



**TASB™
RISK
FUND**



Request for Proposals

For

Actuarial Services

Issued on: January 26, 2024

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1 INTRODUCTION & PURPOSE

The Texas Association of School Boards Risk Management Fund (Fund) is requesting proposals for actuarial services. The Fund's actuary of over 30 years plans to retire leading the Fund to seek an engagement with a new firm.

Nothing in this Request for Proposal should be construed as a promise of a contract.

2 INSTRUCTIONS FOR SUBMITTING A PROPOSAL

2.1 Contact Information

All proposal submissions and questions regarding this Request for Proposal should be directed to:

Alicia Schwarzlose
Division Director, RM Administration and Board Services
Texas Association of School Boards – Risk Management Services
12007 Research Blvd.
Austin, TX 78759-2439
512-340-2926
alicia.schwarzlose@tasb.org

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Sr. Operations Analyst, RM Administration and Board Services
Texas Association of School Boards – Risk Management Services
12007 Research Blvd.
Austin, TX 78759-2439
512-505-2832
marykate.rice@tasb.org

2.2 Timeline & Proposal Submission Procedure

The projected timeline for the request and review of submitted proposals follows. The dates listed are estimated and the Fund reserves the right to adjust any of the dates noted. Any firm selected as a finalist after all proposals are reviewed will be notified to schedule an interview.

January 26, 2024	Request for Proposal issued
February 6, 2024	Deadline to submit questions for Pre-Proposal Webinar
February 12, 2024	Pre-proposal Webinar
March 15, 2024	Deadline for submitting proposals
By March 30, 2024	First interview of selected firm(s)
By May 31, 2024	Interview finalist firm(s)
By July 26, 2024	Award of engagement

All proposals must be submitted electronically by loading all submission documents into the Fund's file upload portal by **5:00 P.M. (CST) on Friday, March 15, 2024**. Contact Alicia Schwarzlose or Mary Kate Rice to receive a link and password to the upload portal and to confirm whether your proposal was successfully submitted.

The Fund reserves the right to reject any or all proposals and re-issue the request for proposal if deemed in the best interest of the Fund.

2.3 Pre-proposal Webinar

Texas Association of School Boards (TASB) staff will conduct a pre-proposal webinar to provide additional information about the Fund and to respond to questions about this Request for Proposal.

The webinar will be held on Monday, February 12, 2024, at 1 P.M. (CST). Interested firms can participate in the webinar by contacting Alicia Schwarzlose or Mary Kate Rice for a calendar appointment and Zoom meeting link. The webinar will not be recorded.

Please submit any questions regarding the Fund or this Request for Proposal that you would like addressed during the webinar to Alicia Schwarzlose or Mary Kate Rice by 5:00 P.M. (CST) on **Tuesday, February 6, 2024.**

2.4 Proposal Format & Elements

To assist the Fund in evaluating proposals, please submit an electronic proposal that includes the following information about the proposing organization:

- **Contact Information**—Include the name of proposing firm, principal business address, and contact information for individuals authorized to answer questions regarding the proposal. Please include phone numbers, e-mail, and physical addresses for named contacts.
- **Organization Overview of Expertise**—Describe the proposing firm including founding date, ownership structure, and business affiliations. Include a description of experience working with public entities, especially risk pools, educational entities, large, self-insured organizations, property/casualty insurance companies, and specifically for experience involving Texas exposures.
- **Personnel**—Provide an overview of the firm's leadership team and the team that would work on the Fund's actuarial services and projects. Include professional biographical information as well as a description of experience working with public entities, especially risk pools, educational entities, large, self-insured organizations, property/casualty insurance companies, and Texas exposures. Identify the individual(s) who will ultimately be responsible for the Fund's account. Describe how TASB staff can expect to interact with the individual(s) on a day-to-day basis.
- **Recent Activity**—Provide one or more examples of work the firm has recently done for organizations or risk pools like the Fund. Describe how staff and governing boards of similar clients typically interact with the firm.
- **Other Services**—Include a description of consulting and other services the firm provides in areas that are not addressed in this Request for Proposal and from which the Fund may benefit. Describe how the firm typically addresses ad hoc questions or analysis requests from clients.
- **Proposed Compensation**—Include a detailed description of the firm's proposed compensation structure. This description should include:

- Proposed annual compensation structure for consulting actuarial services including:
 - Rates for the personnel identified as likely to work with the Fund.
 - Time and cost estimates for the following:
 - Requests like the analysis sample described in Section 6
 - Scope of services as listed in Section 4.2
- **References**—Provide at least three references, including contact information. Include accounts who currently work with the personnel identified as likely to work with the Fund. Include risk pools or similar entities plus two former clients in the references, if possible. If available, please include contact information for the listed former client(s).
- **Sample Contract or Agreement** – Provide a sample of the service agreement or contract(s) that your organization would execute with a client like the Fund.
- **Analysis Sample**—Design and submit the analysis sample described in Section 6. Please contact Alicia Schwarzlose or Mary Kate Rice to obtain data and supporting documents to be used in the analysis.

3 ABOUT THE TASB RISK MANAGEMENT FUND

3.1 Overview

The Texas Association of Schools Boards Risk Management Fund is a risk-sharing pool of Texas school districts and other governmental members of the Texas Association of School Boards (TASB). The Fund provides workers' compensation, property, school professional legal and general liability, auto liability, auto physical damage, data privacy/information security ("cyber"), violent acts, and unemployment compensation coverage to its more than 1,000 members. The Fund collects annual member contributions of \$176 million, has an asset base of almost \$400 million and Members' Equity of nearly \$200 million. Although the Fund is not an insurance company under Texas law, it is similar in operations to a non-profit mutual insurance enterprise.

The Fund is governed by a 19-member Board of Trustees comprised of school board members, superintendents, and school administrators from the Fund's members. The Fund Board has overall responsibility for the governance and operations of the Fund. The Fund contracts with the Texas Association of School Boards for the management and operations of the Fund's programs. TASB staff carries out most Fund functions, including underwriting, marketing, claims administration, loss prevention, and financial operations. The Fund contracts with outside professional firms for certain functions such as investment management, actuarial services, and reinsurance brokerage services.

The Fund's most recent audited financial statements can be found on the [Fund's website](#).

3.2 Current Fund Coverage Programs and Exposure Summary

The following is an overview of the Fund's current programs, program exposures, and self-insured retentions.

- **Property**—As of December 31, 2023, the Fund's Property program has 560 members. The program is reinsured by multiple reinsurers in the U.S, U.K., and Bermuda.
- **Liability**—As of December 31, 2023, the Fund's Liability program has 649 members with school professional legal liability and/or general liability coverage.
- **Auto**—As of December 31, 2023, the Fund's Auto program has 612 members with auto liability and/or auto physical damage coverage.
- **Workers' Compensation**—As of December 31, 2023, the Fund's Workers' Compensation program has 505 members participating in the workers' compensation program, which includes 153 members who participate in the Fund's Aggregate Deductible program, 18 members who participate in the Fund's WC Administrative Services Only program (ASO). The remaining members participate in the pool program.
- **Data Privacy & Information Security**—As of December 31, 2023, the Fund's Privacy & Information Security program has 642 members with coverage.
- **Unemployment Compensation**— As of December 31, 2023, the Fund provides unemployment compensation coverage to over 917 members, which includes providing claims administration services only for 63 members.
- **Current Reinsurance Program**—The Fund maintains reinsurance for all lines of coverage except unemployment compensation and auto physical damage. Coverage is provided through multiple reinsurers and the Fund maintains various line-specific retentions. The following is a summary of the Fund's current lines, exposures, and retentions as of December 31, 2023:

Line	Exposure	Self-insured Retention
Property	\$65.98B TIV	\$10M per occurrence \$55M annual aggregate (w/ separate placement and retentions for Tier I/II named/numbered windstorm)
Auto Liability	52,468 covered vehicles	\$1M per occurrence
Auto Physical Damage	\$2.2B vehicle value	Fund retained
Equipment Breakdown	\$63.62B TIV	\$100K per occurrence/\$500K annual aggregate
General Liability	2.37M average student daily attendance	\$1M per occurrence
School Professional Legal Liability	2.37M average student daily attendance	\$1M per occurrence
Data Privacy & Information Security	2.9M average student daily attendance plus number of employees	\$500,000 per occurrence, \$2M annual aggregate
Workers' Compensation	\$11.8B payroll	\$2M per occurrence
Unemployment Compensation	\$16.46B payroll	Fund retained

4 REQUIRED SERVICES

4.1 Scope of Services

Below is a list of services which the selected firm will be expected to provide to the Fund. This list should not be considered comprehensive but does include the majority of expected services and deliverables.

Regularly occurring:

- Actuarial studies including incurred loss, ultimate loss, loss adjustment expense and reserves by line of coverage and the Fund's fiscal year. Current lines of coverage listed in section 3.2 and schedule of deliverables outlined in section 4.2.
- Meet with and assist the Fund's independent financial auditor throughout the audit engagement. May be asked to discuss current trends, environmental conditions, and explain reasonableness of loss reserving methodology and analysis included in the Annual Financial Report.
- Produce a premium deficiency reserve estimate on an annual basis in connection with annual audit activities.
- Produce outstanding reserve estimates for years in which the Fund was its own reinsurer.
- Review and provide updates to overall rate levels by lines of coverage to support the Fund's underwriting. Advise underwriting staff on rating, deductible, and pricing strategies.
- Provide actuarial and estimated outstanding liability reports to specified members in the WC Aggregate Deductible and WC ASO programs. Note: Fund Members currently can directly contact the Fund's current actuary to discuss report results.
- Develop annual loss projections by line of coverage.
- Attend and participate in several review meetings or work sessions each year, including:
 - On-site work sessions to discuss loss trends and reserves with RMS staff.
 - Fund Board meetings to present information to Board members on rates, reserves, and actuarial practices.
 - Conduct annual training on an actuary's role and activities in support of pool operations and member services.

As-Needed:

- Risk retention analysis to balance optimal level of risk. This includes evaluation and advising on reinsurance options and alternatives for the Fund, including the current structure for pool, captives, and self-insurance.
- Provide analysis of expected loss amounts above the Fund's reinsurance retention amounts on both a specific and aggregate basis for various reinsurance structures.

- Evaluate and make recommendations regarding various designs and structures for Fund coverage or reinsurance programs to improve the Fund's risk and loss funding programs and methods.
- Advise or make recommendations to the Fund when contemplating coverage changes for its members.
- Provide ad hoc support throughout the year for questions or analysis requests from staff or the Board of Trustees including questions or requests might not have a defined scope of work.

4.2 Sample Annual Scope of Work Schedule

Project	Project Start	Project End
Prepare for and Attend February Board Meeting	February	February
Review Reinsurance Terms with Staff	February	July
Mid-Year Loss & ALAE Reserves (All Lines)	March	May
Prepare for and Attend April Board Meeting	April	April
WC Outstanding Liability Reports for WC ASO and Agg Deductible Members	May	August
Year-End Loss & ALAE Reserves (All Lines) Premium Deficiency Reserve Analysis Annual Audit Support	August	October
Prepare for and Attend November Board Meeting	November	November
Expected Losses Analysis by Line of Coverage	November	February
Review X/S Property Retention / Pricing	December	February
Rating and Deductible Review	December	March

The above Work Schedule is a sample only and may vary over the period of engagement with the selected firm. It is not a promise of minimum scope for proposing firms.

4.3 Term of Engagement & Other Requirements

The engagement for actuarial services will commence on or near September 1, 2024. The term of the initial engagement will be at least one year but not more than five years.

Proposing firms selected for interviews or as finalists may be required to sign a non-disclosure agreement and provide additional work samples or analyses for the Fund's consideration.

The Fund requires that the selected firm agrees to not solicit business directly from Fund members or potential Fund members nor represent competing risk pools or similar programs that cover Texas schools.

5 SELECTION CRITERIA

Submitted firms will be evaluated based on the following criteria:

- Experience of the firm in executing actuarial services and understanding of intergovernmental pooling needs and practices.
 - Experience and technical expertise of the firm including reserving practices, rate study practices, and the ability to model exposure and coverage scenarios.
 - Ability to meet the Fund's actuarial needs and provide a high-level of service as demonstrated by quality and completeness of the submitted proposal.
 - Approach to client service delivery for recurring and advisory services with consideration of flexibility, transparency, and efficiency.
 - Ability to support, advise, or provide recommendations to the Fund on a variety of topics and trends in the risk pooling industry.
 - Experience, expertise, and professional qualifications of the team members who will be assigned to work with the Fund.
 - Proposed fees, and overall pricing structure.
 - Other criteria determined by the Fund.
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6 ANALYSIS SAMPLE INSTRUCTIONS

6.1 Instructions for Accessing and Submitting Analysis Files

Please contact Alicia Schwarzlose or Mary Kate Rice to obtain data and supporting documents to be used in the analysis. Submit your final products for both analyses along with the other information requested in Section 2.4.

6.2 Loss Reserve Analysis for One Member of the Fund's Workers' Compensation Aggregate Deductible Program

Submit a final product that shows the member's paid & ultimate estimated loss by policy year projected for the district's fiscal year end. Estimations will include total loss, and losses capped at aggregate deductible. Provide a brief explanation of what projection methods are applied on the member's actual loss and ALAE information to estimate ultimate loss and ALAE.

Please include any assumptions made that may impact the loss development that will take place between the extended time of projection and actual loss at the member's fiscal year end.

The fund will provide four files to support the analysis and final product.

1. Sample ISD WC Loss Runs with the following information:
 - Claim number
 - Claim status
 - Lost time status
 - Date of loss
 - Net paid losses
 - Net incurred losses
 - Outstanding reserve
2. Sample ISD WC Policy Data with the following information:
 - Policy effective date
 - Aggregate deductible
 - Estimated premium
 - Audited premium
3. Example of Estimated Outstanding Loss and ALAE Deliverable demonstrating the current format in which we receive the completed analysis from consultant.
4. Example of Estimated Outstanding Loss and ALAE Final Report provided to a member.

6.3 Expected Annual Losses for the Fund's Auto Physical Damage (APD) Program

Submit a final product that shows the development of APD losses over time and expected losses and ALAE at the end of the 2024-25 fiscal year. Provide a brief explanation of the methodology used to create the final analysis.

The Fund will provide two types of files to support the analysis and final product.

1. APD Loss Run File with ten years of APD claims valued as of 8/31/2023, beginning with DOL 9/1/2013. The file will include the following information:
 - Member Number
 - Policy Number
 - Event Number
 - Claim Number
 - Status
 - Date of Loss
 - Paid net of the claim deductible
 - Incurred net of the claim deductible
 - Deductible
 - Recoveries
 - Overpayment
2. APD Policy File that includes APD policies with effective dates on or after 10/1/2012. The file will include the following information:
 - Member Number
 - Policy Number
 - Policy effective dates
 - Written Contribution
 - Limit
 - Earned Contribution

- Unearned Contribution
- Policy Status
- Vehicle Count
- Vehicle Value
- Deductible