and Budget with Claim Center / Contact Manager Upgrade (Tab 17)

Atul Poladia presented the staff recommendation to authorize the design and develop phase of the Claim Center/Contact manager Upgrade Project with a proposed project budget of \$4.59 million, as set forth under Tab 17.

MOTION by Carol Loughlin, seconded by Leo Montalvo, to recommend to the Board to (1) authorize the *Design and Develop* phase of the Claim Center/Contact Manager Upgrade Project, thereby clearing the "Commit" gate of the project execution framework, (2) adopt the Proposed Project Budget of \$4.59 million for the *Design and Develop* phase of Claim Center / Contact Manager Upgrade project by amending the capital outlay budget by \$4.59 million, (3) authorize the Executive Director to enter into a Statement of Work with Guidewire for the Claim Center / Contact Manager Upgrade Project up to \$3.1 million, and (4) authorize the Executive Director to amend the Scope/Budget of the *Design and Develop* phase to expend contingency funds or reallocate funds as necessary within the project, but not to exceed the \$4.59 million overall project budget. Motion carried with unanimous approval.

Significant Cases and Legal Developments impacting the Pool (Tab18)

Bo Joseph presented the report on Significant Cases and Legal Development impacting the Pool under Tab 18.

Liability and Property Claims Report: 2021 Winter Storm Update (Tab 19)

The Committee deferred the presentation of the Liability and Property Claims Report: 2021 Winter Storm Update, set forth under Tab 19, until tomorrow's Board Meeting.

Workers' Compensation Claims Report on trends concerning workers' compensation claims (Tab 20)

The Committee deferred the presentation of the Workers' Compensation Claims Report on trends concerning workers' compensation claims, set forth under Tab 20, until tomorrow's Board Meeting.

Report from Office of Project Management and Analytics, including report on Progress for Business Application & IT Road Map (Tab 10)

Tim Salzman presented the Office of Project Management and Analytics Report set forth under Tab 10.

Member Services Report including Membership Activity (Tab 21)

Aaron Hardiman presented the Member Services Report set forth under Tab 21

Underwriting Report on underwriting results and loss ratios, including the Quarterly Report by Victor Insurance Manager, Inc. regarding revenues received and contract activities (Tab 22)

Paula Marr-Ludwig presented the Underwriting Report on underwriting results and loss ratios, including the Quarterly Report by Victor Insurance Manager, Inc. regarding revenues received and contract activities under Tab 22.

Loss Prevention Report on member surveys, training, and property valuations conducted (Tab 23)

Irvin Janak presented the Loss Prevention Report on member surveys, training, and property valuations under Tab 23.

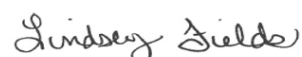
Subrogation Report (Tab 24)

Bo Joseph presented the Subrogation Report under Tab 24.

Adjournment

David Harris adjourned the meeting at 3:51 P.M.

Approved by the
Underwriting & Clams Committee
on July 22, 2021



Lindsey Fields
Assistant Director