[Date]

[Name]
[Title]
[Company]
[Address]
[City, State, Zip]

Dear [name]:

It was a pleasure to talk to you recently and to exchange stories and insights with someone who shares the burden of managing the risks inherent in public service and their associated costs. Public entity risk pools are an especially attractive option for grappling with this challenge. I write now to share more information on pools, their core values, and the advantages they can offer compared to commercial insurers.

Let me start by telling you the three most important things to understand about the pooling movement. In brief, pools are about *partnership*, *performance*, and *service*.

- These partnerships first emerged in the early 1970s, when local public entities formed risk pools to reduce and stabilize long-term insurance costs and ensure access to the coverage and service necessary to sustain critical local government functions.
- It worked: Pools' performance has been consistently strong. Pools have sustained excellent financial performance, generated coverage innovations, and helped focus public entities on risk management as an operational priority.

- Even better, pools have become models of public-sector service – by providing outstanding service to their members, by promoting public entity collaboration, and by showing how local governments and schools can improve service to the public through long-range planning and collaboration.

Today at least 80 percent of this nation's 90,000 or so public entities participate in one or more risk pools. Some pools offer only certain kinds of coverage, such as workers' compensation or liability, or health benefits; others offer multiple lines of coverage. Some pools serve only certain kinds of public entities, such as school districts.

All pools work to decrease financial risk to taxpayers created by routine, unanticipated and catastrophic events. Pools embody the ideal of local control because pools are crafted to meet the specific needs of their public entity members.

Pools differ from commercial insurers in many ways. For one thing, pools don't measure success by profits. Instead, under the guidance of boards elected by pool members, pools provide services, coverage, and risk management tools with the singular goal of serving their members. They strive to reduce members' risk and, in the process, save public funds and improve outcomes for local governments and their taxpayers.

Pool members share accountability with one another because members essentially co-own the pool. Members rely on one another not just for coverage, claims management, and loss control but also for new ideas, best practices, and help solving problems. This culture of collaboration eases the burden of year-to-year volatility in claims costs, intensifies pool members' interest in loss control and claim management, and improves the quality of local government.

Pools have sustained excellent financial performance, generated coverage innovations, and helped focus public entities on risk management as an operational priority. And strong financial performance means taxpayer savings. It is estimated that pools have saved taxpayers billions of dollars. They don't seek profits. They spend less on overhead, marketing, and "middlemen." They are exempt from some taxes. While year-to-year pricing may fluctuate, pools have definitively proven to cost less than commercial insurance. And, most importantly, pools understand local government risks and needs and work with members to avoid losses that would otherwise inflate taxpayer costs.

A Swedish proverb holds that the best place to find a helping hand is often at the end of your own arm. Pooling exemplifies that value. Please let me know if I can tell you more.

Sincerely,

[Name]