

**TEXAS MUNICIPAL LEAGUE  
INTERGOVERNMENTAL RISK POOL  
Underwriting & Claims Committee Meeting  
Courtyard Marriott at the John Q. Hammons Center – Cottonwood G Room  
210 E. Stacy Rd., Allen, TX 75002  
October 20, 2017**

**Trustees Present**

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

**Trustees Absent**

None

**Staff Present**

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

**Also Present**

Michael Talbot called to order the Underwriting and Claims Committee of the Texas Municipal League Intergovernmental Risk Pool at 3:00 p.m. on Friday, October 20, 2017.

**Election of a Committee Chair**

MOTION by Rickey Childers, seconded by Michael Talbot, to elect Randy Criswell as Chair of the Underwriting and Claims Committee. Motion carried with unanimous approval.

MOTION by Robert Herrera, seconded by Randy Criswell, to elect Rickey Childers as Vice-Chair of the Underwriting and Claims Committee. Motion carried with unanimous approval.

**Consideration of minutes of July 21, 2017 committee meeting (Tab 13)<sup>1</sup>**

Randy Criswell noted an error in the minutes of the July 21, 2017 Underwriting and Claims Committee meeting set out under Tab 18. Under the item on Consideration of Offering Proposal for the City of San Antonio Excess Workers' Compensation Coverage, the first motion was made by Rickey Childers, not Randy Criswell.

MOTION by Michael Talbot, seconded by Andres Garza, to approve the Underwriting and Claims Committee meeting minutes of July 21, 2017, with the correction as noted above. Motion carried with unanimous approval.

**Consideration of a risk financing mechanism to fund excess workers' compensation losses for self-insured municipalities (Tab 14)**

Bob Haynes presented the options for a risk financing mechanism to fund excess workers' compensation losses for self-insured municipalities with populations over 250,000 set forth under Tab 14.

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

The proposed risk financing program would have a per occurrence retention of \$1 million, with limits of \$5 million per occurrence, and a \$10 million aggregate. The program would also incorporate a “leave/take” provision, wherein if the Member elects to terminate coverage, the Member would take their claims with them. The Member would receive back 90% of its contribution that exceeds the amount of paid losses. The Pool would create “escrow” accounts to capture contributions and losses as a mechanism to manage the program.

If the Pool initiates the withdrawal, the Pool retains both the claims and contributions. However, if the incurred loss ratio is less than 90%, the Member may be entitled to a return contribution, which will be determined as set forth under Tab 14.

MOTION by Robert Herrera, seconded by Rickey Childers, to recommend to the Board of Trustees to continue to offer the excess workers’ compensation program, approve the proposed excess workers’ compensation risk financing mechanism as set forth under Tab 14, offer existing excess workers’ compensation Members one additional rerate period using current methodology, and remove the requirement for Board approval of any new business or rerate proposal for Members with populations in excess of 250,000. Motion carried with unanimous approval.

MOTION was amended by Robert Herrera, seconded by Michael Talbot, to add to the motion that the financing risk mechanism have a \$5 million per occurrence limit and a \$10 million annual aggregate. Motion carried with unanimous approval.

#### Consideration of Renewal Proposal for the City of Dallas Excess Workers’ Compensation Coverage (Tab 15)

Paula Marr presented the consideration of the renewal proposal for the excess workers’ compensation coverage for the City of Dallas. The City of Dallas currently has excess workers’ compensation coverage with a \$1.5 million retention, and a \$1 million corridor deductible, with limits of \$10 million per occurrence and \$20 million aggregate for a contribution of \$722,500. The staff is recommending three options to offer to the City.

Option 1 is to retain the \$1.5 million retention level and the \$1 million corridor deductible, and reduce the limits from \$10 million per occurrence and \$20 million annual aggregate to \$5 million per occurrence and a \$10 million annual aggregate, for a contribution of \$782,000, effective February 1, 2018.

Option 2 is to retain the \$1.5 million retention but eliminate the \$1 million corridor deductible and add the “Leave/Take” provision to losses occurring after February 1, 2018, reduce the per occurrence limit from \$10 million to \$5 million, and the annual aggregate from \$20 million to \$10 million, with a contribution of \$752,250, effective February 1, 2018.

Option 3 is the same as 2 above, with the “Leave/Take” applied to all previously reported and future claims, for an annual contribution of \$595,000, effective February 1, 2018.

MOTION by Michael Talbot, seconded by Andres Garza, to recommend to the Board that the staff offer the three options as set forth above to the City of Dallas for excess workers’

compensation coverage with a 90-day deadline to respond to the offer from the date of the offer on October 26, 2017.

Consideration of entering into a three year contract with Guy Carpenter, LLC for Reinsurance Intermediary Services, with an option to extend for two additional year (Tab 16)

Bob Haynes presented the recommendation of a new three-year contract with Guy Carpenter, LLC for reinsurance intermediary brokerage services. The Pool received five responses to the Request for Proposals issued July 21, 2017. Each of the proposals were cost competitive. The staff conducted telephone interviews with three of the four other brokers. The staff believes that Guy Carpenter continues to bring the most expertise, market clout, and understanding in the areas that matter most to the Pool. Considering the losses from Hurricane Harvey, now is an inopportune time to consider a change in broker services. It is anticipated that the Pool's reinsurance terms will tighten and Guy Carpenter is best suited to negotiate on behalf of the Pool. The staff recommends renewing Guy Carpenter & Company, LLC reinsurance intermediary brokerage services for a three-year term with two one-year renewal options effective May 1, 2018.

MOTION by Andres Garza, seconded by Robert Herrera, to recommend to the Board the award of the property reinsurance intermediary brokerage services to Guy Carpenter & Company, LLC for a three-year term, with two one-year renewal options effective May 1, 2018. Motion carried with unanimous approval.

Consideration of Medical Bill Review Project (Underwriting/Claims Committee to Report), consisting of:

1. Authorization of Inception, Design, and Development Phases by clearing "Proceed" and "Commit" gates of the Pool's Project Execution Framework, and;
2. Authorization of Executive Director to enter into an Agreement with Mitchell International for Medical Bill Review Software Services (Tab 17)

Mike Bratcher presented the recommendation concerning the medical bill review system project to authorize the inception, design, and development phases by clearing "proceed" and "commit" gates of the Pool's project execution framework, and to authorize the Executive Director to execute a contract with Mitchell International for medical bill review software services, as set forth under Tab 17.

The Pool received four proposals in March 2017 to the RFP for software services for the medical bill review project from Medata, Inc., Mitchell International, Inc., Conduent, Inc., and StoneRiver, Inc. Medata, Inc. met all the Pool's needs but was significantly more expensive than the other vendors. Conduent also met the needs of the Pool, however, did not have scanning capabilities and the Pool would have to purchase scanning equipment and maintain staff to scan and electronically file bills, which would make Conduent's bid more than the Mitchell proposal. StoneRiver, the Pool's current provider, did not meet specifications. The staff narrowed the list to two firms, Conduent, Inc. and Mitchell International, Inc. to conduct product demonstrations. Mitchell International, Inc. was the firm recommended as best fitting the Pool's needs.

MOTION by Andres Garza, seconded by Rickey Childers, to recommend that the Board authorize the inception, design, and development phases by clearing “proceed” and “commit” gates of the Pool’s project execution framework, adopt the proposed project budget for the implementation phase not to exceed \$236,000, and services not to exceed \$3.20 per medical bill, adopt the success criteria, and authorize the Executive Director to enter into a five-year contract with Mitchell International, Inc., as set forth under Tab 17, as the Pool’s medical bill review software provider. Motion carried with unanimous approval.

Significant cases and legal developments impacting the Pool (Tab 18)

Bo Joseph presented significant cases and legal developments impacting the Pool under Tab 18.

Liability and Property Claims Report on trends concerning liability claims and property claims

This item was not discussed since it had been discussed during the Friday, October 20, 11:30 a.m. Board meeting.

Workers’ Compensation Claims Report on trends concerning workers’ compensation claims (Tab 19)

Mike Bratcher presented the Workers’ Compensation Claims report on trends under Tab 19.

Report from Office of Project Management and Analytics, including report on Progress for Business Application & IT Road Map (Tab 11)

Tim Salzman presented the report under Tab 11 from the Office of Project Management and Analytics, including the progress for business applications and the IT road map.

Underwriting Report on underwriting results and loss ratios, including the Quarterly Report by Victor O. Schinnerer & Company, Inc. regarding revenues received and policies placed on behalf of Pool Membership (Tab 20)

Paula Marr-Ludwig presented the Underwriting Report under Tab 20.

Loss Prevention Report on member surveys, training and property valuations conducted (Tab 21)

Irvin Janak presented the loss prevention report under Tab 21.

Subrogation Department Performance Report (Tab 22)

Bo Joseph presented the subrogation report under Tab 22.

Member Services Report including Membership Activity (Tab 23)

Tamara Chafin presented the member services report under Tab 23.

Adjournment

MOTION by Robert Herrera, seconded by Michael Talbot, to adjourn the Texas Municipal League Intergovernmental Risk Pool Underwriting and Claims Committee meeting at 4:46 p.m.

Approved by the Underwriting and Claims Committee  
January 26, 2018

A handwritten signature in cursive script, reading "Robert G. Haynes", written over a horizontal line.

Robert G. Haynes, Deputy Executive Director