How risk-sharing pools offer local taxpayers better services at lower costs
By [Full name]

Local taxpayers of all political perspectives often voice a common aspiration: Can we improve taxpayer-funded services while cutting costs?

Yes, we can – if municipalities, school districts, fire districts, and other public entities unite to manage risks and the share the costs of insuring against those risks.

This challenge – better service at lower cost – is a hardy perennial in public policy debate, and it has resurfaced in [what community or region]. This latest debate focuses on [one-sentence summary of the current debate here].

Policy-makers considering these matters can learn from the risk pooling movement's long-term success containing and stabilizing costs, sustaining strong financial performance, and generating innovations in insurance coverage. In the process, these risk management pools serving public entities have become an exemplar of inter-governmental collaboration.

Public entities themselves created pools beginning over 40 years ago when most commercial insurers abandoned the public entity market. Today some 450 pools serve public entities in the United States and Canada. There are more than 90,000 local governmental entities in the US, alone, and the Association of Governmental Risk Pools (AGRiP) estimates that at least 80 percent of them participate in one or more risk pools governed and directed by their own members. Public entity risk pooling is the single biggest success story in local government and self-governance that few even know exist.

Pools embody the ideal of *local* control because they exist to meet specific needs of public entity members. Some pools offer only certain lines of coverage; others offer multiple lines. Some pools serve only certain kinds of public entities, such as school districts.

In four decades of service, pools' savings for taxpayers are estimated in the billions of dollars, for two key reasons:

- Pools cost less than commercial insurers because they don’t seek to generate profits for shareholders, avoid costs like premium taxes and regulatory assessments, and reduce overhead through their specific, member-owner focus.
- Pools actually reduce risks, and the associated costs, because the help their members focus not merely on short-term insurance premiums, but on longer-term risk management. Members share risks and accountability, not just costs of insurance. They work together to “bend the cost curve.”

No wonder most public entity pools have annual member retention rates of well over 90 percent.

Pools have also come to exemplify the potential of inter-governmental cooperation to improve services while containing costs. For example:

- Pools have streamlined coverage language so local government emergency responders can provide assistance across jurisdictional lines without fear of jurisdictional disputes about injuries or damage to equipment.
- They have created training for new officials in school districts and local governments.
- They have even helped members manage horrific crises, such as hurricanes and school shootings.

To be sure, the pooling movement faces challenges. In some states, for example, legislators or regulators mistake reserves booked to cover future losses for funds that can be "appropriated" for other purposes.

But policy-makers in [the community at hand] should focus on the long-term record of the pooling movement and [conclude with an ask that is specific to the matter at hand].

-30-

[Full name here is [appropriate and relevant job title(s) here] with [appropriate public entity and/or pool affiliation here].