



Dear Trusted Partner:

You will receive your entity’s fiscal year 2024-2025 declarations in the coming months. For 2024-2025, rates have begun to stabilize in the wake of the pandemic and several large property losses. Listen to Episode 32 of the “[Local Officials: Stronger, Together Podcast](#)” for interviews with Pool staff and more details. (Your Risk Management Advisor will contact you to review this year’s changes and how they will impact your entity.)

That being said, inflation and continued major convective storm (wind and hail) damage make modest Property Coverage increases unavoidable. Despite these pressures, the Pool will increase overall rates across all lines of coverage by just 2.9 percent, considerably less than the current rate of inflation.

The increases – and proper apportionment of costs among Members – ensure relative rate stability compared to the commercial insurance marketplace and other competitors. Through volatile times, the Pool’s fidelity to its *Core Values* (Integrity, Public Service, Fiscal Responsibility, and Operational Excellence) continue to provide Members with the best source of local government risk management and financing. The following chart shows the Pool’s rate changes for 2024-2025:

Workers’ Compensation	-10%
General Liability	No change
Errors and Omissions	No change
Law Enforcement Liability	No change
Auto Liability	+7%
Auto Physical Damage	+10%
Property	+11.2%
Overall Rate Change:	+2.9%

The 2.9 percent “overall rate change” is a *Pool-wide* number – *it doesn’t necessarily mean your entity will see only a 2.9 percent increase*. Instead, your entity’s contribution will – as always – depend on your experience, rate, and exposure based on the following individual lines:

- Cyber:** The Pool’s Board of Trustees recently created a new Cyber Fund and approved changes to the Pool’s Coverage structure, effective on October 1, 2024. Cyber Liability and Data Breach Response Coverage (“Cyber Coverage”) *contributions will increase*, ranging from \$1,000 to \$1,850, depending on Member type and coverage level.

Members must elect to continue coverage or “opt-in” by completing and returning a new Cyber Interlocal Agreement to participate in the newly-created Cyber Fund. Look for regular and electronic mail communications soon with more information and instructions.

- **Workers’ Compensation:** The Pool is *decreasing* workers’ compensation rates. With the expiration of the COVID first responder disease presumption, the workers’ compensation program has rebounded, which allows for the reduction. The rate for most first responders will decrease by 12 percent, and a few other class codes will decrease by a lesser amount. Of course, each Member’s contribution will depend on your own experience, the classifications used, and payroll changes.
- **Liability:** The Pool is *not increasing* the General Liability, Errors and Omissions Liability, or Law Enforcement Liability rates. However, the Pool will *increase* Auto Liability rates by 7 percent, largely due to the increase in loss trends and inflation in repair costs, medical treatments, and attorneys’ fees for settling claims. (Auto Liability generates the largest number of claims and the greatest indemnity costs of all the liability coverages.)

Also, as with Auto Liability, the Pool is *increasing* Auto Physical Damage and Auto Catastrophe coverages by 10 percent.

- **Property:** The Pool is *increasing* Property rates in several ways, which is necessary to ensure appropriate coverage. For most Members, property rates will increase 9 percent. In addition, an inflationary factor of 3 percent will be applied to all building and contents values. (Housing authorities, which have special exposures due to the residential nature of their property, will see a larger, 24-percent increase.)

The increases are based on actuarial indications, property schedule values, reinsurance modeling and prices, and construction costs, as well as increase in demand with infrastructure investments and influx of residents to Texas.

- **Minimum Contributions:** Some Members will see their minimum contribution increase in an amount necessary to cover their administrative costs of membership. For most coverages, the amount will be \$50 or less by line.

The Pool’s Board of Trustees takes rate decisions very seriously. The Pool is governed largely by local government officials, and they understand the consequences of their actions on local budgets.

Unlike the commercial insurance industry, which uses profits to measure success, the Pool provides coverage, services, and risk management tools with the goals of saving lives, preventing injuries, protecting property. Our goal is to stabilize costs year-to-year for the Membership. Put simply, the Pool is Member-owned, Member-governed, and Member-driven. This Member-first risk management philosophy ensures that, over time, the Pool offers the best value proposition for cities and the taxpayers who support them.

Please contact your [Risk Management Advisor](#) with questions about coverage, rates, and contributions.