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Section 1: Executive Summary

Background

The Arizona Municipal Risk Retention Pool (AMRRP) is engaged in a yearlong strategic planning process, designed to evaluate its current position in the marketplace of municipal risk management and develop corresponding goals for the next three to five years.

The first step in AMRRP's strategic planning process is to conduct a situational analysis. The situational analysis is designed to outline the historical development of AMRRP products and services, overview the competitive market within Arizona municipal insurance, and provide insight into AMRRP's operations relative to its competitors and peers.

Process

To solicit input from similar peer pools and better understand the totality of the public entity pooling environment, AMRRP convened a facilitated focus group on March 12 & 13, 2012 in Minneapolis, Minnesota. The focus group participants were:

AMRRP:
  Scott Dahlager
  Ann Gergen
  Jack Goodwin
  Becky Kenyon
Association of Government Entity Risk Pools:
Harold Pumford

NLC Mutual:
Bill Heberton

NLC Mutual and NLC-RISC:
Jeff Thompson

State Pools:
Steve Craig, Virginia Municipal League Insurance Programs
Lynn McNamara, CityCounty Insurance Services – Oregon
Pete Tritz, League of Minnesota Cities Insurance Trust

In addition to the specific organizations currently represented by the attendees, the group also offered experience from past work history including municipal league-sponsored pools in Connecticut (McNamara), Oklahoma (Pumford), and South Carolina (Thompson).

Sara A. Peterson of Sara Peterson Consulting facilitated the meeting. Matt Partington of Berkley Risk further facilitated in a capacity to assure adequate research was conducted toward AMRRP’s strategic planning goals.

Two note-takers were also present at the meeting. Meghan Langenfeld and Mary Gleich, both public policy graduate students at the University of Minnesota – Humphrey Institute, took independent notes which they edited and submitted in both raw and summary fashion.

While focus group participants were invited to gather together primarily as an opportunity to provide AMRRP requested input about the current state of municipal pooling, the group quickly recognized value in the conversation for their respective organizations. To that end, conversations were designed not only to offer AMRRP its desired guidance but also provide insight that could be useful to all focus group participants, including those from AGRiP, NLC Mutual, and NLC-RISC. All pools represented at the focus group are members of both AGRiP and NLC-RISC. All but AMRRP are members of NLC Mutual. A copy of this report is being shared with all focus group participants in return for their participation and input.

To better facilitate conversation at the focus group and communicate expectations for focus group participation, several documents were provided to focus group participants in advance of the meeting:

- A letter dated February 23, 2012 to potential focus group participants
- A list of questions to consider, designed to stimulate thinking in advance of the focus group meeting and further guide expectations about the conversation goals
- A copy of the AMRRP 2010 Annual Report

The February 23, 2012 letter and list of questions to consider are contained in this report, following the Executive Summary.

The focus group was conducted according to the following agenda. Focus group participants also spent informal time together at dinner on the evening of March 12.
Monday, March 12
2:00 p.m.  Arrive & Settle In
2:15 p.m.  Welcome & Overview
2:30 p.m.  Topic 1: Local Government
  • External Influences & 5-10 Year Outlook (45 min.)
  • Local Decision-Making (45 min.)
4:00 p.m.  Break
4:15 p.m.  continued
  • Local Needs (30 min.)
  • Service Delivery & Competition (30 min.)
5:15 p.m.  Wrap-Up for the Day
  • Topic Conclusions (15 min.)

Tuesday, March 13
8:15 a.m.  Arrive & Settle In
8:30 a.m.  Recap & Revise Topic 1
9:00 a.m.  Topic 2: Macro Factors
  • Social & Technological Changes (30 min.)
  • Economic Influences (45 min.)
  • Environmental & Regulatory (30 min.)
10:30 a.m.  Break
10:45 a.m.  continued
  • Political Influences (30 min.)
  • Topic Conclusions (30 min.)
12:00 p.m.  Lunch
12:30 p.m.  Topic 3: The Big Picture
  • Market Opportunities (30 min.)
  • Collective Impact of Changes (30 min.)
  • Potential Impact – AGRiP & NLC (30 min.)
  • Priority Issues We Will Take Back (30 min.)
2:30 p.m.  Wrap-Up

Discussion Themes

Through focus group conversation, several important themes emerged that characterize the current state of local government risk pooling, summarized as follows:

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| CONSOLIDATION                  | Among Local Governments
  • Local governments will increase contracting for services, outsourcing, and consolidation in whole or in part.
  • They may also spin some services off into special districts.
  • There could even be centralized management structures for several local governments.
  • Pools should consider services and programs designed with this consolidation in mind (such as providing core HR or local government financial services).

Within Pools and Pooling Associations
  • Pools too (particularly smaller ones), are likely to consolidate or to share management, particularly if standards start to require minimum reserves.
  • Pooling associations should consider opportunities for consolidated or coordinated services for the sake of efficiency and to avoid competition that would hurt the collegial functioning of this field.
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| **DEMOGRAPHIC SHIFTS**    | • An aging population presents issues for local governments (service delivery to an aging population and loss of experienced employees) and for pools (increasing costs of member claims and loss of experienced employees).  
• Pools should seek out the voice of Millennials – and should pay careful attention in order to keep up with and anticipate changing needs.  
• There must be balance between the "business profit" vision of younger employees and slow-to-change dynamic by experienced employees. |
| **FINANCIAL FOCUS**       | **Of Local Governments**  
• The outlook for local government budgeting is bleak as a result of the reformed economy, the needs of aging populations, and unfunded State and Federal mandates.  
• Local governments may become the "service providers of last resort" – stuck with social issues and service demands that can't be met anywhere else.  
**For Pools**  
• Pool scrutiny comes from every direction – pool members, commercial carriers, legislators, insurance commissioners, and tax-payers, and regulation of pools is likely whether it be as insurance, SEC-like, or based on some other standards.  
• In response:  
  o Voluntary regulatory standards are a worthwhile consideration, and  
  o Surplus decisions must be deliberate and backed with careful analytics from every angle. |
| **LOCAL GOVERNMENT DECISION-MAKERS** | • Ideological and single-issue electeds (versus service-oriented) are here to stay.  
• Pool communications and messaging should be tailored to electeds, managers, and key influencers (but it has to be simple in all cases).  
• It’s important to develop relationships with key influencers within and to a local government agency (such as the police chief), but these influencers will be different from one entity to the next.  
• The role and value of agents to a pool is entirely unique to each pool's own circumstance but their use is not something anyone would suggest starting if local history doesn’t already involve them. |
| **SERVICE DIFFERENTIATION** | • Pools should use quantitative and qualitative data to differentiate their service from commercial carriers – pools know the risks better than anyone else (underwriting) and can provide access to data in ways commercial carriers cannot (claims and loss control).  
• Unique coverage designed to member needs is critical for retaining pool membership – including elements for self-insured entities to consider pool participation on a continuum rather than all-or-nothing. |
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| TECHNOLOGY       | • There is an absolute expectation of immediacy and transparency when it comes to information and access to resources.  
• Local governments and pools must learn how to adapt to and invest in technology to respond (may require a shift in thinking for many).  
• Pools should look for ways to connect to members using technology for marketing and service delivery – doing so makes sense for financial and generational reasons. |

Additional detailed notes from focus group conversations are provided at the end of this report, for further information and reflection in consideration of AMRRP's strategic planning process.

**Preliminary Thoughts on Key Findings**

All of the focus group discussion themes and related commentary have implications relevant to AMRRP operations and may be useful to the AMRRP Board of Trustees in its strategic planning efforts. Given the current state of AMRRP's membership, operations, and overall financial status, the following are suggested key findings for further consideration by the Board of Trustees.

*To be clear, it is not the intent of this list to direct outcomes for the Board's strategic planning process. Rather, this list is intended to stimulate further thought and conversation as we move through strategic planning.*

**Governance & Strategy**
2. Assure adequate Trustee training and familiarity with pooling best practices, fiduciary obligations of pool Trustees, financial solvency measures for pools, and related decision-making concepts.
3. Assure adequate input and a "voice" from future leaders and the next generation – seek out Millennials.

**Financial Practices**
4. Establish and document a target range for pool surplus based on standard insurance industry ratios (such as currently evaluated by IRIS, RBC, and BCAR), peer groupings (such as currently evaluated by participation in NLC-RISC financial ratio benchmarking), and pool-specific stressors.
5. Conduct a rate study and develop an annual evaluation process for member rates.

**Marketing & Communications**
6. Develop a branding strategy, more regimented sales / marketing techniques for member retention, and identify key messages about AMRRP and communication tools designed to reach elected officials.
7. Identify "spheres of influence" and key influencers for each member municipality and target AMRRP marketing strategies as appropriate.

**Service & Service Evaluation**
8. Consider coverage alternatives and expansion of coverage to special taxing districts.
9. Conduct a comprehensive evaluation of AMRRP coverages, with an eye toward specialized coverage provisions and enhancements not typically provided by the commercial market.
10. Explore deductible and coverage options designed to keep larger members in AMRRP rather than moving to self-insured structures.

11. Evaluate opportunities to provide (or coordinate with key affiliates to provide) ancillary value-added municipal services such as HR policies, payroll or financial services, etc.

12. Find a meaningful way to measure member satisfaction with, and input regarding, AMRRP coverage and service, pricing, etc.

**Staffing & Systems**

13. Elevate the role of risk management and loss control within the staffing hierarchy.


15. Identify and implement technological improvements that can help the pool operate more efficiently and deliver better service to members (upgraded claims systems, online transactions for common services, website improvements, online training, etc.).

**Collaborative Efforts**

16. Explore opportunities to collaborate (or at least communicate regularly) with the county insurance pool.

17. Identify key affiliates (such as the League and the ACMA) and find appropriate ongoing communication strategies, ways to share interests and information, and identify other possible coordinated efforts.
Section 2: Background Materials Provided to Focus Group Participants

February 23, 2012

To: Potential focus group participants
From: Ann Gergen
Re: Outline of Focus Group Goals

The Arizona Municipal Risk Retention Pool (AMRRP) seeks to host a facilitated focus group conversation on local government insurance trends and influences, to serve as a catalyst for its Board-level strategic planning efforts. We very much appreciate your willingness to help us with this effort and are hopeful we can construct the focus group in such a way that it will be universally productive.

Our goal in the discussion is to gather source information about the environment and overall climate of municipal risk pooling around the country, so that potential impacts to AMRRP and its members can be considered. In addition, the conversation may provide background and information useful to AMRRP’s membership strategy, including identification of areas where AMRRP could provide additional or improved services to its members. The goal of focus group conversation is to be forward-looking in order to consider “what might be” instead of “what has been.” An appreciation of historical factors is of course important, but we’re hoping the focus group will seek to talk about history primarily as a method to better anticipate future trends. Likely focus group conversations include the following:

- Trends, shifts, and issues in providing local government services and resulting or likely impacts on pooled municipal insurance operations
- Competition in local government pooling, including local governments looking to self-insure
- Changes in the local government decision-making process, decision-maker profiles, and related issues
- Local government pooling reinsurance relationships, broker markets, structure, and retention level trends
- Local government pooled coverage and service differentiation likely to make pools successful in the future
- Impact of technology and related influences on local government operations, insurance pool operations, insurance coverages, and other related activities
- Possible state or federal regulatory oversight of local government pooling
- Impact of macro-level economic trends and influences on local government pooling activities and operations
- Staffing and leadership issues for local government pools, such as they might impact future operations and success

While AMRRP’s goal in hosting a focus group is to inform its strategic planning work, we believe the conversation will provide value to all participants. Potential benefits include:

1. Time to think about issues in the broader context of public entity pooling, away from day-to-day operations and with multiple points of input.

2. Connection to and discussion with professional colleagues that will help each participant better understand his / her own operation as it relates to others’ and where there might be opportunities for new programs or improved operations.

3. Opportunity to solicit feedback from focus group participants on related issues of relevance or other strategic hot topics.
4. For AGRiP, NLC-RISC and NLC Mutual, opportunity to meet with their members and learn more about member needs, operations, and activities.

5. For participating pools, informal opportunity to provide ideas and suggestions to AGRiP, NLC-RISC and NLC Mutual.

We will design focus group time to incorporate these benefits and will commit to preparing an executive summary of focus group conversations for distribution to participants, who in turn may share summary materials with their membership or Boards. If requested, we will conduct a presentation at AGRiP or NLC conference events about focus group findings as a “state of the industry” overview.

It is hoped the focus group will take place over two days, with schedule consideration as follows:

**Day One** – Morning travel for participants
Focus group meeting from approximately 3:00 – 5:30 pm
Hosted dinner

**Day Two** – Participants have breakfast on their own
Focus group meeting from approximately 8:30 am – 2:00 pm with lunch
Afternoon or evening travel for participants (or stay over as needed)

In return for focus group participation, we will be happy to host meeting events, provide indicated lunches and dinner, and cover reasonable airfare and hotel costs of participants. There is likely to be some incidental costs borne by participants for taxi or car rental, breakfast or other meals during travel, and other minor out-of-pocket costs.
Local Government Pooling Focus Group – Questions to Consider

As we prepare to come together for a broad “think tank” discussion about the intersection of local government and risk management, it might be helpful to start thinking about the following questions.

Because our goal is to facilitate a conversation useful to all participants, our agenda will allow for natural conversation rather than following these questions exactly, and we want to hear from you about additional areas you’d like to address.

As you read the questions that follow, please note that:

- Whenever a question refers to influences affecting our work we are looking for you to think across the full STEEP (social, technological, economic, environmental, and political) range of possible variables; and
- Unless otherwise noted, we are looking for you to think forward 5 to 10 years.

Local Government

**Objective:** Identify service delivery / structure trends that affect pool opportunities, concerns, expectations, etc.

1. What are the greatest changes currently influencing and likely to continue influencing local government practices and public sector service delivery?
2. What is the financial outlook for local government in the next 5 – 10 years?
3. What influences are most likely to affect local government in the next 10 years?
   - What will be the influence of technology innovation on local government services and service delivery?
4. What does the globalization of service suggest relative to local government business?
5. Would the presence of macro-politan areas change local government service delivery?

**Objective:** Profile the typical buyer decision-making process as it relates to insurance and risk services.

6. How has city leadership (elected and appointed) changed in recent years?
   - What additional changes are there likely to be in the next 10 years?
7. Who are the local government decision-makers for risk management and financing?
   - How has the decision-maker profile changed in recent years?
8. What is the decision-making process of a local government for insurance and risk management purposes?
   - On what basis are decisions made; in what timeframe; and by whom?
   - How do distribution channels or use of agents affect this process?

**Objective:** Profile typical buyer decision-maker needs as they relate to insurance and risk services.

9. What changes are likely to take place in decision-maker needs and expectations?
   - How do these changes impact the decision making process?
10. What is a typical service expectation of the local government as a purchaser or buyer?
    - Are there new or emerging expectations local governments have for their vendors, service providers, and partners?
11. What risk management and risk financing services are local governments looking for?
    - What services should they be looking for (risk management, coverages, expanded pool products, etc.)?
12. How might pools adapt and keep up with changes in local government service needs?
    - What methods are available to track trends and ensure future member needs are identified or met?
**Objective:** Anticipate changes in competition.

13. On what basis do pools expect competition in the next 5 years (price, coverage, service quality, financial stability, etc.)?
   - What could pools learn from commercial competitors?
   - What can pools do to position themselves for the future and compete?

14. How do cities seeking to self-insure impact a pool's view of expansion or service delivery improvements?
   - Is there a perception/attitude about pools that poses a threat (e.g., general perception that self-insureds are for larger municipalities and pools are for smaller)?

**Macro Factors**

**Objective:** Identify STEEP influences impacting local government pooling.

**Social & Technological**

1. How will technology advances impact local government pooling in the next 5 years?
   - Do these advances create coverage or service delivery opportunities?
   - Where is the greatest opportunity for technology enhancement in pool operations?

2. Do the social aspects of technology use and changing societal interactions have an impact for pooling?

**Economic**

3. What are the pros and cons of insurance industry over-capitalization relative to pooling?

4. What if the traditional hard and soft market cycles really are gone for good?
   - Can pools survive a 20-year soft market environment?

5. Has consolidation of reinsurers helped or hurt pooling?
   - What other reinsurance trends or factors are important to consider?

6. What is a reasonable expectation of how the investment environment is likely to impact pooling operations in the next 10 – 20 years?

**Environmental & Regulatory**

7. What anticipated loss, coverage, or operational trends in the insurance industry (Property, Liability, WC) will be most influential in the next 5 – 10 years?
   - Are there any of these that might impact pools more than they do the commercial industry?
   - Are there any of these from which pools will be excepted?

8. What might be the impact on pools from failures in the insurance and financial services industry?

9. Can pools continue to be unregulated and unrated?
   - Will regulators and legislators allow it?
   - Will members continue to buy without rating or regulation?
   - What does the buyer profile and decision-making process of local governments (including use of agents) suggest relative to the possibility of regulation?

**Political**

10. What political influences or power shifts might change the pooling environment?
**Big Picture**

**Objective:** Identify the greatest opportunity to expand the products, services, or value of local government pools.

1. What opportunities are there for pool expansion (special districts, lines of coverage, risk management services, etc.)?
   - Is pool-to-pool collaboration another possible way to expand; and would that be a good idea?

2. What threats or limitations might there be in expanding a pool’s services or coverage, products, or related activities?

**Objective:** Take this discussion back to your work at home.

3. What is the collective impact of local and macro factors discussed?

4. What potential changes might this suggest for AGRiP and NLC?

5. What priorities will you take back to your pools?
Section 3: Detailed Focus Group Notes

Discussion Topic 1: Local Government

Primary considerations of / for local government today include:

- Unfunded mandates (State and Federal agencies pushing obligations and costs down to local level)
- Anti-government mentality from citizens
  - Rhetoric of running government like a business
  - The bias is to challenge the status quo
- Single-issue interests of council members
  - Lack of longevity of council members (they run for the issue, not for service to a community)
  - Expectation that things should change quickly in local government
  - Seems more polarized, lacking in compromise
- Increasing focus on social issues at local level (such as civil unions and immigration issues) when change slow of not possible at state or federal level
- Local institutional knowledge lost as elected officials turn over more and experienced staff retire
  - Complicates pool relationship with members because there is lack of familiarity, knowledge
- Budget constraints – there's just not going to be more money any time soon
- Rethinking service delivery
  - Consolidation, restructuring, contracting for services
  - Services are going to be more experimental
- Demographics, aging populations (and services to meet the new needs)
- Immigration issues – benefits to communities, as well as additional service needs

Where are the pain points?

- Reversal of interest rates, deflation, could hurt both local governments and pools
- Demographic changes leading to huge drain on local level services
  - Boomers creating larger need of difficult services (elder care, senior services)
  - Possible shift of healthcare costs from states into local
  - Will local governments become the spot for "services of the last resort?"
- Local governments are providing more services as mandates are pushed down from State and Federal level, and scrutiny about delivery (from other agencies and the general public) is increasing
- Local governments will have to make investments in order to become more technologically advanced
  - Possibility of technology coming in the form of outsourcing
  - Ability to pare down personnel through technology (or not replace some retirees)

What are local government globalization or macro-competition issues?

- Consolidation of jurisdictions is coming
- Transportable lives are greatly impacting local governments – how will the ability to work and live in very different spots impact services and revenues?
- It may be hard for local governments and pools to contemplate the possibilities of macro-politan strategies.
Who makes local government insurance purchase decisions?

• Recognition that insurance purchase may be largest budget item after personnel costs
• Decision-making is moving up the organizational chart to the council level, while operational oversight and interaction is moving down to the staff level
  o Happening because budgets and budget decisions are political issues
  o Results in disconnect between buyer and those who can best evaluate the options
  o Also creates disconnect in the traditional pool relationship with buyer and evaluator
• Influence in decision-making may be more about relationships with consistent players in cities than about shifting council members
  o Look at sphere of influence and key players (e.g., the police chief is a reputable and common influence on city decision making, so how does the pooled insurance program offer service to the police chief?)
• Role and value of agent is very pool-specific
  o Depends on pool size, geography, historical presence of agents, competitive market
• General awareness that rate increases of more than 10 percent, regardless of service quality, is enough to create question of bidding for the pool member (and sometimes it’s more like 5 percent)
  o Common retention factors are price, service, and coverage
  o Dividends are key to member retention and can offset other factors

What are key communications to local government decision makers?

• Pool message should continue to be "we are you" as in “we aren’t the big guy” but with caution that we maintain appropriate boundaries for the work we do on behalf of members
• Differentiating coverage and services that pools could offer
  o Provide training local governments can’t otherwise get
  o Start providing services local governments can no longer afford to do themselves – value add – e.g., HR or payroll services
• Communications have to be streamlined, simplified
  o Can’t keep going with information overload
  o Lesson is the same as in legislation / advocacy work

Where are pools expanding (and is expansion a good idea)?

• No growth mentality is perfectly okay given general market saturation – focus on better and more efficient services as the “new growth”
• Schools, neighboring states are possibilities though we don’t want to increase competition among pools – similarity of groups is key
• Pool as service provider to other pools, or to local governments (combined management associations)
• Pools rejecting members with high risks is more likely than expansion

How do (and how will) pools keep up with changes in local governments?

• State Leagues are still the main connection for sponsored pools
  o Some have tight league to pool relationships, so information flow is automatic and ingrained
  o Others go looking to league publications, materials
• Technology trends will continue to drive communication and can help monitor changes
  o Information now flows more widely within local governments and with outside agencies
    ▪ ICMA, fire department and police department sites, blogs, Facebook pages, etc.

- Expectation of immediacy
- There’s no excuse for a pool not to know about an issue or trend impacting local government
- Local governments can’t afford (time or money) to keep sending employees to training
  - Pools need to find technology solutions for training, conferences, etc. with appropriate balance against face-to-face interactions

**Discussion Topic 2: Macro Factors**

**Impact of Social Media and Technology on Pooling**

- Expectation of immediacy of information
  - Claim data to members in real time, updates
  - Uniqueness of needs of members must be known and adapted to
  - Need to rethink how to share information as widely as expected and comply with laws.
    - Clash between expectation of sharing v. being able to share
    - Laws haven’t kept pace with technology
- Technology infrastructure can be met with reluctance to support upfront cost commitments - not a typical public sector sort of investment
  - Environments aren’t conducive to innovation
  - Some tied closely to league might not have latitude to rethink operations
- Opportunities may lie in thinking about what we can learn from the data, and how we can use it (pools have great data)
  - Pools have the ability to see the local needs through data, while commercial carriers do no not
- Pools are not as fast as they think they are to respond and adapt (and the commercial industry may be better than pools appreciate)
- Today's innovations may not be going far enough, in light of 5-10 year projections for technology
  - There are also, though, risks of innovation
    - Mission creep
    - Pool v. member needs
    - State to state consolidation
  - Would successful innovations make pools a target?
- Importance of decision-making in a visible forum and format
  - Rethinking how to guard the pool’s product while increasing information sharing among members
- Use of technology and increased information will not be immediate "wins" in terms of efficiency - being open with information and developing innovative technology is likely to be a drain initially

**Economic Influences**

- Regulation on pool capital is coming
  - Questions are coming from outsiders, and from cities
  - Could NLC and/or AGRIP be a leader in creating voluntary standards or regulations?
    - Might help influence how regulation is created
    - Could help establish surplus floors and ceilings
- Low interest rates influencing dividends and premiums for pools
  - Can’t offset premiums with same amount of investment income as we have historically
- Failure of some smaller pools likely, consolidation of pools also something that could be on the rise
- More pools are looking to create captives
  - Is there a goal beyond moving surplus?
  - In some cases pools also creating their own reinsurance structures
• Opens the door to regulation, looks like money shifting
• Pools need to understand development patterns as they take on more risk
  o Also question value of offering such high limits to members - do local governments really need limits so high and does offering high limits pose a risk of greater lawsuits?
• Traditional rating systems will fall by the wayside
  o Benchmarking more useful for pools
  o Context for rating has to be explained

Investment Environment
• Investment managers showing interest in pool investment – surplus is getting to be sizable enough
• Next bubble in investment income – low interest rates and inflation
  o Is Midwest agricultural land the next housing market bust?

Politics and Power Shifts
• Unions will continue to try to hold power
  o Can put money into issues and politics
  o Focus is not pay but benefits
  o Legislative attitudes toward unions still a question - watch states like WI to see how things evolve
• See a lack of appointments in administrative offices
  o Paralyzes organizations and departments, and then pools (can't get response from where we need it)
• Thinking about the county government as method to consolidate services
  o Only natural amalgamator is local level

Next Steps and Opportunities for Pools
• Younger staff looking at pools as business opportunity, not necessarily as the member-driven place pools started
  o Must monitor for distraction from mission through attempts to profit
• There could be opportunity for sharing products, services, and management between pools
  o Reluctance of pools to make money off internally developed products
  o How does this fit the pool's mission?
• Online training clearly an important next step for pools - need to rethink service delivery and education in light of budget limits to travel and generational changes (preference for online services)
• Formation of excess pools for self-insured local governments (is this any different than offering a larger retention?)
• Cyber Coverage
  o How do pools cover cyber risks and it what situations - is coverage embedded in every other coverage or stand-alone?
  o Loss control conversation related to cyber risks is not clear
  o Need to further understand the issue, continue working toward useful solutions
• Expansion to other local government units
  o Schools, counties, special districts
  ▪ Perhaps some greater likelihood of pools competing against one another
    • Is this another way to keep out commercial competition? The more local pools, the less chance of commercial carrier?
• Special districts may be a new tax base that will be utilized heavily - makes sense to pay attention
  o Concerns about equity of coverage and services, similarity of risk groups
• Growth Tensions
  o Generational push for growth and change - desire to see business opportunity

**Discussion Topic 3: Prioritization**

**Take-Aways from Conversations**

• Pools must pay attention to members
  o Need to stay in front of those needs
  o Include members in the development of the product
    ▪ Sphere of influence awareness
• Keep learning, keep up with the world
  o Adaptation, innovation and creativity is the pool's security - these things build a moat against private competition
• Viewing pools and money with an outsider eye is critical to fight off complacency
• Anticipate upcoming regulation pressures
• Listen to the young people in the room (and seek them out to provide insight)
  o Expectations of immediacy is even greater than we otherwise thought
• Idea of covenant relationship, not client-provider relationship
• Actions much be intentional, under new scrutiny and standards
  o There are costs of not doing something, over doing something
  o Decision-making based on qualitative and quantitative measures
    ▪ Appropriate evaluation and critical thinking techniques are important

**Advice to AGRiP & NLC-RISC and Mutual**

• Opportunity to identify efficiencies across pools
  o As well as between AGRiP and NLC
• Don’t try to be all things to all people
• More training, for specific functions (claims, UW, loss control) and special focus training, conversations
  o May need to do some rethinking and retooling of conferences
  o We need face-to-face, but not as much and perhaps not in the same way (technology opportunities)
• Identify where federal advocacy should fall, who is responsible for it?
  o The shifts between federal, state and local beg for the creation of a strong voice to be heard