

**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>

October 23, 2020 (3:00 P.M.)

Committee Members Present

David Harris, Chair
Andres Garza
Carol Loughlin
Rob Hauck
Michael Smith
Leo Montalvo

Other Board Members Present

Randy Criswell

Staff Present

Jeff Thompson
David Reagan
Susie Green
Tito Villegas
Atul Poladia
Mike Rains
Mike Bratcher
David Nix
Cindy Arce
Tamara Chafin
Lindsey Fields
Victoria Fisher
Joshua Haley
Aaron Hardiman
Irvin Janak
Bo Joseph

Staff Present (continued)

Paula Marr
Gary McAuliffe
Julie Nguyen
Jennifer O'Sullivan
Latasha Partlow
Mike Raigosa
Chris Remmert
Timothy Salzman
Ryan Seater
Debbie Sherwood
Wendy Standorf
Jeff Trinker

Others Present

Collin Schoenfeld,
Strategic Asset Alliance

Lindsey Fields, Assistant Director, opened the Underwriting & Claims Committee of the Texas Municipal League Intergovernmental Risk Pool at 3:03 p.m., on Friday, October 23, 2020, by reading 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, 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 website 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 via Zoom or telephonically, and how to make public comment are sent to the registrant either by phone or email.

I am Lindsey Fields and I will be the host of the TMLIRP Underwriting and Claims Committee Meeting on this 23rd day of October, 2020. Zoom teleconferencing software is being utilized for this electronic meeting. All members of this committee have the ability to communicate during this meeting through the platform and the public has access to listen. Please remember that it is the requirement of the Texas Open Meetings Act that in order to lawfully participate in the teleconference, committee members' cameras must be engaged at all times, even if you step away from your 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 will be recorded.

Any Board Member who is attending the Committee meeting but is not a member of the Committee, we respectfully request that you turn your camera off so that the Committee Members can be easily identified for all participants. If a Board Member who is not a Committee Member would like to speak, please turn your camera on and indicate your desire to speak by either raising your hand virtually, raising your 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.

Ms. Fields stated the Committee needed to elect a Committee Chair.

Election of Committee Chair:

MOTION by Carol Loughlin, seconded by Robert Hauck, to elect David Harris as Chair of the Underwriting and Claims Committee. The Motion carried with unanimous approval.

Mr. Harris accepted the nomination and thanked all for being in attendance.

Consideration of Workers' Compensation Reinsurance Recommendation for November 1, 2020 to November 1, 2021 (Tab 14)¹

Lindsey Fields presented the Workers' Compensation Reinsurance Recommendation for November 1, 2020 to November 1, 2021, as set forth under Tab 14. Ms. Fields indicated that for an additional \$220,000, the Pool would receive an additional \$5M in coverage should it move from the \$10M x \$15M layer coverage of last year to \$15M x \$10M. Ms. Fields also stated staff is currently working on a re-estimation of the allocation of coverage to the Pool's reinsurance fund which will be brought before the Board at a future meeting.

MOTION by Carol Loughlin, seconded by Andres Garza, to recommend to the Board the staff be authorized to place up to 100% of the proposed workers' compensation reinsurance placement for the \$15M x \$10M layer coverage up to a maximum cost of \$550,000. Motion carried with unanimous approval.

Report and Consideration of Extension of Reinsurance Brokerage Services Agreement with Guy Carpenter, LLC (Tab 15)

Lindsey Fields presented the recommendation for the Extension of the Reinsurance Brokerage Services Agreement with Guy Carpenter, LLC, set forth under Tab 15. Ms. Fields stated the new brokerage service agreement is for a term of five years, effective May 1, 2021, which includes property, workers' compensation, and cyber reinsurance placement services.

MOTION by Andres Garza, seconded by Leo Montalvo, to recommend to the Board the Executive Director be authorized to enter into a new brokerage services agreement with Guy Carpenter, LLC, for reinsurance placement services, for five years effective May 1, 2021, as set forth under Tab 15. The Motion carried with unanimous approval.

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

Report of Progress and Consideration of Developing Underwriting Guidelines for certain Housing Authority Members and Non-Municipal Firefighting Entities (Tab 16)

Lindsey Fields presented the Report on Developing Underwriting Guidelines for certain Housing Authority Members and Non-Municipal Firefighting Entities, set forth under Tab 16. The report addressed the concern regarding Housing Authorities changing their operational structure by forming non-profit corporations and limited liability partnerships to secure private capital.

Bo Joseph stated the Pool, under the Interlocal Cooperation Act, is allowed to provide services to housing authorities and its public corporations and instrumentalities, solely owned, controlled, and operated by public funds. When private funds are involved, it is believed the Pool cannot cover such entities. Further, any limited liability partnerships, limited liability corporations, and/or non-profit corporations which a housing authority partners with are not subject to the Texas Tort Claims Act, and thus any liability assessed against them would be un-capped.

Ms. Fields also addressed the concerns that contributions for non-municipal firefighting entities are inadequate and the need to develop new underwriting guidelines.

Ms. Fields asked the Board to review the Additional Potential Underwriting Guidelines for New and/or Existing Member Non-Municipal Firefighting Entities shown in the report. She further asked for the Board's approval today for a temporary moratorium on workers' compensation coverage offerings to new non-municipal firefighting entities until new guidelines are either developed or enacted.

MOTION by Andres Garza, seconded by Robert Hauck, to recommend to the Board the following:

1. Approve Housing Authority coverage eligibility guidelines, as recommended in the body of the Report of Progress and Consideration of Developing Underwriting Guidelines for certain Housing Authority Members and potential Non-Municipal Firefighting Entities, set forth under Tab 16;
2. Approve the suggested underwriting guidelines incorporated in the Report of Progress and Consideration of Developing Underwriting Guidelines, set forth under Tab 16, for certain Housing Authority Members and Non-Municipal Firefighting Entities, and instruct staff to develop a final draft of additional underwriting guidelines and measures (for new member, and potentially existing member, non-municipal firefighting entities' workers' compensation coverage) for further consideration by the Board at a future meeting; and
3. Authorize the enactment of a temporary moratorium on workers' compensation coverage offerings to new non-municipal firefighting entities until new guidelines are either developed or enacted, effectively immediately.

The Motion carried with unanimous approval.

Consideration of Inception Phase of Guidewire ClaimCenter Upgrade (Tab 17)

Lindsey Fields presented the recommendation concerning the Inception Phase of the Guidewire ClaimCenter Upgrade, as set forth under Tab 17. Staff recommended the following:

1. Authorization of the Inception Phase of the Claim Center / Contact Manager Upgrade Project, thereby clearing the "Proceed" gate of project execution framework; and

2. Authorization of the Executive Director to engage a vendor (Guidewire, and/or System Integrator) to lead Pool staff through the Inception Phase and to deliver a project implementation plan for the Claim Center / Contact Manager Project at a cost not to exceed \$150,000.

MOTION by Leo Montalvo, seconded by Carol Loughlin, to recommend to the Board the authorization of the Inception Phase of the Claim Center / Contact Manager Upgrade Project and to further authorize the Executive Director to engage a vendor to lead Pool staff through the Inception Phase and to deliver a project implementation plan for the Claim Center / Contact Manager Project at a cost not to exceed \$150,000. The Motion carried with unanimous approval.

Significant Cases and Legal Developments impacting the Pool (Tab 18)

Bo Joseph presented Significant Cases and Legal Developments Impacting the Pool, set forth under Tab 18.

Liability and Property Claims Report: Report on 2020 Catastrophe Claims and Pool's Enhanced Response Services (Tab 19)

Jeff Thompson recognized David Nix and his team, and Mike Rains before him, for doing a great job of developing specific property initiatives. The members' response has been to fully-embrace some of these newly developed programs. The fact that the Property Fund was in the black last year is a testament to some of the things that have been done in handling these claims and has saved the Pool a lot of costs.

David Nix presented the Liability and Property Claims Report: Report on 2020 Catastrophe Claims and Pool's Enhanced Response Services, set forth under Tab 19. The BEST Roofing Program was developed to assist members with the procurement process. In addition, the Pool employed Synergy NDS to provide viable estimates of true repair costs to Members.

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

Mike Bratcher presented the Workers' Compensation Claims Report on Trends Concerning Workers' Compensation Claims, set forth under Tab 20.

Underwriting Report on Underwriting Results and Loss Ratios, Including the Quarterly Report by Victor Insurance Managers, Inc. Regarding Revenues Received and Policies Placed on Behalf of Pool Membership (Tab 21)

Paula Marr presented the Underwriting Report on Underwriting Results and Loss Ratios, including the Quarterly Report by Victor Insurance Managers, Inc. regarding revenues received and policies placed on behalf of the Pool Membership, as set forth under Tab 21. Ms. Marr indicated the Liability and Property rerate processing for primary October rerates is almost complete. As of the morning of this meeting, there were approximately 21 remaining to be mailed. Over 2,100 have been processed since August, 2020. Staff has processed almost \$113M in contributions for 2,060 members, which is an increase of 5.2M, or 4.9% over contributions of 2019. This is attributable to rate increases in law enforcement and errors and omissions.

Loss Prevention Report on Member Surveys, Training and Property Valuations Conducted (Tab 22)

Irvin Janak presented the Loss Prevention Report on Member Surveys, Training and Property Valuations Conducted, set forth under Tab 22.

Report from Office of Project Management and Analytics, Including Report on Progress for Business Application & IT Road Map (Tab 12)

Tim Salzman presented the Report from Office of Project Management and Analytics, including status on Progress for Business Application and IT Road Map, set forth under Tab 12.

Subrogation Department Performance Report (Tab 23)

Bo Joseph presented the Subrogation Department Performance Report, set forth under Tab 23, indicating the updated total amount received for last year was \$7,018,203, which is over \$1M higher than any previous year.

Member Services Report including Membership Activity and Update on Pool Communications Initiatives (Tab 24)

Aaron Hardiman presented the Member Services Report including Membership Activity and Update on Pool Communications Initiatives, set forth under Tab 24.

Adjournment

David Harris adjourned the meeting at 5:12 p.m.

Approved by the
Underwriting & Clams Committee
on January 28, 2021



Lindsey Fields
Assistant Director