

EXPANDED AGENDA

GEORGIA INTERLOCAL RISK MANAGEMENT AGENCY
BOARD OF TRUSTEES MEETING

Friday, December 1, 2023
Ritz-Carlton Reynolds, Lake Oconee

1. Call the meeting to order.....Chair Marcia Hampton
2. Approval of minutes of September 22, 2023 meeting (Tab P)Chair Hampton

Board Action – Modify or approve the minutes of the September 22, 2023 meeting.

3. Appointment of actuary, auditor and custodian for GIRMA..... Mr. Randy Logan

It is necessary for the GIRMA Board to annually appoint an actuary, auditor and custodian for the fund. Staff recommends that the board re-appoint Mr. George Turner of Turner Consulting, Inc. as actuary; Nichols, Cauley & Associates as auditor; and U.S. Bank as custodian for GIRMA for fiscal year 2024.

Board Action – Re-appoint Mr. George Turner of Turner Consulting, Inc. as actuary; Nichols, Cauley & Associates as auditor; and U.S. Bank as custodian for the GIRMA for fiscal year 2024.

4. Appointment of representatives to GMCIC BoardMr. Logan

According to the bylaws of the Georgia Municipal Captive Insurance Company (GMCIC), the GMCIC Board of Directors consists of five individuals serving one-year terms, with two individuals appointed from the GMA WCSIF Board and two members appointed from the GIRMA Board. Those four directors then elect the fifth director of the GMCIC Board.

Staff recommend appointment of Ms. Marcia Hampton and Mr. Danny Palmer as representatives of GIRMA on the GMCIC Board and designate Mr. Palmer as the voting representative for GIRMA at the GMCIC shareholders meeting.

Board Action - Appoint two directors to the GMCIC Board of Directors and designate one director as the voting representative for GIRMA at the GMCIC shareholders meeting.

5. Discussion of rates for underwriting period for 2024/2025 (Tab Q) Mr. Stan Deese

Each year prior to the common renewal date of May 1, the board reviews the recommendations of the actuary concerning rates for the upcoming year. Staff has asked the actuary to review any needed rate changes and to address the viability of continuing the annual renewal credit.

After a comprehensive review of exposures, expenses, investments and losses as of 8/31/23, the actuary is recommending an overall rate level increase of 23.4%. This assumes a profit load of 5% of expected loss and allocated adjustment expenses, or approximately \$2.6 million, and investment returns of 5% or \$8 million.

The actuary notes that approximately 2% to 3% of the recommended increase is related to expected inflation over the period. The remainder of the increase, in order of impact, is due to increased reinsurance expense, decreasing expected investment returns, and increased loss frequency and severity on an overall basis. Because almost one-third of the members were already at maximum scheduled modifiers for the 5/1/23 renewal, GIRMA achieved only a 6% net rate increase at the last renewal when the objective was 10%. The difference adds to the rate indication for the 5/1/24 renewal. On an aggregate basis, GIRMA achieved a 10.5% increase at the 2023 renewal, but this included exposure growth.

Staff does recommend making a rate filing with the Department of Insurance to update manual rates for the 2024 renewal to the indicated actuary recommendations. This will allow underwriting to properly apply scheduled modifiers to achieve the needed rate level increase.

To lessen the impact in one year, staff recommend approving a 15% rate level increase to be effective with the 2024 renewal. This is with the understanding that there is a 5% profit load built into the rate indication and the actuary expects reserve redundancies that will allow for reserve takedowns in older claim years.

The actuary comments that the financial condition of GIRMA does allow for continuing the member dividend, distributed as a contribution credit, but he also recommends continuing to reduce the dividend. As such, staff recommends a dividend level of \$3.25 million for the 2024 renewal, which compares to \$3.5 million for the 2023 renewal.

Board Action: Consider the recommendation of the actuary and staff to implement a 15% rate level increase to be taken at the May 1, 2024 renewal. Staff also recommends continuing the dividend, as a contribution credit, but reducing the dividend to \$3.25 million. Lastly, staff recommends approval to submit a manual rate filing to the Georgia Department of Insurance to adopt the actuary manual rate indications.

6. GIRMA Member Coverage Agreement Changes (Tab R)Mr. Deese

Following a review of the MCA with Coverage Counsel and Lockton, staff recommends several updates to the GIRMA Member Coverage Agreement (MCA) to be effective May 1, 2024.

The memo under Tab R provides details, but staff recommends adding an Annual Aggregate Limit to the General Liability and Comprehensive Law Enforcement Liability coverage line equal to five times the Per Occurrence Limit carried by the member. There is currently no aggregate limit for this coverage and the proposed Annual Aggregate Limit would remain broader than commercial markets.

Staff also recommend strengthening language to the GIRMA Pollution Exclusion to add clarity that claims related to PFAS chemicals are excluded.

Staff recommend adding language to the GIRMA Property Coverage Section to state that solar panels would be covered on an Actual Cash Value basis as opposed to Replacement Cost.

Lastly, staff recommends adding language to the Exclusions section of the General Liability and Law Enforcement Liability coverage section to make clear that claims for Bodily Injury or Personal Injury resulting from activities on artificial turf fields would be excluded.

Board Action: Consider staff recommendations for updates to the GIRMA Member Coverage Agreement to be effective with the next renewal at May 1, 2024.

- 7. Update on GIRMA Fund B Mr. Deese

Staff will update the Board on the status of GIRMA Fund B – Firefighter Cancer Benefit.

Board Action – For informational purposes only. No formal board action required.

- 8. Other business/adjournment..... Chair Hampton

Board Action – Adjourn the meeting.