

## All Pooling Basics materials are on our conference app.

- Scan the QR code with your phone or visit the URL to download.
- Or search your app store for “Eventsential.”
- In the Eventsential app, search for Association of Governmental Risk Pools.
- Scroll until you see the AGRiP logo and name.



[agrip.org/app](https://agrip.org/app)

# Pooling Basics

Governance Conference 2026



- Formed out of crisis
- Public entity focus

## #PowerOfPooling



A soccer ball is shown in the lower-left corner, partially obscured by the white netting of a goal. The background is a blurred green field. The image is partially covered by a dark blue triangular overlay that contains the numbered list items.

1

Protect the people, operations and assets of local public entities.

2

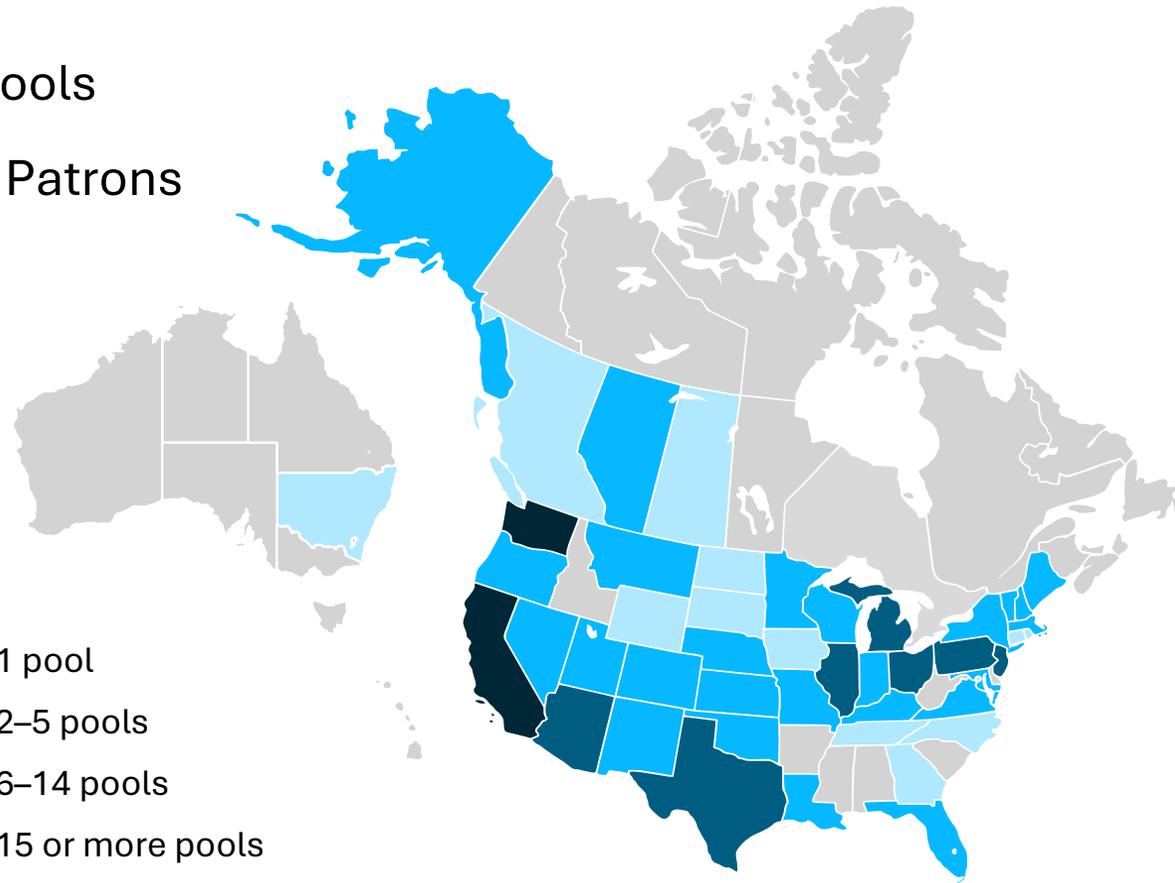
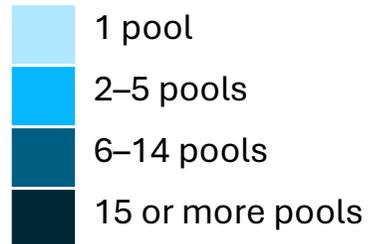
Allow important public service decisions to be made on factors other than cost.

3

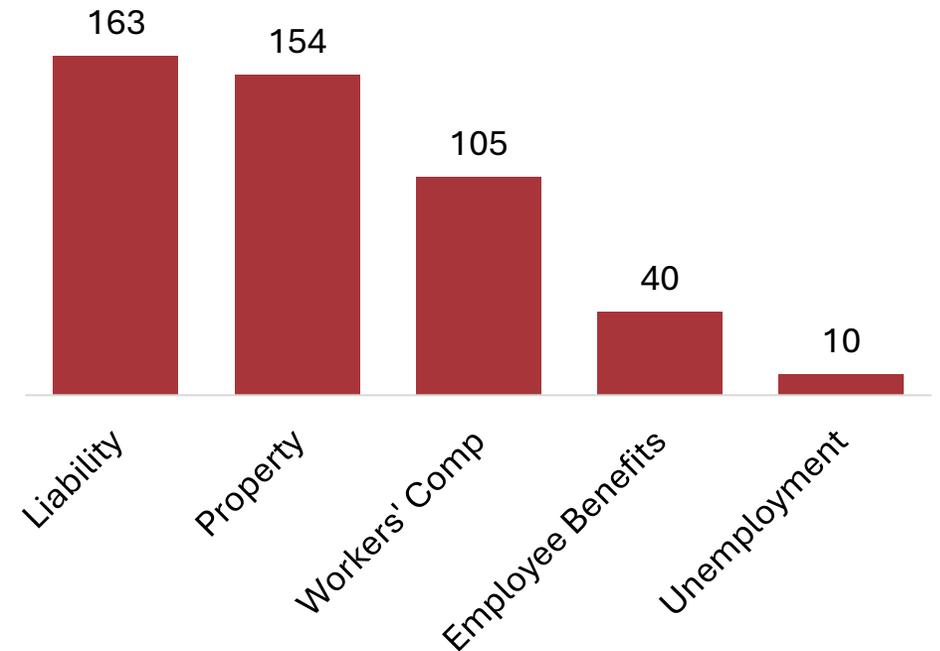
Do the right thing for local public entities and their taxpayers.

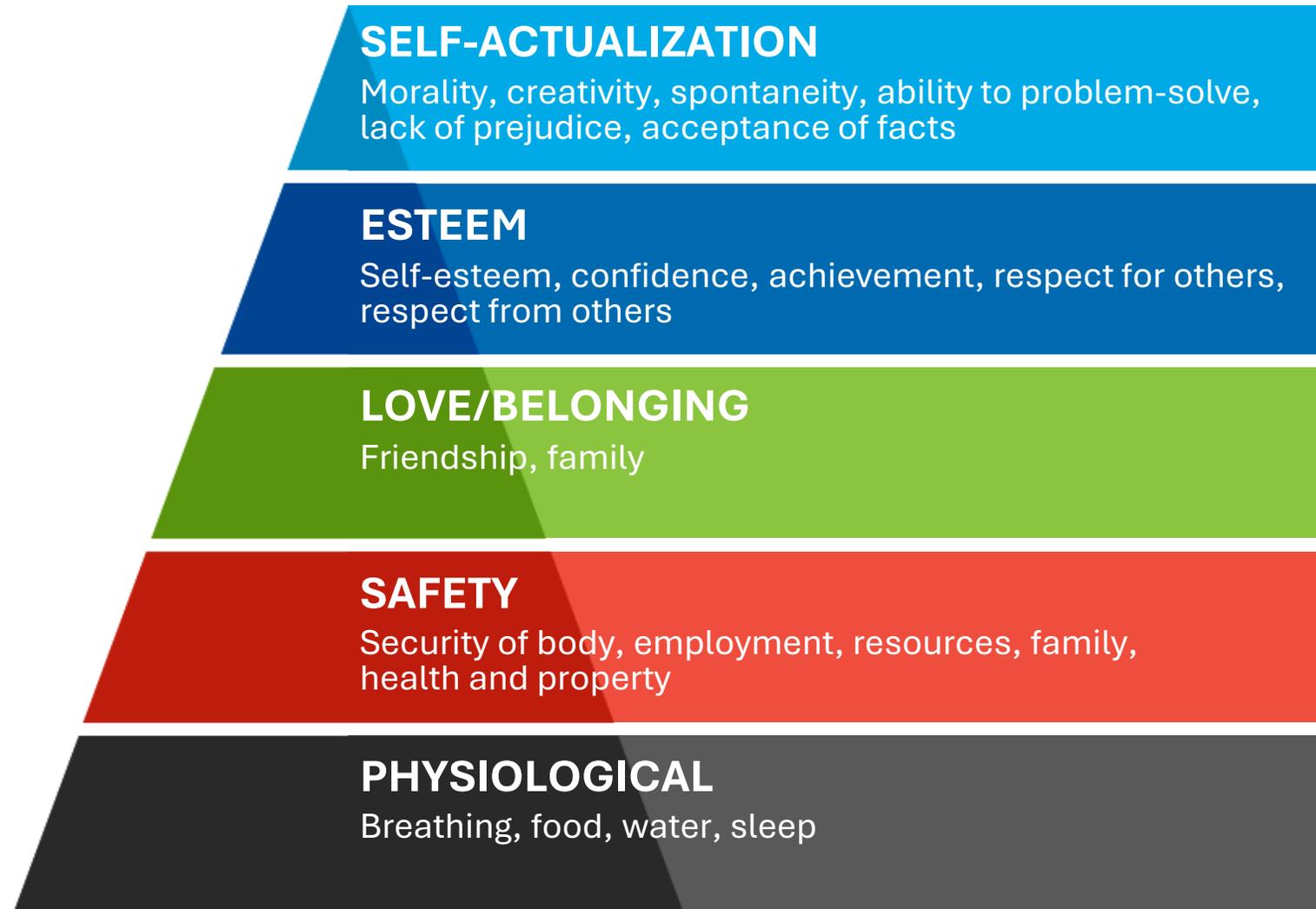
**200+** Pools

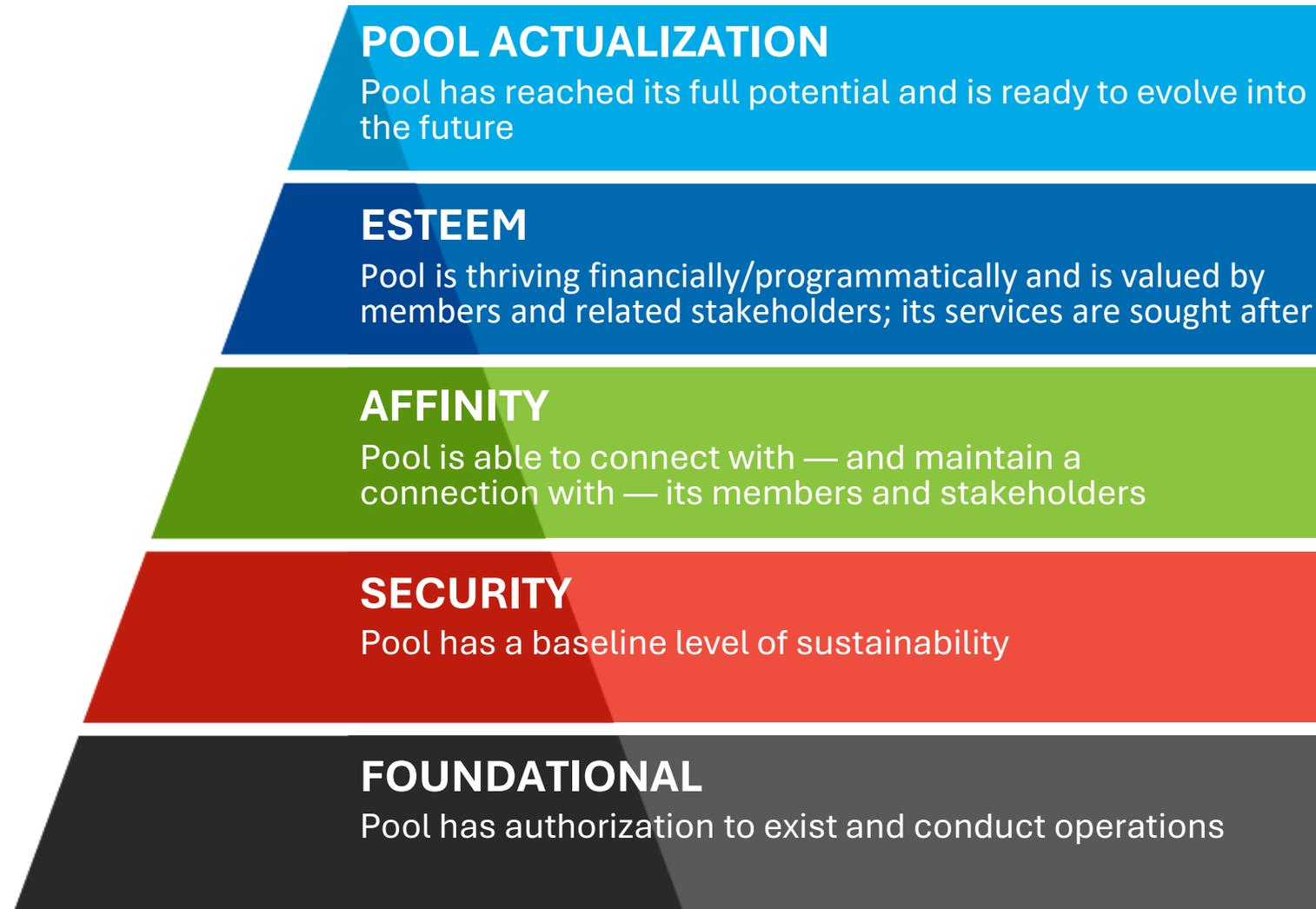
**54** QEI Patrons



### AGRiP Member Pools by Lines of Coverage Offered







9 a.m.

Employee Benefits

Break

10 a.m.

Welcome

10:15 a.m.

Governance

11 a.m.

Claims

Lunch

12:45 p.m.

Underwriting

1:45 p.m.

Finance

Break

3 p.m.

Risk Management

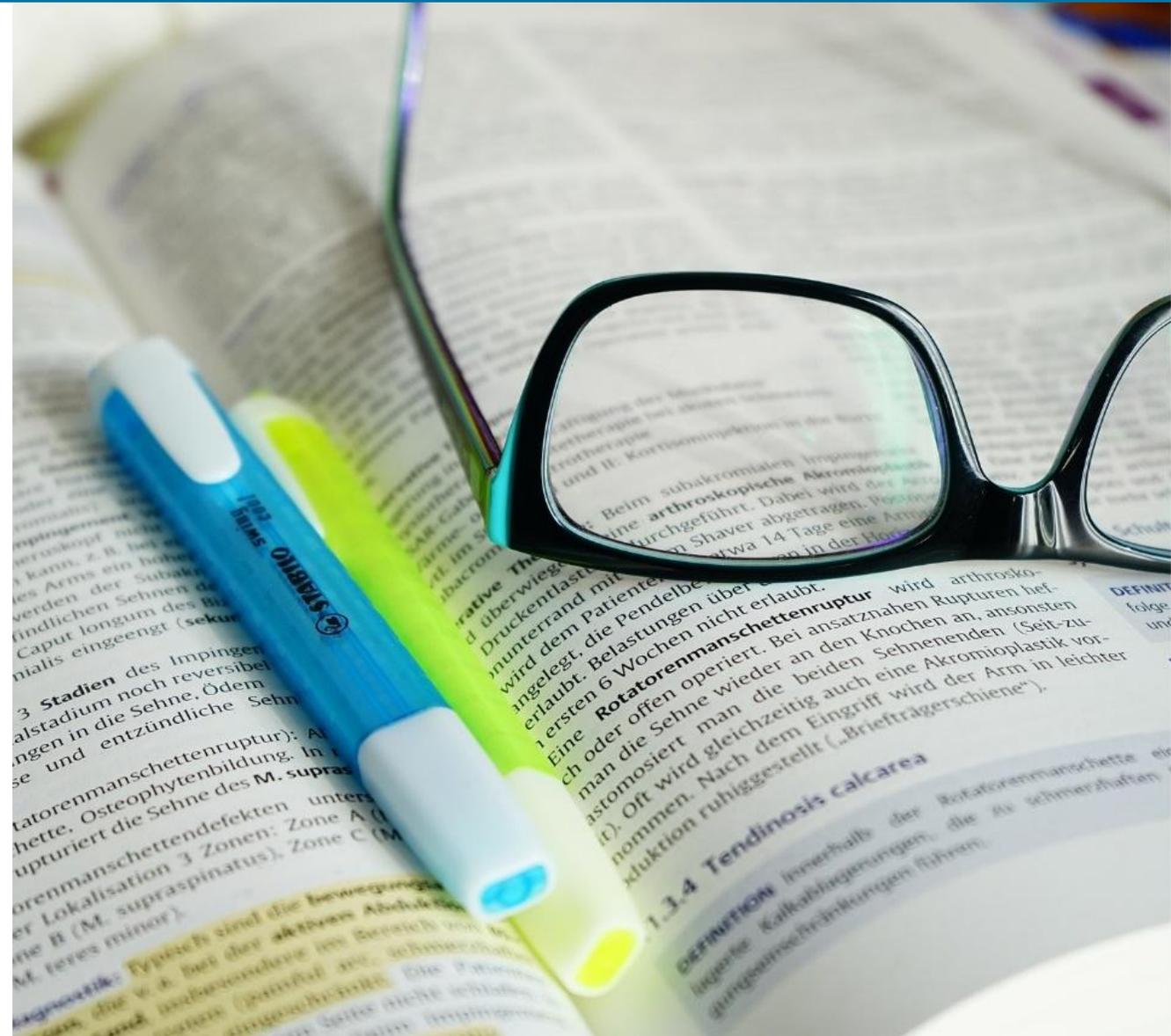
3:45 p.m.

Member Services

4:45 p.m.

Closing

- Presentation Slides
- Textbook
- Questions to Ask About Your Public Entity Pool
- Advisory Standards for Recognition



Pooling Basics Topic	Advisory Standard
<b>Claims</b>	<ul style="list-style-type: none"> <li>• Claims Management</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>• Underwriting</li> <li>• Coverage</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Risk Management</li> </ul>
<b>Member Relations</b>	<ul style="list-style-type: none"> <li>• Member Services</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>• Governance</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Staffing</li> <li>• Service Provider Contracts</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Business Continuity</li> <li>• Data Security</li> <li>• Professional Development</li> </ul>

# Governance

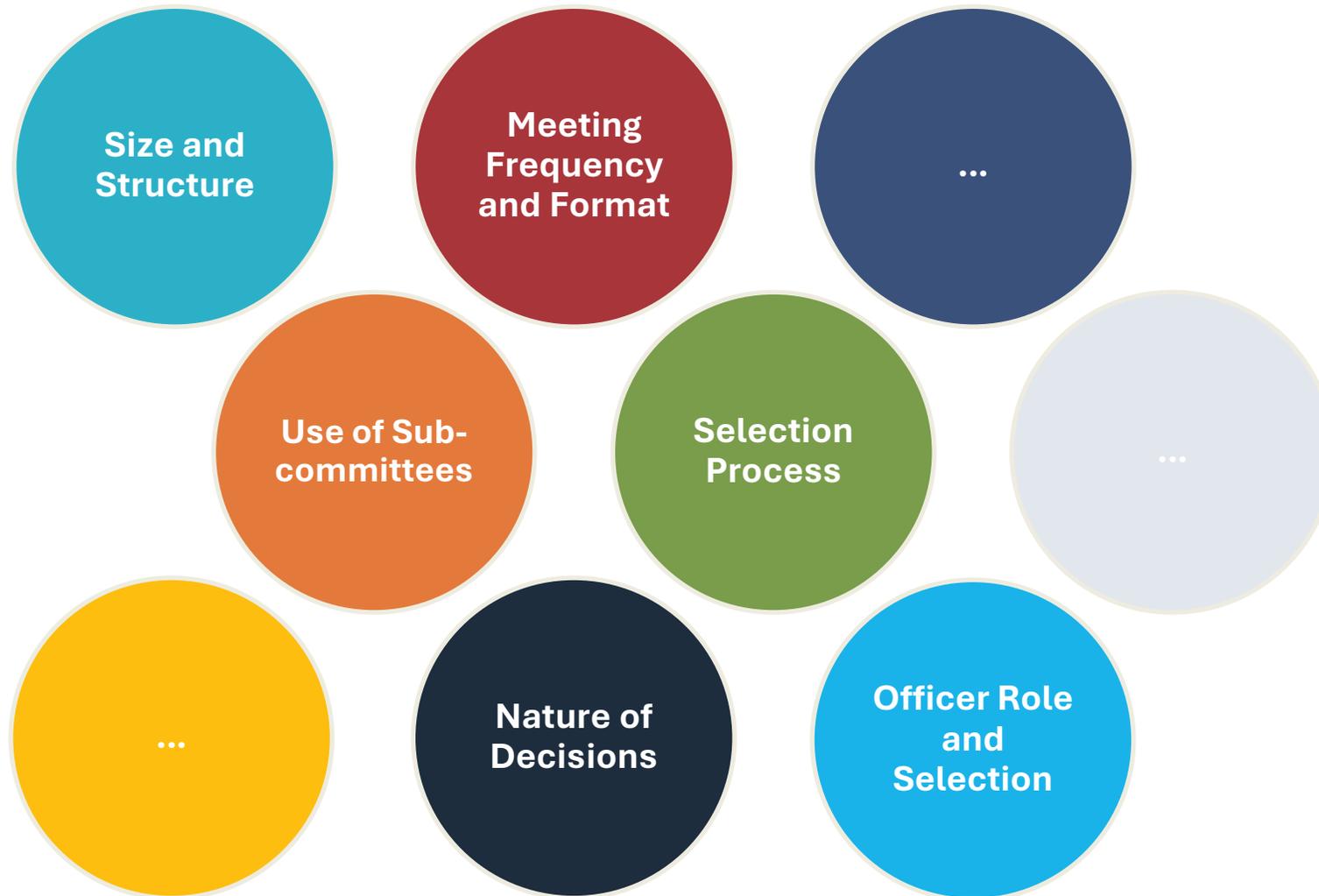
- Pools are governed by their members, for their members
- Governing body decisions touch every aspect of pool operations
- Governing documents are the foundation and framework

- Formation
  - Statutory authority
  - Joint powers agreement
  - Intergovernmental trust agreement
- Bylaws
  - Set of rules that govern the pool

- Should cover:
  - Membership eligibility
  - Member obligations
  - Withdrawal or termination
  - Powers and duties of governing body
  - Governing body member and officer selection
  - Dispute resolution
  - Use of pool funds

- Member agreements
- Coverage documents
- Board policies and procedures
- Board resolutions





**Fiduciary** (How are we doing?)

**Strategic** (Where are we going?)

**Generative** (What are the possibilities?)

## How are we doing?

- What it is:
  - Responsibility to protect the pool's assets
  - Acting in the best interest of the pool, not the individual
- What it looks like:
  - Board policies
  - Personnel policies
  - Financial reports and audits
  - Legal and regulatory compliance
  - Oversight of operations **by asking informed questions**

## Where are we going?

- What it is:
  - Setting direction
  - Developing strategic goals and assessing performance
  - Conducting research and data analysis to inform decisions
- What it looks like:
  - Mission/vision/values
  - Strategic plans
  - Measuring progress
  - Succession planning
  - Collaboration and alignment

# Our Vision

A British Columbia in which its **COMMUNITIES** not only have the means to **GROW** but also the **FREEDOM TO THRIVE** enriching the lives of British Columbians in the process

★ We have an **integrated claims management** and **CRM** program with a functioning Member portal

It's 2025 and...

★ We have grown our suite of **insurance products** and **risk management services** for the benefit of the MIABC

# Our Mission

Through stable liability and property insurance, outreach programs and expert advice, the MIABC gives Members the **DEPENDABLE SUPPORT** they need to keep their **COMMUNITIES VIBRANT & ALIVE**

## EMBRACING THE FUTURE

★ The MIABC attracts and retains exceptional **talent**

★ Our **capital** is being used strategically to support the long term interests of the MIABC

# Our Bold Steps

● Develop a strategic and targeted approach to **communicate our value** and unique relationship to Members

● Recruit, invest in and **develop staff and board**

● Develop services and solutions to **address emerging Member priorities**

★ **Members** feel like owners and **understand our value**

★ We are leaders in **risk intelligence** and **education** for local governments

● Develop a plan to **grow CRIS** strategically

● Articulate our quantitative **risk appetite** and determine how best to **use our capital** strategically

● Evolve the **risk conference** to meet the changing needs of Members

# Our Supports

Experienced Staff & Leadership Team

Good Partners & Members

Board Support

Capital

Reputation

# Our Values

Membership has its benefits and its responsibilities

The MIABC serves every Member equally and uniquely

Principles precede profit

From partnership comes power

# Emerging Member Priorities

Succession Planning

Climate Change Impacts

Inflation

Environmental, Social and Governance (ESG) Strategies



# Local Government Resiliency:

- Service delivery risks/costs
- Downloading from Provincial government
- Revenue sustainability
- Aging infrastructure

# AI Opportunities

Cyber Security, Risk Management and Insurance

## What are the possibilities?

- What it is:
  - Engaging in deep inquiries
  - Exploring root causes, values and new ideas
  - Spending time on forecasting
- What it looks like:
  - New coverages, programs and services
  - Future focus
  - Trend analysis
  - Fresh strategies
  - Engagement



**Guiding the Pool Governing Body**



**Supporting the Pool Executive**



**Reviewing Member Coverage**



**Assisting with Regulatory Compliance**



**Overseeing Defense Litigation**



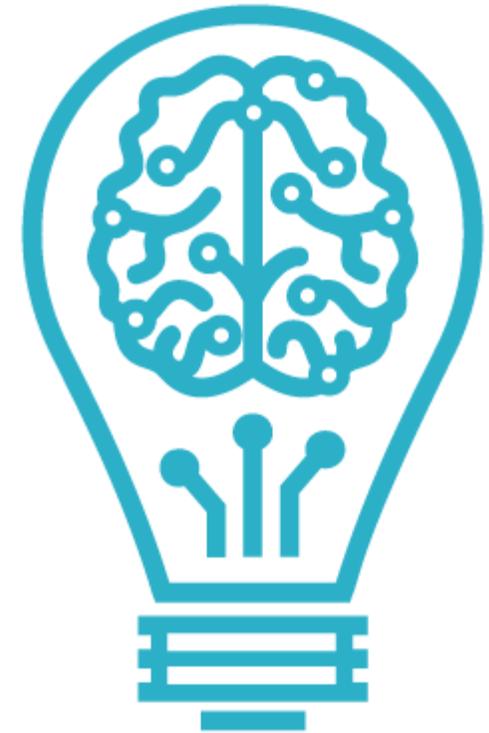
**Providing Pre-Loss Advice to Members**



**Overseeing Human Resources**

We've talked about different ways a governing body can reasonably execute its duties.

**How do you see the governing body you are a part of (or work with) executing its fiduciary, strategic and generative roles?**



# Claims

- Greatest expenditure of pool resources
- Fulfills coverage promise to make members whole
- Claims services set pooling apart from the traditional insurance market
- Claims management often takes the form of crisis management
- Claims conversations impact every other pool function

# PARTY BUS CLAIM



- 1. Receive claim**
- 2. Determine coverage**
3. Investigate claim
4. Evaluate responsibility
5. Estimate costs or damages (set reserves)
6. Determine method to resolve



- Determine how coverage applies
  - Covered
  - Partially covered
  - Not covered
  - Not covered, but exception is appropriate
- Determine how the occurrence is defined

1. Receive claim
2. Determine coverage
- 3. Investigate claim**
- 4. Evaluate responsibility**
- 5. Estimate costs or damages (set reserves)**
6. Determine method to resolve



- Should reflect the ultimate cost of claims (including indemnity, file and legal expenses)
- Are adjusted as new information is discovered
- Have an impact on the pool's bottom line

Timing	Indemnity Reserve	File Reserve	Legal Reserve	Total Reserve
Claim first reported	\$5,000	\$2,000	\$2,000	<b>\$9,000</b>
After preliminary investigation	\$800,000	\$30,000	\$50,000	<b>\$880,000</b>
Final outcome (four years later)	\$4,200,000	\$20,000	\$140,000	<b>\$4,360,000</b>

- Reserving authority
  - Adjuster, supervisor, executive
- Resolution authority
  - Staff, governing body, reinsurer
- Notification requirements
  - Reinsurers or excess insurers
  - State agencies

1. Receive claim
2. Determine coverage
3. Investigate claim
4. Evaluate responsibility
5. Estimate costs or damages (set reserves)
- 6. Determine method to resolve**



- Prior authorizations
- In or out of network pricing
- Case management
- Retrospective claim reviews
- Regular review and auditing processes



- Determine strategy for litigation (settlement, trial)
- Select and assign defense and coverage counsel
- Manage counsel and experts through litigation
- Consider alternative dispute resolution
- Evaluate counsel performance



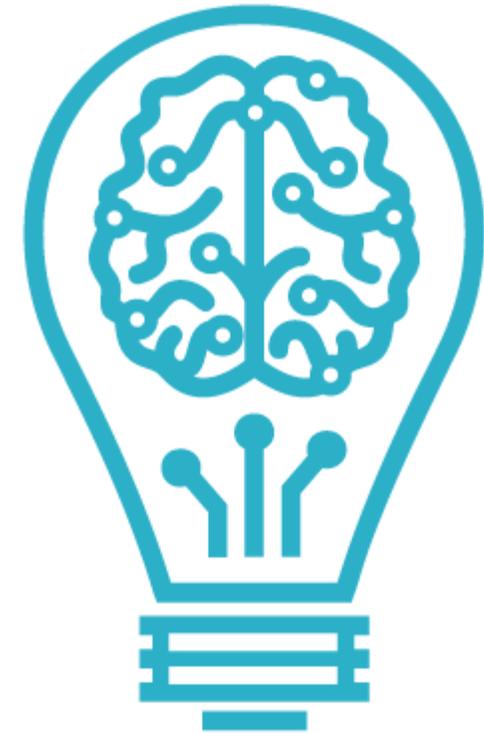
- Claims data is the foundation for strategic pool decisions
  - Used by underwriting for pricing
  - Informs risk management and training efforts
  - Foundation of actuarial analyses (impacts financial outcomes)
- Pools face key system questions
  - Data integrity
  - Costs of implementation and maintenance
  - Whether to embed a system within claims administrator relationship
  - Scope and integration of multiple systems
  - Choice to build or buy (and how frequently to update)

- Pools look for ways to pay claims
- We hold a mindset of continuous claims process review and improvement
  - Independent claims audits (every three years)
  - Reserving, record-keeping, resolution
- Claims are both transactional and a member service
  - Pools often assign fewer claims to adjusters to increase and improve communications
  - Claims staff are often the face of the pool to members and to reinsurance or excess partners



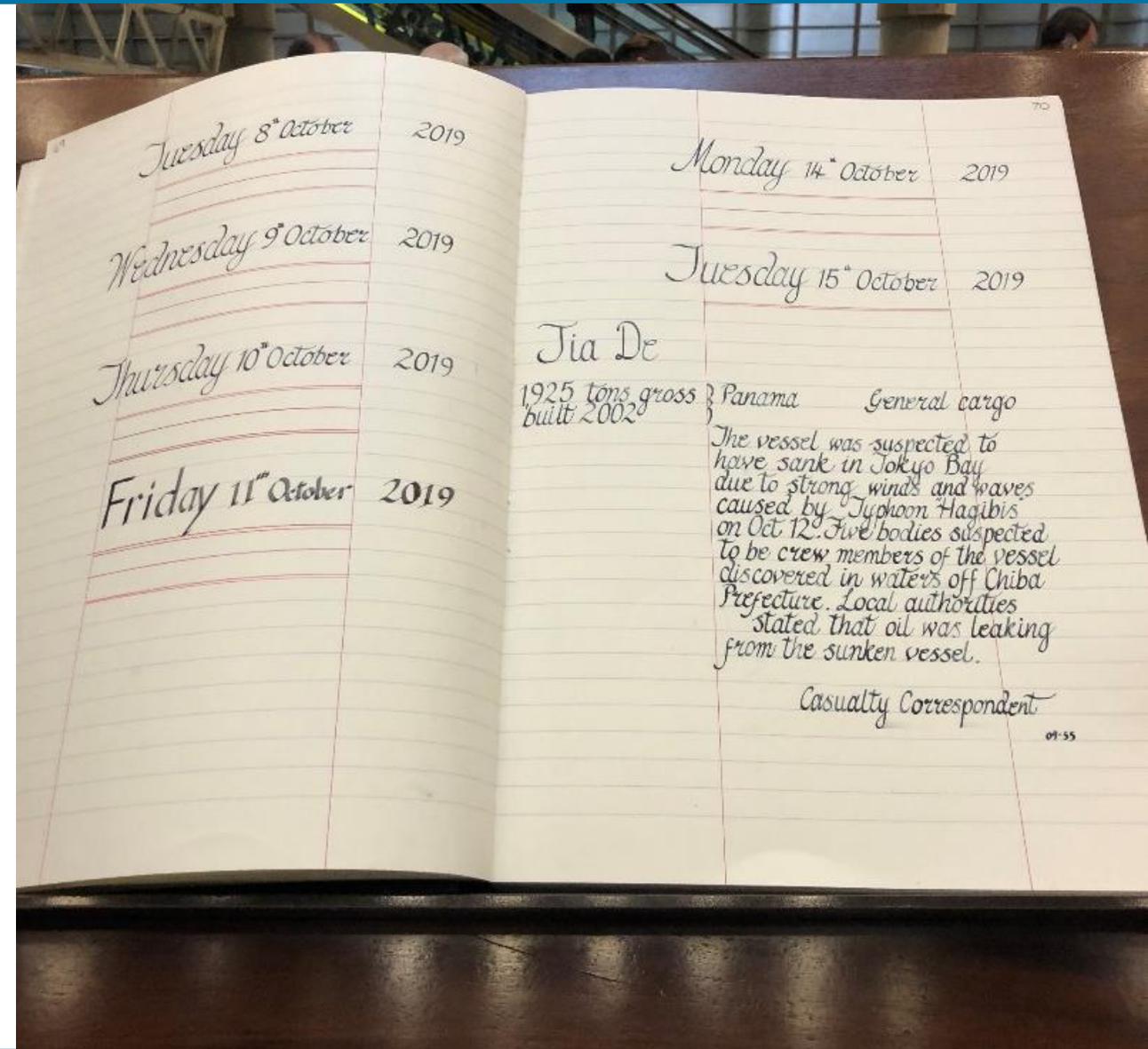
We've talked about how claims are managed and some important elements of the claims process.

**How does your pool measure the performance of its claims function?**



# Underwriting

- Determine acceptable risks for pool
- Establish terms of coverage
- Set contribution level(s)



- Entity with different operational risks
- Potential new large member
- Emerging risk areas





## PROPERTY

First-party  
coverage

Damage to property of  
insured member



## LIABILITY

Third-party  
coverage

Damage or injury  
caused by insured  
member to another  
party



## WORKERS' COMP

On-the-job injuries  
to local public  
entity employees



## EMPLOYEE BENEFITS

Health, dental,  
vision and related  
benefits for local  
public entity  
employees



TERRORISM



POLLUTION



CYBER



LAW



EPL



CRIME



AUTO

Covenant Number:  
CMC 1004141-3

**MUNICIPAL LIABILITY DECLARATIONS**  
Coverage is Provided by:  
**THE LEAGUE OF MINNESOTA CITIES  
INSURANCE TRUST**  
(Herein called LMCIT)



Item 1. CITY: LEAGUE OF MINNESOTA CITIES

Item 2. COVERAGE PERIOD:  
From: 09/01/2019 To: 09/01/2020 12:01 AM Standard Time at Mailing Address on  
Common Coverage Declarations

Item 3. THE COVERED PARTY IS: NON PROFIT

Item 4. COVERAGE PARTS:  
IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF  
THIS COVENANT, LMCIT AGREES WITH THE COVERED PARTY TO PROVIDE THE  
COVERAGE AS STATED IN THIS COVENANT, SUBJECT TO THE FOLLOWING LIMITS:

PER OCCURRENCE LIMIT	* \$ 2,000,000	
PRODUCTS LIMIT	\$ 3,000,000	Annual Aggregate
FAILURE TO SUPPLY CLAIM LIMIT	\$ 3,000,000	Annual Aggregate
EMF CLAIM LIMIT	\$ 3,000,000	Annual Aggregate
MEDICAL AND RELATED EXPENSE LIMIT	\$ 2,500/10,000	Any One Person/Occurrence
LIMITED CONTAMINATION LIABILITY CLAIM LIMIT	** \$ 3,000,000	Annual Aggregate
OUTSIDE ORGANIZATION CLAIM LIMIT	** \$ 100,000	Annual Aggregate
SYSTEM SECURITY BREACH CLAIM LIMIT	\$ 3,000,000	Annual Aggregate
LAND USE AND SPECIAL RISK LITIGATION LIMIT	*** \$ 1,000,000	Annual Aggregate

\* LMCIT's maximum limit of liability for COVERAGES A and C combined.  
\*\* LIMIT includes damages, loss adjustment expense, defense costs, and supplementary payments.  
\*\*\* LIMIT includes litigation costs.

Item 5. MUNICIPAL LIABILITY DEDUCTIBLE: (Subject to General Annual Aggregate Deductible, if any,  
shown on Common Coverage Declarations)  
\$ 10,000 Per Occurrence

Item 6. RETROACTIVE DATES:  
MUNICIPAL LIABILITY RETROACTIVE DATE: 05/11/1987  
LIMITED CONTAMINATION LIABILITY CLAIM RETROACTIVE DATE: 05/11/1989

Item 7. ENDORSEMENTS ATTACHED TO THIS COVERAGE PART:  
CMC(11/18) MGL-1(11/12) ME014(11/15) ME066(11/11)  
ME091(11/17)

LMCIT DEC-013 (11/86)(Rev. 11/17) Page 1 of 1

- Declarations
- Coverage agreement
  - Coverage grants
  - Exclusions
  - Definitions
  - Conditions
- Schedules
- Endorsements

- All-encompassing MOC or multiple MOCs
- Standard/required or optional coverages
- Manuscript or ISO forms
- Employee benefits considerations
  - Plan documents
  - Mandated coverages
  - Appeals process

Contributions and investment income must be greater than claims, reinsurance and pool expenses

## Primary

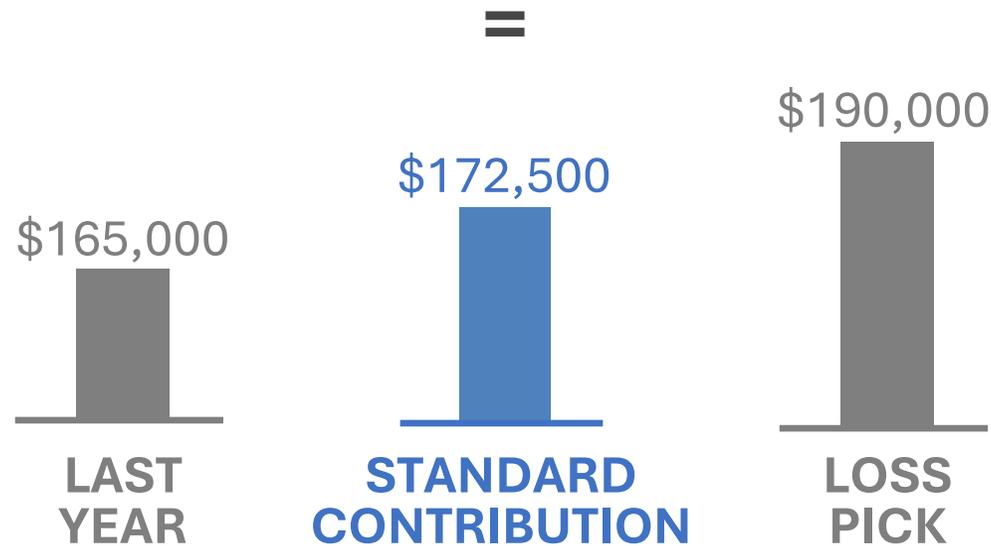
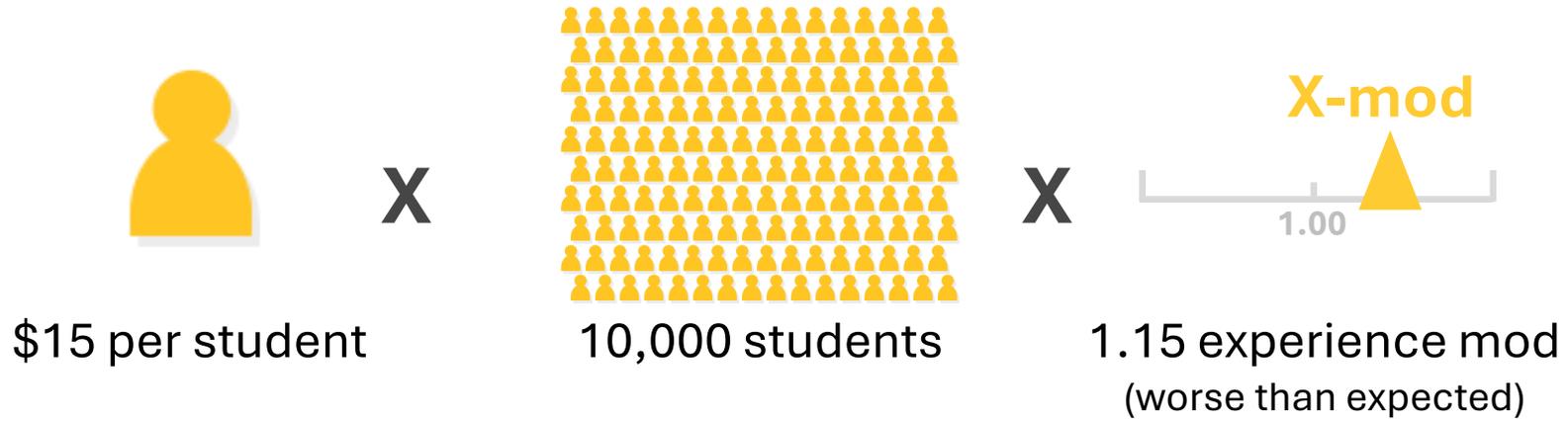
- Adequate contributions overall
- Contributions fairly allocated among members
- Administrative simplicity
- Avoid shock increases

## Secondary

- Competitive in the market
- Able to maintain or grow membership
- Lose the “right” members, if any



# THE PRICING EQUATION

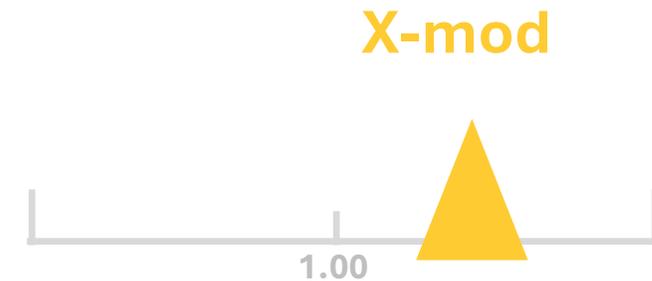




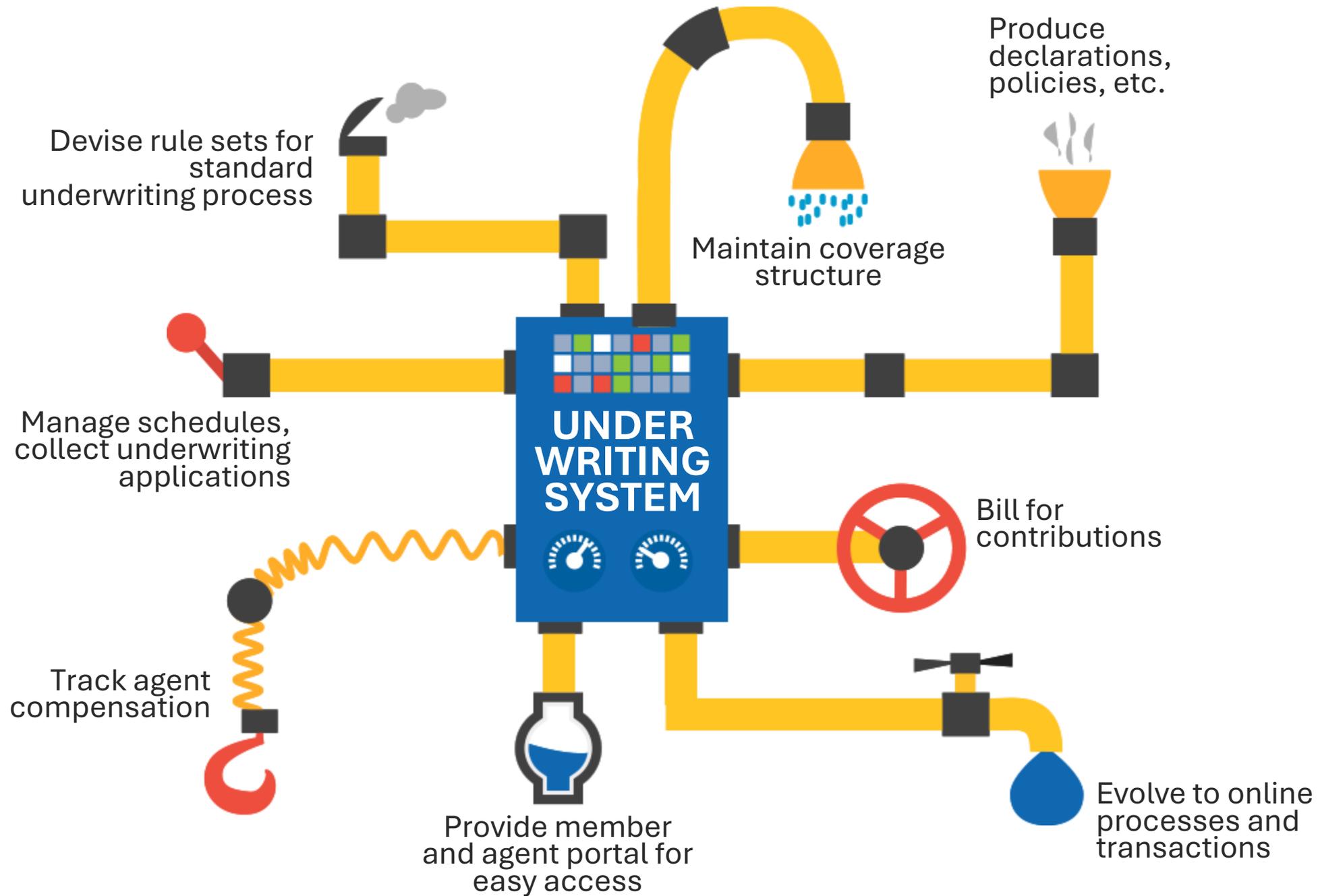
\$15 per student

1. Value losses on the whole for an exposure
2. Evaluate and count exposure units
3. Determine rate per exposure unit

- Experience rating
- Deductible credit
- Volume or multi-line discount
- Risk management credit
- Stability adjustment
- Discretionary adjustment

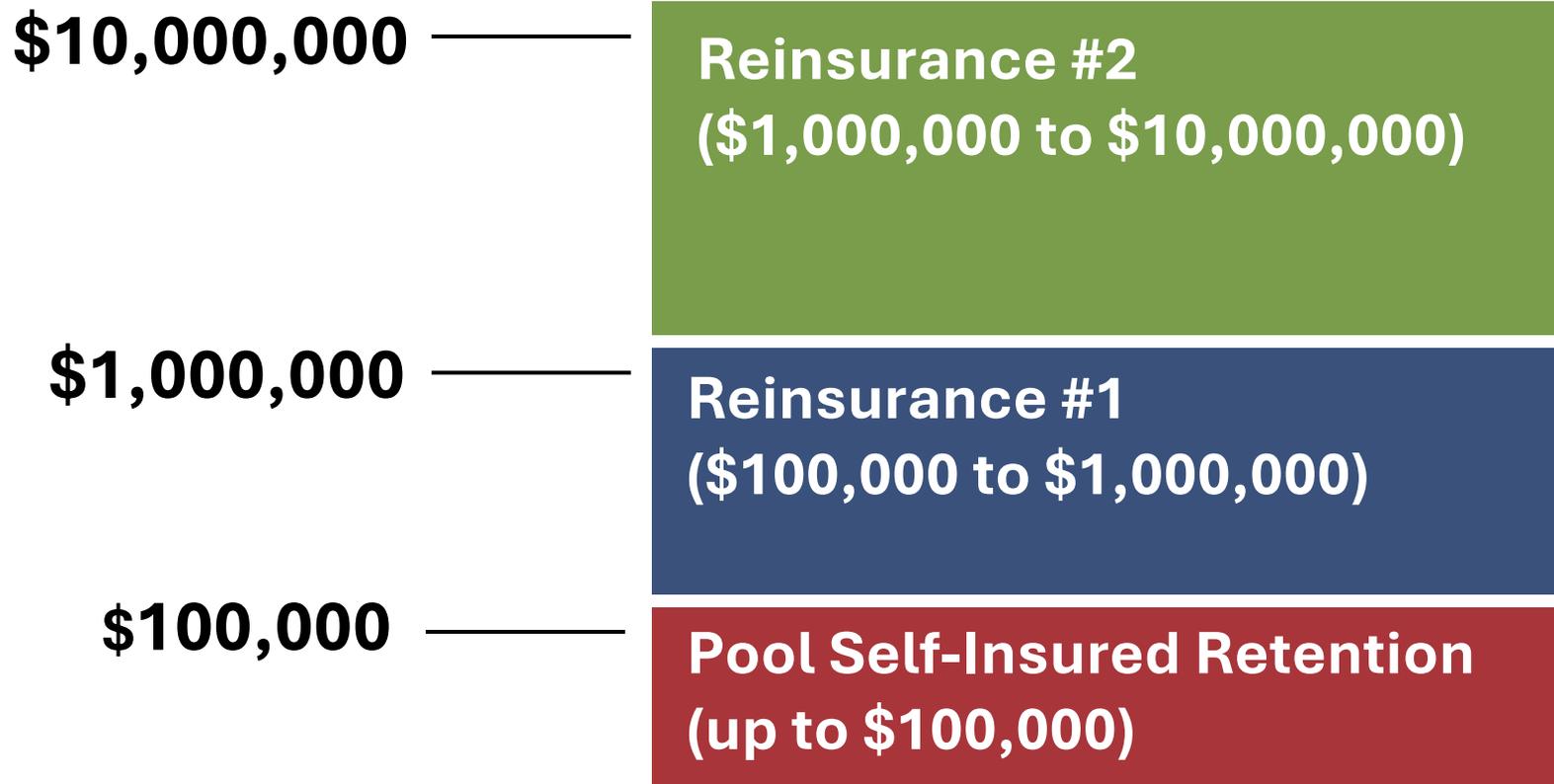


1.15 experience mod  
(worse than expected)



- Can be defined as “insurance for insurance companies”
- In practice, is transfer of risk from one insurer (the pool) to another (the reinsurer)
- Pool pays premiums in exchange for the reinsurer assuming certain liabilities

- Protects pool against catastrophic risks
- Stabilizes and smooths financial impact of large losses
- Enables pool to provide broad coverage and allows pool to pilot emerging coverages
- Increases the limits being offered by pool to members
  - Per member entity
  - In aggregate
  - For single large or unique exposures
- Supports pool underwriting and claims functions
  - Additional resources (e.g., catastrophe modeling reports)
  - Broad industry knowledge
  - Niche expertise



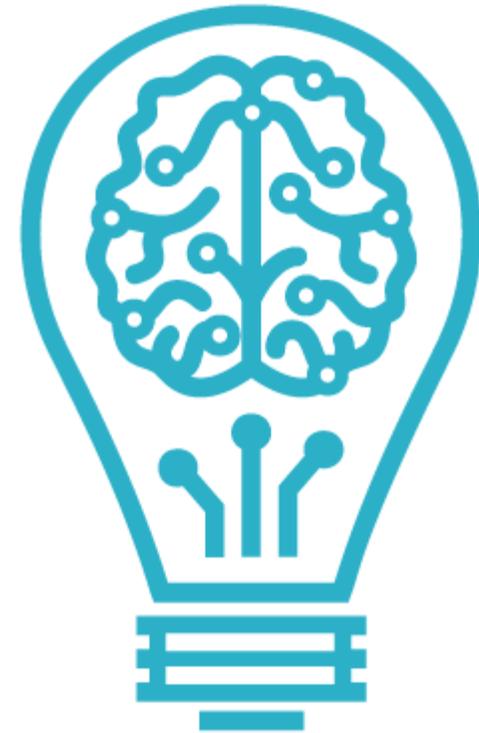
Pools often have multiple reinsurance partners within each layer or quota share.



- Reinsurance or excess insurance
- Pro rata or excess of loss
  - Pro rata allows pool and reinsurer to share losses
  - Excess of loss transfers everything above the pool's self-insured retention to reinsurer
- Treaty or facultative basis
  - Treaty covers the entirety of pool policy
  - Facultative is coverage for specific risk
- Stop-loss for employee benefits
  - Specific, aggregate
  - Pharmacy
- Reinsurance pools
  - “Pool of pools” concept
  - Several in AGRiP's membership

Underwriting and reinsurance involve complex decisions and can seem like “black box” processes within a public entity pool operation.

**What do you wish you better understood about your own pool’s underwriting goals and practices?**



# Risk Management

- Keep public employees safe and healthy
- Protect the public
- Improve quality of members' operations
- Reduce members' total cost of coverage
- Save taxpayers money



Policy Year	Loss Type	Claim Count	Average Cost Incurred	Median Cost Incurred
2024	Employment	32	\$21,148.42	\$11,149.50
2023	Employment	34	\$26,223.23	\$12,266.00
2022	Employment	27	\$19,320.01	\$6,352.00
2021	Employment	24	\$80,635.13	\$23,299.59
2020	Employment	29	\$66,027.38	\$8,723.00
2019	Employment	31	\$38,929.90	\$10,097.62
2018	Employment	37	\$8,934.14	\$1,856.03
2017	Employment	64	\$24,427.44	\$1,051.25
2016	Employment	66	\$18,754.77	\$2,112.15
2015	Employment	42	\$17,056.58	\$2,432.25
<b>Total</b>		<b>386</b>	<b>\$28,484.34</b>	<b>\$4,908.25</b>

Policy Year	Line of Business	Claim Count	Average Cost Incurred	Median Cost Incurred
2024	Law Enforcement Liability	32	\$3,039.01	\$0.00
2023	Law Enforcement Liability	34	\$17,549.92	\$5,935.38
2022	Law Enforcement Liability	43	\$13,474.12	\$0.00
2021	Law Enforcement Liability	27	\$20,322.05	\$0.00
2020	Law Enforcement Liability	49	\$50,427.43	\$2,412.37
2019	Law Enforcement Liability	36	\$29,673.44	\$2,154.43
2018	Law Enforcement Liability	33	\$38,452.58	\$812.50
2017	Law Enforcement Liability	56	\$22,952.18	\$1,303.13
2016	Law Enforcement Liability	26	\$19,190.02	\$0.00
2015	Law Enforcement Liability	24	\$45,914.21	\$196.00
<b>Total</b>		<b>360</b>	<b>\$26,434.32</b>	<b>\$38.78</b>

Policy Year	Line of Business	Claim Count	Average of Cost Incurred	Median of Cost Incurred
2020	Workers' Compensation	43	\$7,673.90	\$80.00
2021	Workers' Compensation	114	\$2,253.97	\$112.96
2022	Workers' Compensation	105	\$6,089.51	\$296.95
2023	Workers' Compensation	115	\$10,482.07	\$238.36
2024	Workers' Compensation	58	\$7,809.72	\$99.00
<b>Total</b>		<b>435</b>	<b>\$6,631.56</b>	<b>\$99.00</b>

- Fleet safety
- Driving courses
- Safety/OSHA training
- Emergency planning
- Job safety analysis
- Shop safety
- Classroom safety
- Financial controls
- Special events mgmt.
- Volunteer mgmt.
- Employment practices
- Land use decision-making
- Contracting terms
- Law enforcement policies
- Jails and in-custody policies
- PTSD and mental health strategies
- Construction guidelines
- Cybersecurity guidance
- Elected officials training
- Wellness incentives
- Disease management services
- Medication safety programs
- Health care pricing tools
- Site inspections



- Get Out And Look (GOAL) campaign
- A new approach to this old trucker adage, focusing on identifying risks in various locations by “getting out” to look in all areas of risk, including:
  - Automobile
  - Buildings
  - Documents
  - Equipment
  - Facilities
  - Jobsites

How do you effectively measure the value of a claim that never happened?

- Education
- Grant programs
- Direct financial incentives (credit- or debit-based)



## Risk Management Assessment

Since losses are shared by all members, VRSA promotes and encourages any actions or inactions members can take to reduce the frequency and/or severity of losses. The Risk Management Assessment (RMA) focuses on specific areas of risk management best practices. Members who demonstrate 100% commitment to risk management may be eligible for a policy premium discount. It is important the top manager of your organization reviews the completed RMA to ensure awareness of risks and best practices at the highest level.

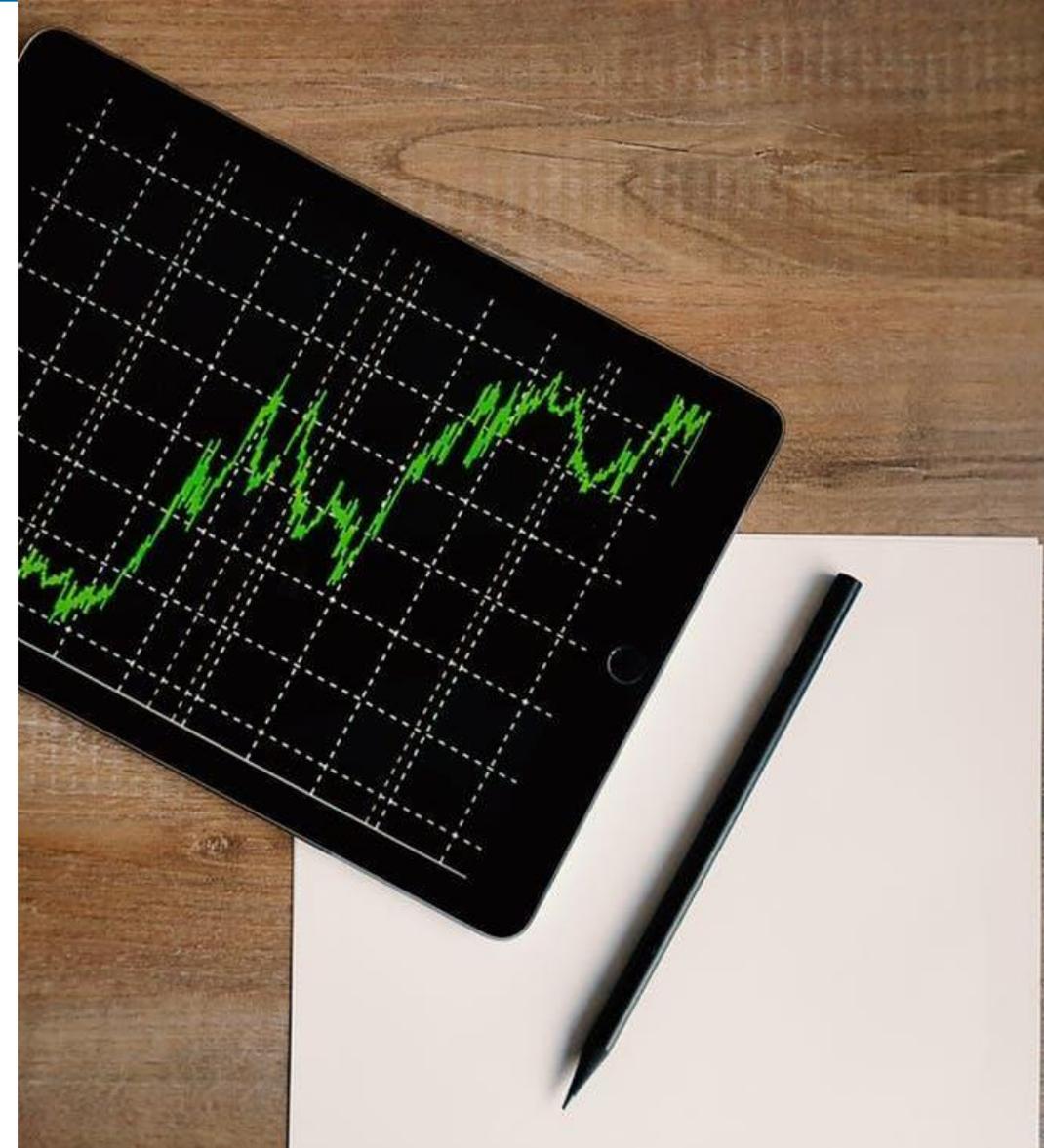
Questions are based on the coverage(s) your organization has with VRSA. All training and policies recommended in this document are offered either through VRSA staff or the Online University.



Risk Management Assessment (2024-2025)	
General Guidelines	11/11
Auto	2/2
Public Officials/School Board	4/4
Workers' Compensation	1/1
<b>Review and Print</b>	
<b>Review and Print</b>	
<b>General Guidelines</b>	
<b>General Risk Management</b>	
For reference, see VRSA's Risk Management Guidelines.	
<i>No answer provided</i>	
1. In the previous 12 months, has leadership/top management attended a professional management training engagement, such as a webinar or local/regional workshop (like conflict resolution, inclusion, hiring best people, etc.)?	
<b>Answer:</b> Yes	

PRINT

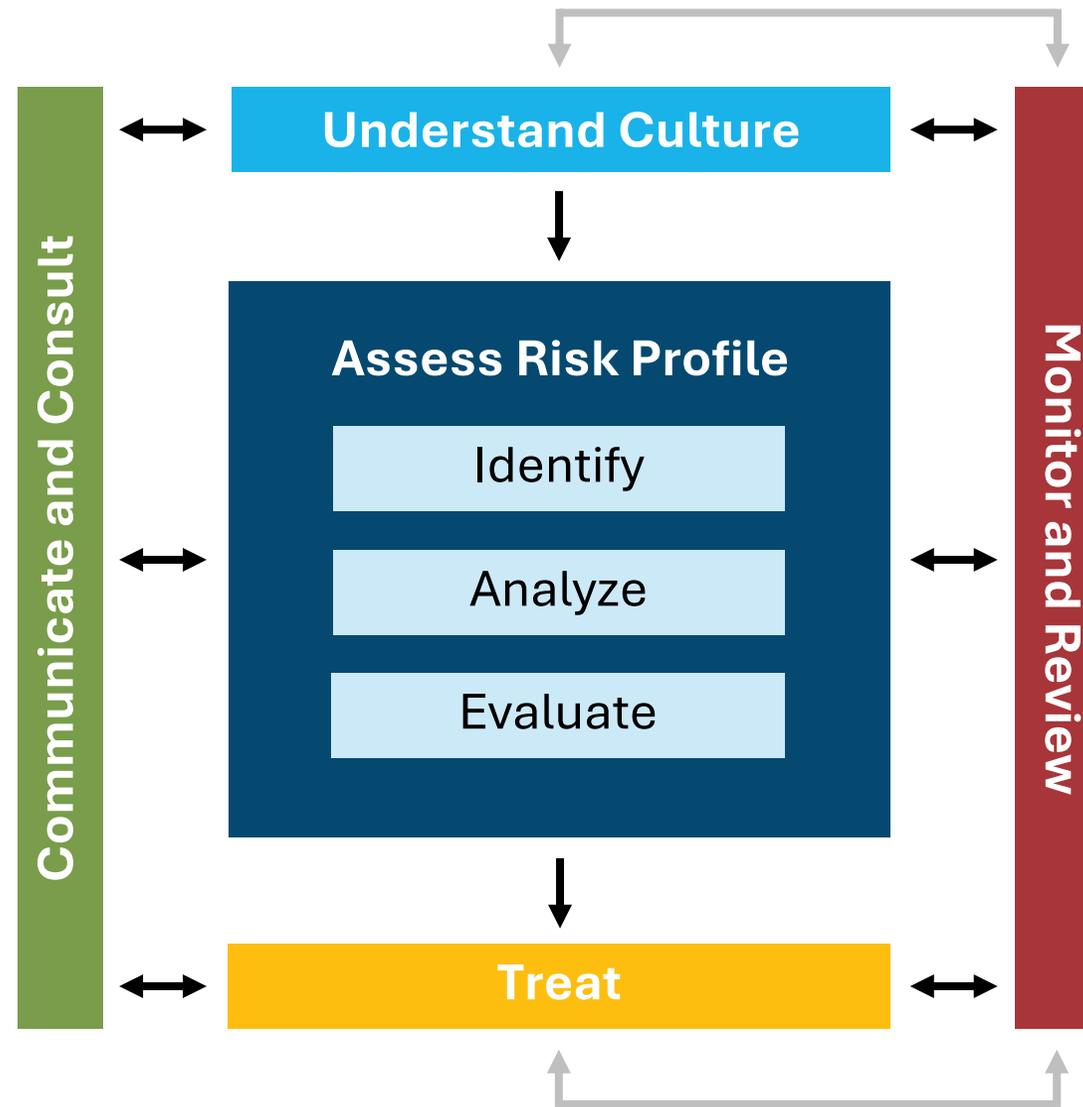
- Using claims data to pinpoint root causes
- Evaluating pilot projects and best practices
- Using algorithms and predictive modeling
- “To measure is to know” and “If you cannot measure it, you cannot improve it.” – Physicist Lord Kelvin



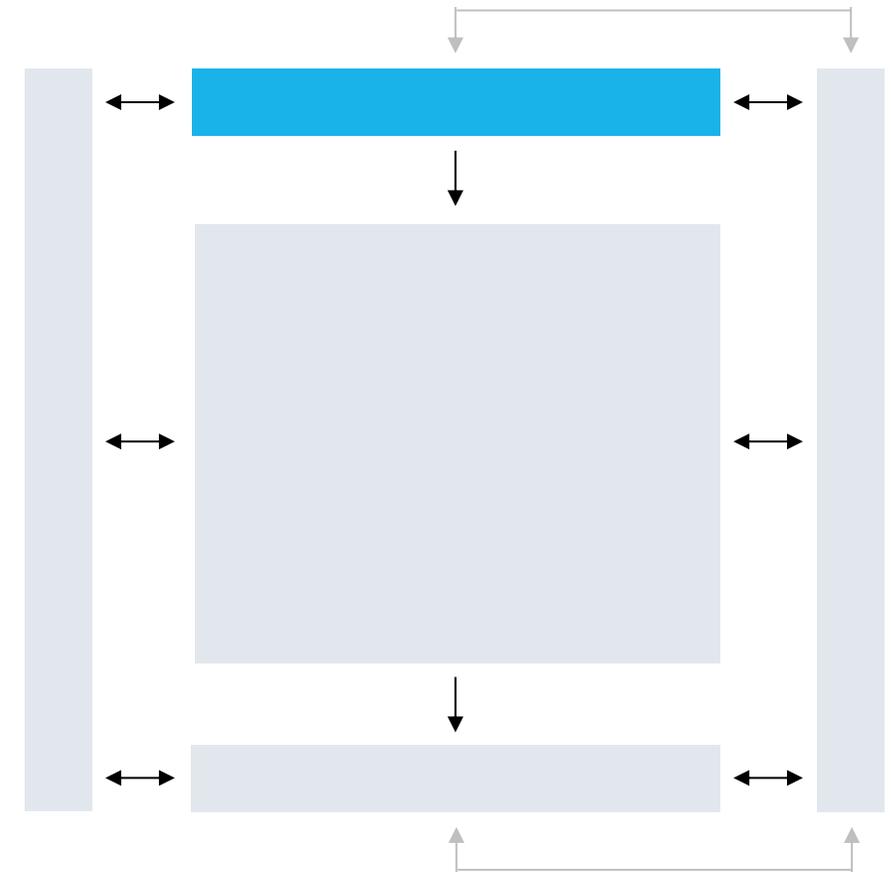
- Exposure
- Volatility
- Likelihood
- Consequences

- Risk is uncertainty that impacts an organization's objectives.
- Risk can be good or bad.

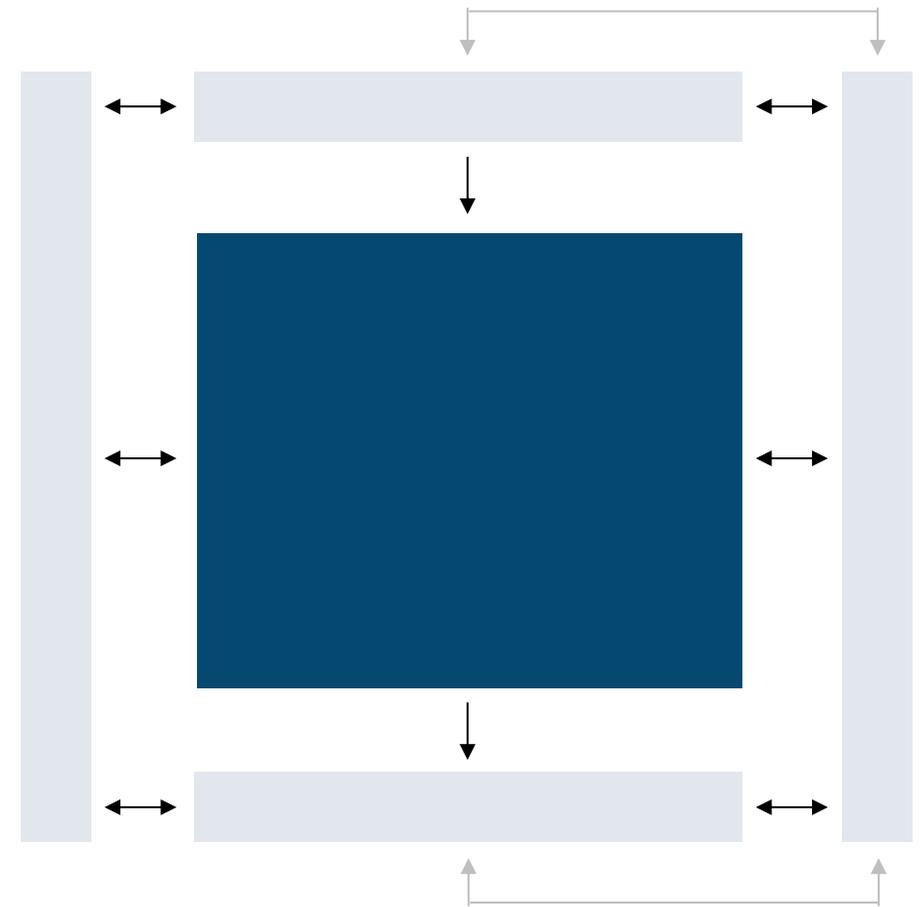
**Risk management** is comprised of the values, principles and processes that improve an organization's ability to meet its objectives.



- Know the internal and external influences on a public entity's culture
- **Internal influences** include the governing body, management, key staff, etc.
- **External influences** include the local community, business leaders, vendors, agents, etc.



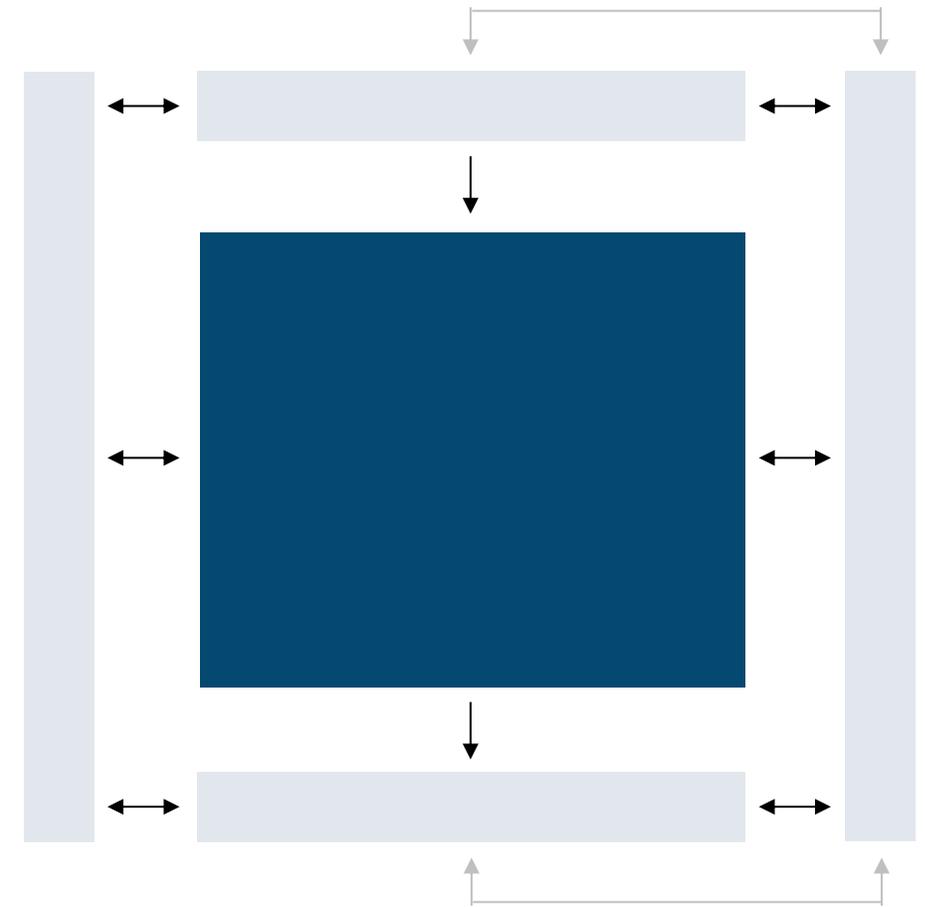
- **Identify**
  - What could threaten or facilitate an organizational objective?
- **Analyze**
  - How frequent, serious, etc., would that threat be?
- **Evaluate**
  - What measures are in place to manage risks?
  - How else can the member manage uncertainties?



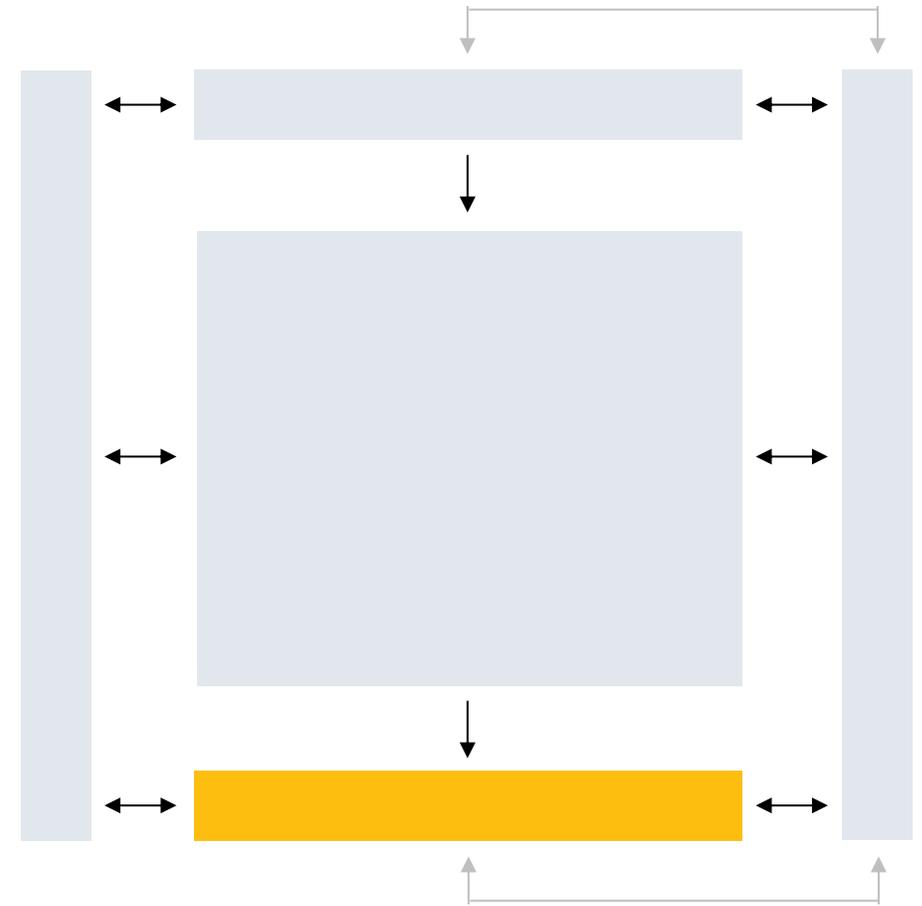
What happened here?



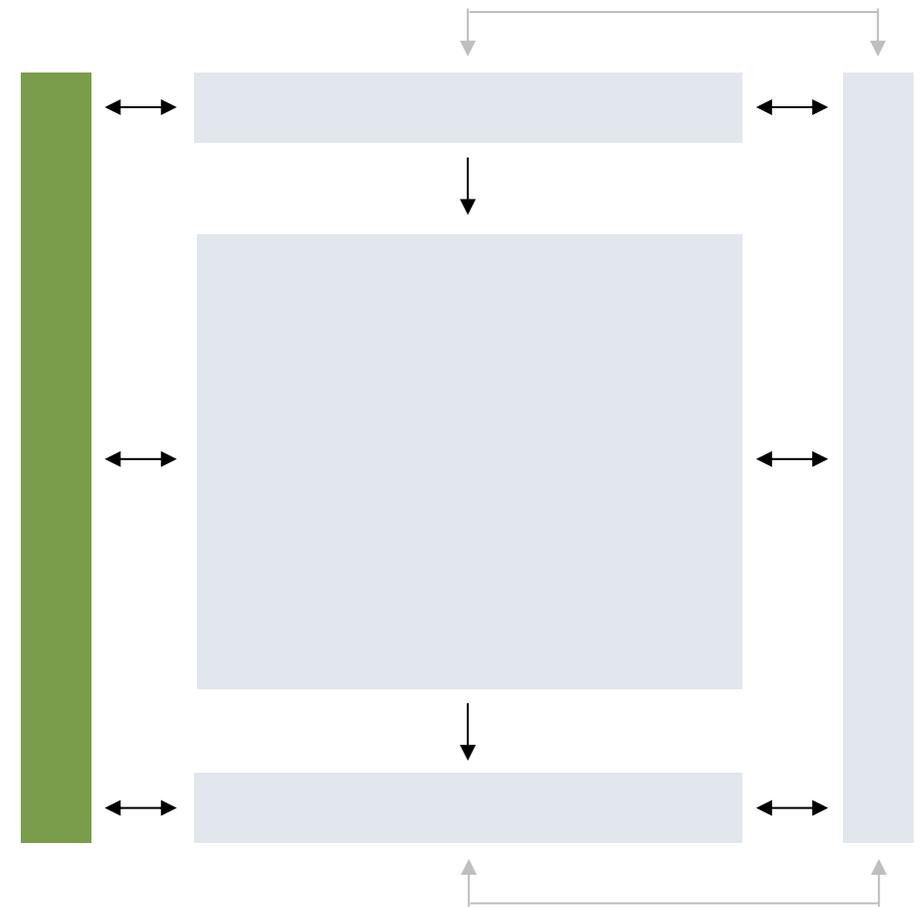
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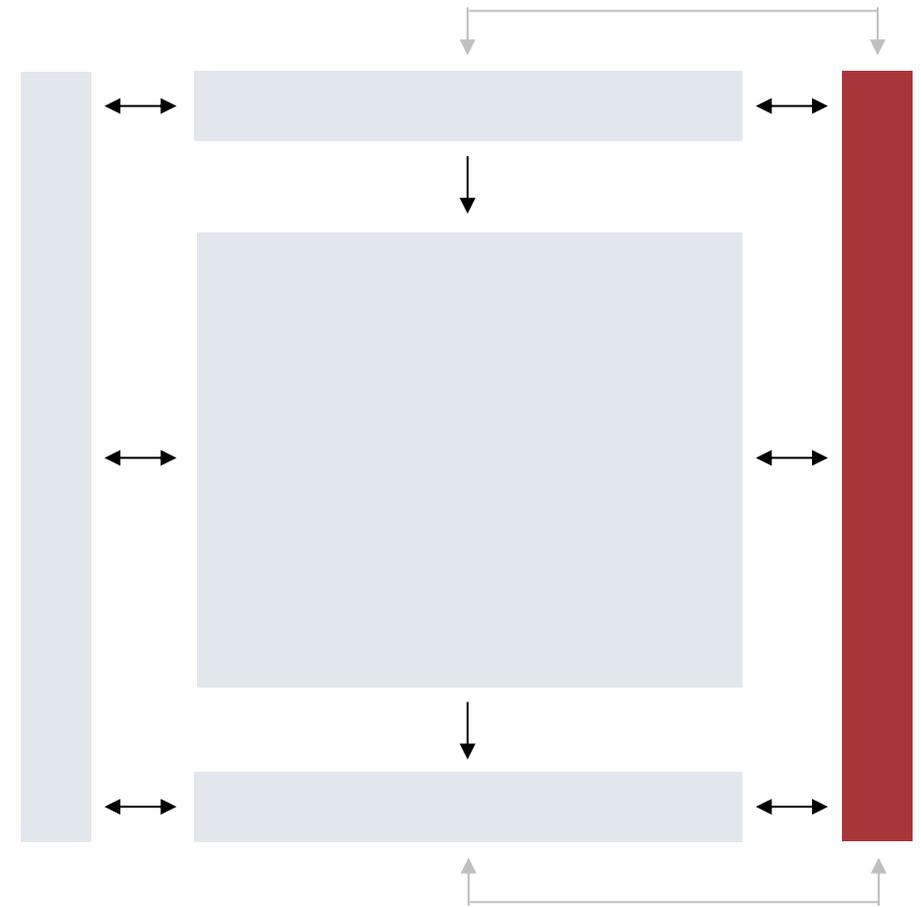
- Assign an owner
- Identify current and new mitigation strategies
- Identify needed resources
- Identify early warning signs and performance measures

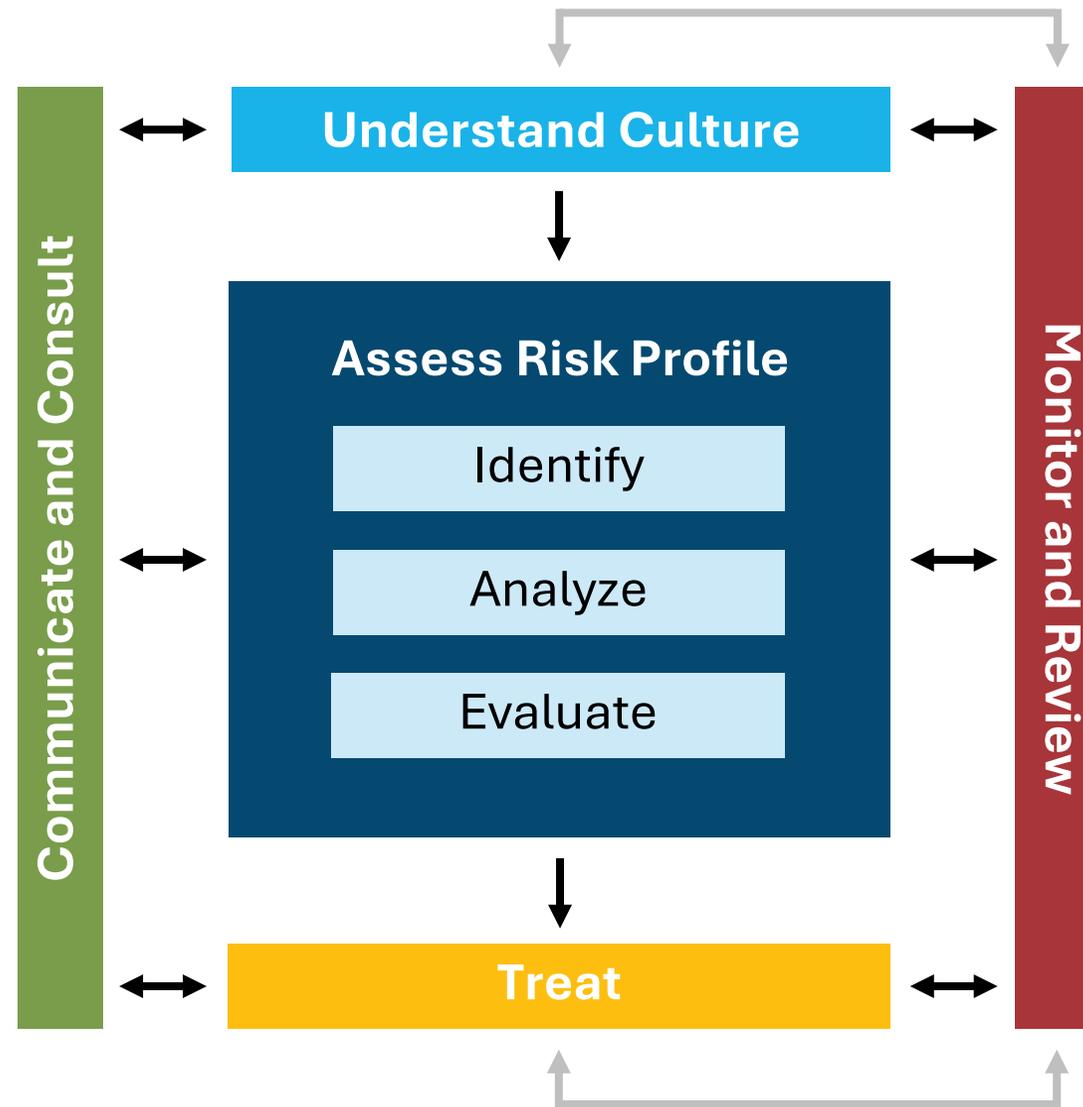


- Inform influencers (stories and data)
- Use existing communication resources
- Consider the value of stories and data



- Check back with risk owners
- Review early warning indicators and performance measures
- Use best practices and audits





- Risk is inherent, but manageable.
- Use repeatable, adaptive, proactive processes.
- Take calculated risks in the public interest.

**Discuss your risk management success stories and identify ways you've measured success.**



# Finance

# STATEMENT OF NET POSITION



## BALANCE SHEET

December 31, 2014

### ASSETS

Cash	\$3,500,000
Investments	\$75,000,000
Contributions Receivable	\$600,000
Prepaid Expense & Other Assets	\$2,000,000

**TOTAL ASSETS** \$81,100,000

### LIABILITIES

Accounts Payable & Accrued Expenses	\$3,000,000
Unearned Contributions	\$5,500,000
Case Reserves (Loss & LAE)	\$25,000,000
IBNR Reserves	\$15,000,000

**TOTAL LIABILITIES** \$48,500,000

**NET POSITION** \$32,600,000

**TOTAL LIABILITIES & NET POSITION** \$81,100,000



**Assets – Liabilities = Net Position**

(or Surplus, Fund Balance, Member Equity, etc.)

# STATEMENT OF NET POSITION



## BALANCE SHEET

December 31, 2014

### ASSETS

Cash	\$3,500,000	←
Investments	\$75,000,000	←
Contributions Receivable	\$600,000	←
Prepaid Expense & Other Assets	\$2,000,000	←
<b>TOTAL ASSETS</b>	<b>\$81,100,000</b>	

### LIABILITIES

Accounts Payable & Accrued Expenses	\$3,000,000	
Unearned Contributions	\$5,500,000	
Case Reserves (Loss & LAE)	\$25,000,000	←
IBNR Reserves	\$15,000,000	←
<b>TOTAL LIABILITIES</b>	<b>\$48,500,000</b>	

**NET POSITION** \$32,600,000 ←

**TOTAL LIABILITIES & NET POSITION** \$81,100,000

- Presentation of financials is not standardized.
- Practices among financial auditors (and pools) differ.
- Be sure to read:
  - Notes to the financial statements
  - Supplemental statements



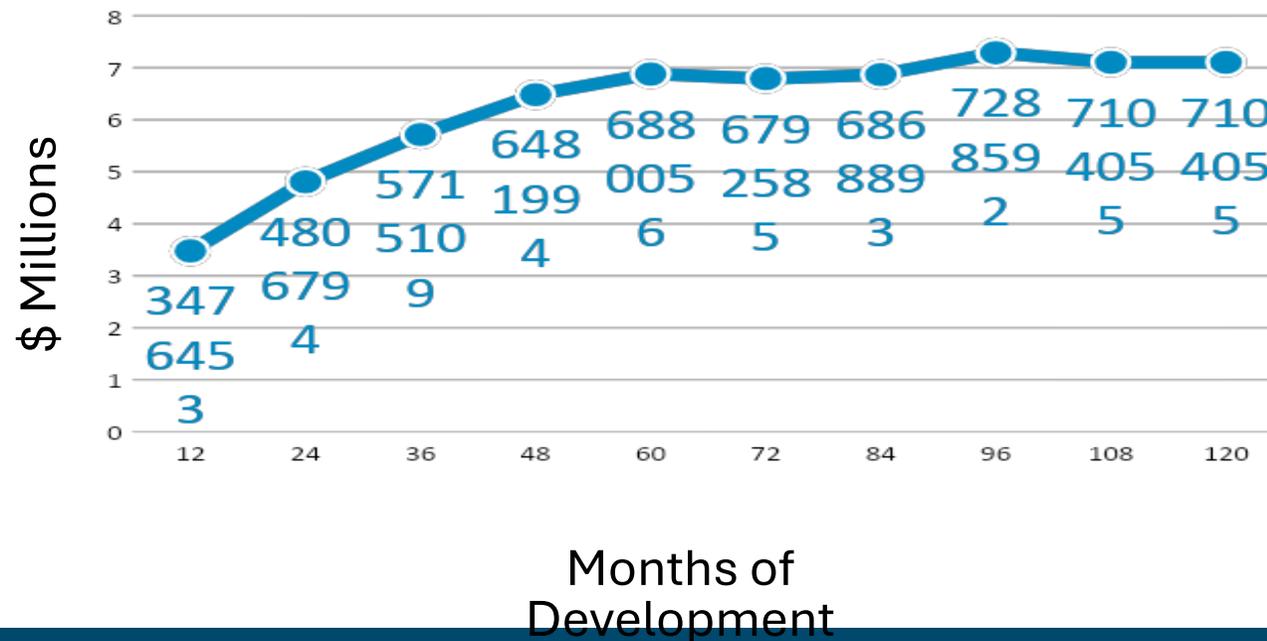
- **Look through the windshield (rate setting):** Upon what loss expectation basis do we need to set rates for members in the coming year?
- **Check the rearview mirror (reserve analysis):** Are claims costs from this year and from all our years prior likely to increase, decrease or be influenced in some other way?



• **Inurred **But Not Reported****

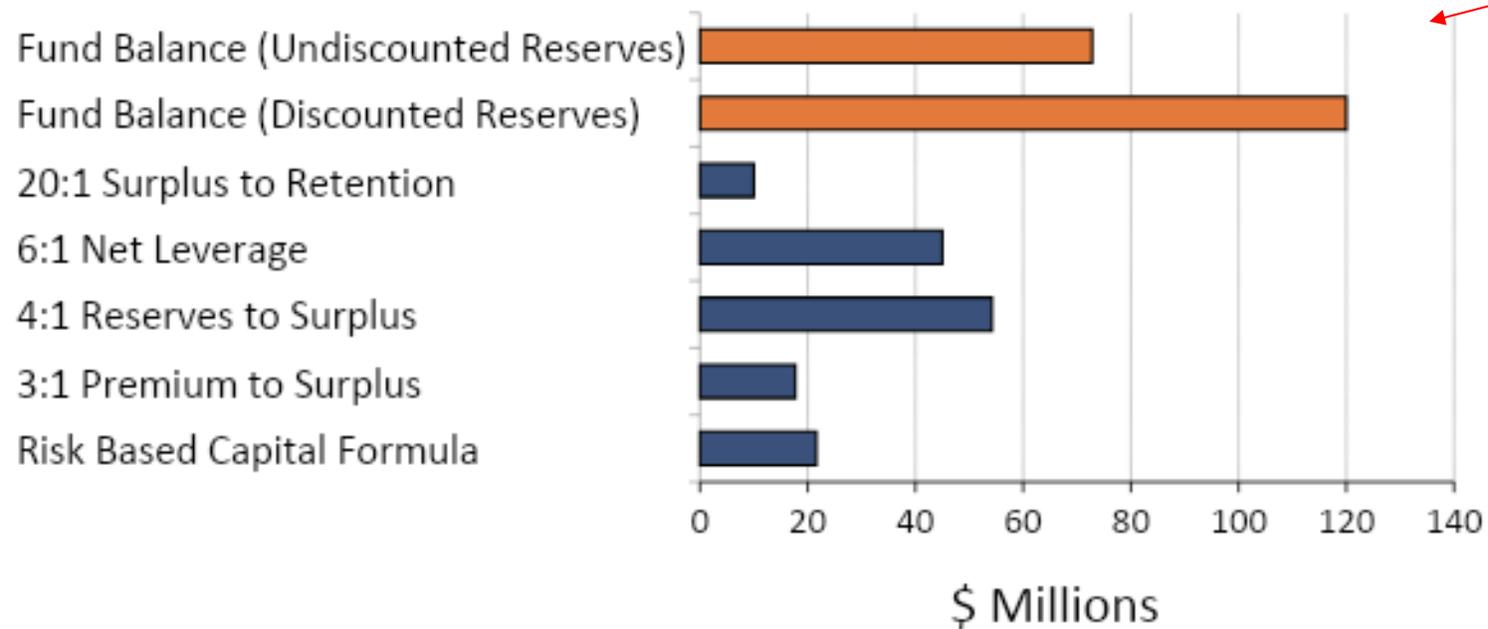
- Claims not yet reported to the pool
- Unanticipated development on reported claims

**Estimated Gross Reported Losses & ALAE**



- Allows reduced reserve estimate based upon expectation of future investment earnings

## Fund Balance (Member Equity)



Both fund balance values are “right.”

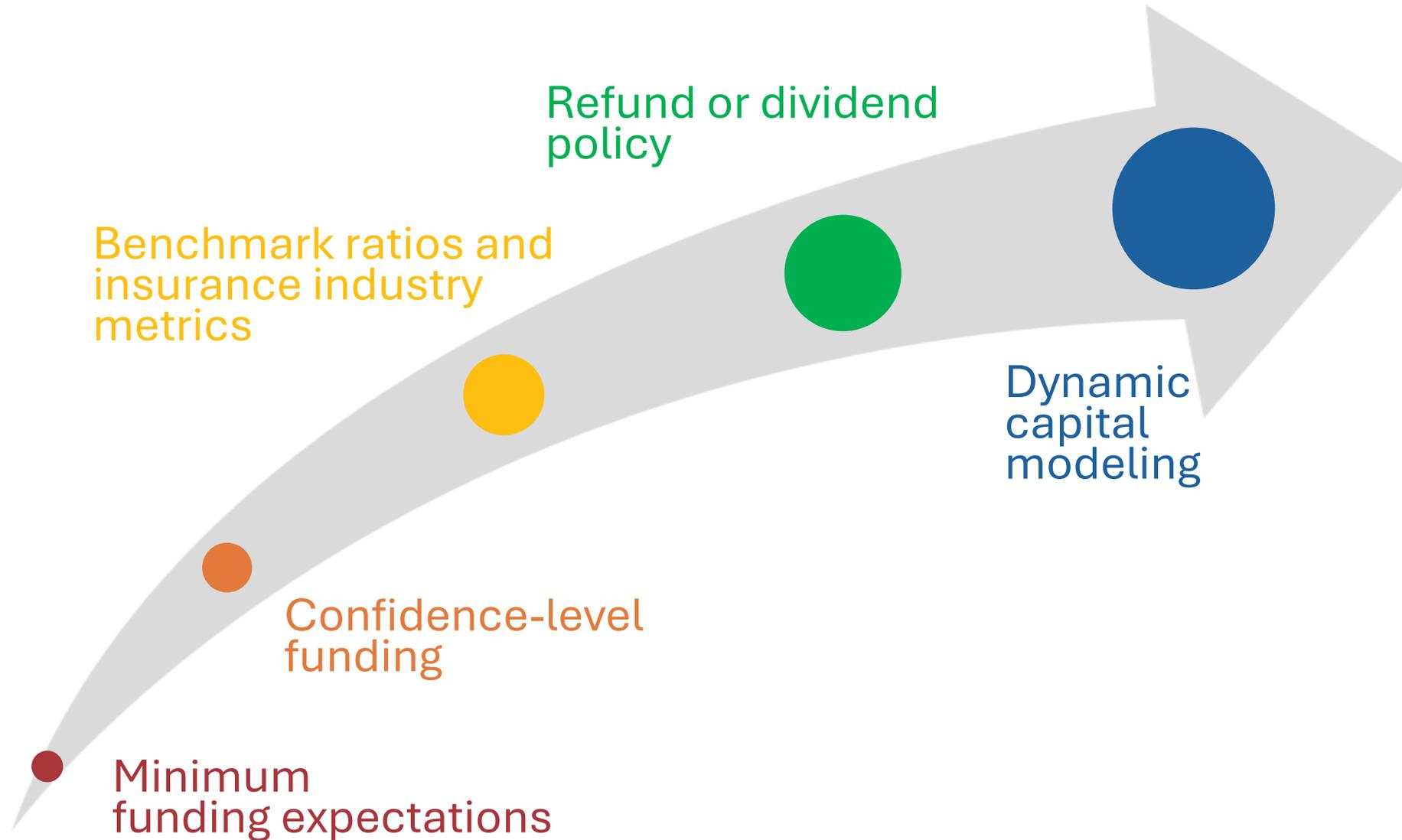
- Will funding be sufficient for losses?
  - Best estimate standard is 55 percent
- Loss fund of \$1 million at 70 percent confidence level
  - 70 percent of the time, funding is sufficient
  - 30 percent of the time, it is not



- Net position helps address key risks in pooling:
  - Prior losses exceed expectations by sizable margin
  - Contributions set too low for current loss picks
  - Reinsurance unavailable or insufficient
  - Significant membership change
  - Investment income below expected
  - Legislative changes (PTSD, SAM statutes of limitations)

	<b>Pool A</b>	<b>Pool B</b>
<b>Contributions</b>	\$50 million	\$50 million
<b>Net Position</b>	<i>\$100 million</i>	<i>\$10 million</i>
<b>Expected Combined Ratio</b>	100%	100%
<b>Contributions to Net Position Ratio</b>	0.50	5.00
<b>Pricing Error</b>	10%	10%
<b>Loss of Net Position</b>	5%	50%
<b>Restated Figures</b>		
<b>Net Position</b>	\$95 million	\$5 million
<b>Contributions to Net Position Ratio</b>	<b>0.53 (~.5:1)</b>	<b>10 (10:1)</b>

- Each pool's risk profile is dynamic.
- Opinions vary about best use of member resources.
- The evaluation of net position adequacy is pool-specific.



fbi.agrip.org/Analysis/Analysis

Apps

- Health
- Liability
- Property
- Workers' Compensation

(Total contributions less excess or reinsurance)

163,219 Cohort Min      22,368,401 Cohort Max

FBI Min 118,250      FBI Max 1,583,264,204

**9,400,275**  
Your Pool

Mountain X

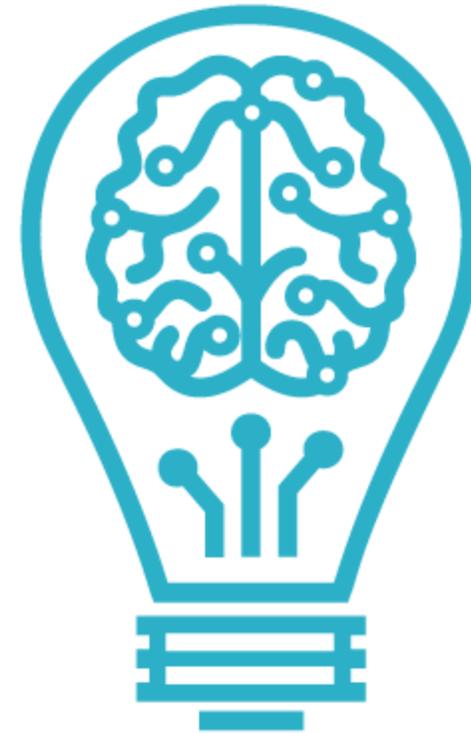
AZ X CO X ID X  
MT X NM X NV X  
UT X WY X

Leverage   Retention   **Profitability**   Liquidity & Expense

Ratio	Your 2018 Results	Cohort's Results
Loss Ratio	75.0 %	76.0 %
Combined Ratio	92.3 %	104.6 %
Portfolio Yield	2.3 %	1.4 %
Operating Ratio	82.9 %	99.8 %

- Provide assurance there are no material misstatements in the pool's financial statements, whether caused by errors or fraud.
- Questions to ask about the pool's financial audit:
  - What is the purpose?
  - What is the process?
  - What is the best outcome?
  - What to do with a worrisome audit?

**What questions do you have about how to better understand your pool's financial metrics?**



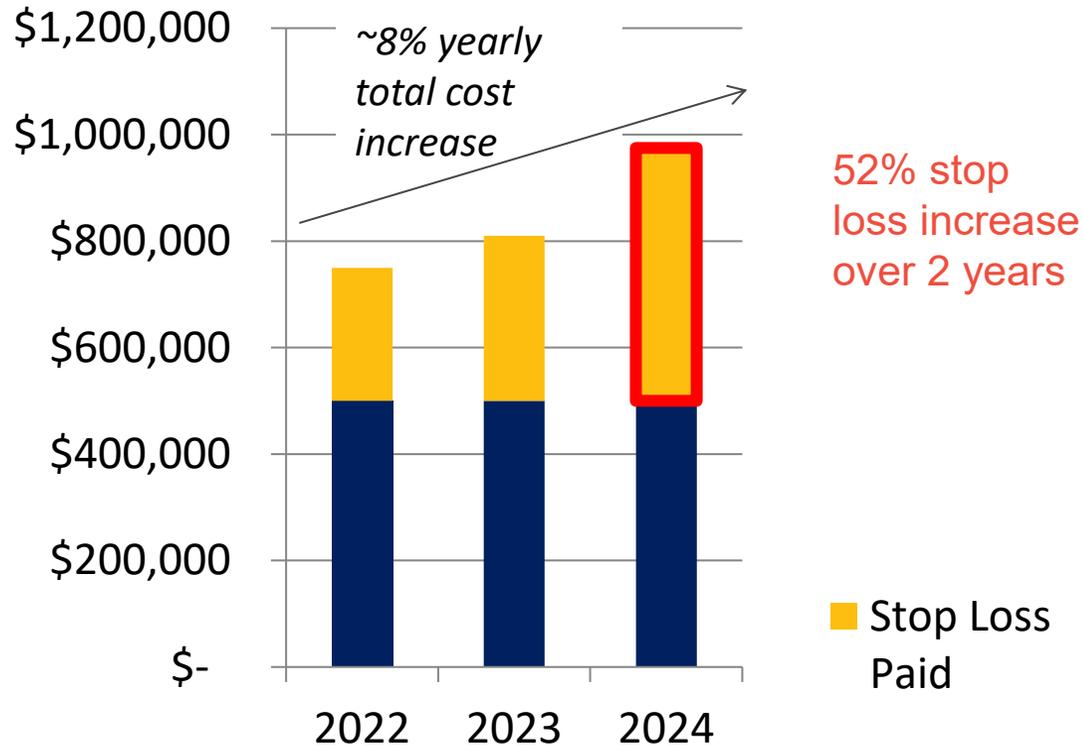
# Employee Benefits

- Reduce administrative costs
- Address mandated public employee benefits
- Meet collective bargaining requirements
- Provide benefit design flexibility
- Offer and manage access to and use of provider networks
- Improve the member service experience
- Provide meaningful well-being initiatives, programs

- Member entity loss experience
  - Caps for large claims
  - Subject to small and large employer regulations
- No individual underwriting
- Stop loss insurance

- Member entity loss experience
  - Caps for large claims
  - Subject to small and large employer regulations
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- Stop loss insurance

## Impact of Increasing Costs (example)

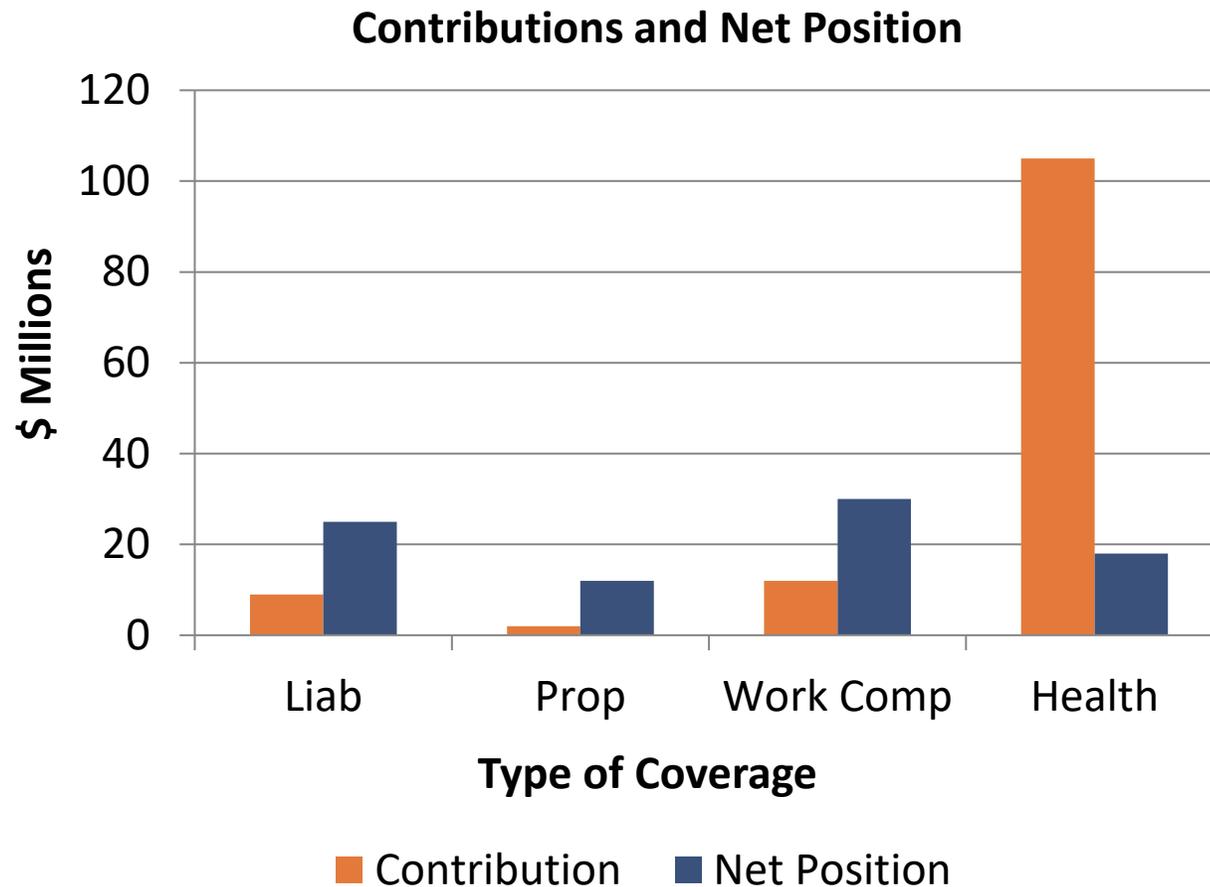


- Limits the amount a pool pays on a **single claim**
- Limits the amount a pool pays in **aggregate** for all claims in a year

- Claims
  - Adjudicated against benefit plan
  - Subscriber benefits and assistance
  - Working in one-year increments
- Risk Management
  - Early identification, prevention of illness or disease
  - Well-being programs to address individual risks
  - Health promotion to address individual habits
  - Some shared focus with workers' compensation coverage

- Assessments and biometrics
- Disease management and best practice guidance (e.g., genetic testing for medication)
- On-site health care and telemedicine options
- Special purpose providers
- Awareness education
- Individual goal-setting and coaching for success





- Financial ratios look very different
- Significant contributions and claim costs
- Short claims payment cycle

# STATEMENT OF NET POSITION



		<u>ASSETS</u>
	\$8,363,700	← Cash
	\$29,670,200	← Investments
	\$7,413,000	Prepaid Expense & Other Assets
	<b>\$45,446,900</b>	<b>TOTAL ASSETS</b>
		<u>LIABILITIES</u>
	\$1,370,000	Accounts Payable & Accrued Expenses
	\$746,000	Unearned Contributions
	\$2,650,000	Claims Payable
	\$12,358,600	Claim Reserves
	<b>\$17,124,600</b>	<b>TOTAL LIABILITIES</b>
	<b>\$28,322,300</b>	← <b>NET POSITION</b>
	<b>\$45,446,900</b>	<b>TOTAL LIABILITIES &amp; NET POSITION</b>

# STATEMENT OF REVENUE & EXPENSES



	\$209,240,400
	\$10,546,800
	<b>\$219,786,200</b>
	\$205,875,600
	\$4,236,600
	\$4,238,800
	<b>\$214,351,000</b>
	<b>\$5,435,185</b>

## REVENUE

Contributions

Other Income

**TOTAL REVENUE**

## EXPENSES

Claims

Stop-Loss

Administration

**TOTAL EXPENSES**

**OPERATING GAIN/(LOSS)**

- Subscriber enrollments
- Ongoing subscriber assistance
- Consultative services to member entities
  - Plan design
  - Regulatory compliance



- Carrier(s) for fully insured pools
- Administrative services for self-insured pools
- Provider and pharmacy networks
- Enrollment processing
- Disease and case management services
- Point solutions (such as for cancer, diabetes, musculoskeletal)
- Well-being vendors, services
- Benefits consultant(s)

- Federal agencies
- State agencies
- Private organizations

“Because of the tremendous breadth of the subject, it is impossible to cover every regulatory program that relates to health care.”

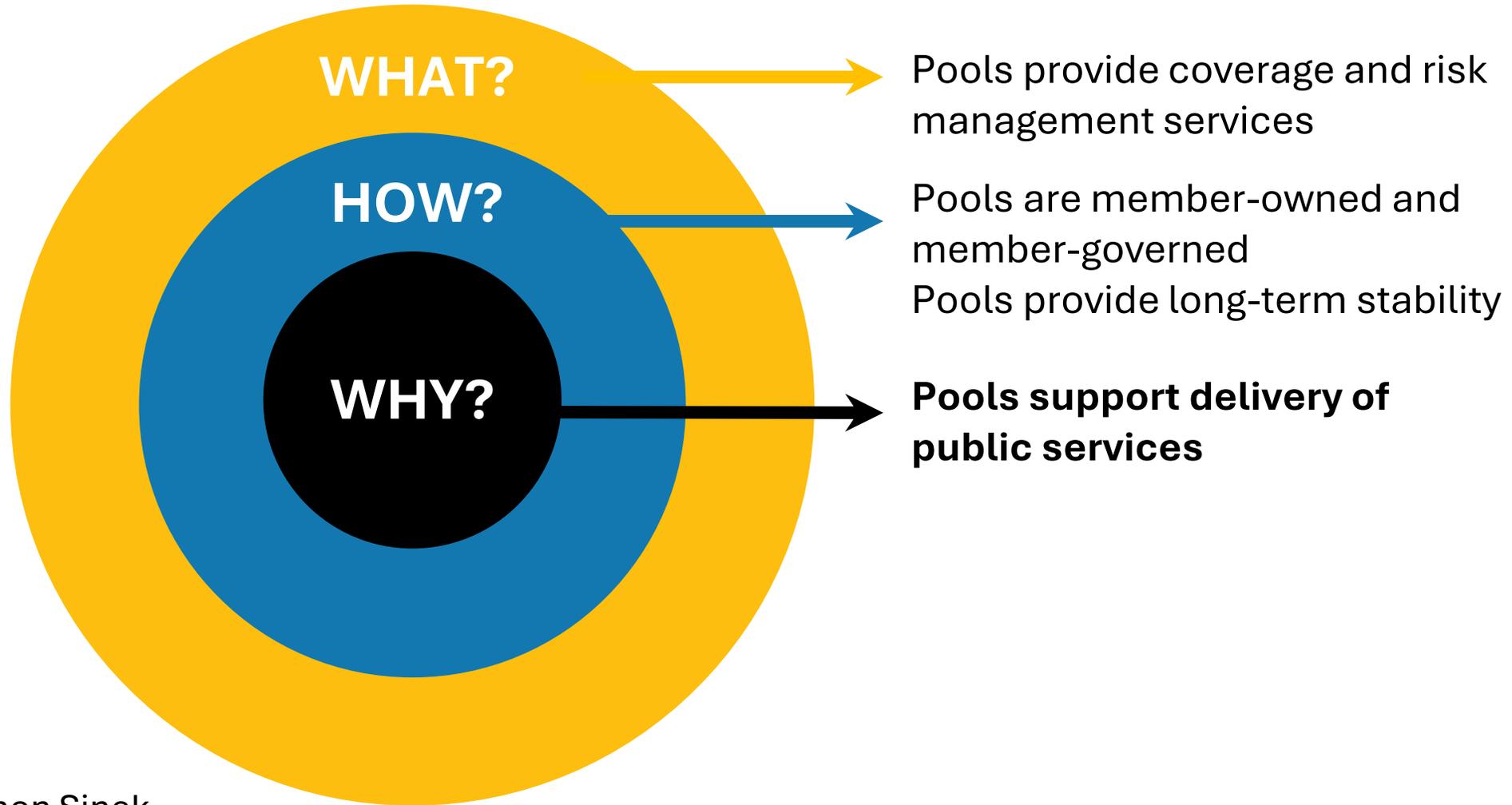


We've talked about how employee benefit pools are unique.

**What questions do you have about employee benefit pool activities, operations and goals?**



# Member Relations



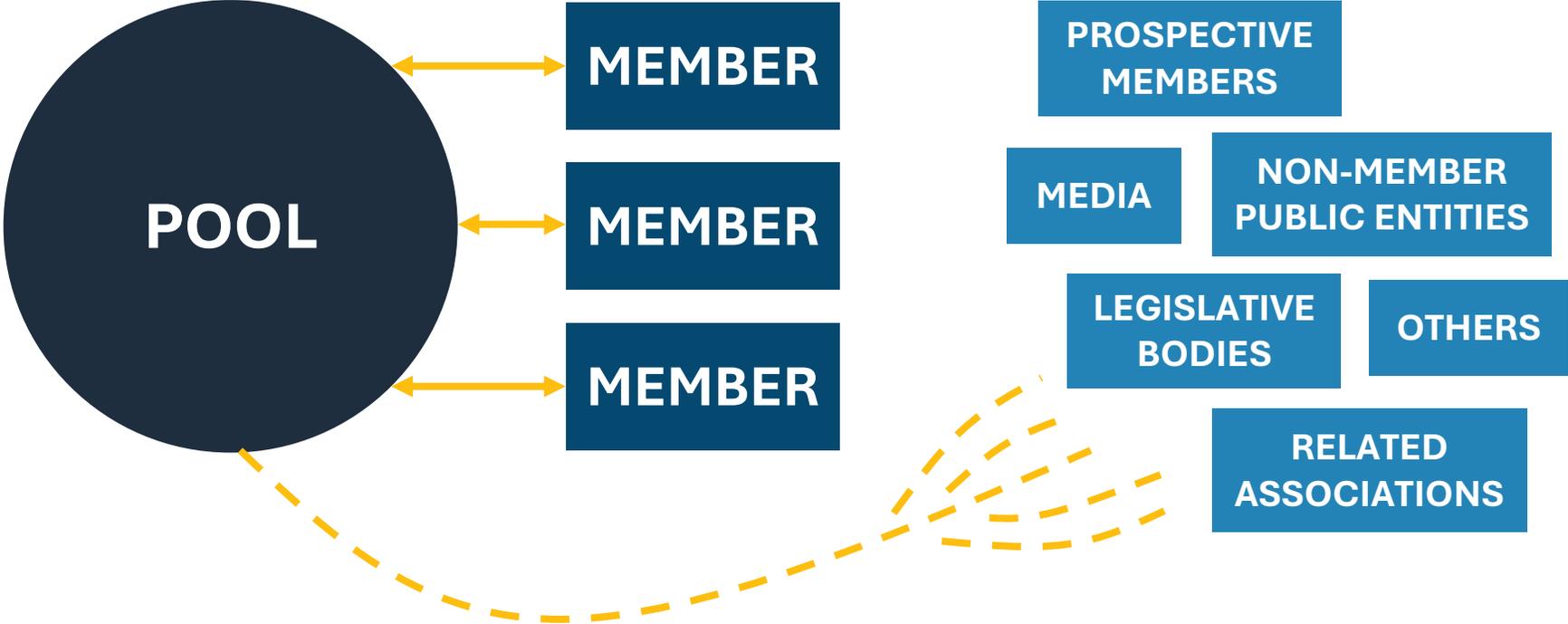
Concept: Simon Sinek

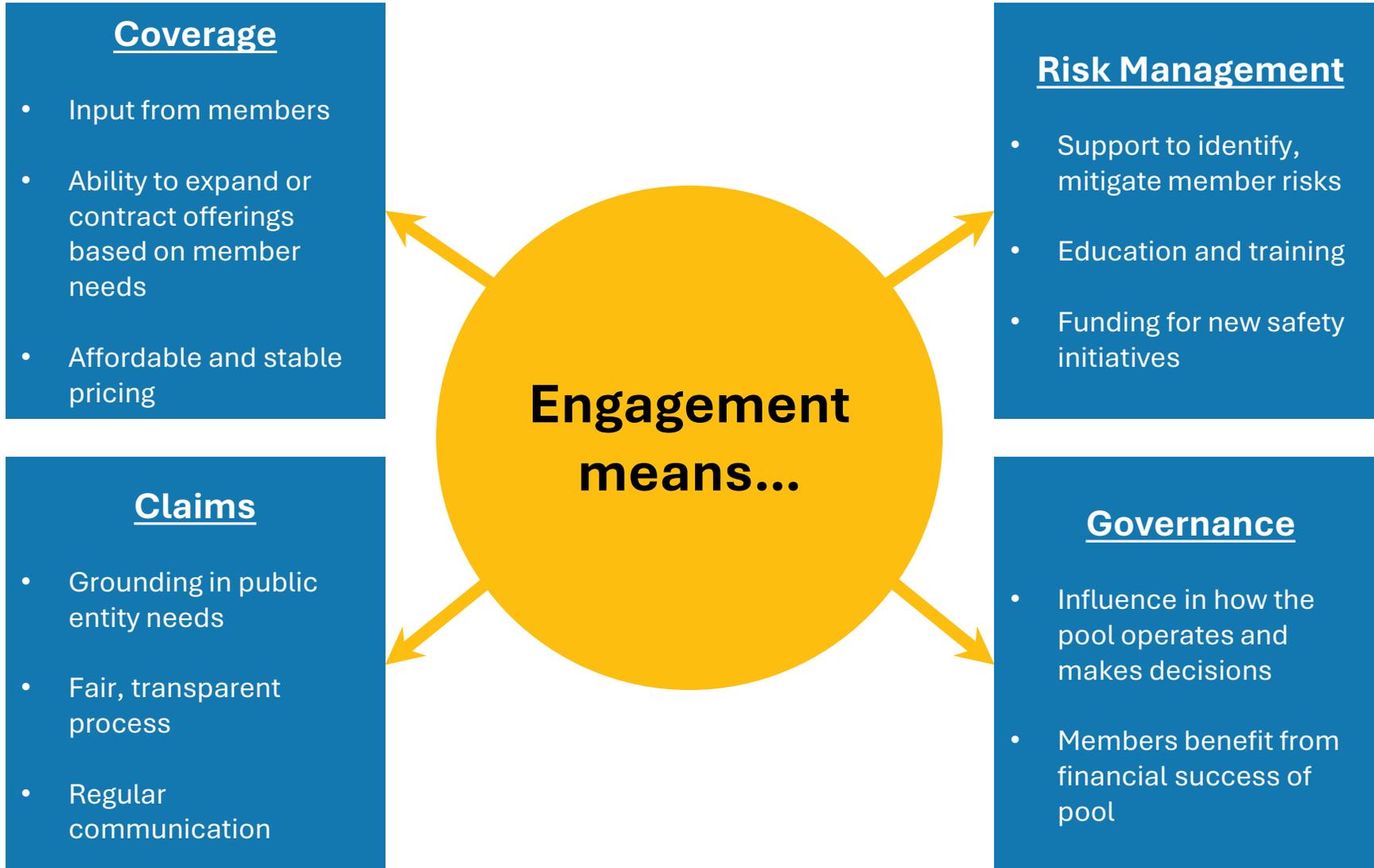
- **Member relations** is different for each pool:
  - Can grow out of a communications department
  - Can grow out of traditional risk management
  - Can be a holistic approach
- Same purpose everywhere:  
**Generate an emotional involvement or commitment**



## Primary Engagement

## Secondary Engagement





**Identify Membership Opportunities and Risks**

**Manage Pool Communications and Marketing**

**Measure Engagement and Obtain Input/Feedback**

**Provide Support and Education for Members**

## Identify Membership Opportunities and Risks

- Opportunities to improve or innovate new coverage and services, and to better engage members
- Risks such as emerging areas of loss, changes in the competitive landscape, or membership vulnerabilities
- React and respond to member contacts who are functioning as a risk (detractor) or an opportunity (champion)

## Manage Pool Communications and Marketing

- Maintain brand strategy, develop communications plan, produce marketing materials (e.g., newsletters)
- Manage online and social media presence
- Develop and/or manage member portal(s)
- Coordinate conference speaking engagements and trade show booth

## Measure Engagement and Obtain Input/Feedback

- Administer evaluations or feedback surveys
- Create stewardship or member engagement reports
- Arrange one-on-one calls or visits to members
- Coordinate member advisory groups

## Provide Support and Education for Members

- Deliver new member orientations
- Coordinate member site visits or field services
- Coordinate annual conference or similar meetings
- Develop onsite or online training

- Conduct business development, sales and prospect meetings
- Help develop new products, coverages and ancillary services
- Provide coverage renewal information to members
- Deliver risk management or loss control materials
- Facilitate interactions with member agents and brokers



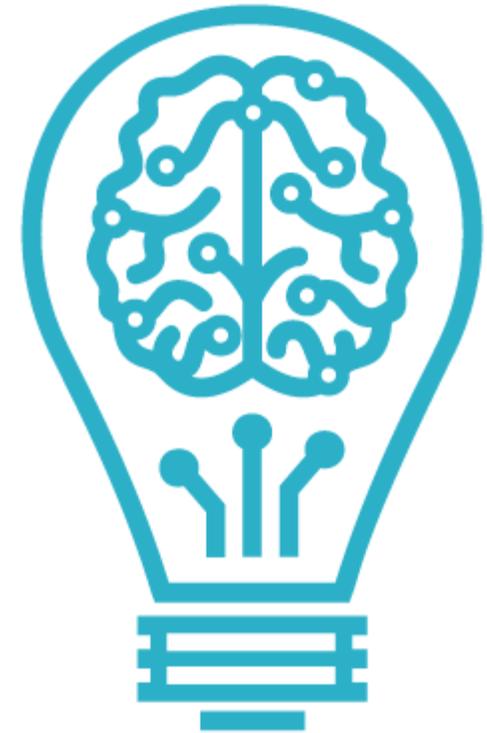
## Build a Better Member Experience

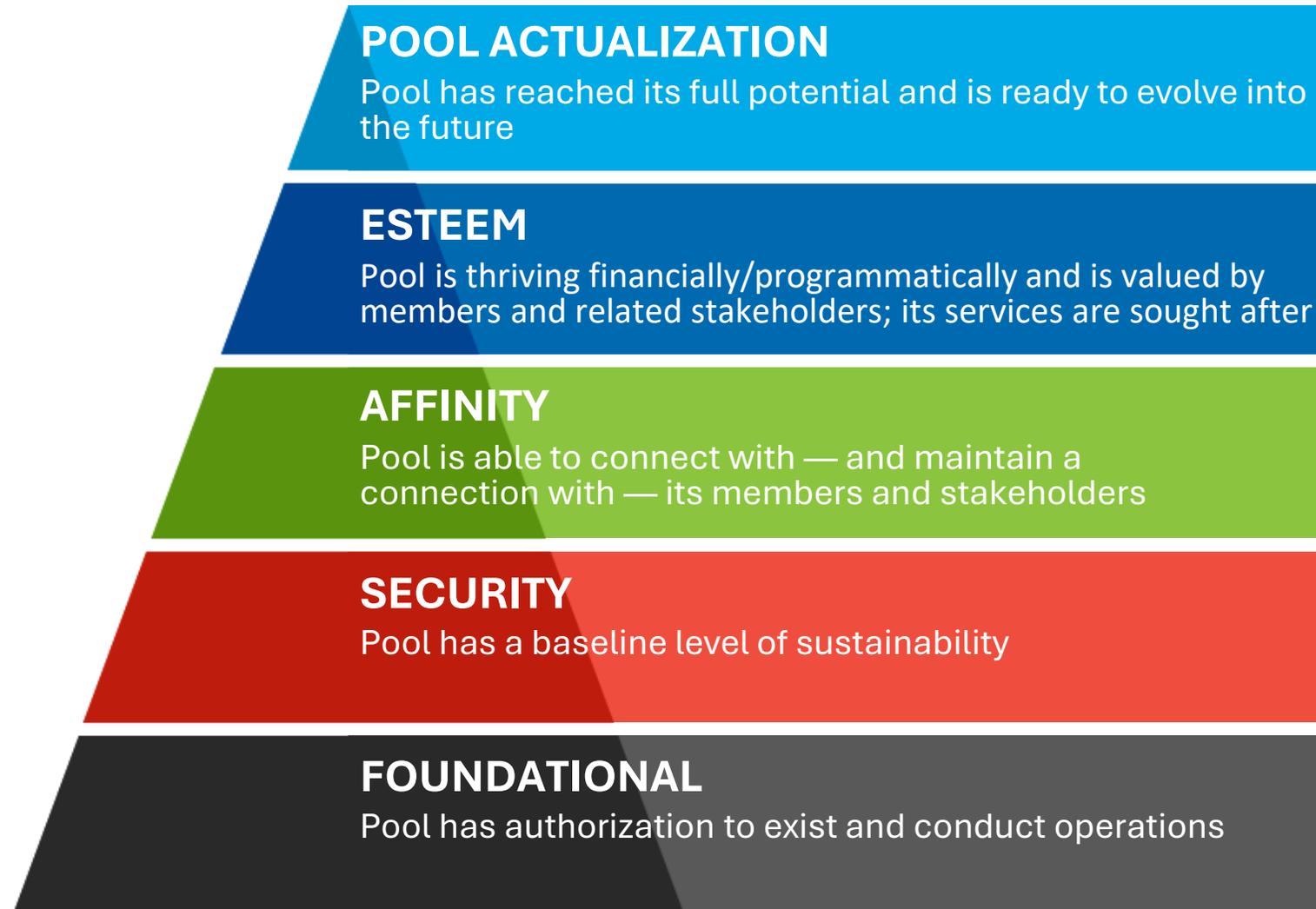


We've talked today about the importance of member engagement.

**How does your pool strive to engage its members?**

**What metrics help indicate whether you're doing a good job?**







**(855) 292-8880**



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