



Intro to Pooling





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2010 CIS Annual Meeting & Risk Management Conference
February 3-5th, 2010 • Embassy Suites • Tigard, Oregon

Come On In, It's A Big Pool!



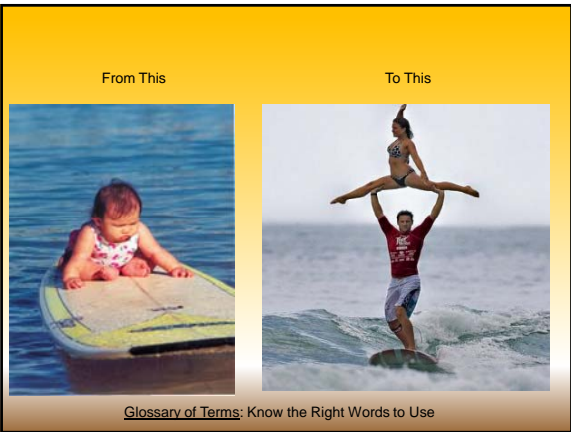
Pooling 101:
CIS Risk Management Conference February 2009

<p>Where do you work?</p> 	<p>CIS? Cool!</p> 
<p>What's CIS?</p> 	<p><small>In good you asked, CIS is a local CIS's experience, broader award collection of funds that provide a multi layered approach to helping Oregon municipalities, counties, and urban local governments not only finance their own by righting an existing govern- ment, but also manage their own and cutting edge loss control and loss prevention techniques.</small></p> 

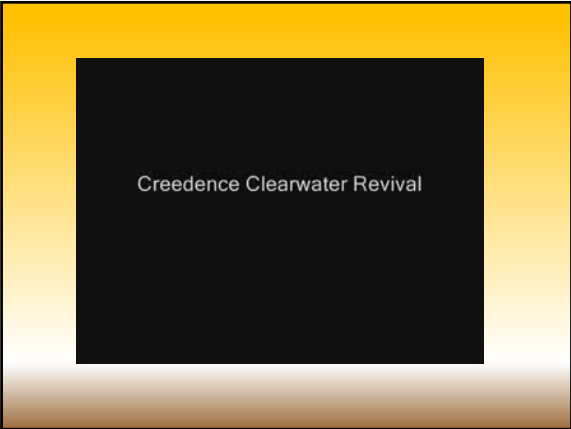




Being in the Pool Can Feel Overwhelming at Times!




Glossary of Terms: Know the Right Words to Use





The Nature of Public Risk

- Government Is Risk Management!
- The Role of Government
 - Protect individual rights
 - Advance politically agreed-to value/purposes
 - Balance interests
- The Process of Government
 - Political strata
 - Strategic strata
 - Tactical/management strata
 - Operational/functional strata



The Nature of Public Risk

- The Purpose of Public Risk Management
 - Developing a risk profile that fits a community's goals and purpose
- A Brief History
 - Post World War II
 - Immunity to tort liability
 - Assumption of non-traditional tasks
- The Emergence of Self-Insured Pools



Why were pools created?



- To provide Cities and Counties with an alternative when commercial insurance was not a viable option
- To create a long term stable source of risk financing at an affordable price
- To provide broad coverage designed to meet the needs of public entities
- To help reduce loss frequency and severity by providing risk control services tailored to the needs of public entities

In the Beginning:

- In the late '70's, when insurance companies rejected municipal risk, local government associations like LOC & AOC formed Pools to gain advantages of being self-insured collectively.
- How?
 - Formation of a Trust Agreement
 - Establishment of a Board of Trustees
 - Selection of vendors to administer the program



CIS was formed in 1981

What Happened Next?

- Pools began to take control of their own destiny by recruiting insurance and risk management staff to add to local government expertise.



Today's Risk Management Pools

- Today, Pools like CIS are full service Risk Management operations owned by their Members. Pools add considerable value by offering:

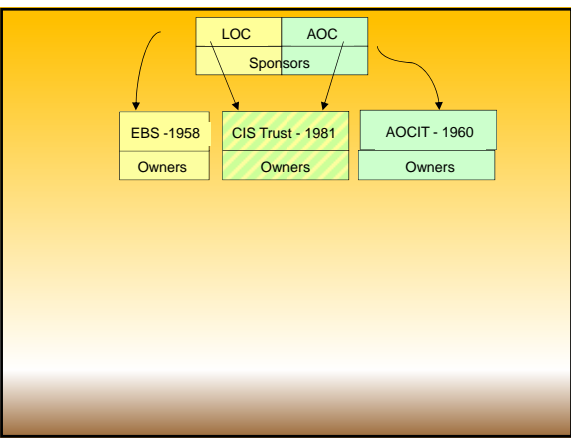
- Broad, Stable Coverage
- Competitive pricing
- Risk management expertise
- Expert claims service
- Intense member focus

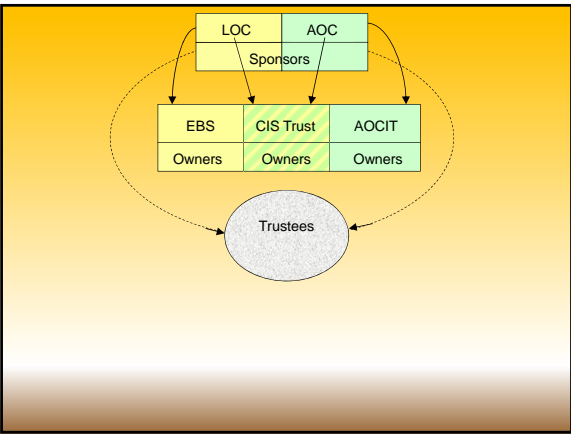


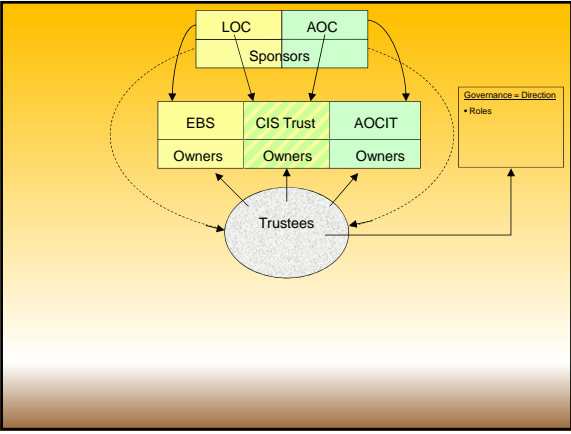
In Oregon, Three Local Government Pools Serve Different Sets of Local Public Entities:

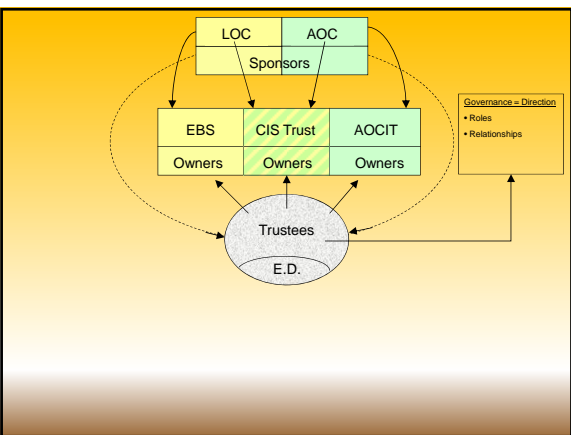
POOL	PROGRAM
<u>CIS</u>	General & Auto Liability, Auto Physical Damage, Property, Workers' Compensation, Employee Benefits - Cities and Counties
<u>SDIS</u>	General & Auto Liability, Auto Physical Damage, Property, Workers' Compensation, E/B - Special Districts
<u>PACE</u>	General & Auto Liability, Auto Physical Damage, Property - Schools & Community Colleges

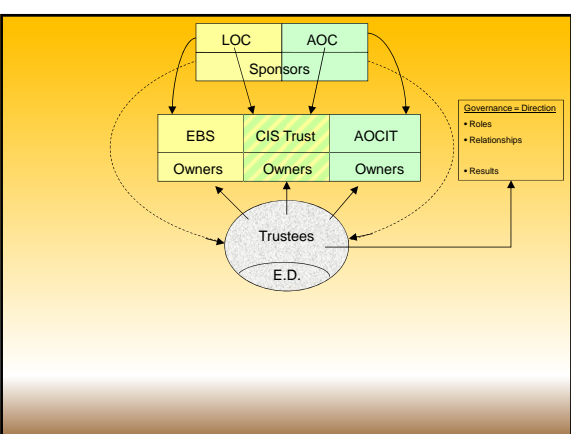


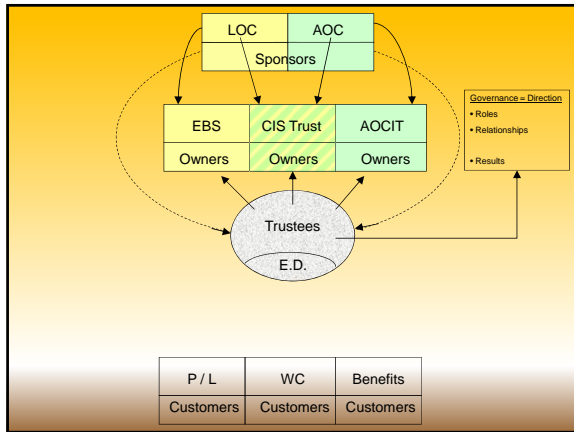


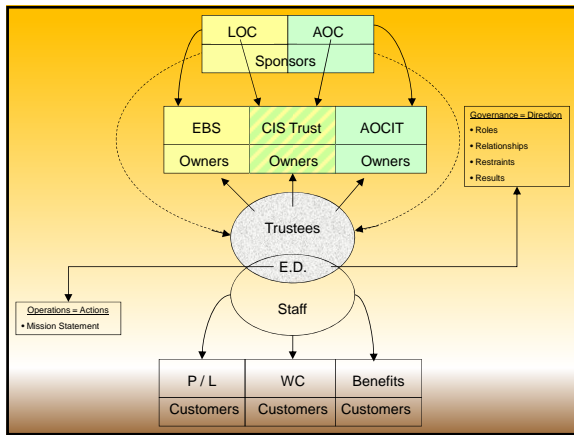


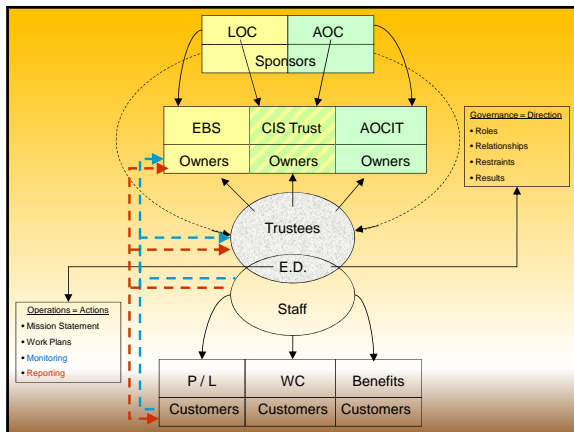












Standing Out Among the Crowd



Distinguishing CIS From the Competition

- Member/Owners
- Leadership
- Tailored Coverage
- Claims & Litigation Services
- Risk Management & Loss Control
- Administration
 - Financial Services
 - Information Technology
 - Succession Planning
- Member Focus
- Excellence in Customer Service
- Your Own Attitude and Approach

Member/Owners

Homogeneous..... orDiverse




Participation + Governance = Ownership



Leadership

Keeping It All Together

Governance by Board of Trustees

- - CIS Governance Policies

Relationship with LOC/AOC

NLC MIC = Pool of Pools to provide reinsurance

CIS Governance Policy



- Identifies the Board's Role in Governance
- Outlines the relationship between the Board and the Executive Director (and staff)
- Describes the Board's limitations on actions by staff
- Spells out the Board's Vision & Goals that drive expectations and desired results for CIS operations

BOARD GOALS

- 1. Offer comprehensive coverage and plans (risk financing) to members of LOC/AOC at prices that are competitive in the marketplace.



- 2. Provide services that encourage aggressive risk management practices by CIS members across all lines of coverage and plans, funded through specific appropriations.

BOARD GOALS

- 3. Fund CIS Trusts at actuarially sound levels with member contributions and premiums that cover program losses and expenses and establish a prudent level of reserves.
- 4. Administer and operate each CIS Trust so that it is highly valued by LOC/AOC members, as reflected by their level of participation in, and support of, CIS programs.



OUR MISSION AT CIS

- To deliver:
"Trust-worthy results in trust-worthy ways"

To be "Trust/trust-worthy"



Underwriting Tailored Coverage

Strategic Protection of Member Assets

Coverage: Liability to Third Parties



Coverage: Property Damage



Coverage: Auto Liability & APD



Coverage: Personal Injury
On & Off the Job (WC & Health Benefits)



Coverage: Other Odd Bits



We'll Underwrite New Lines of Coverage



But You Need To Be Aware of Underlying Risks!

Claims



Litigation



Plaintiff's Lawyer Lurking

Risk Management



Lord, Protect Us From Ourselves!

	<p>Good Risk Managers Plan For the Best</p> <p>While Anticipating the Worst.....</p>
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Risk Management Team Approach

- The Team

- Member-Driven

- Risk Team
 - Pool Leadership
 - Underwriting
 - Legal/Claims
 - Local Agent (RMA)
 - LOC/AOC

- NLC-RISC/AGRIP

- Don't reinvent wheel



RM Team - We Don't Do It Alone!

- Regional RM Consultant
 - Takes the Lead

- Best Practices Review
 - Claims/Exposures
 - Member concerns

- Risk Management Plan
 - Actions to be taken
 - By whom and when

- Implement Plan

- Maintain Relations With Key Member Contacts



RM Team - Critical Mass

- Need to be High Touch

- Know Personalities
 - Know Administration
 - Know Local Politics

- Regular Check-In With Local Contacts.

- Be a Motivator/Encourager

- Feedback to Underwriting

- Local Agent (RMA)

- Often Represents the Only Continuity at Member Level



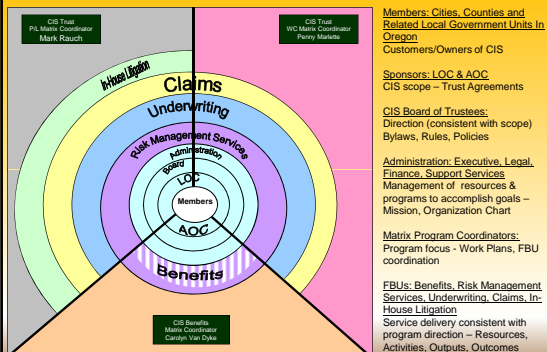
Loss Control ... please and quickly!



Operating in the Zone



CIS Matrix Management Approach





Admin. Support that's "Lean and Mean"

Actuaries, Auditors & Analysts



Looking Back to Move Forward

Financial Management

- ✓ Funding Targets for Underwriters
- ✓ Billing & Collections
- ✓ Budgeting, Tracking & Reporting Financial Results
- ✓ Actuarial studies/financial audits
 - ✓ Financial Year
 - ✓ Coverage Year
- ✓ Investment Policy Monitoring
- ✓ Royalty payments to LOC/AOC
- ✓ Internal controls
- ✓ Maintaining Member Equity Data



Finance & Investments

Striking a balance between:

- ✓ The pool's need for operating revenues
- ✓ The pool's need to build and maintain reserves to protect the Members
- ✓ The Members' own funding needs for their operations

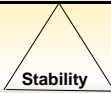


Risk Financing: Balancing Wants and Needs



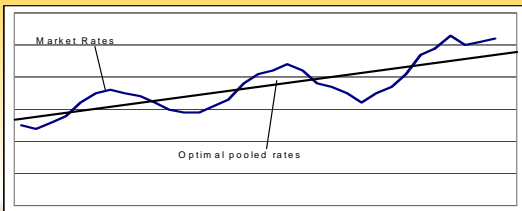
Low Rates

Program Funding



"If you have money you have options"

Pooling for long-term stability



Show Me the Money!

Use of the Pool's Net Assets

Uses of Net Assets

Member/Owner Recognition

- Dividends to Members
- ✓ Loss Experience
- ✓ Contributions

Reward Experience/Longevity

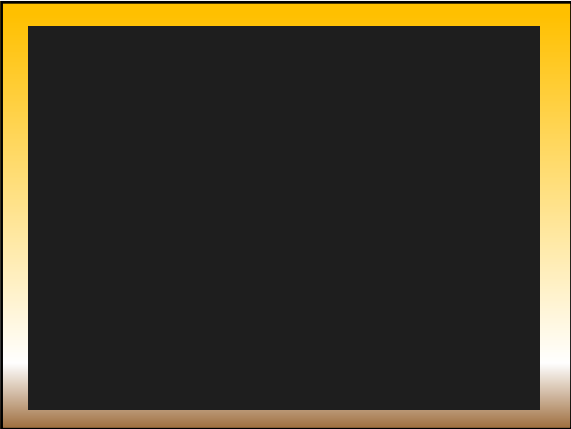
- Incentive Credits
- ✓ Loss Experience
- ✓ Years in Pool
- ✓ Contributions

Stability Over Long Term

- Rate Stabilization Fund
- ✓ Mitigate Rate Increases

I.T.

The Solution Is Always Out There Somewhere Just Beyond the Next Wave!







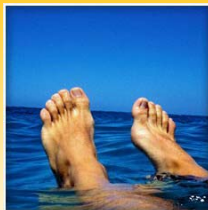
Good Results = Smooth Sailing for Members



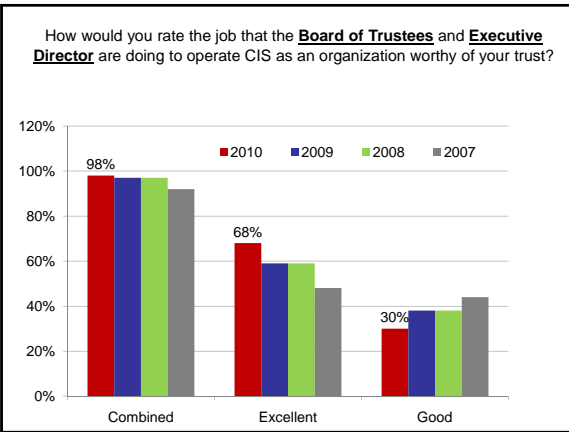
Over 500 representatives from 400+ Member Entities attend CIS' Free Annual 2-Day Risk Management Conference each February.

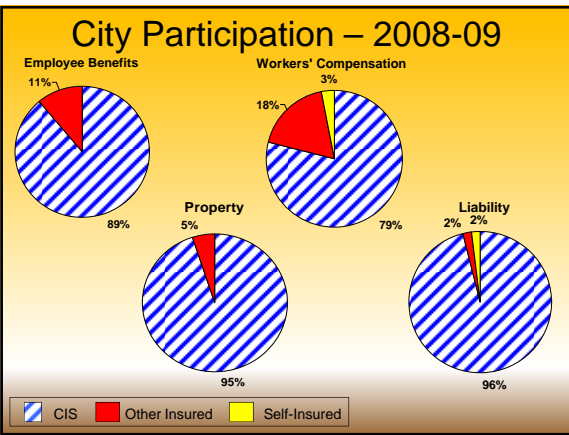


Excellence In Customer Service



Do Our Members Feel Taken Care Of While In The Pool's Care?
How Do We Know?





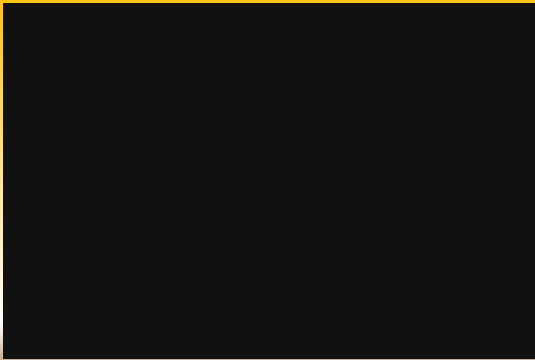
Finally,
It's About All Of
US
Bringing Our
"A" Game

The Attitude and
Approach WE Bring to
Our Involvement with
the Pool

YOU ... before joining CIS



YOU..... with the help of CIS!



Concluding Question

What Footprint Will You Leave As A Member of The Pool?



