



December 2005

InTrust

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Fayetteville

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Dan Tollett
Trust Administrator

Newsletter for Risk Management & Unemployment Compensation Trust Members

TSBA Disaffiliates with Trusts

It's finally over! The Risk Management Trustees as well as the Unemployment Compensation Trustees have been trying for months to understand the issues that TSBA leaders have with the trusts so that we might be able to resolve whatever differences there might be in such a way that the trusts can continue to provide financial support and cooperation to TSBA.

The TSBA delegate assembly voted to allow TSBA to concentrate its efforts on the primary mission of the association without the distraction of the Risk Management and the Unemployment Compensation Trusts. Although this decision will result in a considerable loss of revenue for TSBA, it will allow the association staff and board of directors to give full attention to the primary mission of the association.

According to a joint statement released by Tony Tucker, Chairman of the RMT, and Roger Greene, UCT Chairman, "The trusts must now delete the requirement that participation in the trusts requires membership in TSBA and the Risk Management Trust will be forced to discontinue offering liability insurance to all teachers whose boards are members of TSBA. Only teachers whose boards are members of the RMT will continue to receive liability coverage. The trustees of both the Risk Management Trust and the Unemployment Compensation Trusts will continue to support TSBA in every way possible. We wish the association well as it terminates a long-standing and mutually beneficial relationship. We are anxious to move forward with our efforts to provide the very best in risk management and unemployment compensation services."

Appreciation Dinner a Success

The UCT and the RMT sponsored a member appreciation dinner cruise on the General Jackson for superintendents, school board members and their guests on Sunday, November 13. Special guests included Commissioner of Education Lana Seivers, Connie Smith, SDE Executive Director of Accountability, TOSS Executive Director Kip Reel, TSSE Executive Director Wayne Qualls, TOSS Legal Counsel Chuck Cagle and some former trustees.

In addition to an excellent musical presentation by the General Jackson Singers, the UCT trustees distributed rebate checks totaling \$472,744 at the dinner to boards which have qualified for them. Some members received their full premiums and some received no rebate at all. The rebates were provided to members of the trust based upon their record of unemployment claims. The dinner cruise, hosted by the UCT and RMT trustees and Next Generation Underwriters, replaced the annual UCT breakfast.

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Tony Tucker,
RMT Chairman
Roger Greene,
UCT Chairman

"We expect the unexpected when it comes to covering the risk of our RMT members. If we knew what claims would occur and how much each would cost, we would not need to maintain reserves."

John Evans
Program Manager

RMT Reserves Remain Strong

BYNAC, an independent actuarial firm, has released a state mandated annual actuarial study of the RMT reporting adverse loss development of \$3.8 million. The purpose of the report is to ensure that there is enough money on hand to cover the claims incurred. The adverse development resulted from a combination of late reported claims and previously reported claims on which the reserve was adjusted upward in anticipation of a higher payment. About 80% of the increase in reserves came from school liability and workers compensation claims from 2002-03 and 2003-04.

The Trust has assets of \$47.5 million with \$34.3 million reserved for reported claims and about \$10 million maintained for future claims or adverse development in previous claims. The recent adverse loss development caused the RMT to move \$3.8 million from "unobligated" to "obligated" reserve. This money has not been paid and may never be paid, but it must be considered "obligated" in accordance with actuarial predictions. This money continues to be available to pay claims.

Program Manager John Evans explains, "We expect the unexpected when it comes to covering the risk of our RMT members. If we knew what claims would occur and how much each would cost, we would not need to maintain reserves. We are fortunate to have a long-term, well managed program with enough reserve to handle unexpected claim development. This is what risk management is all about".

Should Trusts Hold Informational Meetings?

Some members have suggested that the RMT and UCT should host a series of regional meetings to provide information about the trusts to the membership. We are very willing to host such meetings to discuss the history, legal status, financial status, services, benefits and the future of the trusts. If the meetings are held, they would last no longer than 2 hours and would include ample opportunity for participants to ask questions. Please respond to the following questions by return e-mail.

1. Do you need additional information about the trusts?
2. Do you believe that regional information sessions should be held by the trusts?
3. Would you attend such a meeting if it were held in your area?

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The Trustees and staff of the Tennessee School Boards Risk Management Trust and the Unemployment Compensation Trust thank you for your participation in the trusts and wish for you and your families a very Merry Christmas and a Happy Holiday Season.