2022 NLC-RISC ***I’m a New Trustee, Tell Me What I Need to Know***

Trustees Conference

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What should I know about my pool?

Here’s a starting - but notably incomplete - list of considerations for new Trustees.

1. State regulation and reporting
* What laws and regulations are we subject to?
* What and to whom do we have to report?
1. Board structure, scope and decision-making
* What’s our legal structure or grant of authority?
* What members do we serve?
* How are Board members selected and what programs do we oversee?
* What is the role of the Board in decision-making – at what level and for what issues?
1. Coverages
* What sorts of coverage does our pool offer, and what’s our general philosophy about covering losses?
* What sort of coverage document do we use?
1. Other pool services
* What other cool stuff does our pool offer?
1. Staffing structure; and how it relates to third-party contract relationships
* What sort of structure, roles, and relationships does my pool have with outside service providers?
* Why does this make sense for our operations?
* What would we do if there was a significant shift in any of these relationships?
1. League relationship
* Are the pool and League intertwined? To what extent?
* Is there a financial relationship between the two?
1. Agents
* Does the pool use agents and in what sort of role?
* How are agents compensated?
1. Loss trends
* What loss areas are shifting in frequency, cost, or both?
* Are there other inflationary or legislative trends that could impact our pool loss experience?
* Are we collecting data that will help us identify important trends?
1. Competitive environment
* Who is our main competition and on what basis?
* How do we view our role in the marketplace?
* Is our membership growing, decreasing, or staying the same?
1. Membership philosophy
* Are there standards for who can join the pool?
* What happens if a member leaves?
* How do we measure member satisfaction?
1. Underwriting and rating practices
* What is our pool’s pricing philosophy?
* How much discretion do we allow our underwriters?
1. Nature and degree of risk sharing with members
* How much risk of loss do members maintain vs. pass to the pool?
* How do we allocate costs and risks among members?
1. Investment practices and policies
* What investments can our pool make and how are they managed?
* What outcome are we looking for?
* How do we connect investment practices to our rate-setting?
1. Self-insurance and reinsurance structures
* At what level is the pool retaining risk, and why is that the right amount of risk for us?
* Who are our reinsurers and how stable are the relationships?
1. Financial
* How are liabilities stated in our financial statements?
	+ Ultimate cost or discounted to present value?
	+ At “best estimate” or at some confidence level above 50%?
* Can we assess our members if necessary?
* Do we have targets for fund balance? How are they established?
* What do we do with surplus funds?

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