

# MEMBERSHIP Matters



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## HAMMOND REVIEWS MVRMA REFUND PROCESS

*(Editor's note. This article is extracted with permission from the "FYI" column in the November 2010 "Risky Business" newsletter of the Miami Valley Risk Management Association (MVRMA) in Kettering, OH. The "FYI" column is written by MVRMA Executive Director Michael Hammond. Hammond subsequently advised that the return of surplus is a major reason why no member has left the pool since it was formed 22 years ago.)*

Membership has its advantages! MVRMA member cities understand that by participating in the Association they are "owners." As owners, they benefit from the financial success of the Association. This point was again clearly illustrated when the MVRMA Board declared Loss Year 16 (2004) "closed" at the September 27th Board Meeting. Once interest was paid at the end of September, \$1,901,982 was distributed to the members who participated in LY16.

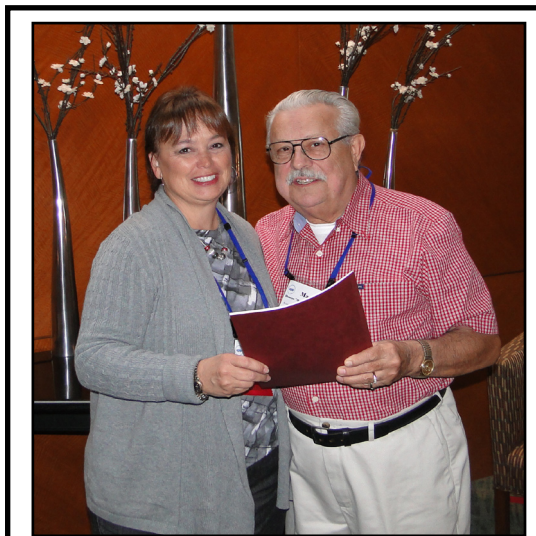
This is the first time all 20 of the current members received a refund from a closed loss year. Our three most recent members joined the Association in 2004 and therefore, contributed to that loss fund.

With the closure of LY15 in 2009, we have been able to refund to our members \$3,513,429 in the last two years. To date, MVRMA has closed 15 of its 22 loss years and has refunded \$7,680,871 to the members who participated in those loss years. That amount represents a return of 56% of the funding contributed to pay losses in the pooled self-insured retention layer.

Interestingly, the refunded amounts from LY15 (\$1,611,448) and LY16 (\$1,901,982) both represent 91.4% of the monies originally contributed by the members to pay claims in those loss years. Even though claims totaled \$704,094 for LY15 and \$790,753 for LY16, much of this expense was recovered through interest income and members' deductibles.

Each year, as part of the MVRMA annual budgeting process, a loss funding amount is established specifically to pay claims in our self-insured retention layer. The amount of loss funding is determined by an actuarial study conducted by our independent actuary. This amount is based upon our loss cost experience and exposures and provides for a confidence level of 65%. The loss funding amount contributed for LY16 was \$2,079,299. This amount represented a little more than half of the overall member contributions for 2004. The remaining amount covered the pool operational costs and monies set

(continued on page 4)



Cheryle Mangles presents Duncan "Mack" Rabourn with an Honorary Lifetime Associate Membership, at the October AGRiP Governance and Leadership Conference in Nashville.

Rabourn is set to retire December 31 after 24 years as Administrator of the Michigan County Road Association Self Insurance Fund (MCRASIF). He served the road commission community for 45 years.

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AGRiP Members are listed in the **Membership** area and their websites are available in the **Links** area at [www.agrip.org](http://www.agrip.org).

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## GSRMA IMPLEMENTS NEW MANAGEMENT SOFTWARE

*(Editor's note. Adapted from a submitted article).*

The Golden State Risk Management Authority (**GSRMA**) in Willows, CA, recently implemented a new software program to address many of the data challenges faced by the pool. According to Executive Director **Scott Schimke**, ARM, the pool needed a way to manage all the data related to its members. He said that with multiple systems that couldn't speak to one another, it was difficult to keep information accurate, up-to-date, and synchronized across the pool operations.

A primary driver for the new system, according to Schimke, was the need to be able to perform more meaningful data analysis and reporting.

In September GSRMA finished implementing software from CHSI Connections Management Systems to serve the 190 members across the state who participate in the multiline coverages offered by the pool.

Schimke said there were seven important characteristics he wanted in a system to automate pool processes to improve the value and service the pool provides to its members. Key system needs, he said, include:

1. **Better Member Data; Better Service.** Previously, GSRMA stored member data, including demographics, historic, and coverage information, in binders and in various electronic files, which made it difficult to find and share information. With data now centralized on one pool solution, he said the staff saves about 50 to 100 hours per month through increased efficiency and is therefore able to improve service to its members.
2. **Streamline Renewals.** In the past, GSRMA stored coverage details in three different systems and generated three different reports which were then sent out to members and keyed updates back into the various systems. The new system enables members to modify and update their own data, saving the pool time and significantly reducing data-entry errors.
3. **In-Depth Data Analysis.** GSRMA looked for a solution to help it perform comprehensive claims and loss analysis across its membership, and to allow Members to view an analysis as it relates to their agency.
4. **Map & Visualize Risks.** Geo-mapping to immediately identify when and where claims occur. With this capacity, Schimke anticipates other potential applications, such as mapping membership and visualizing the density of pool risks across a specific geographic region.
5. **Improve Loss Prevention.** Pool administrators have traditionally performed safety and loss prevention surveys by utilizing paper forms and manually inputting results. GSRMA staff now use smart phones to perform on site inspections. This mobile capability enables safety and loss prevention professionals to spend more time in the field where they can wirelessly upload survey results and print inspection reports, so members receive their results immediately.
6. **Optimize New Business.** With the new system, the GSRMA member services director automatically receives a submission, reviews it, and releases a quote. The whole new business process is automated and optimized.
7. **Create a Competitive Advantage.** Schimke said the new system helps the staff to automate, build efficiencies, and leverage data in ways that allow the pool to become more competitive, efficient, productive, and profitable.

## THREE POOLS RECEIVE AGRiP RECOGNITION PLAQUES

The New Hampshire School Health Care Coalition (NHSHCC), the Texas Council Risk Management Fund (TCRMF), and Texas Association of School Boards Risk Management Fund (TASB RMF) received AGRiP RECOGNITION plaques October 19 at the AGRiP Governance and Leadership Conference in Nashville.

Representing the AGRiP Membership Practices Committee and awarding the plaques was Brett Davis, President & CEO of the Park District Risk Management Agency (PDRMA) in Illinois. Each of the pools were being honored for achieving compliance with the AGRiP Advisory Standards for Public Entity Risk and Employee Benefits Pools.

Pictured left to right and accepting for NHSHCC is **Lisa Duquette**, Program Administrator, **Melissa Perreault**, Program Assistant and **Rhonda Wesolowski**, board member. Accepting for TASB RMF, **Dubravka Romano**, Associate Executive Director of Risk Management and accepting for TCRMF, **Janina Flores**, Program Manager.



NHSHCC



TCRMF



TASB RMF

## FROM THE POOLSIDE

The next Essentials in Risk Pool Management (ERPM) certificate course from the Insurance Education Association begins February 3. The 12 week course includes a one hour weekly conference call session that will run through April 21. The ERPM is a program created by IEA in concert with AGRiP, the California Association of Joint Powers Authorities (CAJPA) and the National League of Cities Risk Information Sharing Consortium (NLC RISC). More than 70 people have earned the ERPM certificate since the program was launched in 2009. Enrollees from pools who are a member of AGRiP, NLC RISC or CAJPA are entitled to enroll at 77% of the regular fee for the course. For additional information and/or to enroll for the 2011 course, go to <http://www.ieatraining.com/erpm/index.asp>.



New Partner members include **Jim Alsup**, Director of the Indianapolis, IN, based Legal & Liability Risk Management Institute; and **Greg Friz**, Director of AssetWorks in Los Angeles, CA.

Members of the Alaska Municipal League Joint Insurance Association (AMLJIA) can save up to five percent of their annual workers' compensation contribution by participating fully in the AMLJIA's Loss Control Incentive Program.

AMLJIA provides all materials members need to start the program. Participants are asked to perform certain activities and provide documentation of those activities to be eligible for a contribution credit. The program involves the following key elements:

- Annual Resolution.
- Safety Plans for ergonomics, early return to work, back injury prevention and safe lifting; slip, trip & fall prevention and personal protective equipment.
- Maintain an Active Safety Committee and hold a minimum of one safety meeting per month or participate in the monthly AMLJIA Safety Teleconference.
- Report claims in a timely manner
- Self-inspection Reports - Conduct facility inspections in the spring and fall of each year.
- Loss Control Reports - Respond to loss control recommendations generated from AMLJIA loss control visits.

**Job Postings** for positions with public entity pools are listed on [www.agrip.org](http://www.agrip.org). There is no charge for such listings. To list a position, email Harold Pumford at [hpumford@agrip.org](mailto:hpumford@agrip.org).

## Activities Calendar

**AGRiP Spring Conference**  
March 14-16, 2011  
Clearwater, FL

**Thirteenth Annual AGRiP Pooling Track**  
Held at PRIMA's Annual Conference  
June 5-8, 2011  
Portland, OR

**Joint Conference with CAJPA**  
September 7-9 2011  
South Lake Tahoe

**AGRiP Governance and Leadership Conference**  
October 24-26, 2011  
Atlanta, GA

Additional information for AGRiP Conferences and Institutes are listed in the SEMINARS area at [www.agrip.org](http://www.agrip.org).

aside in a shock loss reserve fund.

The Board action to close a loss year is only taken after all known claims and lawsuits for that particular year have been settled or paid, and the loss year has been in existence for at least four years. This time frame is required to insure the statute of limitations has expired. The normal life span for a loss year is 5-9 years.

Unlike a commercial insurance company or other insurance pooling arrangement, MVRMA refunds surplus loss reserves to contributing members when the loss year is declared closed. Within 30 days of the declaration, MVRMA deposits each member's surplus in the General Reserve Fund (GRF), unless notified in writing, prior to that time, of the municipality's decision to: (1) apply all or a portion of its surplus to any outstanding MVRMA invoice or (2) receive all or a portion of its surplus in the form of a refund. The GRF maintains separate accounting designed to preserve each member municipality's percentage ownership. We strongly recommend that members keep some portion of their monies on deposit in the GRF to help offset any unexpected increases in their annual contribution amount. This approach will allow members to stabilize their funding year to year. Currently, we are enjoying a soft insurance market with lower insurance cost. However, if the insurance market hardens and prices increase, members will be able to use their GRF account to buffer those increases as well as any increase in contribution caused by adverse loss experience.

The potential for surplus loss reserves in any given loss year provides a real incentive for our members to practice effective loss control measures and transfer risk whenever possible. By focusing on safety training, effective management and policy development, members can benefit from reduced loss cost. Making risk management a priority pays and is essential to the success of the MVRMA program.

We are pleased that, during this difficult economic period, the "owners" of our pool are able to benefit from the closure of another loss year and the return of surplus funds.

**Association of Governmental Risk Pools**

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**Harold Pumford, CEO**  
(405) 567-2611  
Fax (405) 567-3307  
[hpumford@agrip.org](mailto:hpumford@agrip.org)