

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL**

**Underwriting and Claims Committee
Boardwalk Inn, Boardroom
8 Kemah Water Front, Kemah, Texas 77565
October 26, 2018**

Committee Members Present

Andres Garza
David Harris
Michael Smith
Jeffrey Snyder

Committee Members Absent

Rickey Childers
Mary Dennis

Other Trustees Present

Byron Black

Staff Present

Bob Haynes
David Reagan
Mike Bratcher
Lindsey Fields
Susie Green
Irvin Janak
Bo Joseph
Paula Marr-Ludwig
David Nix
Mike Rains
Debbye Mangum

Underwriting and Claims Committee

Bob Haynes opened the Underwriting & Claims Committee at 3:00 p.m. on Friday, October 26, 2018 and stated the first order of business was the election or appointment of a Committee chair.

Election of a Committee Chair

MOTION by David Harris, seconded by Jeffrey Snyder, to nominate Andres Garza as the Underwriting & Claims Committee chair. Motion carried with unanimous approval.

Andres Garza called the meeting to order and asked the Committee members and staff to introduce themselves to the new Trustees, Jeffrey Snyder, City Manager of Plainview in Place 3, and David Harris, City Administrator of the City of Balcones Heights, in Place 14.

Consideration of minutes of July 20, 2018 committee meeting (Tab 16)

MOTION by David Harris, seconded by Jeffrey Snyder, to approve the Underwriting and Claims Committee minutes of July 20, 2018, as written under Tab 16. Motion carried with unanimous approval.

Consideration of Increased Limits for Computer Fraud Coverage with the Exclusion of Social Engineering Claims that involve Monetary Loss (Tab 17)

Bob Haynes presented the recommendation of increased limits for computer fraud coverage under Tab 17. Mr. Haynes reported that at the April 2018 Board meeting the Board approved a reduction in coverage limits for computer fraud to \$100,000 because of the increase in social engineering attacks. Social engineering is defined as a loss wherein an employee is intentionally misled in order to induce the employee to part with money or securities through fraud. The Pool has been approached to exclude social engineering fraud from the coverage and increase the limits back to \$1,000,000. Specialized products for social engineering fraud are now available on the market and the Pool believes some Members will take advantage of those opportunities.

MOTION by David Harris, seconded by Jeffrey Snyder, to recommend to the Board that the computer fraud coverage limits be increased from \$100,000 up to \$1,000,000, provided an endorsement is added to the coverage that excludes claims related to social engineering. Motion carried with unanimous approval.

Update on efforts to create a Flood Reinsurance Program through the Coastal Storm Fund (Tab 18)

Bob Haynes presented the update on creating an excess flood coverage option under Tab 18. Mr. Haynes indicated that in visiting with members there was not enough interest to offer an excess flood coverage option and the Pool is suspending efforts to build an excess flood structure. If a Pool member is interested in excess flood coverage for selected locations, the Pool will be able to secure stand-alone proposals. The Pool staff will continue to monitor member interest.

Update on Hurricane Harvey (including an Overview of the Pool's Response to Hurricane Harvey), Results of the Recent Hurricane Harvey Claims Audit by ICRMS and Consideration of Endorsement of Studying Expanded Service Delivery Mechanisms (Tab 19)

Mike Rains and David Nix presented the update on Hurricane Harvey and the claims audit by ICRMS under Tab 19. In order to better serve its Members if another catastrophic event occurs in Texas, the staff requested the:

1. Board formally acknowledge the actions taken by the Pool to protect the life and property of its members as a result of Hurricane Harvey and accept this report as a matter of record.
2. Board acknowledge receipt and review of the Hurricane Harvey Audit Executive Summary from ICRMS as a matter of record, and acknowledge that additional recommendations may need to be developed through the traditional annual budgeting process, as a result of this audit.

3. Endorse staff's further exploration and development of service delivery mechanisms, networks, and/or processes that can be made available to Members so as to achieve the efficient property recovery and cost savings results noted in this report. Efforts will focus on professional services and response of the Pool during catastrophic circumstances. Results of these efforts will be provided at future Board Meetings, and if policy-level changes are appropriate, recommendations made to formalize those changes.

MOTION by Jeffrey Snyder, seconded by David Harris, to recommend to the Board that it acknowledge and approve the recommendations set forth above and under Tab 19. Motion carried with unanimous approval

Significant Cases and Legal Developments impacting the Pool (Tab 20)

Bo Joseph presented significant cases and legal developments impacting the Pool under Tab 20.

Liability and Property Claims Report on trends concerning liability claims and property claims

Bob Haynes announced that this report would be given in the Executive Session on Saturday, October 27, 2018.

Workers' Compensation Claims Report on trends concerning workers' compensation claims (Tab 21)

Mike Bratcher presented the Workers' Compensation Claims Report under Tab 21.

Underwriting Report on underwriting results and loss ratios, including the Quarterly Report by Victor O. Schinnerer & Company, Inc. regarding revenues received and policies placed on behalf of Pool Membership (Tab 22)

Paula Marr-Ludwig presented the Underwriting Report under Tab 22.

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

Irving Janak presented the Loss Prevention Report under Tab 23

Report from Office of Project Management and Analytics, including report on Progress for Business Application and IT Road Map (Tab 13)

Lindsey Fields presented the report from the Office of Project Management and Analytics, including the report on the progress of business application and the IT Road Map.

Subrogation Department Performance Report (Tab 24)

Bo Joseph presented the Subrogation Report under Tab 24.

Member Services Report including Membership Activity and Update on Pool Communications Initiatives (Tab 25)

Bob Haynes noted that Tamara Chafin was absent due to a personal commitment and Mr. Haynes presented the membership activity and the update on the Pool's communications initiatives under Tab 25.

Andres Garza adjourned the Underwriting and Claims Committee of the Texas Municipal League Intergovernmental Risk Pool on Friday, October 26, 2018, at 4:48 p.m.

Approved by the Underwriting & Claims Committee on
January 26, 2019


Robert G. Haynes,
Deputy Executive Director