



March 2007
Issue

InTrust

Newsletter for Risk Management Trust Members

RISK MANAGEMENT TRUSTEES

Mark Farley, Chairman
White County

Robert Stidham, V-Chairman
Hawkins County

Billy Joe Evans
Fayetteville

Tony Tucker
Huntingdon SSD

Larry Griffin
Crockett County

Frank Lacey,
McNairy County

David Jones,
Hancock County

Dawn Robinson
Cleveland

Joe Treece
Wayne County

John Wilburn
Trust Administrator

THEY'RE BACK !

Each year, there are a few commercial, for-profit insurance companies knocking on the door promising lower cost and better coverage for school members. Although we face competition each year, this year, it is far more intense due to the concentrated efforts of Indiana Insurance Company. Their intense marketing campaign coupled with the use of some well known Tennessee educators as solicitors has resulted in six of our members asking for quotes after promises of lower prices. Those of you that have been around for a while remember several other commercial insurance companies trying the same thing, only to leave the State of Tennessee when they find out how difficult it is to make a profit for their stockholders while competing with the services of the TNRMT. Where are these companies now? Because of your loyalty and commitment, they have either left the state or focused on other type of business pursuits while TNRMT has continued to provide its members the best in insurance coverage, pricing and services.

For those of you who have voiced concern over TSBA's addition of Indiana Insurance to its Business Affiliates list, let us remind you that the purchase of a business affiliate package from TSBA does not constitute an exclusive sponsorship for a vendor. The business affiliate program is open to all who meet sponsorship requirements, and the TSBA Board of Directors', at their last meeting, invited the TNRMT to meet with them in June regarding renewing our sponsorship. We are quite confident that we will once again be a TSBA Business Affiliate.

Regardless of talk of other sponsorships or endorsements, the most important endorsement is yours, and as decision time approaches, we are asking that you endorse the Trust by renewing your membership with us. Last year, ninety-five percent of our members endorsed the program by renewing with the Trust and as we travel across the state, we hear from you that you are glad you did.

Your Risk Management Trust has served the needs of Tennessee schools for 20 years. With your commitment for renewal for the upcoming year, we can continue to offer the best coverage at the best price along with the level of service you have grown to expect.

ELECTION TIME IN TENNESSEE

While the news is full of stories of who may be running for President in 2008 did you realize that it is also election time at the Trust. Elections are being held in four of our nine districts. Nominating forms have been mailed to members in the districts involved, and when this year's results are in, the Board of Trustees will have fully evolved from an appointed board to an elected board in the best of democratic tradition.

MEETING NOTES

Your Board of Trustees met on February 26, 2007. Among business items voted on by the Trust was the adoption of an Ethics policy, as well as a proposal to extend the property appraisal program to all members, including schools, counties, municipalities and utility districts. The Trust Administrator reported that the building appraisal program for member schools was on schedule and had met with great success. The Marshall and Swift building appraisal program is being offered to TNRMT members at no additional cost and meets the requirements of GASB 34.

One of the meeting highlights was the presentation of an independent actuarial report indicating that the Trust is very financially sound. Trust Administrator, John Wilburn, announced that the TNRMT has an unobligated surplus of over \$17 million dollars which represents a record for the Trust. He attributed the surplus to the fact there had been no recent natural disasters, and members cooperation with loss control programs which is helping reduce the number as well as the severity of claims. The surplus monies held by the Trust belongs to the members, and could be used to offset future claims or fluctuations of member premiums.

TNRMT to Hold Firm on Rates

TNRMT strives to maintain adequate reserves with appropriate surplus to meet any foreseeable claim or cost scenario. We use the best in actuaries and underwriters available to assure stability and cost effectiveness. The latest actuarial report indicates that our losses are developing better than expected, and even though damages under the Governmental Tort Liability Act will increase effective July 1, 2007, surplus funds have almost doubled that of last year thus allowing the Trust to keep rates to hold renewal rates much the same as the last year except for members who have experienced significant, continuous losses. We know this is welcomed news as you prepare your budgets for the coming fiscal year.

LEGISLATIVE NEWS

Several bills of interest have been introduced this session which could have a tremendous effect on your TNRMT program in the coming years. The bills listed below, if passed as currently drafted, will result in a significant increase in the cost of liability insurance, a cost which could ultimately be passed on to Trust members.

SB 0008 and HB 0027 would require governmental entities to be liable for all actual medical, pharmacy, and physical rehabilitation costs rendered against such entity even if such costs exceed the amounts currently required in the Governmental Tort Liability Act. This legislation was introduced by Senator Jackson and Representative Briley. SB 0038 and HB 0018 contain similar language and were introduced by Senator Jackson and Representative Shepard.

You are aware that liability for damages is capped under the Governmental Tort Liability Act. (TCA 29-20-403) SB 0089 sponsored by Senator Cooper, and HB 0217 sponsored by Representative Odom proposes significant increases to the damage caps under the Act.

The Trust is opposed to passage of these bills and will actively lobby against them. We encourage you to advise your Representatives and Senators that passage of these bills would have a significant financial impact on the cost of risk management to your school district, county, city or utility.