

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL**

Underwriting and Claims Committee

Hyatt Hill Country Resort & Spa, Independence Ballroom 6

9800 Hyatt Resort Drive, San Antonio, TX 78251

July 19, 2019

Committee Members Present

Mary Dennis
David Harris
Robert Hauck
Jeffrey Snyder
Michael Smith

Committee Members Absent

Andres Garza, Chair

Staff Present

Bob Haynes
Mike Bratcher
Tamara Chafin
Lindsey Fields
Irvin Janak
Bo Joseph
Paula Marr-Ludwig
Mike Rains
Debbye Mangum

Underwriting and Claims Committee

Mary Dennis called the meeting of the Texas Municipal League Intergovernmental Risk Pool Underwriting & Claims Committee to order at 3:11 p.m., July 19, 2019. She asked the Committee members and staff to introduce themselves to Robert Hauck, City Manager of Tomball, the Board's new member.

Consideration of minutes of April 26, 2019 committee meeting (Tab 9)⁽¹⁾

MOTION by David Harris, seconded by Jeffrey Snyder, to approve the Underwriting and Claims Committee minutes of April 26, 2019, as written under Tab 9. Motion carried with unanimous approval.

Report regarding Final Property Reinsurance Placement Effective May 1, 2019 (Tab 10)

Bob Haynes reported on the final property reinsurance placement effective May 1, 2019. The final reinsurance expense for layers above \$10M was in line with the estimated expense presented to the Board at the April Board meeting. The final reported figures are non-adjustable provided the total insured values for the Pool do not increase or decrease by more than 10%. The reinsurance contract terms and conditions will remain unchanged.

Consideration of Independent Adjusting Firms Handling TMLIRP Claims (Tab 11)

Mike Rains presented the report on the independent adjusting firms which handle claims for the Risk Pool. Two firms are being added to the list of adjusting firms. The staff anticipates

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

five independent adjusting firms on the list will be paid over \$100,000 by the Pool during the next fiscal year. The list of adjusting firms is set forth under Tab 11.

MOTION by David Harris, seconded by Robert Hauck, to recommend to the Board the independent adjusters listed under Tab 11 be approved. Motion carried with unanimous approval.

Consideration of Cyber Liability Reinsurance Agreement Renewal with Beazley for 7-month period, beginning October 1, 2019 (Tab 12)

Bob Haynes presented the cyber liability reinsurance agreement renewal with Beazley for a 7-month period beginning October 1, 2019 through May 1, 2020. The Pool provides cyber liability and data breach response coverage for all Members participating in Real and Personal Property and/or General Liability coverages. Since finalized reinsurance terms are not available in July for an October 1 renewal, the seven-month renewal will allow future Board approval based on firm costs and coverage terms. In 2020, the renewal will be for a May 1 to May 1 period.

MOTION by David Harris, seconded by Jeffrey Snyder, to recommend to the Board that staff be authorized to renew reinsurance coverage with Beazley on October 1, 2019 for a 7-month term to May 1, 2020, with subsequent renewals on May 1 of each year or, if this shortened term is not available from the reinsurer, staff be authorized to renew the coverage for a full year, or up to 19 months, provided pro-rated monthly costs remain within 15% of the current cost of \$559,000, or \$46,500 monthly. Motion carried with unanimous approval.

Office of Project Management and Analytics Report, including:

1. Update on ongoing business application development
2. Consideration of updated Business Application & IT Roadmap (Tab 13), and
3. Consideration of authorization of Executive Director to extend Systems Integrator Contract with CapGemini for Claim Center/Contact Manager Upgrade and Policy Center/Billing Center Release 2 (Tab 14)

Lindsey Fields presented the report of the updated business application and IT roadmap and authorization of the Executive Director to extend Systems Integrator contract with CapGemini for the claim center/contact manager upgrade and policy center/billing center release 2 under Tab 14.

MOTION by David Harris, seconded by Jeffrey Snyder, to recommend to the Board that the Executive Director be authorized to contract with CapGemini for development and implementation of the claim center/contact manager upgrade and policy center/billing center release 2 at a cost not to exceed \$3.5 million, and an overall cost not to exceed \$5.8 million (including a \$500,000 contingency). Motion carried with unanimous approval.

Consideration of Clarification of Monoline Property Coverage Requirement (Tab 15)

Bob Haynes presented the clarification of the monoline property coverage requirement as adopted at the April 2019 Board meeting. The revised restriction on property coverage adopted in April 2019 is recommended to read as follows:

1. NEW Real and Personal Property coverage will not be written on a monoline basis without the member also purchasing from the Pool either Workers' Compensation or General Liability, Errors and Omissions Liability and Law Enforcement Liability (if Law Enforcement Liability is applicable).
2. NEW Automobile Physical Damage and/or Automobile Catastrophe coverages will not be written on a monoline basis without the member also purchasing from the Pool either Automobile Liability or Workers' Compensation.
3. Property coverage will not be written for any current member who moves all other lines of coverage other than Property to another provider;
4. Monoline Real and Personal Property, Automobile Physical Damage or Automobile Catastrophe coverage will continue to be supported for members who currently only have that coverage for a maximum of three years to allow the member to purchase other required lines of coverage or withdraw from the Pool (i.e. these members are "grandfathered" until the 2022-23 Fund Year).
5. These restrictions shall not apply to members that obtain only a small line of property coverage (e.g. animal mortality, crime, mobile equipment or Real & Personal Property) from the Pool of less than 10% of the member's entire real and personal property, as long as this line of coverage does not have a higher potential for loss than the member's remaining real and personal property portfolio not covered by the Pool.

MOTION by David Harris, seconded by Robert Hauck, to recommend to the Board to approve the revisions to the restrictions on Property Coverage adopted in April 2019 as set forth above. Motion carried with unanimous approval.

Consideration of Contract with LocalGovU for Online Training Services (Tab 16)

Irvin Janak presented the contract with LocalGovU for online training services under Tab 16. The courses offered through LocalGovU address a wide range of local government functions: public safety, utilities, public works, etc. The Pool has paid a fee of \$4.25 per course until 2018. LocalGovU approached the Pool regarding a new platform with a \$20,000 fee to retain the \$4.25 cost per course. Rather than accept the additional fee, the Pool agreed to an

increase in the cost per course of \$4.50 and began the process to issue a Request for Proposals. LocalGovU was the only responder. Based on previous usage, the Pool negotiated a fee of \$4.20 per course provided the Pool purchases a minimum of 30,000 courses per fiscal year.

MOTION by David Harris, seconded by Jeffrey Snyder, to recommend to the Board the execution of a new contract with LocalGovU for a minimum of 30,000 courses at \$4.20 per completed course for a period of three years effective October 1, 2019, with three one-year renewal options. Motion carried with unanimous approval.

Update on Workers' Compensation Reinsurance catastrophic coverage placement, effective November 1, 2019 (Tab 17)

Bob Haynes presented the update on the workers' compensation catastrophic coverage placement under Tab 17. The Pool has requested quotes for Workers' Compensation Reinsurance catastrophic coverage placement through the Pool's reinsurance broker Guy Carpenter, LLC. The Pool has requested quotes for two options:

- \$15M x \$10M per occurrence, \$10M maximum any one life, and 1 100% reinstatement
- \$10M x \$15M per occurrence, \$10M maximum any one life, and 1 100% reinstatement.

The Pool would continue to retain a significant portion of the Workers' Compensation exposure (either \$10 million or \$15 million) and be protected up to \$25 million (\$10 million any one life) with one reinstatement. The staff will provide a recommendation for the Board's consideration at the October meeting.

Significant cases and legal developments impacting the Pool (Tab 18)

Bo Joseph presented significant cases and legal developments impacting the Pool under Tab 18.

Liability and Property Claims Report on Hurricane Harvey (Tab 19)

Mike Rains presented the liability and property claims report on Hurricane Harvey claims under Tab 19.

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

Mike Bratcher presented the Workers' Compensation Claims Report under Tab 20. He reported that the Political Subdivision Workers' Compensation Alliance staff moved to the Pool's office on June 14, 2019, and the office space the Alliance was occupying has been sublet.

Underwriting Report on underwriting result, loss ratios, and the Quarterly Report by Victor O. Schinnerer & Company, Inc. regarding revenues received and contract activities (Tab 21)

Paula Marr-Ludwig presented the Underwriting Report. She reported Amarillo has withdrawn its Excess Workers' Compensation coverage from the Pool in favor of traditional coverage rather than the Pool's risk financing option. The Underwriting staff is in the process of completing Member rerates for workers' compensation, liability, and property.

Loss Prevention Report on member surveys, training, and property valuations conducted (Tab 22)

Irvin Janak presented the Loss Prevention Report under Tab 22. Mr. Janak reported that the Loss Prevention Training Representative position has been filled. The Loss Prevention staff is in the process of surveying Members in relation to aquatic programs. The surveys will include an inspection of water slides which are regulated by the Texas Department of Insurance and are identified as amusement park rides. He also noted training in association with Texas Association of Counties (TAC) for law enforcement training and managers and supervisors training programs. The 9th Texas Sergeant's Academy has been scheduled in a cooperative effort with the Institute for Law Enforcement Administration in Granbury in September 2019.

Subrogation Performance Report (Tab 23)

Bo Joseph presented the Subrogation Performance Report under Tab 23. He reported that the Subrogation Department is now a part of the Legal Department.

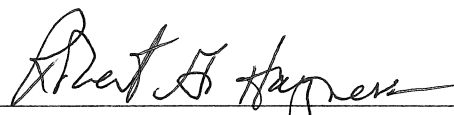
Member Services Report including Membership Activity (Tab 24)

Tamara Chafin presented the report on member services membership activity under Tab 24. She also reported that two existing Member Service Managers have been reassigned to serve the larger Member accounts as "Risk Services Managers." She reported on the bidding activity for several members.

Adjournment

Mary Dennis adjourned the meeting at 4:53 p.m.

Approved by the Underwriting & Clams Committee on
October 25, 2019



Robert G. Haynes
Deputy Executive Director