

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL
Underwriting & Claims Committee Meeting
Hotel Valencia Riverwalk – Siena Room
150 E. Houston Street, San Antonio, TX 78205
July 21, 2017**

Trustees Present

Michael Talbot, Chair
Rickey Childers
Randy Criswell
Andres Garza
Henry Wilson

Trustees Absent

Robert Herrera

Staff Present

Bob Haynes
Mike Bratcher
Tamara Chafin
Lindsey Fields
Susie Green
Irvin Janak
Bo Joseph
Paula Marr-Ludwig
Mike Rains
Debbye Mangum

Also Present

Michael Talbot called to order the Underwriting and Claims Committee of the Texas Municipal League Intergovernmental Risk Pool at 3:42 p.m. on Friday, July 21, 2017.

Consideration of minutes of April 28, 2017 committee meeting (Tab 12)¹

MOTION by Rickey Childers, seconded by Randy Criswell, to approve the Underwriting and Claims Committee meeting minutes of April 28, 2017, as set forth under Tab 12. Motion carried with unanimous approval.

Report regarding Final Property Reinsurance Program for May 1, 2017 to May 1, 2018 and Status on RFP for Reinsurance Intermediary Services (Tab 13)

Bob Haynes presented the final property reinsurance program placement for May 1, 2017 to May 1, 2018 under Tab 13. Mr. Haynes stated that Guy Carpenter, LLC was able to place the property reinsurance within the range approved by the Board at the April 28, 2017 Board meeting.

Mr. Haynes reported the contract with Guy Carpenter for reinsurance intermediary services had expired and that an RFP (Request for Proposal) for Reinsurance Intermediary Services was released for pricing for a three-year period with the option of two one-year extensions. The Pool anticipates a number of responses to the RFP. The staff will bring a recommendation to the Board at the October 2017 meeting.

Consideration of Cyber Liability Reinsurance Agreement Renewal with Beazley (Tab 14)

Bob Haynes presented the recommendation for the cyber liability reinsurance agreement with Beazley. The cyber liability and data breach coverage was added to the Pool's coverages effective October 1, 2016. The Pool entered into agreements with Beazley to provide cyber claims handling and reinsurance coverage. The reinsurance agreement is up for renewal on October 1, 2017. Beazley has indicated that they do not expect a change to the current cost structure nor to the coverage structure. The staff recommended that the Pool continue with the same reinsurance structure currently in place with Beazley.

¹ All references to "Tabs" in these minutes are references to the Tabs in the Board of Trustees Agenda packet.

MOTION by Rickey Childers, seconded by Andres Garza, to recommend to the Board that the Executive Director be given the authority to renew the cyber liability reinsurance agreement with Beazley effective October 1, 2017, provided there is no change in the base level costs or coverage. Motion carried with unanimous approval.

Consideration of Independent Claims Adjusting Providing Services for TMLIRP (Tab 15)

Mike Rains presented the recommendation to approve the independent claims adjusters who provide services for the liability and property claims for the Pool. There are 33 adjusters listed under Exhibit A, with five of those firms anticipated to have projected budgets over \$100,000.

MOTION by Andres Garza, seconded by Randy Criswell, to recommend to the Board the approval of the list of independent adjusting firms for the Pool set forth under Tab 15. Motion carried with unanimous approval.

Consideration of Property Valuation Firms Providing Services for TMLIRP (Tab 16)

Mike Rains presented the recommendation to contract with property valuation firms to assist in the valuation of certain unique and high value properties, such as utility facilities.

The Pool received five proposals in response to its Request for Proposals, with four of the five proposals recommended for a contract award. The recommended property valuation firms are Duff and Phelps, HCA Asset Management, Asset Works, and CBIZ Valuations. Since the total amount in the budget for 2017-18 is \$100,000, no action is required by the Board.

Consideration of Guidewire Policy Center Underwriting Project (Tab 17), consisting of:

1. Adoption of Overall Project Budget;
2. Authorization of Design & Development Phase by clearing “Commit” gate of the Pool’s Project Execution Framework,
3. Authorization of Agreement with Capgemini for Professional Services for the Design & Development Phase, and
4. Authorization of Executive Director to amend the Scope of the Design and Development Phase to expend Contingency with the Project Budget

Paula Marr-Ludwig presented the Guidewire Policy Center Underwriting Project under Tab 17.

MOTION by Andres Garza, seconded by Randy Criswell, to recommend to the Board the adoption of the overall project budget, authorization of design and development phase by clearing the “commit” gate of the Pool’s project execution framework, authorization of the Executive Director to enter into an agreement with Capgemini for professional services for the design and development phase of the Underwriting Project for a cost not to exceed \$5.1 million, and authorization of Executive Director to amend the scope of the design and development phase to expend the contingency funds allocated within the project budget. Motion carried with unanimous approval.

Consideration of Offering Proposal for the City of San Antonio Excess Workers’ Compensation Coverage (Tab 18)

Paula Marr-Ludwig presented the staff proposed options for a proposal to the City of San Antonio for excess workers’ compensation coverage. The City of San Antonio requested a proposal for excess workers’ compensation coverage with \$1 million, \$1.5 million, or \$2 million retentions with statutory limits. The Pool staff presented three options for the

Committee's consideration. Provide proposals with a retention of \$1.5 million or \$2.5 million with a \$1 million corridor deductible, or \$5 million with no corridor deductible; and annual contribution of \$800,000, \$400,000, or \$200,000 respectively, with a 5%, 10% or 15% surcharge. The above options included a \$5 million per occurrence limit and a \$10 million annual aggregate.

MOTION by Rickey Childers to recommend to the Board that the Pool provide a proposal to the City of San Antonio for a \$2.5 million retention, with a \$1 million corridor deductible for a contribution of \$400,000 plus a 10% surcharge. Motion died for lack of a second.

MOTION by Andres Garza, seconded by Randy Criswell, to recommend to the Board that the Pool not make a proposal to the City of San Antonio for the excess workers' compensation coverage. Andres Garza voted in favor of the motion. Randy Criswell, Rickey Childers, and Michael Talbot voted against the motion. Motion failed.

MOTION by Randy Criswell, seconded by Rickey Childers, to recommend to the Board that a proposal be offered to the City of San Antonio for a \$5 million retention and limit with an annual aggregate of \$10 million, for a contribution of \$500,000. Randy Criswell, Rickey Childers, and Michael Talbot voted in favor of the motion. Andres Garza voted against the motion. Motion passed.

Report from Office of Project Management and Analytics Report, including report on Progress for Business Application & IT Road Map (Tab 10)

Lindsey Fields presented the report under Tab 10 from the Office of Project Management and Analytics, including the progress for business applications and the IT road map.

Significant cases and legal developments impacting the Pool (Tab 19)

Bo Joseph presented significant cases and legal developments impacting the Pool under Tab 19.

Liability and Property Claims Report on (a) Executive Summary and Response on Recent Claims Audit of Liability and Property Department and (b) on trends concerning liability claims and property claims (Tab 20)

Mike Rains presented the Liability and Property Claims report on trends under Tab 20.

Workers' Compensation Claims Report on (a) trends concerning workers' compensation claims, and (b) Executive Summary and Response on Recent Claims Audit of Workers' Compensation Claims Department (Tab 21)

Mike Bratcher presented the Workers' Compensation Claims report on trends under Tab 21.

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

Irvin Janak presented the loss prevention report under Tab 23.

Subrogation Report (Tab 24)

Bo Joseph presented the subrogation report under Tab 24.

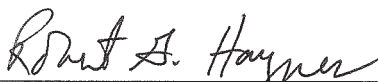
Member Services Report including Membership Activity (Tab 25)

Tamara Chafin presented the member services report under Tab 25.

Adjournment

Chair Michael Talbot adjourned the Texas Municipal League Intergovernmental Risk Pool Underwriting and Claims Committee meeting at 5:18 p.m.

Approved by the Underwriting and Claims Committee
October 20, 2017



Robert G. Haynes, Deputy Executive Director