

Trustees Declare \$5 Million Liability Equity Return

For the third year in a row, the TMLIRP Board of Trustees has approved an equity return to members of the Liability Fund. Distribution of the \$5 million return has been made to members who had participated in the Liability Fund for three consecutive, complete years on September 30, 2006, and had liability loss ratios no greater than 100 percent since joining the Pool or for the last five years, whichever loss ratio is lower. Loss ratios are calculated by dividing losses incurred by contributions paid. Distribution was made to qualified members who were members of the Liability Fund as of November 1, 2006.

Liability Loss Ratio	Equity Return as a percentage of 2005-2006 Contributions
25% or below	15%
26-50%	12%
51-75%	9%
76-95%	6%
96-100%	3%
>100%	0

Approximately 1,650 TMLIRP members qualified for a distribution of 15 percent or greater.

Additional longevity credit was granted according to the following criteria:

1. 1 percent was added to the loss ratio credit for members in the Liability Fund for 5 to 10 years as of September 30, 2006.
2. 2 percent was added for members for more than 10 years.

Pool Has Returned \$43.1 Million Since 1993-94

The Pool has a long history of returning members' equity when financial results have been better than expected. Since 1993-94, TMLIRP has returned \$43.1 million to members of the Liability, Workers' Compensation, and Property Funds (see chart on page 2). Equity returns have been possible as a direct result of members working hard to keep their losses down. The Pool's staff of professional loss prevention representatives is available to assist members in their loss prevention efforts.

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Property Equity Return to be Almost \$3.2 Million

For the second year, the Pool's Property Fund has satisfied all criteria necessary to trigger an equity return. At the close of 2004-05, the Pool returned \$4.3 million. Preliminary figures indicate that the 2005-06 return will be almost \$3.2 million.

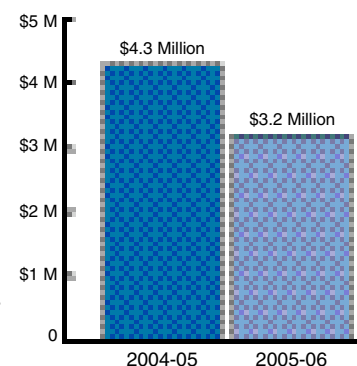
In January 2005, the Board of Trustees adopted an Equity Return Policy for the Property Fund. If the following conditions are met at the end of a given year, the Pool will return one-half of the equity gained that year:

- Members' Equity as a percent of net property contributions is at least 75 percent,
- Members' Equity as a percent of net loss reserves is at least 50 percent,
- Members' Equity in the Property Fund increased during the prior fund year, and

➤ The increase in Members' Equity is at least \$1 million.

The Property Fund's 2005-06 financial results satisfy all of these conditions, producing an equity return of almost \$3.2 million.

At its January meeting, the Pool's Board of Trustees will consider the plan for distributing this equity return. The plan will establish certain thresholds that Members must meet to qualify for a return, such as low property loss ratios and minimum years of participation in the Property Fund.



\$5 Million Liability Equity Return

Fiscal Year	Workers' Compensation	Liability	Property	Pool Total
1993-94	0	\$1,100,000	0	\$1,100,000
1994-95	\$2,000,000	0	0	\$2,000,000
1995-96	\$2,700,000	0	0	\$2,700,000
1996-97	\$4,900,000	0	0	\$4,900,000
1997-98	\$1,400,000	\$2,800,000	0	\$4,200,000
1998-99	\$1,400,000	\$3,500,000	0	\$4,900,000
1999-2000	\$1,500,000	\$3,100,000	0	\$4,600,000
2000-01	0	0	0	0
2001-02	0	0	0	0
2002-03	0	0	0	0
2003-04	0	\$4,500,000	0	\$4,500,000
2004-05	0	\$4,900,000	\$4,300,000	\$9,200,000
2005-06 (est.)	0	\$5,000,000	\$3,200,000	\$8,200,000
Total	\$13,900,000	\$24,900,000	\$7,500,000	\$46,300,000

If you have questions about your equity return, call 800-537-6655 and ask for Underwriting or Field Services. For loss prevention assistance, ask for Loss Prevention.

Election Results

Incumbents Re-elected to Board

Votes were received from 559 of the Pool's 2,595 members or 22%. The four incumbents were reelected with each incumbent receiving more than 50% of the votes cast. The reelected Board Members are:

PLACE 11 Greg Ingham, City Manager of Plainview

PLACE 12 Harold Dominguez, City Manager of San Angelo

PLACE 13 Byron Black, Chair, Johnson County Central Appraisal District

PLACE 14 Pat Norriss, Member, Nortex Regional Planning Commission

Copies of the vote tabulation are available upon request from the Board's Secretary, David Reagan, at 1-800-537-6655 or dreagan@tmlirp.org.

Annual Breakfast

Highlights of the Annual Breakfast

Attendees at the annual breakfast at the TML Convention received the results of the Board election and the Executive Director's Report that highlighted the following:

- The Pool now has 2,595 members
- 44% of the members are cities, but cities pay 78% of total contribution
- Annual contributions are forecast to reach \$140,000,000 in 2006-07
- Hurricane Rita's loss is estimated to be around \$11,000,000 with about \$6,000,000 being paid from reinsurance
- \$6,356,000 net gain in the Property Fund will support equity returns in the Property program
- Overall workers' compensation rates for 2006-07 are down 1.3%
- Liability rates are down 10%
- Property rates are unchanged
- Sewage backup voluntary coverage program is growing slowly
- Pool is part of Alliance being formed with pools serving schools, counties, water districts and authorities, and MHMR entities to assure quality medical care and hopefully reduce workers' compensation costs
- 2005-2006 was a good year financially

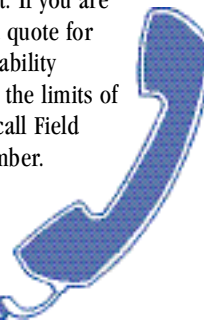
Call Before Your Fire!

Donald Trump has glorified the phrase, “You’re fired!” Don’t be fooled: it’s not as easy as he makes it seem. The legal aspects of employment-related decisions have become complex. Managers and supervisors can no longer make employment-related decisions without first considering legal ramifications. The pitfalls can often be avoided with proper legal guidance.

Since 1997, the Risk Pool has provided services to assist its members with employee terminations and disciplinary actions. The Risk Pool legal staff is available to discuss any type of personnel action you believe is indicated. This service can help you avoid lawsuits such as age discrimination, racial discrimination, sexual discrimination, sexual harassment, whistleblower retaliation, and workers’ compensation retaliation. If you have Errors and Omissions (Public Officials) Coverage with the Pool, that coverage provides a defence to complaints made by employees to the Equal Employment Opportunity Commission (EEOC) and the Texas Commission on Human Rights.

Members should take advantage of these services to help reduce employment-related lawsuits and claims. Such lawsuits seek actual damages, back and future wages, punitive damages and attorney’s fees. The Risk Pool covers most of these damages, but future wages and back wages, except for 50% of back wages up to \$25,000, are the responsibility of the Member.

This service is available to all members of the Pool who have Errors and Omissions Liability Coverage. The Pool encourages each member to contact the Pool’s legal staff before taking any employment-related action. To take advantage of this service, please call 800-537-6655 and ask for the Legal Department. If you are interested in obtaining a quote for Errors and Omissions Liability Coverage or in changing the limits of your existing coverage, call Field Services at the same number.



Public Officials’ Errors and Omissions Liability Coverage

Trench Cave-Ins Kill and Injure Municipal Employees Yearly



The Incident

A city employee was killed in a trench cave-in accident.

A trench was being dug to locate a leak in a wastewater transmission main line. The trench was approximately 15 feet deep with a continuous flow of water entering due to a broken pipe. The trench was not shored and spoil piles were placed too close to the edge of the

excavation. The ground was saturated due to recent rains, making it unstable.

The employee was digging at the bottom of the trench when the sidewall collapsed, burying him under approximately six feet of dirt. It took emergency response rescue teams several hours to slope and remove the water from the trench before the body could be extricated.

Cause of Accident

It was reported that there was no sloping or support system in place for employees’ protection.

Reminders

1. Procedures for safe trenching and excavation should be outlined in writing, including the

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Trench Safety

Trench Safety

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proper use of adequate safety equipment, personal protective equipment and heavy equipment. Procedures should address:

- ▣ Precautions to take, recognizing soil type and wet ground conditions caused by rainwater or broken lines;
 - ▣ Proper placement of spoil at least two feet from the trench edge; and
 - ▣ Use of adequate trenching safety equipment.
2. When sloping or benching cannot be accomplished, an alternate form of protection, such as hydraulic shoring devices and/or a trench shield, should be rented, borrowed or purchased.
 3. City employees, including public works and fire services personnel, should receive training about safe trenching and excavation procedures.
 4. Prevent water from entering or accumulating in an excavation where employees work.



Loss Prevention offers a Confined Space & Trenching Safety program. This program includes training to optimize employee safety, and details how to avoid the most common accidents associated with confined space and trench-related work.

To find out when this program will be offered in your area, contact Loss Prevention at 800-537-6655.



1821 Rutherford Lane, First Floor
Austin, Texas 78754
(800) 537-6655

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