



InTrust

The Newsletter for Risk Management Trust Members

April 2009

RISK MANAGEMENT TRUSTEES

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Frank Lacey
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Joe Treece
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Paul Ward
Carroll County

John Wilburn
Trust Administrator

TSSAA HEAT POLICY

As you may know, the TSSAA passed a proposal that requires a heat policy for all its member schools. The Risk Management Trust endorses the new policy which takes effect with the 2009/2010 TSSAA Fall Sports first practice. For more details, log on to www.tssaa.org/Handbook/heatpolicy.htm.

VENDOR OR PARTNER?

Staff members of the Risk Management Trust recently had the opportunity to offer insight into the inner workings of a governmental pool to several of Tennessee's Superintendent Study Councils. The topic, RISK POOLING AS A FINANCIAL PRODUCT, had the objective of pointing out the differences between insurance risk pooling versus purchasing from a commercial, for profit company. Much the same as your school district or county government, the Risk Management Trust is a governmental entity, not a private vendor marketing its products. Owned by and operated for the benefit of its members, the Trust uses the collective buying power of the membership, now some 150 strong, to secure the most affordable products and services for its members. In addition, the investment income gained from reserves is used to offset the cost of coverage for members.

Inevitably, every year, there are three or four of your fellow members who solicit bids, believing that TNRMT is just another vendor selling insurance. Quite to the contrary, TNRMT is a governmental

entity and serves no purpose other than to provide you, its members, with the best price, coverage and service available. When you think of your TNRMT, think of it as another governmental organization which is available to help you; not as a vendor who is here just to make a profit by selling something to you.

We hope to see you at your Superintendent Study Council, but if you are unable to attend and would like a more detailed explanation of the benefits of risk pooling versus commercial insurance, please contact John Wilburn at (888) 743-4336 or John Evans at (866) 826-4274. **T**

BONDING FOR PUBLIC OFFICIALS

In its ongoing efforts to assist its Members in cost containment and provide coverage and services that address the unique needs of school districts, the Trustees of the Risk Management Trust authorized the Trust to investigate whether it could issue a Public Officials bond that would comply with the requirements of TCA 8-19-101 for school Directors and Public officials that would comply. The Trusts' attorney has opined that although the agreement alone does not satisfy the requirement set forth in the statute, the Trust does possess the authority to issue a certificate of insurance in the form of the bond that does satisfy the statutory requirements of TCA 8-19-101. To satisfy the requirements, the Trust will issue the certificate that mirrors the Comptroller's bond form. Inasmuch as the bond does not impose liability that is not otherwise covered by the insuring agreement, your

RENEWALS INDICATE STRONG SUPPORT

In addition to paying a dividend for the third consecutive year, the Trust is offering its members renewal at the 2008 expiring rates, and preliminary estimates suggest that more than 95% of the Trust current membership will renew July 1, 2009 without the need to bid their insurance coverage. The Trust was effective in negotiating very favorable rates with its excess markets and as a non-profit organization, is able to offer members renewal coverage at the expiring rates, thus passing on savings to its members.

The welfare of its members continues as the primary concern of the Trust and we look forward to serving your insurance needs for the coming year.

bonding requirements can be satisfied with no additional cost to you. For additional information or a copy of the opinion, please contact Program Administrator, John Evans at (866) 826-4274. **T**

TO BID OR NOT TO BID, THAT IS THE QUESTION

The current economy and shrinking tax receipts have caused everyone involved in local and state government to look for ways to use available funds in the most conservative ways. For those of us in the public sector, this is not a new concept. We have always been open to new ideas and new ways to make the most of the resources at our disposal. This was the case in 1987 when many schools could not afford insurance, and pooling was the only attractive alternative that would allow some schools to even be able to purchase insurance coverage. The Trust was created on the premise that it would be owned by its members and operated by public officials only for the benefit of those who were member/owners. It would not have to be profitable but if it was, only its member entities would receive the benefit of any profits.

The TNRMT renewal is coming up again on July 1st, and many of you have seen or will see advertisements from competitors of the Trust suggesting that if you bid with a commercial carrier, they can reduce your insurance cost. Remember, commercial carriers are in business to make a profit, and to do that, they must pass the cost of operation on to you. If they make a profit, year after year, they will pass the profits back to their shareholders. On the other hand, the Trust does not have to be profitable, but rather just cover its operating cost. When the Trust does make a profit, what do they do? In the past three years, the Trust has paid or will pay more than six million dollars back to its members in the form of a dividend.

As a member, you own the Trust, so if a competitor contacts you promising lower cost, consider if they have a long history of claim administration for schools. The Trust does! What does the competitor promise is covered? It would be hard to say since coverage is based on the facts of each event. If you have had a claim, you know the Trust coverage is quite broad. What is the cost involved? In these troubled economic times, why test the value of cheap insurance? Selecting an insurance program is not just about getting the lowest price; it is about getting the most for public dollars.

The Trust has been operating for twenty-one years, serving the insurance needs of the majority of schools in the state as well as many other governmental entities. So, when you consider the question whether to bid or not to bid, you should also be asking, why I should bid against proven success, especially the success of the company of which I am a co-owner. **T**

WHEN DISASTER STRIKES

Within days of its dedication, fire completely destroyed the Lily Pad Research Center in Norris, Tennessee. Principal Jess Anne Cole said, "We were devastated. So much work went into the facility, so many people and businesses had a hand in helping us realize the dream of a regional science center to go with our wetlands project."

John Byrd, who is with the Anderson County Schools science program said, "The building was a symbol of the community working together, and that symbol has been damaged, but the wetlands are intact and our work will go forward."

Jim Woodard, Anderson County Schools' business director, indicated that the building had so much donated in terms of labor and materials and that he was not sure how it all would be handled. He further commented, "We will have to work through that."

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“Fortunately,” said retiring Director V. L. Stonecipher, “our insurance coverage is with the Risk Management Trust. They have indicated that the building is covered for its replacement value.” Stonecipher went on to say that the Trust has always responded very promptly and very fairly to their insurance needs. **T**



Stonecipher accepting a check from Trust Administrator John Wilburn.



The Lily Pad Research Center in Norris, Tennessee. Before (above) and after the fire.

