

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL
Underwriting & Claims Committee Meeting
Hotel Emma, Cellar J
136 E. Grayson, San Antonio, Texas 78215
July 20, 2018**

Committee Trustees Present

Randy Criswell, Chair
Rickey Childers, Vice Chair
Andres Garza
Henry Wilson

Committee Trustees Absent

Robert Herrera (attended Finance &
Information Technology Committee)
Michael Talbot

Staff Present

Bob Haynes
David Reagan
Mike Bratcher
Tamara Chafin
Susie Green
Aaron Hardiman
Irvin Janak
Bo Joseph
Paula Marr-Ludwig

Staff Present (con't)

David Nix
Mike Rains
Tim Salzman
Debbye Mangum

Randy Criswell called to order the Underwriting and Claims Committee of the Texas Municipal League Intergovernmental Risk Pool at 3:03 p.m. on Friday, July 20, 2018.

Consideration of minutes of April 27, 2018 committee meeting (Tab 12)¹

MOTION by Rickey Childers, seconded by Andres Garza, to approve the Underwriting and Claims Committee meeting minutes of April 27, 2018, as written under Tab 12. Motion carried with unanimous approval.

Report regarding Final Property Reinsurance Placement Effective May 1, 2018 (Tab 13)

Bob Haynes presented the report under Tab 13 on the final placement of property reinsurance effective May 1, 2018. The final gross reinsurance expense was \$22.0 million, below the \$22.2 million presented to the Board at the April meeting. The final reported numbers for 2018-19 are non-adjustable as long as insured values for the Pool do not increase or decrease by more than 10%. The Pool placed \$250 million in exposures and the Property and Reinsurance Funds will retain \$82 million of the exposure. The reinsurance contract terms and conditions will be revised to reflect changes to flood coverage, as approved by the Board which become effective October 1, 2018.

Consideration of Authorization of a Flood Reinsurance Program through the Coastal Storm Fund (Tab 14)

Bob Haynes presented the recommendation for the authorization of a flood reinsurance program through the Coastal Storm Fund as set forth under Tab 14. Since the Pool has limited its baseline flood coverage available to Pool members to \$1.5 million, minimum, to \$5 million, maximum, the Pool staff has been looking for alternatives for its members for excess flood coverage. One

¹ All references to "Tabs" in these minutes are references to the Tabs in the Board of Trustees Agenda packet.

alternative through VOSCO is Dual ReAmerica, who is not interested in writing members who have had previous flood losses or are in Tier One. Another alternative is through facultative reinsurance markets. Guy Carpenter, LLC has indicated it can find full support at the \$5M in excess limits, and less likely to find support for the \$10M and \$15M limit layers. If a Member selects the facultative reinsurance, it will be through the Pool and the Pool would retain control of the claims handling and claims payments. Each Member will be individually underwritten. The staff recommendations are as follows:

1. Authorize Guy Carpenter, LLC to place coverage on behalf of the Pool for any and all members who might elect excess flood coverage through these options, and
2. Authorize the Pool to accept up to a 5% quota share of the placement of excess limits up to \$15 million, including the derived premiums and potential associated losses, using the Coastal Storm Fund as the vehicle for offering the coverage.

MOTION by Andres Garza, seconded by Rickey Childers, to recommend to the Board that Guy Carpenter, LLC be authorized to place coverage on behalf of the Pool for any and all Members who might elect excess flood coverage through the above options, and authorize the Pool to accept up to a 5% quota share of the placement of excess limits up to \$15 million, including the derived premiums and potential associated losses, using the Coastal Storm Fund as the vehicle for offering the coverage. Motion carried with unanimous approval.

Consideration of Independent Claims Adjusting Providing Services for TMLIRP (Tab 15)

Mike Rains presented the recommendation for consideration of independent claims adjusting services for the Pool's claims as set forth under Tab 15. The staff recommended adding four auto appraisal companies and nine real and personal property appraisal firms to the Board approved independent adjusters list. 4T Partnership is a roofing consultant firm that will be used to assist Members with reroofing scope development, bid preparation, and project management. The staff anticipates nine independent adjusting firms will be paid over \$100,000 during the next fiscal year.

The staff recommends the addition of the new independent adjusting firms as set forth under Tab 15.

MOTION by Andres Garza, seconded by Rickey Childers, to recommend the Board approve the additional independent adjusting firms as set forth under Tab 15. Motion carried with unanimous approval.

Consideration of Payroll Audit Services with Dylong & Associates for an Initial Three Year Term with Option to Extend for Two Additional Years (Tab 16)

Paula Marr-Ludwig presented the recommendation for payroll audit services for Workers' Compensation for a three-year period with the two one-year options to extend the agreement. The Pool received four responses to an RFP issued on May 9, 2018. Two of those responding were unable to make a proposal due to the size of the project, and the other two proposals were from the current provider, R. Dylong and Associates, Inc. in Rockwall, Texas, and a previous provider, Overland Solutions, Inc. in Overland Park, Kansas. The staff recommends the current provider, R. Dylong and Associates, Inc., due to their understanding of the audit project, the number of auditors available, and the costs associated with the audits. The staff recommends awarding the

payroll audit services contract to R. Dylong and Associates, Inc. for a three-year period with two one-year options to extend the agreement with fees of \$98.50 per hour for Field Audits and \$34 flat fee for each Telephone Audit, increasing to \$101.50 per hour and a \$35 flat fee for years four and five, effective September 1, 2018.

MOTION by Rickey Childers, seconded by Andres Garza, to recommend to the Board that the payroll audit services be awarded to R. Dylong and Associates, Inc. for a three-year period with two one-year extension options, effective September 1, 2018, as set forth under Tab 16. Motion carried with unanimous approval.

Report from Office of Project Management and Analytics Report, including report on Progress for Business Application & IT Road Map (Tab 9)

Tim Salzman presented the report from the Office of Project Management and Analytics, including the progress for business application and the IT road map under Tab 9.

Significant Cases and Legal Developments impacting the Pool (Tab 17)

Bo Joseph presented significant cases and legal developments impacting the Pool under Tab 17.

Liability and Property Claims Report on trends concerning liability claims and property claims, including a report on Hurricane Harvey

Mike Rains presented an update on Hurricane Harvey claims.

Workers' Compensation Claims Report on (a) trends concerning workers' compensation claims (Tab 18)

Mike Bratcher presented the Workers' Compensation Claims report on under Tab 18.

Underwriting Report on underwriting results, loss ratios, and the Quarterly Report by Victor O. Schinnerer & Company, Inc. regarding revenues received and contract activities (Tab 19)

Paula Marr-Ludwig presented the Underwriting Report under Tab 19.

Loss Prevention Report on member surveys, training, and property valuations conducted (Tab 20)

Irvin Janak presented the loss prevention report under Tab 20.

Subrogation Report (Tab 21)

Bo Joseph presented the subrogation report under Tab 21.

Member Services Report including Membership Activity (Tab 22)

Tamara Chafin presented the member services report under Tab 22.

Adjournment

Chair Randy Criswell adjourned the Texas Municipal League Intergovernmental Risk Pool Underwriting and Claims Committee meeting at 4:27 p.m.

Approved by the Underwriting and Claims Committee
October 26, 2018


Robert G. Haynes, Deputy Executive Director