

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL**

Underwriting & Claims Committee Meeting

**Hyatt Regency Conroe – Hickory Room
1001 Grand Central Parkway
Conroe, TX 77304**

April 25, 2024 (2:00 PM)

Committee Members Present

Opal Mauldin-Jones, Chair
Austin Bless
Allison Heyward
Mike Land
Kimberly Meismer

Staff Present (cont.)

Jennifer O'Sullivan
Mike Raigosa
Paula Marr-Ludwig
Chrissy Alves
Aaron Hardiman

Staff Present

Jeff Thompson
Lindsey Fields
David Nix
Bo Joseph
Joshua Haley

Others Present

Mary M. Dennis, Board Chair
David Reagan, General Counsel
Collin Schoenfeld,
Guy Carpenter & Co., LLC
Kiersten Picardo,
Guy Carpenter & Co., LLC

Opal Mauldin-Jones called the Underwriting and Claims Committee of the Texas Municipal League Intergovernmental Risk Pool to order at 2:20 P.M. on Thursday, April 25, 2024.

Consideration of Property Rate Recommendations & Property Reinsurance Recommendations for May 1, 2024 to May 1, 2025 (Tab 12)

Lindsey Fields presented the recommendations for property rates and property reinsurance for May 1, 2024 to May 1, 2025, under Tab 12.

MOTION by Austin Bless, seconded by Mike Land, to recommend to the Board the following:

Property Rates/Coverage Changes

- Apply a 3% inflationary factor to all Members' scheduled building and contents values;
- Apply an overall 9% increase to Real & Personal Property rates and Boiler & Machinery rates;
- Apply an additional 15% increase to housing authority Real & Personal Property rates (through a Member type factor) in response to poor loss experience;
- Apply a 10% increase to Auto Physical Damage and Auto Catastrophe coverages;
- Increase the minimum Real & Personal Property deductible option to \$250 and adjust deductible credits as shown in the body of the report under Tab 12;

- Increase the Wind & Hail deductible overall maximum to .2% of cumulative scheduled building values;
- Approve the Roofing and Catastrophe Management endorsement to be added to all Members adding Real & Personal Property coverage, all housing authority Members, and any Member that does not exhibit a partnership with the Pool in a prior claim where the programs would have significantly impacted the overall claim costs and expenses;
- Approve the option to remove the Roofing and Catastrophe Management endorsement with a 10% surcharge to the Members' Real & Personal Property coverage, subject to final approval by the Executive Director; and
- Increase the Real & Personal Property, Mobile Equipment, and Crime coverages' minimum contributions based on the year-to-year change in the Pool's operating budget (as shown in the body of the report under Tab 12) for a \$5,300 total minimum contribution across all applicable coverages.

Reinsurance Rates & Structure

- Approve the overall reinsurance structure above, as recommended in the body of the report under Tab 12;
- Approve the estimated external reinsurance expenditure on layers above \$25 million of \$31,657,257 with an additional contingency of \$3,165,756 (10%), with leeway for the Executive Director to make modifications to the structure among internal and external sources, but not to exceed \$34,823,013;
- Approve the estimated external expenditure of \$2,906,750 with NLC Mutual, for co-participations in various levels of the proposed reinsurance structure, with an additional contingency of \$290,675 (10%), with leeway for the Executive Director to make modifications to the structure of the internal and external sources, but not to exceed \$3,197,425 in premium to NLC Mutual; and
- Approve the internal reinsurance fund pricing by layer, as noted in the body of the report under Tab 12, with a total estimated allocation above the \$25 million layer of \$13,416,698.

Motion carried with unanimous approval.

Consideration of Workers' Compensation Rate Recommendations for 2024-25 (Tab 13)

Lindsey Fields presented the staff recommendations for Workers' Compensation rates for 2024–2025, under Tab 13.

MOTION by Mike Land, seconded by Kimberly Meisner, to recommend to the Board the following:

1. Apply a -12% rate reduction to four public safety class codes: Firefighters (paid), Police Officers (paid), Motorcycle Officers, and Ambulance Services;
2. Apply a -5% rate reduction to the Street & Road Repair and Construction class codes;
3. Apply a -5% rate reduction to the Parks & Recreation class code; and
4. Increase the Workers' Compensation minimum contribution based on the year-to-year change in the Pool's operating budget (as shown in the report under Tab 13) for a \$5,300 total minimum contribution across all applicable coverages.

Motion carried with unanimous approval.

Consideration of Liability Rate Recommendations for 2024-25 (Tab 14)

Lindsey Fields presented the staff recommendation for liability rates for the 2024-25 fiscal year under Tab 14.

MOTION by Austin Bleess, seconded by Allison Heyward, to recommend to the Board to adopt the rate changes set forth under Tab 14, as follows:

- General Liability – No rate change;
- Law Enforcement – No rate increase;
- Errors & Omissions Liability – No rate change;
- Automobile Liability – 7% rate increase;
- Aviation Liability – No rate change;
- Supplemental Sewage Backup – No rate change; and
- Increase the General Liability, Law Enforcement Liability, Errors & Omissions Liability, and Auto Liability coverages' minimum contribution based on the year-to-year change in the Pool's operating budget (as shown in the report under Tab 14) for a \$5,300 total minimum contribution across all applicable coverages.

Motion carried with unanimous approval.

Consideration of Cyber Reinsurance Agreement Renewal, Cyber Coverage Rate Recommendation for 2024-25, and Members' Equity Transfer to the Cyber Fund from the Liability Fund (Tab 15)

Lindsey Fields presented the staff recommendations set forth under Tab 15 for the cyber reinsurance agreement renewal, cyber coverage rate recommendations for 2024-25, and a Members' Equity transfer to the Cyber Fund from the Liability Fund.

MOTION by Allison Heyward, seconded by Mike Land, to recommend to the Board to approve the staff recommendations under Tab 15 as follows:

- Approve extending the current reinsurance agreement with Beazley to September 30, 2024;
- Approve renewing the reinsurance agreement with Beazley effective October 1, 2024, with a \$15 million treaty aggregate cap, fixed minimum annual premium for 80% of the estimated gross premium, Tower 1 Liability limit changes, and proposed rates as detailed in the body of the report under Tab 15;
- Approve the Pool no longer retain any of the cost of the base limit for Cyber coverage (Core) contribution;
- Approve the Core and Core+ costs as detailed in Option 4 in the report under Tab 15;
- Approve a 15% rate increase for Tiers 3-5 options;
- Approve a \$25 million Fund Total Annual Aggregate Limit of Liability under the Cyber coverage; and
- Approve transferring \$10 million of Members' Equity from the Liability Fund to the Cyber Fund.

Motion carried with unanimous approval.

Consideration of Proposed Coverage Changes to the Liability, Property and Cyber Coverage Lines (Tab 16)

Joshua Haley presented the proposed changes to the Property, Liability, and Cyber Liability and Data Breach Response Coverage Documents set forth under Tab 16.

MOTION by Mike Land, seconded by Kimberly Meismer, to recommend to the Board to approve the changes set forth under Tab 16 to the Property, Liability, and Cyber Liability and Data Breach Response Coverage Documents. Motion carried with unanimous approval.

Consideration of revisions to the list of approved defense attorneys (Tab 17)

Jennifer O'Sullivan presented the proposed revisions to the list of defense attorneys to be retained by staff to defend Pool Members in liability claims and lawsuits set forth under Tab 17.

MOTION by Mike Land, seconded by Kimberly Meismer, to recommend to the Board to approve the changes to the list of defense attorneys to be retained by staff to defend Pool Members in liability claims and lawsuits set forth under Tab 17. Motion carried with unanimous approval.

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

Bo Joseph presented the Report on Significant Cases and Legal Developments Impacting the Pool under Tab 18.

Liability and Property Claims Report on trends concerning liability claims and property claims (Tab 19)

Chrissy Alves presented the Liability and Property Claims Report on trends concerning liability claims and property claims, as set forth under Tab 19.

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

David Nix presented the Workers' Compensation Claims Report on trends concerning Workers' Compensation claims, as set forth under Tab 20.

Risk Services Report including Membership Activity (Tab 21)

Aaron Hardiman presented the Risk Services Report including Membership Activity, as set forth under Tab 21.

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

Paula Marr-Ludwig presented the Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor O. Schinnerer & Company, Inc. regarding revenues received and contract activities, as set forth under Tab 22.

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

Lindsey Fields presented the Loss Prevention Report on member surveys, training, and property valuations conducted, as set forth under Tab 23.

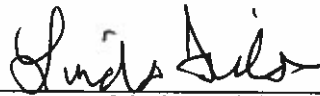
Subrogation Division Progress Report (Tab 24)

Bo Joseph presented the Subrogation Division Progress Report, as set forth under Tab 24.

Adjournment

Committee Chair Opal Mauldin-Jones adjourned the meeting of the Underwriting & Claims Committee at 4:17 P.M.

Approved by the
Underwriting & Claims Committee
on July 25, 2024



Lindsey Fields
Deputy Executive Director and COO