What should I know about my pool?

Here’s a starting - but notably incomplete - list of considerations for new Trustees.

1. State regulation and reporting
   • What laws and regulations are we subject to?
   • What and to whom do we have to report?

2. Board structure, scope and decision-making
   • What’s our legal structure or grant of authority?
   • What members do we serve?
   • How are Board members selected and what programs do we oversee?
   • What is the role of the Board in decision-making – at what level and for what issues?

3. Coverages
   • What sorts of coverage does our pool offer, and what’s our general philosophy about covering losses?
   • What sort of coverage document do we use?

4. Other pool services
   • What other cool stuff does our pool offer?

5. Staffing structure; and how it relates to third-party contract relationships
   • What sort of structure, roles, and relationships does my pool have with outside service providers?
   • Why does this make sense for our operations?
   • What would we do if there was a significant shift in any of these relationships?

6. League relationship
   • Are the pool and League intertwined? To what extent?
   • Is there a financial relationship between the two?

7. Agents
   • Does the pool use agents and in what sort of role?
   • How are agents compensated?

8. Loss trends
   • What loss areas are shifting in frequency, cost, or both?
   • Are there other inflationary or legislative trends that could impact our pool loss experience?
   • Are we collecting data that will help us identify important trends?
9. Competitive environment
   • Who is our main competition and on what basis?
   • How do we view our role in the marketplace?
   • Is our membership growing, decreasing, or staying the same?

10. Membership philosophy
    • Are there standards for who can join the pool?
    • What happens if a member leaves?
    • How do we measure member satisfaction?

11. Underwriting and rating practices
    • What is our pool’s pricing philosophy?
    • How much discretion do we allow our underwriters?

12. Nature and degree of risk sharing with members
    • How much risk of loss do members maintain vs. pass to the pool?
    • How do we allocate costs and risks among members?

13. Investment practices and policies
    • What investments can our pool make and how are they managed?
    • What outcome are we looking for?
    • How do we connect investment practices to our rate-setting?

14. Self-insurance and reinsurance structures
    • At what level is the pool retaining risk, and why is that the right amount of risk for us?
    • Who are our reinsurers and how stable are the relationships?

15. Financial
    • How are liabilities stated in our financial statements?
      o Ultimate cost or discounted to present value?
      o At “best estimate” or at some confidence level above 50%?
    • Can we assess our members if necessary?
    • Do we have targets for fund balance? How are they established?
    • What do we do with surplus funds?

Reinsurance Glossary – Guy Carpenter, LLC
http://www.guycarp.com/content/guycarp/en/home/the-company/media-resources/glossary/a.html

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<thead>
<tr>
<th>Trustee Responsibilities</th>
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<tr>
<td>• Seek information about the pool’s mission, services, policies, and programs</td>
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<td>• Review agenda and supporting materials prior to Board meetings</td>
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<td>• Learn the basics</td>
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<td>• Work to ensure financial, legal and programmatic integrity</td>
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<td>• If something seems odd, check it out further</td>
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<td>• Make sure decisions are appropriately justified and reasoned</td>
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<td>• Ask questions -- silence is complicity</td>
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<td>• Represent your entity, but more importantly represent ALL members of the pool</td>
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<td>• Refrain from making special requests from staff</td>
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<td>• Protect assets and provide for financial oversight (you are a fiduciary)</td>
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<td>• Keep building on your knowledge as a Trustee</td>
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<tr>
<td>– Your pool’s resources</td>
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