

CEO Virtual Institute 2020 Executive Summary

August 11, 2020



Introduction

This executive summary provides high-level takeaways and live chat excerpts from [CEO Virtual Institute 2020](#).

Click any slide image for a closer look. Visit our site for [additional materials](#).



Overall, COVID-19 has made a reinsurance hard market even harder thanks to coverage limitations and exclusions, less capacity, increased costs and in some cases an unwillingness to underwrite certain pool risks.

Pools are exploring offering new sublimits, with annual and pool-wide aggregates, in an effort to maintain *some* coverage to members while limiting financial risks to the pool as a whole.

Pools are experiencing the following reinsurance realities:

- Sublimits or full exclusions for communicable disease/virus/organic pathogens
- Higher coverage costs
- Higher required self-insured retentions for pools
- Additional sublimits, exclusions and/or costs for SAM coverage
- Additional sublimits, exclusions and/or costs for TBI coverage
- Increased property deductibles for pools (e.g., a wildfire deductible going from \$2.5 million to \$5 million)
- Changing underwriting factors for coverage

Pools are also seeing signs of some reinsurance or excess insurance coverages being offered only on a claims-made basis.

Other common challenges include helping pool members qualify for CARES Act funding and coverage questions tied to data security among members' newly remote workforces.



Impact of COVID-19 on Workers' Compensation and Health Coverage

During this session, small groups explored environmental realities, challenges, and member and pool needs (and, for health coverage, subscriber needs).

Each small group identified bold steps a pool could take right now to be most effective for members.



There were no corresponding online chats during this session, but summary outcomes and relevant resources [are still available for review](#).

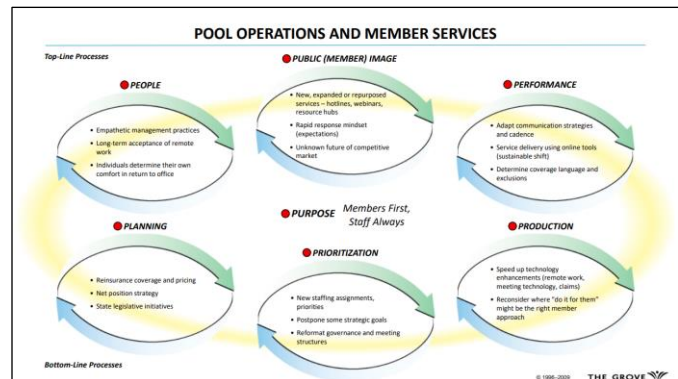


Impact of COVID-19 on Pool Operations and Member Services

Three pools shared the impact of the pandemic on their pool operations and member services. Read more about pools' pandemic experiences in the [July 2020 issue of *Intelligence*](#).

Attendees continued to highlight the challenges of shifting to remote operations and effectively leading staff teams.

Some examples shared by attendees of their most innovative and valuable member services included:



- Segmented communication to a variety of roles within member entities; sharing more frequent, simple messages with members
- Hotlines to address timely member questions about employment practices and election laws
- Online resource hubs to consolidate relevant guidance for members in one spot
- Additional online training programs for members
- Virtual enrollment meetings for employee benefits
- Human resources guidance to member entities, such as for furloughs or changes in employee benefits rules
- Grant programs and other financial assistance for members to purchase PPE, sanitize facilities, or make other pandemic-related investments

Potential Pool Futures Amid Social Justice Movements and Civil Unrest

The impacts of recent civil unrest and surging social justice movements are leading to an inflection point for many pools in how they manage pool operations and the role of pools as leaders in broader civic life.

Many attendees described this time as an opportunity for pools to guide their members toward socially balanced processes and socially just outcomes. Some suggest pools should leverage their risk management perspective, influence and relationships with local governing bodies to integrate stronger inclusion practices within communities. However, attendees also recognize the risk a pool faces by being perceived as political.

When focusing specifically on risk areas directly impacted by social justice movements and civil unrest, areas of concern for pools primarily include law enforcement, schools, mental health impacts, and employee burnout. Even more specifically, pools acknowledge the loss of qualified immunity, state immunities or tort caps would create significant new risk considerations for pools.

Panelists and attendees explored possible impacts to pools from social justice movements and civil unrest using five sense-making questions:

- What do we know?
- What don't we know?
- What plausible futures are there for us?
- What can we do to improve our future zone?
- What "tripwires" would alert us to a more challenging future?

Review the [presentation slides](#) for initial responses from panelists to these questions and further context. In addition, selected attendee comments below reflect pool concerns in reaction to panelist comments:

What do we know?

Our members absolutely expect we will create solutions and bring them forward. If we ever become complacent, we're done.

Pools have far greater ability to impact the way members go about their business than any insurance company ever will.

We have to be able to pivot quickly. Some of our members are on very different ends of the spectrum and expect resolution in different ways.



Law Enforcement

If you do what you've always done you'll get what you always got. I don't like the term defunding but reallocating funds may be necessary in certain entities.

Recruiting and retention will be a challenge for Law Enforcement agencies.

Negligent hiring and retention. Officers tend to move from one agency another when they have issues.

Schools

I think reopening is very difficult but staying open will prove impossible without a vaccine.

What don't we know?

Law Enforcement

We are seeing public pressure to modify how law enforcement operates within our communities and have concerns that handing over significant operational control to citizen groups with respect to practices and policies will expose the pool to greater liability risk and potentially workers' compensation claims.

We support "defunding" police if that means more resources for mental health, homeless, etc. But what are the risks of that? Sadly some are suicide by cop - how do you prevent?

What role does pool have in reform? Are we enabling continued bad behavior as we shield cities and counties from paying large settlements? Should we reduce coverage limits?

I find the either-or mindset frustrating. One can support social justice AND good policing. Perhaps as pools we can guide the conversation toward more mutual understanding.

We don't know how the transition to mental health from police will unfold. With mental health issues already up dramatically in 2020, how will mental health folks take on these new duties? What underwriting changes will we need to make?

How often will mental or medical professionals who respond to needs have to be accompanied by police for their safety? Can't expose them to harm.

Schools

Will FAPE (Failure to Educate) claims increase due to more frequent distanced learning?

How many school staff/teachers will opt not to return to the classroom/retire as a result of this environment?

How many students will opt out of a vaccine, and how schools will respond.



What plausible futures are there for us?

Both the pandemic and the social justice movement have pulled back the curtain on the inequities in our country. We have an opportunity to help members figure out ways to address those and heal. I think healing begins at the local level.

It's an uphill battle but we have to keep trying to effect change - legal, social, common sense! People want good/bad - yes/no answers and risk managers need to keep reminding that the world is not that simple.

Reform can improve local police practices, community services and reduce liability. It may give us an opportunity to hire better officers who will act appropriately. Community engagement in understanding mental health issues and how to deal with them in tense police encounters will help.

A really great plausible future has us very closely aligned with the highest levels of authority at the member level and with their respective leadership organizations with political capacity to influence. This would be complimented by an entrenched risk management enterprise service platform actively used by our membership's employees, governance, students and parents.

Members will bail out and we'd end up in run-off. Insecurity is pool suicide.

Members become focused only on price during difficult budget times and leave.

Members may expect pools to cut expenses because they are even though some of the pool services are even more essential and cost effective in the long term.

Big pool goes under and that brings ineffective regulation to more of us.

Most of our members are going to have significant financial challenges in the next few years and that will translate into pressure to cut rates. Pools that haven't been conservative in funding to build up equity will be unable to use that equity to cut rates and risk going under or losing members by not cutting rates. Too much member loss or equity loss will mean those pools will fold.

Mental health resources are extremely limited in rural areas we serve. Additional stresses both on community and policing will be under-resourced causing additional desperation. Pools will have to find alternatives to mitigate this risk.

What can we do to improve our future zone?

We can be the best organizations at informing on what is working and what is not working among members with data and with the pricing always apportioned on a member loss cost basis. Our tools are relevant in the process.



We have created a new executive level position, exact title tbd, but something like Director of Diversity and Inclusion, along with a staff task force to help us identify what we need to do both internally and with member programming and services.

We have been successful carving out risk like cyber or mold and then convening a member sub-committee with other employees then our primary contacts to explore solutions. Maybe we could do that with these tough topics and ask for instructional staff leadership to participate. I'm going to keep thinking about this notion.

Leveraging our boards to integrate some conditioning around diversity and inclusion in our pool communities across the state could help reconcile the challenges social unrest.

Now is the time when we should be expanding services to fill in where members are having to cut.

Keep focus on reducing frequency and severity of member claims!

Expand wellness resources to support member and pool staff with the effects of this chaotic and uncertain environment. Will help with retention and morale, and is just the right thing to do in times like this.

Bright spot - now is the time that we can show our members in real-time the value of conservatively funding. Our Boards should be able to take pride and comfort in historically focusing on big picture equity building precisely to use that equity (safely and if needed) to offset upcoming cost increases to keep rates stable for our members and help them partially weather difficult financial times.

What “tripwires” would alert us to a more challenging future?

Recall that we have been here before: 80s insurance crisis, post 911, great recession, financial crisis, etc. Pools helped members get through this as we are doing now. Focus on purpose and long term success.

If not directly impacted by an issue some don't see a need for change. Getting rid of the “It's all about me” attitude is important.

Totally agree that we need all who could experience a bad outcome like another accepts they need to work hard to make sur the risk is reduced, It'll never happen to me is real and a problem, SAM is the prefect risk issue to use in proving this attitude.

Schools have become the fix for all of societal woes...that may be too much to deliver on.

Emergence of more competition from private charter schools, particularly those that operate online, that will pull more students away from public schools.



Leadership Lessons of 2020

Guided by a presentation from [Texas Municipal League Intergovernmental Risk Pool \(TMLIRP\)](#), participants discussed their pandemic leadership “a-ha moments.”

Some select insights included:

We pivoted to telework without a hitch and I realized just how good my staff is. We're never all coming back to the office like we were pre-COVID.

Work isn't where you go, but what you do and what you know. We have adjusted the "normal" working day to accommodate people's schedules and child care needs. It poses interesting questions of what normal will look like after the pandemic.

Our model is 100 percent contracted services and that creates a different dimensional reality. My aha moment is that purposeful intentioned communication between the contractors (departments) has become a higher need because we otherwise aren't having the interaction we would otherwise.

Staff are working great from home (much better than I ever anticipated) and I think most staff will continue to work from home. Perhaps 7-8 essential staff will go into the office a couple times a week.

COVID-19 has for sure been a disruptive force but also a nudge to move forward in reframing the future of how we conduct business and the ability to be flexible. It's no longer one size fits all.

We have missed the member interaction so I have had to do more online updates to members and ramped up online training sessions and group chat interaction so members don't feel so distanced.

I heard several deliberate actions in your testimony that impress the [five practices of exemplary leadership](#). Modeling the Way, Inspiring a Shared Vision, Challenging the Process, Enabling Others to Act, Encouraging the Heart. Just great.

Great to hear experiences of other Pools. At our Pool, Covid-19 has made us rethink our attitude to work at home, ramp up use of online communication, increased online training. Implement online Pool CEO updates to members. It has forced change which will make us a better Pool for our Members. By the way, love the mantra 'Members First'. I will use that.



CEO and Board Linkage

CEO Virtual Institute 2020 ended with open discussion about AGRiP's future.

- Effective strategic planning is critical for pools navigating an uncertain future. AGRiP has provided many resources on this topic and will continue to do so.
- More pools may find themselves actively engaged in legislative lobbying, so additional training or resources about lobbying tactics may be useful.
- Engaging the [Pipeline to Pooling](#) continues to prove challenging, as does maintaining morale among current staff and navigating the uncertainty and inherent issues tied to in-person vs. work-from-home situations.
- Helping pool leaders be more effective in leading remote staff long-term would be valuable.

In addition to discussing pool needs relevant to AGRiP activities, pool executives also found this time useful to share their own leadership experiences:

We are working now on fleshing out a formal calendar for virtual employee engagement. We are exploring fun things like a tiny fall campfire event (we send everyone a tea candle, graham crackers, marshmallow and chocolate), virtual show and tell, virtual bingo, etc. We are also doing lunch and learns on things like making an effective LinkedIn profile, presentation skills, communications, genealogy. We are planning a scavenger hunt - not sure how that will work yet. We are providing opportunities for people to participate on various committees (used to be only managers). COVID-19 has made me realize how starved people are for connections. We see this as a fantastic opportunity to develop leaders.

As our work transitions, staff roles change, work environments change, the landscape/dynamics/needs/expectations changes in pooling coaching around Organizational Change Management has been helpful. Some resources to support leaders as they guide change. i.e Kotter's Stages of Change

Maintaining a cohesive org culture is an issue with some people coming into the office versus those that are working from home. (I am detecting a "COVID clique" of coworkers that are coming into the office.)

Our HR consultants revised several times the policy recommendations for our members regarding remote work in light of COVID-19 shut down orders. Adaptability is a new critical task.

Results oriented outcomes are really necessary when people work from home because some people really can't do it and need an office environment.

We are in talks with a meditation/relaxation person for a virtual engagement for staff for mental health and avoid burnout.



We are providing virtual yoga, happy hours on Thursday, and zen ten days (10-hour day off) every couple of months.

We have engaged our contracted personal trainer to do regular web-based group exercise sessions for the employee group.

For our group, we have supported our members by implementing an organization-wide EAP and online fitness platform to be accessed by all member employees and their families. For our staff, we have regular zoom meetings, group virtual HIIT fitness and yoga, and flexible work arrangements. We all have our own offices, but our hallways are narrow so we limit the # of staff in the office.

People's natural bio rhythms can also be better accommodated. Some are better in a.m. or p.m. The 10 min nap in the afternoon really does help me!

Developing new ways to support one another is important as it was an informal process previously and needs to be alright to explore and continue.

We have purposely not run any data yet, but anecdotally I am fairly certain most of our staff is working more hours than was the case when we were all in the office. That is great, but is that sustainable and how does that change our culture? I am worried about my employees mental health as this thing rolls along with no end in sight.

Pool leaders also shared perspective about the future of office space needs for operations:

Our company is planning to reduce space by at least 20%.

We are definitely downsizing as RTW is never going to be everyone, everyday so the space is simply not needed.

We are building offices instead of cubicles and a larger conference room so that when we meet we have a larger space. But we are doing it on the same footprint so no actual expansion.

We just completed demo-ing out a previously rented-out office space, so we now have an 1800 foot meeting space that is probably just the right size for a socially distanced board or all-staff meeting. Three of our board members are thirsting for human contact, so we will have our inaugural meeting there next week.

I have already told my staff that no one needs to consider returning to the office through June 30, 2021 unless they want to do so. We have several with school age children that were panicking so we just took that off the table. Recent survey - 1 of out 40 wanted to come back to the office. We have 20 at our office (1000+ sq. ft. per person!) but we are wearing masks out of our work areas so even if we are all in the office, we meet virtually.

