



## Workers' Compensation: The Birth of the TML Risk Pool

By **Scott Houston**, Intergovernmental Relations Manager, TML Risk Pool

*This article is the first of 12 that chronicle the history of the TML Risk Pool. The series begins in 1974, when the Pool wrote its first coverage, and culminates with 50 years of partnership in 2024.*

In 1973, the Texas Legislature passed legislation mandating that Texas cities provide workers' compensation coverage to their employees. At that time, most traditional insurance companies refused to write the coverage or quoted exorbitant rates. For those reasons, the legislation also authorized the creation of the first government risk pool in the United States, which was the predecessor of the *TML Intergovernmental Risk Pool* as we know it today.

The Texas Municipal League and several cities used the 1973 legislation to "pool" their resources. Using contracts

called "interlocal agreements," they created the "Texas Municipal League Workers' Compensation Joint Insurance Fund." The Fund began operating on July 1, 1974, with close to 100 members. (Liability and Property Funds were added to the Pool in 1981 – see future articles for more on those.)

Today, the Pool provides workers' compensation coverage for almost 2,400 local governments, which employ 200,000 local government employees, including 34,000 first responders. An 18-member Board of Trustees – composed primarily of city officials – oversees 250 Pool employees who administer the coverages.

Unlike the commercial insurance industry, which uses profits to measure success, the Pool provides coverages, services, and risk management tools with the goals of saving lives, preventing injuries, and protecting property. 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.

*The TML Risk Pool is a group of over 1,000 Texas cities (and 1,800 other local governments) that partner to provide workers' comp, liability, and property coverage. Look for the next installment in the April edition.*

The Pool considers every workers' compensation claim important. That is especially true with major, life-altering injuries and – in some cases - diseases. The Pool's Board of Trustees and Staff do everything they can – within a highly-regulated system – to ensure that the city employees we cover have everything they need to live their best lives. ★

**1974** On July 1, TML creates the Workers' Compensation Self-Insurance Fund and writes first coverage to 100 members. (100 members)

**1973**

Texas Legislature mandates workers' comp for city workers and authorizes creation of risk pool.

**2024**

(2,800 members)

# RISK POOL ★ NEWS

## Liability and Property Coverage: The “Full Service” TML Risk Pool Is Born

By **Scott Houston**, Intergovernmental Relations Manager, TML Risk Pool

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By 1981, the TML Risk Pool had been providing workers' compensation coverage to Texas cities for seven years. The Texas Municipal League created the Pool in 1974 to provide that coverage, largely because the traditional insurance industry was unwilling to do so.

In 1982, cities saw other coverages becoming scarce and expensive, so TML created a liability fund that year and a property fund the following year. (In the mid-1980s, the United States insurance market essentially crashed. According to *Time Magazine*, that was “a time of frantic efforts to obtain insurance that, at best, was available only in limited amounts with high retentions at exorbitant rates.” The Pool truly came into its own during that period – more on that next month.)

Today, the Pool provides liability coverage to 2,759 local governments (1,169 of which are cities), and property coverage to 2,427 local governments (1,142 of which are cities). That includes protecting almost \$50 billion in local government property.

Liability offerings include general liability, automobile liability, law-enforcement liability, public officials' errors and omissions liability, airport liability, and cyber liability. With those coverages, a member gets claims management specialists who know and understand immunities and tort caps. Regarding employment issues, Pool staff understands the complexities of government employment protections, Equal Employment Opportunity Commission complaints, and we offer the “Call Before You Fire” hotline staffed by Pool attorneys to help avoid problems from the start.

Regarding law enforcement, the Pool has a dedicated law

enforcement training specialist to help police departments stay out of the headlines. We also partner with the Texas Police Chiefs Association and support their Vincible training program ([www.vincible.org](http://www.vincible.org)).

The Pool now offers coverage for cyber incidents. Each member that has liability and/or property coverage receives a base level of cyber coverage (with the option to purchase more), along with resources to stop cyber-attacks in their tracks.

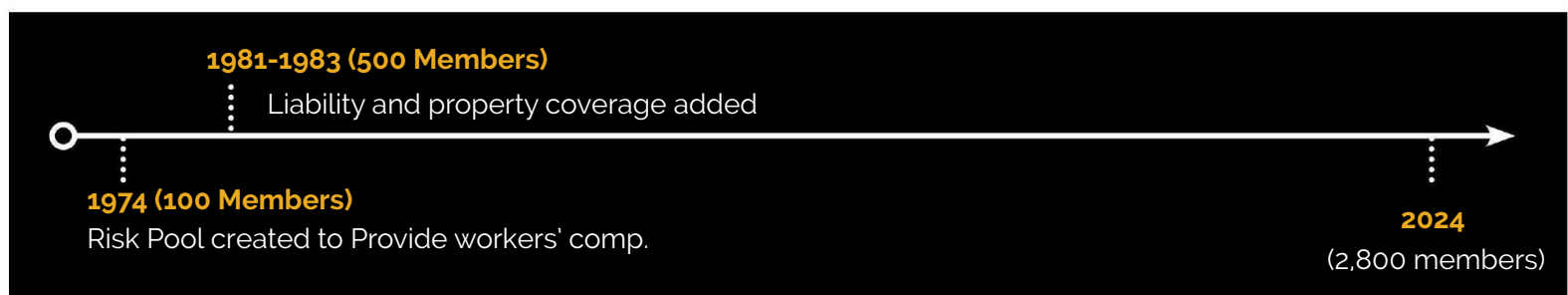
Property offerings include coverage for buildings, contents, mobile equipment, fine arts, and boiler and machinery. A host of loss prevention and mitigation programs, including post-disaster stabilization and turnkey project management, help members get property fixed right, fast, and within or below budget.

Unlike the commercial insurance industry which uses profits to measure success, the Pool provides coverages, services, and risk management tools with the goals of saving lives, preventing injuries, and protecting property. 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.

*The TML Risk Pool is a group of more than 1,000 Texas cities (and 1,800 other local governments) that partner to provide workers' comp, liability, and property coverage. Look for the next installment in the May edition of Texas Town & City.*



The Mission of the Texas Municipal League Intergovernmental Risk Pool is to offer and provide Texas municipalities and other units of local government with a stable and economic source of risk financing and loss prevention services.



## “Sorry, America, Your Insurance Has Been Cancelled”

By **Scott Houston**, Intergovernmental Relations Manager,  
TML Risk Pool

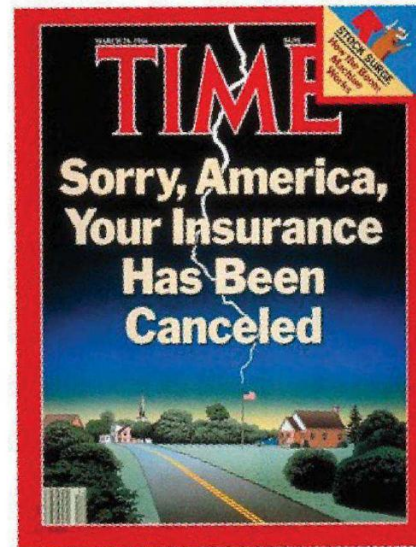
*This article is the third of 12 that chronicles the history of the TML Risk Pool. The series begins in 1974, when the Pool wrote its first coverage, and culminates with 50 years of partnership in 2024.*

By the mid-1980s, the TML Risk Pool was providing workers' compensation, liability, and property coverage to almost 800 cities. The Texas Municipal League (TML) had created the Pool in 1974 and expanded coverage offerings in 1981, largely because the traditional insurance industry was unwilling to do so.

In 1980, the United States prime rate rose to over 20 percent, and many insurers cut premiums to get as much business as they could to invest at that rate, while betting on fewer losses. But losses rose faster than their investment income, and a few years later, the prime rate dropped by more than half. The market came apart when losses exceeded investment income and many major liability insurers became insolvent.

Then came 1986. A growing number of negligence lawsuits against public (and private) entities made liability insurance vital to protect taxpayers. But purchasing that insurance from traditional companies became very expensive, if they even offered it. Ironically, plaintiff's lawyers who insurance companies blamed for the crisis, couldn't even get their own malpractice insurance. Similarly, insurance brokers who were profiting from commissions on rising premiums, couldn't afford their professional liability insurance.

According to *TIME* Magazine, some of the most prominent “horror stories” involved municipal services. To quote some examples:



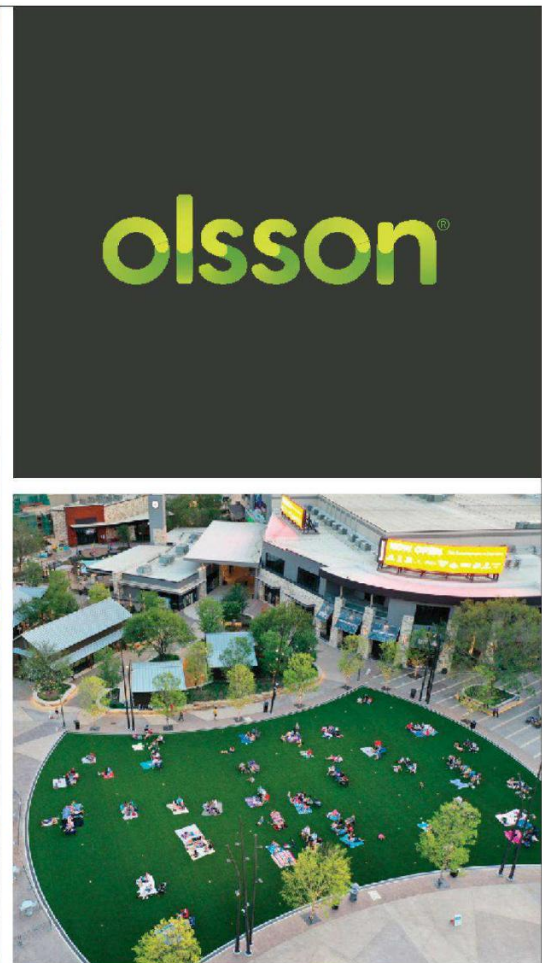
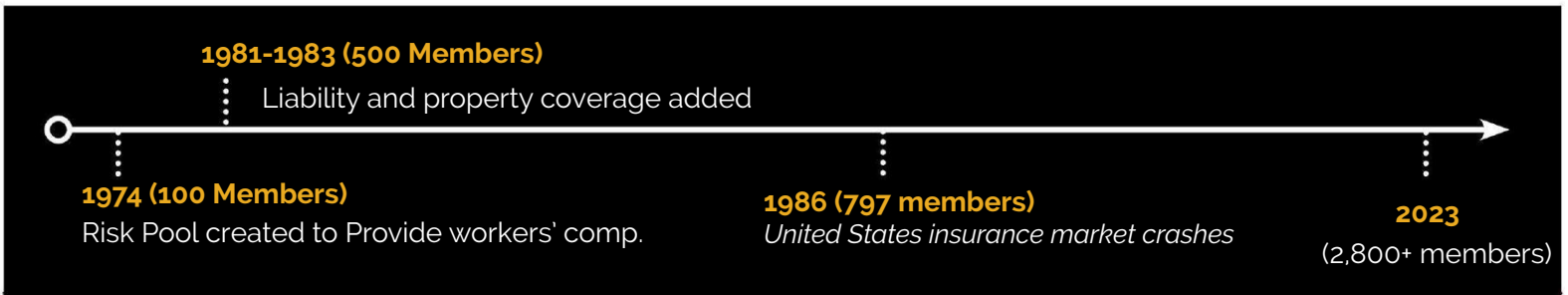
- Police patrols in the towns of Piermont and Sloatsburg (in New York's suburban Rockland County) were suspended, with all 13 officers being told to sit at headquarters while the towns looked for a liability insurer to replace the old one, which was in receivership.
- Hartford, Connecticut, known as “the insurance capital of the world” because so many carriers headquarter there, saw its own municipal liability coverage slashed from \$31 million in 1984-1985 to only \$4 million in 1985-1986. That happened despite a 20 percent rise in total premiums to \$1.8 million.
- In 1985, the city council of Blue Island, Illinois (pop. 22,000) voted down a 30 percent increase in property taxes needed to pay skyrocketing liability premiums. The town was left with no choice but to self-insure, risking a large judgment that might force a tax increase anyway.

Through it all, the Pool was there for its members, avoiding the pain caused to commercial insurers by speculative investing. Moreover, the Texas Municipal League supported legislation in 1987, as part of greater tort reform efforts, that amended the Texas Tort claims Act to protect cities with tort caps for most governmental functions.

Unlike the commercial insurance industry, which uses profits to measure success, the Pool provides coverages, services, and risk management tools with the goals of saving lives, preventing injuries, and protecting property. 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.

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*TIME Magazine* (March 24, 1986 edition): "The Texas sesquicentennial cattle drive, part of the state's celebration of 150 years of independence from Mexico, bogged down... after one day on the road because liability insurance covering the 49 longhorn steers that were involved was doubled and the organizers could not afford it. The drive resumed [later]... with only 28 steers, whose owners agreed to pay for the insurance themselves."



# RISK POOL ★ NEWS

## TML and the TML Risk Pool – One Mission: Serving Texas Cities!

By **Scott Houston**, Intergovernmental Relations Manager, TML Risk Pool

*This article is the fourth in a series that chronicles the history of the TML Risk Pool. The series begins in 1974, when the Pool wrote its first coverage, and culminates with 50 years of partnership in 2024.*

The Texas Municipal League (TML) created the TML Risk Pool in 1974 and expanded coverage offerings in 1981, largely because the traditional insurance industry was unwilling to do so. In 1988, TML reorganized its service delivery system, and the TML Risk Pool became a stand-alone entity governed by a separate Board of Trustees.

The reorganization has allowed TML and the Risk Pool to focus on its core mission. Both entities work closely together with the overarching mission of serving Texas cities. In fact, each entity has an *ex officio* board member on the board of the other.

What is each organization's role and mission?

- TML: Provides legal, legislative advocacy, and educational services to its 1,178 member cities.
- Since the first day of its existence in 1913, TML's mission has been to serve the needs and advocate the interests of cities and city officials. According to the TML Constitution, its purpose is "to render services which individual cities have neither time, money nor strength



to do alone," and its purpose statement is empowering Texas cities to serve their citizens.

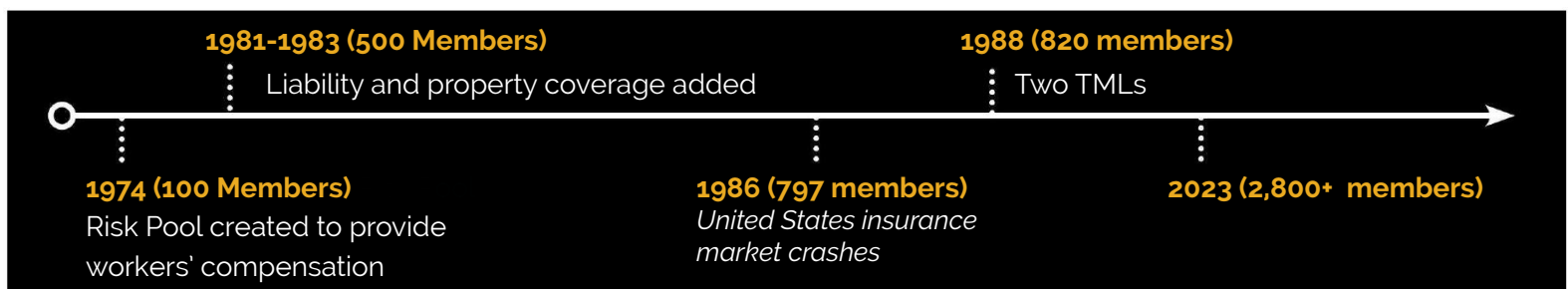
- TML Risk Pool: Provides liability, property, workers' compensation, and other specialized coverages to more than 1,100 cities. The Pool's mission statement is "to offer and provide Texas municipalities and other units of local government with a stable and economic source of risk financing and loss prevention services." In recent years, the Pool has expanded its membership to include other local governments that complement the local services provided by cities.

Of course, cities still account for more than 77 percent of the Risk Pool's total contributions and serve as the anchor of local service provision in Texas. Moreover, cities account for 78 percent of the Pool's reported losses, 83 percent of the Pool's claim count, and 84 percent of the Pool's transactions.

Because of that, the Pool's bylaws provide that 75 percent of places on the board of trustees be occupied by employees or officials of municipalities. This ensures that cities remain the focus of the Pool's priorities, while still allowing non-city member entities the opportunity to serve and provide diversity of thought as well. The board recognizes that city officials have the greatest financial stake in the Pool and should thus hold the greatest decision-making weight.

If you have a question about the TML Risk Pool, please reach out to Scott Houston at [scott.houston@tmlirp.org](mailto:scott.houston@tmlirp.org) or 512-491-2323.

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## The TML Risk Pool and Loss Prevention: Saving Lives, Preventing Injuries, and Protecting Property

By **Scott Houston**, Intergovernmental Relations Manager, TML Risk Pool

*This article is the fifth in a series that chronicles the history of the TML Risk Pool, beginning in 1974 when the Pool wrote its first coverage, and culminating with 50 years of partnership in 2024.*

The Texas Municipal League created the TML Risk Pool in 1974 and expanded coverage offerings in 1981, largely because the traditional insurance industry was unwilling to do so. In 1988, TML reorganized its service delivery system, and the TML Risk Pool became a stand-alone entity governed by a separate board of trustees. That same year, the Pool created its first internal Loss Prevention Department and hired four employees to begin helping members.

The insurance industry commonly refers to “loss control” as a collection of techniques, best practices, and proactive measures designed to reduce the likelihood of a claim being made against an insurance policy. Essentially, loss control helps a customer identify sources of risk and take action to reduce them. The Pool’s department is called *Loss Prevention*. That’s because our ultimate goal isn’t just to “control” losses, but to prevent them from happening. In fact, the Pool’s loss prevention focus is embedded in our mission statement:

“The mission of the Texas Municipal League Intergovernmental Risk Pool is to offer and provide Texas municipalities and other units of government with a stable and economic source of risk financing and loss prevention services.”

To implement that mission, the Loss Prevention Department

now consists of 21 staff, including 12 field consultants and three training specialists who interact regularly with members. (Each city has a dedicated consultant.) How can they help you? Through individual visits, a consultant can discuss your entity’s efforts, review loss history and current trends, and deliver practical recommendations applicable to your exposures or operations. In addition, the department provides:

- **Training and Education**, which is available through various methods, including onsite training, online learning, webinars, and a media library.
- **Resources and Publications**, including training programs, sample manuals, inspection forms, and accident prevention plans.
- **Loss Prevention T.I.P.S. (Together Improving Processes and Safety) Sheets**, which are one-page information sheets on a variety of risk management topics.
- **Specialized publications**, including aquatics, disaster preparedness, return to work, excavation documentation, fireworks safety, and more.
- **Partnership** with the Texas Police Chiefs Association (TPCA) for law enforcement resources and prepayment of fees for TPCA’s and the Texas Fire Chiefs Association’s Best Practices Recognition Programs.
- **Cyber liability** resources.
- **Specialized on-site assessments, audits, and surveys** to identify conditions, hazards, or other exposures to loss. (Specialized exposures and operations include natural gas utilities, electric utilities, and aquatic surveys.)

Visit [www.tmlirp.org](http://www.tmlirp.org) and click on the “Risk Management” tab to learn more. Any city official with a question about the Pool or the loss prevention resources we offer is

welcome to reach out to Scott Houston, the TML Risk Pool's Intergovernmental Relations Manager, at [scott.houston@tmlirp.org](mailto:scott.houston@tmlirp.org) or 512-491-2323.

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## The 1989 Texas Workers' Compensation Act

By **Scott Houston**, Intergovernmental Relations Manager, TML Intergovernmental Risk Pool

*This article is the sixth in a series that chronicles the history of the TML Risk Pool. The series begins in 1974, when the Pool wrote its first coverage, and culminates with 50 years of partnership in 2024.*

The Texas Legislature enacted the first workers' compensation laws in 1913. In 1917, the United States Supreme Court affirmed the authority of states to require employers to choose whether to participate in their workers' compensation systems. Today, Texas is the only state that allows *private* employers to choose whether to provide workers' compensation (cities are required to participate). A Texas law passed that same year created the Texas Industrial Accident Board to administer workers' compensation laws and provided the basic framework for Texas' workers' compensation system until the late 1980s.

In 1973, the Texas Legislature mandated that Texas cities provide workers' compensation coverage to their employees. At that time, most traditional insurance companies refused to write the coverage or quoted exorbitant rates. For those reasons, the legislation also authorized the creation of the first government risk pool in the United States, which was the predecessor of the *TML Intergovernmental Risk Pool* as we know it today.

In 1987, in the face of complaints about rising costs and low benefits, the Texas Legislature appointed a committee to study the workers' compensation system and make recommendations for change. According to a 2001 article in the *Texas Insurance Journal*, the committee's findings "were appalling."

It concluded that: (1) work-related fatalities and injuries in Texas were more frequent compared to other states; (2) benefit rates and payment durations were low compared

to other states, especially for seriously injured workers; and (3) medical costs were on the rise. Even more important, the committee found that certain attorneys were "gaming" the system to make a fortune in fees – even on undisputed claims. Those attorneys took the most minor injuries to court to increase the settlement value of the claims. The process also meant that private employers began to leave the system, which caused further damage.

The Pool was financially affected by the systemic failures and was instrumental in calling for reform. Tony Koriotoh, the Pool's general counsel at the time, had served as a state representative and on the Texas Industrial Accident Board. He was a well-known workers' compensation lawyer and respected by legislators, and he was deeply involved in negotiations to fix the broken system.

Based on the committee's findings and input from the Pool and other stakeholders, the Texas Legislature enacted the Texas Worker's Compensation Act (Senate Bill 1) in 1989. The Act created the Texas Workers' Compensation Commission (TWCC) to administer the workers' compensation system (replacing the Texas Industrial Accident Board) and ensure that injured workers are fairly compensated.

The 1989 Workers' Compensation Act, among many other things: (1) raised basic benefit levels and set tight deadlines for employers and carriers to improve benefit delivery; (2) created an administrative dispute resolution to informally resolve claim disputes when possible; and (3) provided for an administrative three-judge appeal panel to decide the remaining disputes. Again, most importantly, the Act provided that workers' compensation claims could no longer be settled. That change eliminated most lawyers from the system because they could no longer make money on small claims.

According to the *Texas Insurance Journal* article, before the Act's passage "90 percent of injured workers were represented by an attorney during prehearing conferences and approximately 40-45 percent of all claims had attorney representation. Today, fewer than 10 percent of all workers' compensation claimants are represented by an attorney."

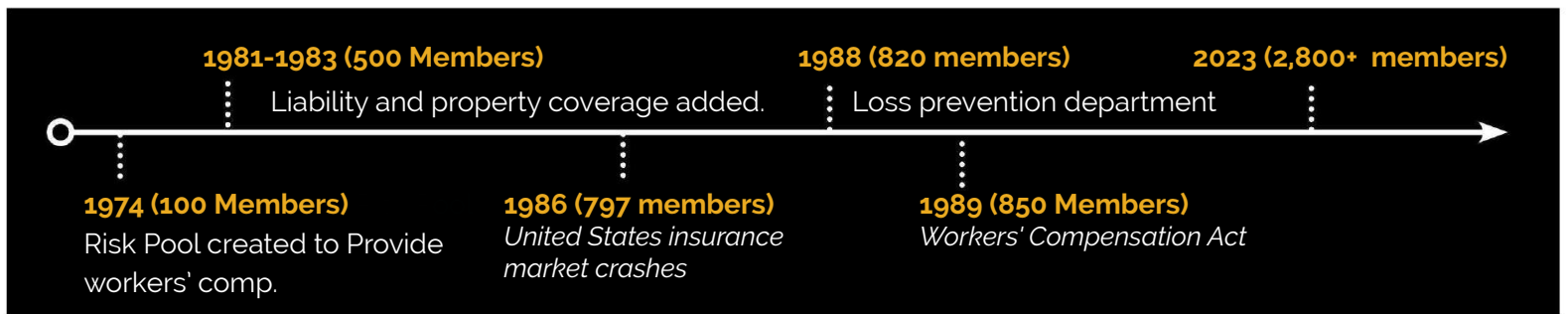


The reform also meant that, even though the Act increased worker benefits, the Pool was able to recover financially and provide workers with the benefits they deserved. According to figures provided by the Texas Department of Insurance, the reforms reduced total claim costs in Texas by more than 50 percent between 1990 and 1994.

Rising medical costs and other factors led additional reforms to follow during the 1990s and 2000s – more on those and the Pool’s response will be published in a future article.

Any city official with a question about the Pool or its resources may reach out to Scott Houston, the TML Risk Pool’s Intergovernmental Relations Manager, at [scott.houston@tmlirp.org](mailto:scott.houston@tmlirp.org) or 512-491-2323. ★

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## The 2005 First Responder Disease Presumption Law

By **Scott Houston**, Intergovernmental Relations Manager  
TML Intergovernmental Risk Pool

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In 1973, the Texas Legislature mandated that Texas cities provide workers' compensation coverage to their employees. That same legislation also authorized the creation of the first municipal risk pool in the United States, which was the predecessor of the *TML Intergovernmental Risk Pool* as we know it today.

Today, the Pool provides workers comp for almost 200,000 employees, including around 47,000 first responders, and the Board of Trustees and staff make benefit decisions first-and-foremost to take care of our first responders because that is what our members want and expect the Pool to do.

One state law within which the Pool operates is called the "workers' compensation first responder disease presumption law (the disease presumption)." What is the disease presumption? In 2005, during a nationwide trend, the Texas Legislature enacted Subchapter B of Chapter 607 of the Texas Government Code. The law originally provided (and still provides) that certain diseases contracted by firefighters and EMTs are presumed to have been contracted while on duty for workers' compensation purposes. Since then, the disease presumption has been extended to peace officers (including detention and custodial officers), but for a smaller number of diseases because the duties and exposures are different for them.

For example, a firefighter who contracts skin cancer enjoys a rebuttable presumption that she did so while at work, meaning that full workers' compensation benefits would

apply to treatment and benefits. If the firefighter passes away, her children and/or spouse may be entitled to significant lifetime income benefits. (A city, as the firefighter's employer, can overcome that presumption if it can be shown that she may have contracted the disease elsewhere.)

In 2021, the legislature enacted a significant addition to the law – a disease presumption for first responders diagnosed with COVID-19. (The Pool was already treating COVID claims as presumptions long before the legislature mandated it.) The COVID presumption, which will expire on September 1, 2023, applies to peace officers, firefighters, EMTs, and detention and custodial officers to make COVID a workers' comp claim if various conditions are met.

Under the disease presumption, since 2005, the Pool has designated over \$80 million to the surviving family members of 53 first responder fatalities. Of that amount, almost \$70 million is for 43 fatalities based on the COVID-19 presumption, which applies to claims made over just the past three years. Since 2019, the Pool has handled almost 17,000 first responder workers' comp claims. Since the inception of the Pool, it's paid over *half a billion dollars in benefits* to injured first responders and their families.

The Pool unequivocally honors first responders and takes care of them within the bounds of the highly structured presumption law. In fact, the Pool assigns case managers who work with first responders and their families to ensure they get the worker's compensation medical care and benefits that are owed to them.

Any city official with a question about the Pool or the resources we offer is welcome to reach out to Scott Houston, the TML Risk Pool's intergovernmental relations manager, at [scott.houston@tmlirp.org](mailto:scott.houston@tmlirp.org) or 512-491-2323. ★

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**1981-1983  
(500 Members)**

Liability and property coverage added.

**1988 TML/TML  
Risk Pool**

Reorganization

**1989 (850 Members)**  
Workers Compensation Act

**2024  
(2,800+ Members)**



**1974 (100 Members)**  
Risk Pool created to  
Provide workers' comp.

**1986 (797 Members)**  
United States insurance  
market crashes

**1988 (820 Members)**  
Loss Prevention  
Department

**2005 (2,600 Members)**  
**First Responder Disease  
Presumption Law**



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## 2006–The Political Subdivision Workers' Compensation Alliance

By **Scott Houston**, Intergovernmental Relations Manager, TML Intergovernmental Risk Pool

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What do local government risk pools do when state-certified workers' compensation provider networks aren't practical or easily accessible by their members' employees and cost too much? They create their own. The TML Risk Pool, along with four other Texas pools (The Texas Association of School Boards Risk Management Fund, the Texas Association of Counties Risk Management Fund, the Texas Council Risk Management Fund, and the Texas Water Conservation Association Risk Management Fund), did just that in 2006 when they created the "Political Subdivision Workers' Compensation Alliance (the Alliance)." The goal is to provide injured public servants with quick access to high quality healthcare providers. The Alliance matches injured employees with top-notch doctors and other providers to get them back to health, back to work, and back to their lives.

The Alliance is different than typical healthcare networks. The Alliance directly contracts with and credentials healthcare providers on behalf of its risk pool members, and the Alliance exclusively serves those pools and the public entities that participate in their workers' compensation programs.

Collectively, the five risk pools represent more than 3,000 public employers and 500,000 employees. However, rather than trying to be the largest network, the Alliance identifies and contracts with the best and most efficient health care providers. Top quality health care leads to better outcomes for injured employees, and it also saves money through lower overall medical costs, lower prescription

drug utilization, and quicker return-to-work for injured employees. The key is an open dialogue between providers, adjusters, injured workers, and employers – this leads to an injured employee getting the right treatment at the right time, which gets them back to their life as soon as possible.

The Texas Department of Insurance (TDI) oversees provider networks, and TDI has consistently ranked the Alliance as among the best. The TDI Workers' Compensation Research and Evaluation Group (REG) publishes an annual "network report card" that evaluates workers' compensation networks. The criteria include: (1) healthcare costs; (2) utilization; (3) satisfaction with care; (4) access to care; (5) return to work; and (6) health outcomes. The REG, among other things, surveys injured workers using the Public Policy Research Institute at Texas A&M University.

The Alliance's 2021 network report card showed that: (1) it had the highest level of satisfaction in three different categories with medical care for their work-related injuries, satisfaction with treating doctor, getting needed care and getting care quickly; and (2) 70 percent of its injured employees surveyed reported they were "satisfied" with their treating doctor (this is a tie for the highest amongst all networks).

The TML Risk Pool was originally created because of a dearth of workers' compensation coverage for local governments. The Alliance is just another example of government risk pools leveraging public dollars while providing first-class care to injured employees.

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## 2010 – The Growth Phases of the Pool

By **Scott Houston**, Intergovernmental Relations Manager, TML Intergovernmental Risk Pool

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The Texas Municipal League and several cities used the 1973 legislation to "pool" their resources. Using contracts called "interlocal agreements," they created the "Texas Municipal League Workers' Compensation Joint Insurance Fund." The Fund began operating on July 1, 1974, with close to 100 members.

Since then, the Pool has grown through four, fairly-distinct phases:

- Phase 1 – the Monoline Years (1974 – 1982): During this phase, the Pool provided only workers' compensation coverage. Still operating as a part of the Texas Municipal League, the Pool added members at an exponential rate.
- Phase 2 – The Addition of Liability and Property Coverage (1982 – 1986): During this phase, cities saw coverages other than workers' compensation becoming scarce and expensive, so TML created a liability fund in 1982 and a property fund in 1983.
- Phase 3 – The Growth Years (1986 – circa 2010): In the mid-1980s, the U.S. insurance market essentially crashed.

According to *Time Magazine*, that was "a time of frantic efforts to obtain insurance that, at best, was available only in limited amounts with high retentions at exorbitant rates." The Pool, now a "full service" coverage provider, began a period of growth that lasted a quarter century. In fact, in 1988, TML reorganized its service delivery system, and the TML Risk Pool became a stand-alone entity governed by a separate Board of Trustees. The growth in member equity (i.e., money used to pay claims) allowed the Pool to: (1) serve as shock-absorber to pay claims that made Members whole after losses; and (2) in many years – to return excess contributions to the member for public services and facilities back home. Staff growth was concomitant, with around 250 employees by the end of the period.

- Phase 4 – The Full Realization of the Pool's Mission (2010 – present): By this time, the Pool counted around 95 percent of Texas cities as members. It did so through adherence to its mission: "to offer and provide Texas municipalities and other units of local government with a stable and economic source of risk financing and loss prevention services." Through sound financial management, the Pool became competent at helping member cities through some of the worst catastrophes they have ever faced.

Stay tuned for future articles about what the Pool is doing recently to ensure another 50 years of partnership with Texas cities.

Any city official with a question about the Pool or the resources we offer is welcome to reach out to Scott Houston, the TML Risk Pool's Intergovernmental Relations Manager, at [scott.houston@tmlirp.org](mailto:scott.houston@tmlirp.org) or 512-491-2323.

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**1981-1983  
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Liability and property coverage added.

**1988 TML/TML  
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## 2008 – Hurricane Ike: The Pool's First Major Property Catastrophe

**Scott Houston**, Intergovernmental Relations Manager,  
TML Risk Pool

*This article is the tenth in a series that chronicles the history of the TML Risk Pool. The series begins in 1974, when the Pool wrote its first coverage, and culminates with 50 years of partnership in 2024.*

Hurricane Ike made landfall on Galveston Island at 2:10 a.m. on Saturday, September 13, 2008. Ike was the first widespread, catastrophic event to test the TML Risk Pool's coverage. Ike hit the coast as a category two hurricane with 110 mph sustained winds. The storm brought extensive storm surge, wind damage, and rainfall flooding.

One of the most visible signs of Hurricane Ike's wrath was the extensive destruction of infrastructure. The storm surge, coupled with the relentless winds, battered buildings, bridges, and roads. Galveston's iconic Seawall Boulevard, designed to protect against storm surges, was breached, allowing floodwaters to inundate the city.

Here are some storm-related statistics provided by the Harris County Flood Control District:

### Storm Surge

- Highest storm surge recorded on Galveston Island since 1915
- 1.2 to 1.5 million residents evacuated prior to landfall
- Storm surge levels averaged near the one percent (100-yr) levels for Harris County
- Storm surge extended 15-18 miles inland over Chambers County

### Wind and Rain

- 110 mph sustained winds at landfall
- 8-11 hours of tropical storm force winds

- 235,000 acres of timber damaged
- Rainfall averaged between a 10 percent (10-year) and 1 percent (100-year) frequency

### Damages

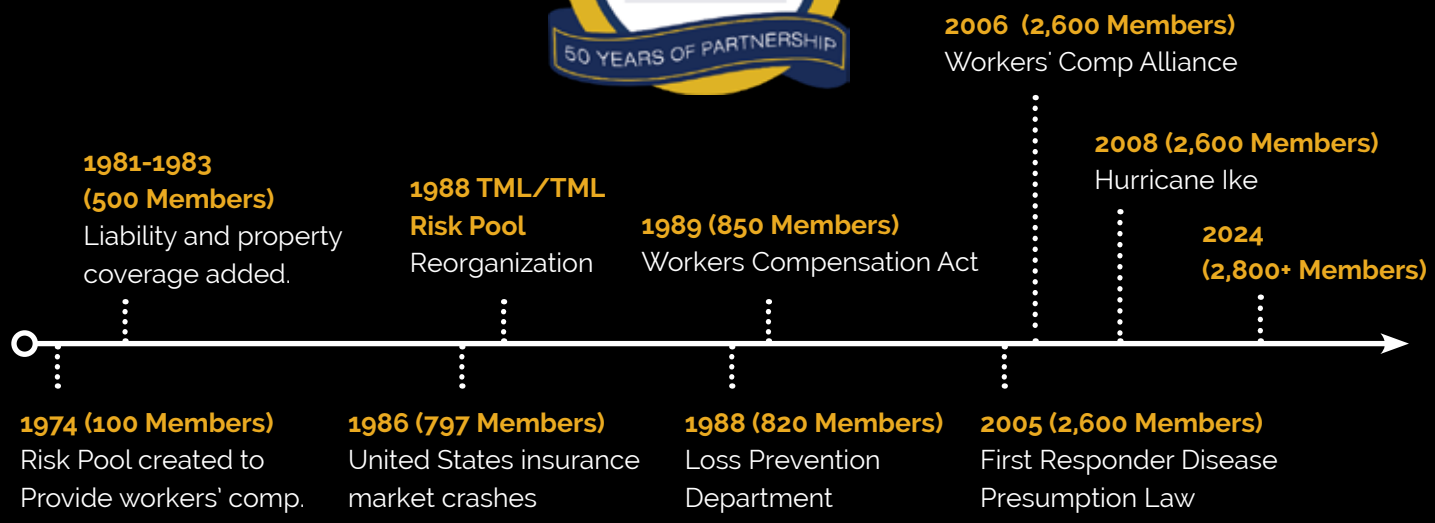
- Third costliest hurricane in United States history at the time, behind Hurricane Andrew and Hurricane Katrina
- Estimated \$27 billion in damages, including \$15 billion in insured losses
- 34 Texas counties declared federal disaster areas
- 2,400 injuries in Harris County
- 11 fatalities in Harris County
- 1,100,000 traffic signs damaged
- Estimated 10 million cubic yards of debris in Harris County

Through it all, the Pool was there for its members. Over 200 Pool members suffered damage from the storm, with the total property claims reaching over \$37 million. Lessons learned from Ike set the stage for future improvements to the Pool's response to catastrophic events. It also set the stage for improvements to the property program, including the use of technology in responses and the use of turnkey recovery partners to assist members with stabilization after an event and reconstruction assistance. More on that in future articles.

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## IMPROVING TEXAS COMMUNITIES SINCE 1945

- Water/Wastewater
- Water Resources
- Transportation
- Traffic Engineering

- Program Management
- Right-of-Way Services
- Construction Services

## 2017 – The Gut Punch Chronicles: Hurricane Harvey

By **Scott Houston**, Intergovernmental Relations Manager, TML Risk Pool

This article is the 11th in a series that chronicles the history of the TML Risk Pool. The series begins in 1974, when the Pool wrote its first coverage, and culminates with 50 years of partnership in 2024.

"It feels like we just keep getting punched in the gut, over and over..."

**Randy Criswell** circa 2021

Risk Pool Board Trustee

Wolfforth City Manager

We call them "the gut punch chronicles." Each "gut punch" was one in a series of \$100 million property losses for the Pool. They began with Hurricane Harvey, continued with wind and hail claims over the last decade, and culminated with Winter Storm Uri in 2021, for a total of almost \$360 million paid.

They are called "losses," but we consider them wins for our members. We take some of the money they and other members have pooled together and send it back for their recovery. The recovery from these catastrophic events perfectly illustrates the purpose of the Pool: To be there for members with money and resources to get them up and running quickly to provide the services their citizens expect.

Hurricane Harvey landed the first punch when it struck the Texas Gulf Coast in August 2017, leaving a trail of devastation in its wake. The category four hurricane unleashed unprecedented rainfall and flooding, resulting in extensive damage and loss of life.

The primary impact of Hurricane Harvey was the catastrophic flooding it brought to Houston and surrounding areas. The storm dumped an astonishing 27 trillion gallons of rainwater over Texas and Louisiana, causing the worst flooding in United States history. Rivers and bayous overflowed, inundating neighborhoods, homes, and infrastructure.

The economic toll of the disaster exceeded \$125 billion, making it one of the costliest hurricanes in United States history. Tragically, Harvey also claimed the lives of at least 68 people in Texas, with more fatalities in other affected areas.

Through it all, the Pool was there for its members. Over 400 Pool members suffered damage from the storm, with the total property claims reaching almost \$100 million. The Pool's response relied extensively on our turnkey recovery partners (SynergyNDS.com and 4T Partnership) to assist members with stabilization and reconstruction assistance. The next articles will explain how devastating thunderstorms and ice storms "gut punch" members across the state.

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## 2018-2022 – The Gut Punch Chronicles: Unpredictable Texas Storms

By **Scott Houston**, Intergovernmental Relations Manager, TML Risk Pool

*This article is the 12th in a series that chronicles the history of the TML Risk Pool. The series begins in 1974, when the Pool wrote its first coverage, and culminates with 50 years of partnership in 2024.*

Last month, I wrote about the first of "the gut punch chronicles." Each "gut punch" is one in a series of close to \$100 million property losses for the Pool. They began with Hurricane Harvey, continued with wind and hail claims over the last decade, and culminated with Winter Storm Uri in 2021, for a total of almost \$360 million paid to members.

Hurricane Harvey landed the first punch when it struck the Texas Gulf Coast in August 2017. It's no surprise a category 4 hurricane can cause so much damage. But city officials may not know that the ever-present wind and hailstorms in Texas can be just as costly.

In fact, the aggregate amount of wind and hail occurrences over \$1 million each over just the five years ending in 2022 is almost \$87 million.

Around the same time, the Pool experienced its first statewide disaster when Winter Storm Uri enveloped the entire state with below-freezing temperatures for days. The storm caused property damage to the facilities of over 500 members totaling over \$70 million in claims.

The Pool's response again relied extensively on our turnkey recovery partners (SynergyNDS.com and 4T Partnership) to assist members with stabilization and reconstruction assistance. What does the future hold in terms of gut punches? Stay tuned for the penultimate article next month to find out!

Any city official with a question about the Pool or the resources we offer is welcome to reach out to Scott Houston, TML Risk Pool Intergovernmental Relations Manager, at [scott.houston@tmlirp.org](mailto:scott.houston@tmlirp.org) or 512-491-2323.

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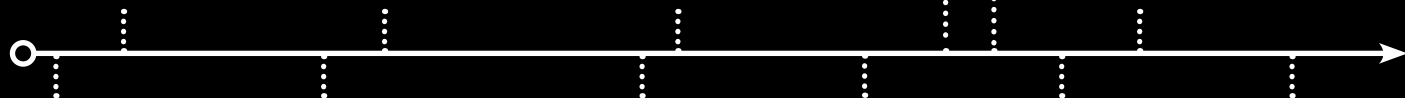
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**2005 (2,600 Members)**  
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**2017 (2,800 Members)**  
Hurricane Harvey

**2024 (2,700+ Members)**



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## 2024 – Cybersecurity: The Next Frontier

By **Scott Houston**, Intergovernmental Relations Manager, TML Risk Pool

*This article is the 13th in a series that chronicles the history of the TML Risk Pool. The series begins in 1974, when the Pool wrote its first coverage, and culminates with 50 years of partnership in 2024.*

The TML Risk Pool takes cybersecurity very seriously. Why? Since 2016, the TML Risk Pool has seen 214 cybersecurity claims. And 123 of those have been in *just the last three years*. We've paid \$4.2 million in claims since 2016. And, again, \$3.3 million has been paid in the last three years, with *\$2 million paid in 2023 alone*.

The increasing volatility, number, and cost of cyber claims have led the Pool to begin developing a separate cyber coverage fund. We'll be rolling that out soon, but we can help you stay safe now in several ways, including by:

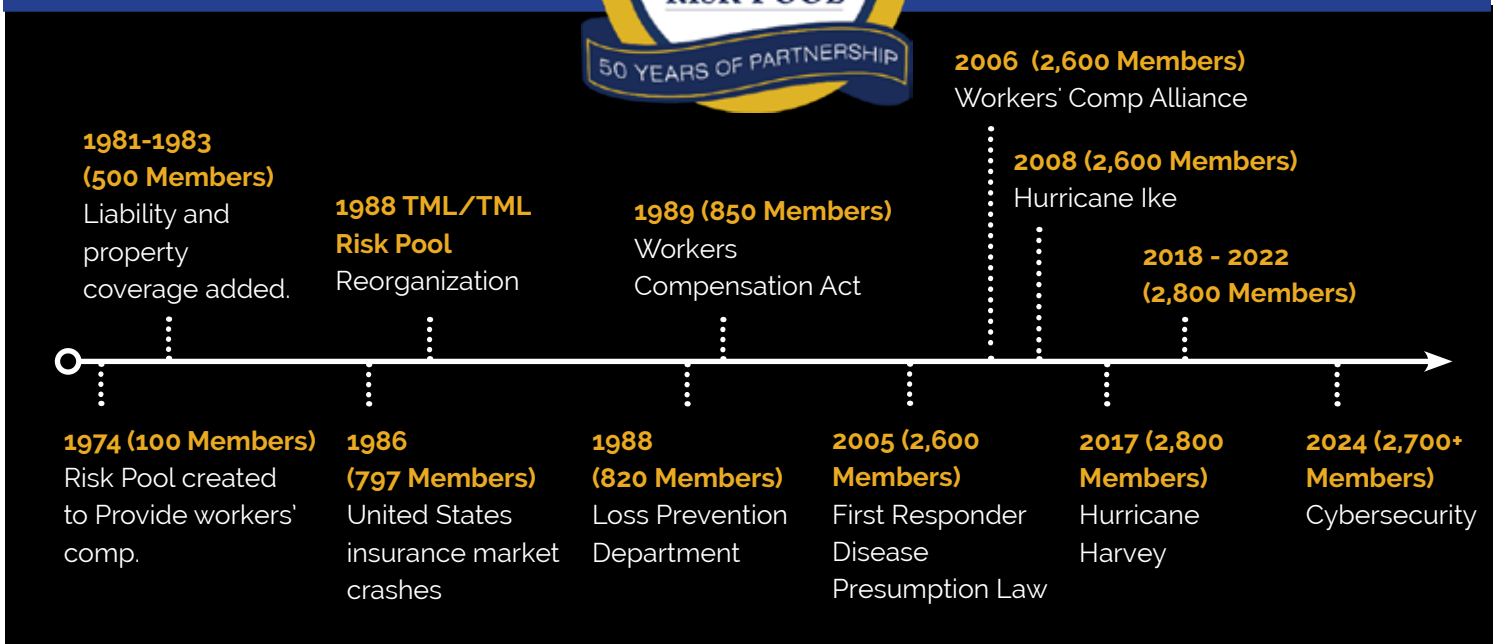
- conducting simulated phishing exercises.

- providing sample policies and procedures.
- consulting on cybersecurity best practices.
- applying an assessment tool to identify cyber risk.
- reviewing cyber coverage to address cyber exposure.

In fact, we have a dedicated Cyber Risk Services Manager – Ryan Burns – and will soon be adding a second position to our cyber team. To take advantage of any of the services listed above, or to ask cyber-related coverage or other questions, reach out to Ryan at [rburns@tmlirp.org](mailto:rburns@tmlirp.org).

We have more than 1,000 city members, and over 800 of them are under 5,000 population. That means many of you don't *have* an IT department, but it certainly doesn't mean you aren't vulnerable. Even a small city with two laptops can find itself in big trouble if the user falls for a phishing scam or fraudulent funds transfer scheme. We must be perfect, all the time, whereas hackers only need to be right *once*.

On a more lighthearted note, we've been creating short training videos featuring "Hacker Hank," who explains all the ways he tries to hack or trick members. You and your employees can watch those videos on the



Pool's "Local Officials: *Stronger, Together*" Podcast page. Go to [www.tmlirp.org](http://www.tmlirp.org), click on the "STP" button at the top of the page, and check out the video versions of episodes 9a and 9b.

Any city official with a question about the Pool or the resources we offer may reach out to Scott Houston, the TML Risk Pool's intergovernmental relations manager, at [scott.houston@tmlirp.org](mailto:scott.houston@tmlirp.org) or 512-491-2323.

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**DON'T MISS PODCAST EPISODE 9C**  
**You've Been Cyber-Attacked: When Nothing Works at All - Five Things Every City Manager (and Everyone Else) Should Know**

In this eye-opening episode, Scott interviews City of Tomball Assistant City Manager Jessica Rogers. Cybercriminals hacked Tomball at the end of 2022, and the City is still — one year later — dealing with the aftermath. Don't miss our chance to learn from this chill-inducing story. Go to [www.tmlirp.org](http://www.tmlirp.org) and click on the STP Podcast link at the top of the page.

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## The Future of the TML Risk Pool

By **Scott Houston**, Intergovernmental Relations Manager, TML Risk Pool

*This article is the last of 14 that chronicle the history of the TML Risk Pool. The series began chronicling events in 1974, when the Pool wrote its first coverage, and culminates in 2024 with 50 years of partnership.*

In 1973, the Texas Legislature passed legislation mandating that cities provide workers' compensation coverage to their employees. At that time, most traditional insurance companies refused to write the coverage or quoted exorbitant rates.

In response, the Texas Municipal League and several cities decided to "pool" their resources and create their own "Texas Municipal League Workers' Compensation Joint Insurance Fund." The Fund began operating on July 1, 1974. (A Liability/Property Fund was added to the Pool in 1981.)

Today, the Pool provides coverage to 95 percent of Texas cities. The Pool's workers' compensation program covers 200,000 local government employees – including 34,000 first responders. The Pool's property program covers over \$50 billion in government property. And the Pool's liability coverage is second to none. An 18-member board of trustees – composed primarily of city officials – oversees 250 Pool employees who administer the coverages.

This series of articles explained where we came from and what we've accomplished over the last 50 years. But what does the future of our partnership hold?

- First, the relationship between TML and the Pool has never been stronger. For example, several city officials serve on *both* boards of directors and the two organizations are working lockstep with a consultant to determine future office needs for the next 40 years. The idea is to be as effective and efficient as possible, while continuing to serve the diverse needs of our municipal membership.
- Next, we are also on top of emerging risks and the best ways to cover them. Here are just two examples among dozens:

1. In the face of increasingly volatile weather and other catastrophes, our property program offers a "turnkey recovery process" to help members quickly recover from damage. We basically provide a one-stop-shop – we will send in help to get you stabilized and, if you wish – we will send in a project manager to supervise your reconstruction every step of the way. All that leaves you free to continue your core role of serving your constituents.
  2. We are totally revamping our cybersecurity coverage to provide realistic coverage options in the face of uncertainty about future attacks. Specifically, we are creating an entirely new Cyber Fund to 100 percent insure the integrity of the other funds (Workers' Compensation and Liability/Property) from a simultaneous, statewide attack on many cities – right now the total exposure for such an attack is in the billions of dollars. Look for communications from multiple channels soon (including an article here next month, mailouts, emails, and newsletter articles) explaining the streamlining of the coverage and seeking your opt-in through the signing of an entirely new interlocal agreement.
- Finally, we are making the education of city officials about our coverage and services a priority. We are doing that through every channel we can. Face-to-face interactions at the TML Annual Conference and Exhibition and TML regional and other meetings is paramount. We have also been working on innovative media efforts, including the "Local Officials: Stronger, Together Podcast." For example, city officials can now complete the state-mandated cybersecurity training by simply listening to a 15-minute episode. (Visit [www.tmlirp.org](http://www.tmlirp.org), click on the "STP Podcast" button at the top of that page, and scroll down to Episode 9d to listen or learn more!)

What is the bottom line? We were the first municipal risk pool in the nation, and we will continue partnering with you to provide innovative and cost-effective coverage as long as cities need us. ★

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