

How to Be a Good Risk Partner



Objectives

- Discuss roles and responsibilities between risk pool and member entities
- Spotlight key terms and elements
- Demonstrate good risk profiles

What is a *Risk Pool*?

Risk Pooling 101

History

- Created by TX Legislature in 1973 as result of statewide insurance crisis
- Public entities suffering from difficult/hard commercial insurance market
 - Needed purchasing power and coverage options based on member needs



Image source: <https://www.austintexas.org/listings/texas-state-capitol/1983/>

Risk Pooling 101

Goals

- Provide long-term stability of coverage costs
 - Includes use of Member's Equity
- Public entities suffering from difficult/hard commercial insurance market

Benefits

- Combines the potential savings of self-insurance through bulk buying and risk sharing
- Not burdened by expenses or regulatory requirements from direct state oversight
- Able to tailor coverage to meet the unique public entity exposures
- Aggressive loss control program and claims handling strategy

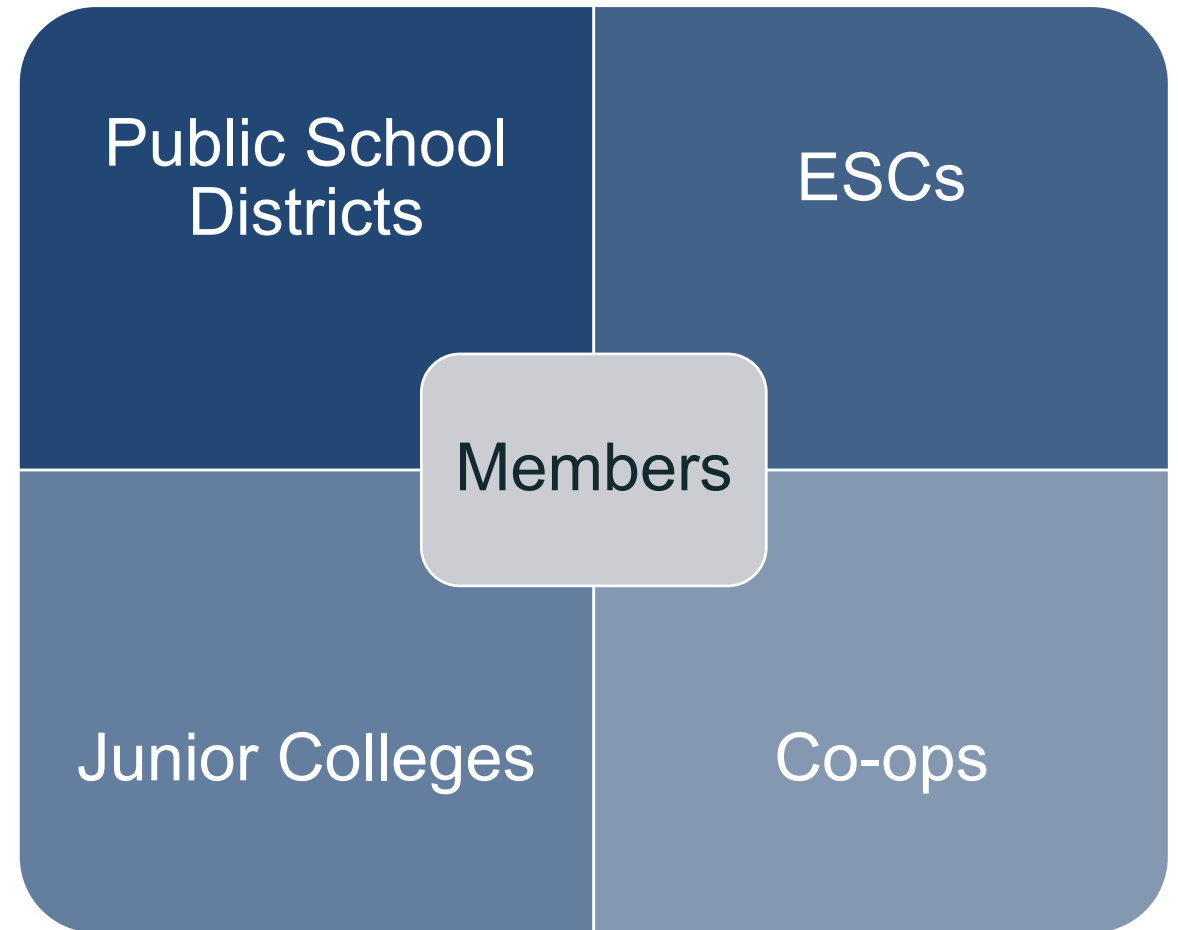
Do Your Homework!

- When considering a risk pool for coverage...
 - Recommend you thoroughly research and review a risk pool's most recent **audited financial statement**
 - If a risk pool is not providing a financial statement or if the risk pools' financial position is less than your current fund balance, **proceed with caution.**
 - Talk to your neighboring districts and colleges about who they use and what their **experience is like.**

What is a *Member*?

Member Entities

- Members sign an Interlocal Participation Agreement (IPA) - not an insurance contract
 - Agree to share risk and actively participate in their contractual obligations to lessen risk and cost for all members
- Purchase access to coverage through pool
- Committed, understand duties, and support entire pool



How do Members and the Fund fit together?



Image source: <https://pixabay.com/photos/hands-puzzle-pieces-connect-20333/>

Everybody needs to do their part.

Fund Duties

- Administrate All Claims that have coverage
- Sole Authority in All matters of claims administration
- Pursue Subrogation Recovery
- Fund made whole first, then member reimbursed

Member Duties

- Timeliness and accuracy in claims reporting, information changes, etc.
- Cooperation with Fund initiatives and risk mitigation strategies
- Access to information, staff, and facilities as needed or recommended
- Implement loss prevention recommendations

Follow your coverage documents

AUTOMOBILE LIABILITY & PHYSICAL DAMAGE COVERAGE AGREEMENT

PART A GENERAL

- 1. Recitals and Acknowledgements.** The TASB Risk Management Fund (the Fund) provides coverage for automobile risk to educational entities in Texas. This coverage relies on information provided by the Fund Member. It is contingent on the Fund Member's full compliance with the Agreements: collectively, this Automobile Liability & Physical Damage Coverage Agreement (Coverage Agreement), the Contribution and Coverage Summary (CCS), and all other agreements between the Fund and the Fund Member with provisions relating to coverage under this Coverage Agreement. This Coverage Agreement is a risk sharing and risk participation agreement and is not a contract of insurance. The Fund is not an insurance company nor is any member an insured. The Fund is a self-insured risk pool through which its members agree to share risk and actively participate in their contractual obligations to lessen risk and cost for all members. The Fund Member and the Fund agree that, as sophisticated entities, any interpretation of the Agreements' coverage provisions will reflect the risk sharing nature of the Fund's purpose and the Fund Member's risk participation obligations contained in the Agreements, and disputes will be decided in favor of the Fund Member sharing risk with the Fund rather than transferring risk to the Fund. This § 1 is incorporated into the terms of this Coverage Agreement.
- 2. General Coverage Grant Terms.** This Coverage Agreement incorporates Automobile Liability Coverage (AL) and Automobile Physical Damage Coverage (APD). Each has a specified grant of coverage, and the following additional provisions apply:

 - 2.1 Effect of the Agreements.** The provisions of the Agreements may further limit or exclude coverage.
 - 2.2 Claim administration.** The Fund has sole authority in all claim decisions, including the extent to which any coverage or limit applies. The **Covered Person** retains all rights afforded by law.
 - 2.3 Territory.** This Coverage Agreement only applies to an **Occurrence** or loss occurring within the United States of America.

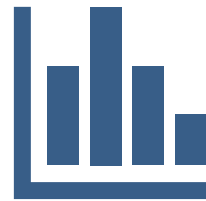
Image source: <https://www.tasbrmf.org>



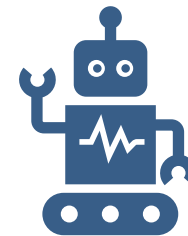
What are the *key elements* of being a good risk partner?



Identify



Analyze



Control

Identify

Workers' Compensation

- Roles & Responsibilities of employees
- Payroll

Liability

- 3rd party claims & lawsuits
- ADA, Full-Time Equivalent, & budget

Cyber

- Network security
- ADA & entity type

Property

- Property schedule
- Appraiser firm provides values

Auto

- Vehicle schedule
- Types of vehicles – example electric buses & law enforcement vehicles

Analyze

Workers' Compensation

- Slips, trips, & falls
- Auto accidents
- Staffing changes &/or reductions

Liability

- Professional Legal Liability – “Wrongful Acts”
- Policies on social or hot button issues
- School Based Law Enforcement issues
- Employment Practices

Cyber

- Phishing
- Ransomware
- Fraudulent instruction
- Stolen personal identifiable information (PII)

Property

- Wind & Hail
 - Roof type, age, & condition
 - Roof top equipment
- Freezing temperatures
 - Exposed pipes & vacant buildings
- Flood zone designation
- Fire

Auto

- Vehicle age/safety specifications
 - Vehicle accidents
 - Delay in vehicle repair
- Electric bus considerations
- Catastrophic physical damage

Control

Workers' Compensation

- Accident Prevention Plan
- Return to work program

Liability

- Adherence to policies
- Staff training
- Consistent legal support
 - Local counsel
 - TASB Legal Services

Cyber

- Multi-factor Authentication (MFA)
- Dual authentication
- Data backups
- Institution wide engagement & staff training

Property

- Designing and constructing for weather resilience
 - Very severe hail rated roofs
 - Hail guards
- Preventive maintenance practices
- Roof replacement plan

Auto

- Vehicle accident investigations
- Vehicle replacement plan
- Vehicles protected from weather
- Driver management
 - MVR checks
- Accident Review Board

Member Renewal Questionnaire

- Launching in Spring 2024
- Purpose – gather information to help us better understand and serve our members
- Example topics:
 - Ownership or planned procurement of electric buses
 - Major updates, construction, or renovations to district facilities
 - Approach to school safety requirements, including law enforcement practices or adoption of Guardian or Marshall plans
 - Cyber security strategies
 - Training on areas of legal risk exposures

Losses

Loss runs = detail list of claims by year and line of business

Loss ratios = Fund's incurred losses / earned contributions

Examples

Member A has a 50% loss ratio. This means that for every \$1 the Member pays in contribution, the Fund pays \$.50 in losses. **The remaining \$.50 goes into members' equity.**

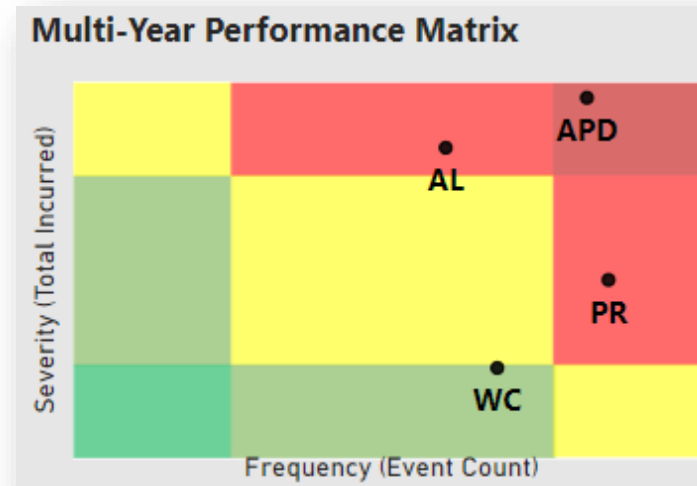
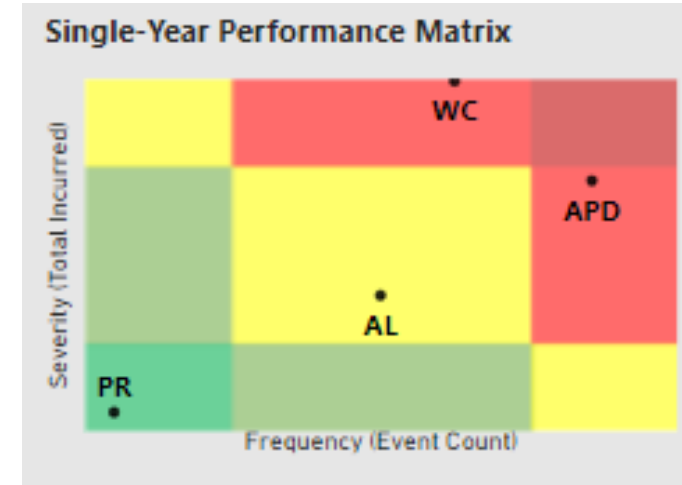
Member B has a 120% loss ratio. This means that for every \$1 the Member pays in contribution, the Fund pays \$1.20 in losses. **The \$.20 shortage will be taken from members' equity.**

What Members Should Know About Losses

- Are they increasing or decreasing?
 - If increasing, what are you doing to mitigate?
 - If decreasing, what strategies have been successful that should be supported?
- What are your most common causes of loss? (**frequency**)
- What are your most expensive causes of loss? (**severity**)

How do you measure up?

- Fund benchmarking reports
 - Evaluation summary for each line of coverage compared to:
 - Fund members of similar size
 - Entire Fund pool
 - Members in similar geographic region
- Identify which lines are performing well and which need improvement



How's your resume looking?

Resume/Risk profile

=

Losses + Exposures + Risk Management Practices

Note: Underwriters are basing coverage and pricing on your resume

What does a good resume look like?

- Complete and accurate schedules
- Complete, detailed, & currently valued loss history
- Good loss ratios and loss history
 - If you have a poor loss history, explain what actions have been taken to improve.
- Any other details related to risk management programs
 - Loss prevention efforts
 - Future projects and improvements



What is a good risk partner?

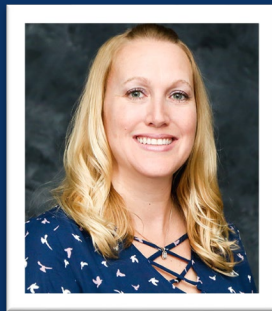
- **Communicate** often.
 - Maintain updated building and vehicle schedules
 - Regular and timely updates on changes in risk profile or exposures to Marketing Rep or Underwriter
 - Forward our emails to coworkers.
 - Have a question? Give us a call!
- **Stay engaged.**
 - Participate in claims reviews and invite key staff.
 - Take advantage of training events.
 - Access data including loss information.
 - Sign up for our newsletters.
- **Be responsive.**
 - Complete Underwriting questionnaires when prompted.
 - Report claims promptly and cooperate with claims staff.
 - Meet with loss prevention staff to discuss losses and recommendations for mitigation

Remember, we're here to help.



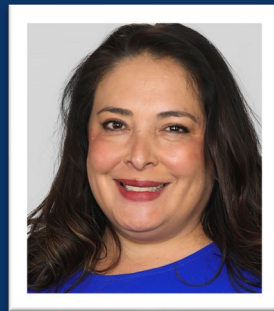
Risk Solutions Consultants

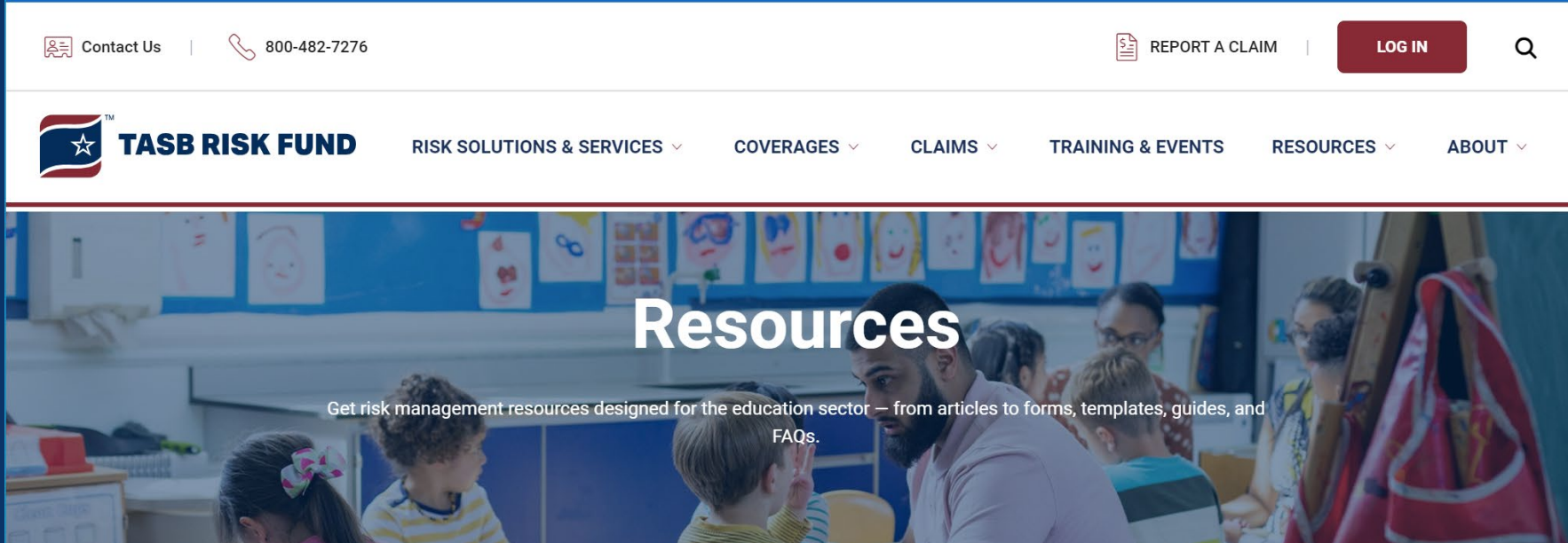
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Betsi Morton	800-482-7276, x2469	betsi.morton@tasb.org	Regions 9, 11, and 14





- Fund website information and resources
 - Training & Events – upcoming webinars, regional training, and other learning opportunities
 - Insights & Resources – informative articles, templates, guides, and checklists to support your risk management programs and initiatives
 - Online Training – on-demand courses provided by third-party vendor

Thank you for attending!

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