

NOTICE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT

Via Telephone Conference Call

Call-In Numbers: 1-571-317-3129 or (toll free) 1-877-568-4106

Access Code: 580-000-365

Thursday, May 28, 2020, 2:30 pm CT/1:30 pm MT

PLEASE TAKE NOTICE that on **Thursday, May 28, 2020, at 2:30 pm CT/1:30 pm MT**, the League Association of Risk Management (LARM) will hold a Special Meeting by Telephone Conference Call of the LARM Board of Directors. An agenda of subjects known at this time is included with this notice, but the agenda shall be kept continually current and readily available for public inspection at the principal office of LARM during normal business hours at 1335 L Street, Lincoln, Nebraska. On May 22, 2020, notice of this Special Meeting with the agenda and other materials were sent to all LARM members and the LARM Board. Notice of this Special Meeting with the agenda and other materials are available for public inspection at 1335 L Street, in Lincoln, Nebraska, and also are posted on the League of Nebraska Municipalities' Facebook page and its website relating to LARM – <https://www.lonm.org/larm/>.

Board Members are scheduled to be at the following locations, subject to change:

**League of Nebraska
Municipalities**
1335 L Street
Lincoln, NE 68508

Village of Ansley
217 Nile Street
Ansley, NE 68814

City of Crete
243 East 13th Street
Crete, NE 68333

City of Curtis
201 Garlick Avenue
Curtis, NE 69025

City of Gering
1025 P Street
Gering, NE 69341

City of Gibbon
715 Front Street
Gibbon, NE 68840

City of Imperial
PO Box 637
Imperial, NE 69033

City of Nelson
580 S Main Street
Nelson, NE 68961

City of North Platte
211 West 3rd Street
North Platte, NE 69101

City of Oshkosh
305 West 1st Street
Oshkosh, NE 69154

Sarpy County SID #29
City of La Vista
8116 Park View Blvd
La Vista, NE 68128

AGENDA
SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT

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Thursday, May 28, 2020, 2:30 pm CT/1:30 pm MT

In accordance with the Open Meetings Act, Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed is available to the public at this meeting for examination and copying. The LARM Board may pass motions to go into closed session on agenda items pursuant to the requirements of the Open Meetings Act.

*Officials of LARM members and members of the public may call **1-571-317-3129 or (toll free) 1-877-568-4106** and **enter access code 580-000-365** to comment on agenda items or listen to the Board Meeting; however, if the Board votes to hold a closed session pursuant to the Open Meetings Act, officials of LARM members and members of the public may not comment or listen during that time.*

1. Call Special Meeting to Order:

- b. 2:30 pm CT – Hickman Mayor Doug Hanson, Chair of the LARM Board, will call the meeting to order.
- c. Indicate that on May 22, 2020, notice of this meeting with the agenda and other materials were sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials were available for public inspection at 1335 L Street, in Lincoln, Nebraska, and also posted on the League of Nebraska Municipalities' Facebook page and its website relating to LARM – <https://www.lonm.org/larm/>.
- d. Inform the public about the location of the Open Meetings Act which is posted and accessible to members of the public along with at least one copy of all reproducible written material to be discussed at this meeting.
- e. Pledge of Allegiance to the Flag of the United States of America.
- f. Roll call.
- g. Public comment period on any agenda item(s): Pursuant to the Open Meetings Act, the LARM Board Chair reserves the right to limit comments on agenda items. In accordance with the Open Meetings Act, there is no time limit on comments made by members of the LARM Board of Directors.
- h. No one on the phone or attending this meeting is required to identify themselves. However, if anyone would like to be listed in the minutes, please identify yourself at this time. If anyone wants to address the Board on any agenda item, you will be asked to identify yourself as authorized by the Open Meetings Act.

2. Consider approval of the minutes of the March 27, 2020, "Special Meeting of the LARM Board of Directors."

See pages 1-5.

3. Consider motion to accept the financial report of Lyndee Black entitled: “Independent Accountant’s Compilation Report, Financial Statements – Statutory Basis March 31, 2020 and 2019 and September 30, 2019.”

See pages 6-27.

- Lyndee Black of Thomas, Kunc & Black, LLP, LARM’s Auditor

4. LARM investments update; Consider motion to accept the report.

See pages 28-57.

- Craig Dana, U.S. Bank
- Michael Maloney, U.S. Bank

5. Review of *By the Numbers Actuarial Consulting’s* (BYNAC) “Indicated Premium for October 1, 2020-2021” draft actuarial report. Consider motion to set rates to achieve the overall funding targets of 9.5% increase in General Liability contribution, a 3% increase in Property contribution and a 8% decrease in Workers Compensation contribution, which would result in an overall increase of 1.5% in total contributions.

See pages 58-131.

- Mark Weaver, CPA, Director of Finance, Sedgwick
- John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick
- Chris Cadwell, Director Pool Administration, Sedgwick

6. Consider approval of an endorsement to modify the Liability Coverage Document to delete the exclusion for fireworks and approval of a contribution proposal.

See pages 132-141.

- Chris Cadwell, Director Pool Administration, Sedgwick
- Tracy Juranek, LARM’s Customer Service Specialist

7. Consider approval of any relevant motions relating to LARM membership issues regarding participation of Natural Resources Districts (NRDs) and Region 11 Emergency Management Association.

- Andy Barry, Partner, Cline Williams, representing LARM
- John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick
- Dave Bos, ARM, LARM’s Loss Control Manager
- Fred Wiebelhaus, LARM’s Field Adjuster Supervisor/Loss Control Assistant
- Lynn Rex, LARM Administrator and LARM Acting Executive Director

8. Consider approval of proposed amendments to LARM's Bylaws.

***Bylaws Incorporating Proposed Amendments – Please see pages 142-161.
Red-Lined Bylaws – Please see pages 162-184.***

- Andy Barry, Partner, Cline Williams, representing LARM
- Lynn Rex, LARM Administrator and LARM Acting Executive Director

9. Discuss possible meeting dates of the next LARM Board of Directors by telephone conference call.

- Lynn Rex, LARM Administrator and LARM Acting Executive Director

10. Motion to Adjourn.

MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT

Via Telephone Conference Call

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Access Code: 580-000-365

Friday, March 27, 2020, 2:30 pm CT/1:30 pm MT

A Special Meeting of the League Association of Risk Management (LARM) Board of Directors was held March 27, 2020, at 2:30 pm CT/1:30 pm MT via telephone conference call at 12 designated locations identified in the meeting notice (attached).

On March 25, 2020, notice of this Special Meeting with the agenda and other materials were sent to all LARM members and the LARM Board. Notice of this Special Meeting with the agenda and other materials were available for public inspection at 1335 L Street in Lincoln, Nebraska, and also were posted on the League of Nebraska Municipalities' Facebook page and its website relating to LARM – <https://www.lonm.org/larm/>.

(AGENDA ITEM #1) **Call to Order.** At 2:43 pm CT, **LARM Board Chair Doug Hanson**, Mayor of Hickman, called the Special Meeting to order. He stated that in accordance with Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed was available to the public at this meeting for examination and copying at each designated location. The Open Meetings Act was posted in the meeting room and was accessible to members of the public at each designated location. Chair Doug Hanson informed the public about the location of the Open Meetings Act posted in the meeting room and stated that the LARM Board may pass motions to go into closed session on any agenda item pursuant to the requirements of the Open Meetings Act.

After the Pledge of Allegiance to the Flag of the United States of America, the roll call was read with the following Board Members present by phone: **LeAnn Brown**, Clerk/Treasurer, City of Oshkosh, 305 West 1st Street, Oshkosh, NE; **Lanette Doane**, Clerk/Treasurer, Village of Ansley, 217 Nile Street, Ansley, NE; **Mayor Scott Getzschman**, City of Fremont, 400 East Military, Fremont, NE; **Mayor Doug Hanson**, City of Hickman, Gibbon City Hall, 715 Front Street, Gibbon, NE; **Melissa Harrell**, City Administrator/Treasurer, City of Wahoo, 605 N Broadway, Wahoo, NE; **Jim Hawks**, City Administrator, City of North Platte, 211 West 3rd Street, North Platte, NE; **Mayor Tony Kaufman**, City of Gering, 1025 P Street, Gering, NE; **Sandra Schendt**, Clerk/Treasurer, City of Nelson, 580 S Main Street, Nelson, NE; **Tom Ourada**, City Administrator, City of Crete, 243 East 13th Street, Crete, NE; **Mayor Deb VanMatre**, City of Gibbon, 715 Front Street, Gibbon, NE; **Teresa Youngquist**, Clerk/Treasurer, City of Beaver City, 301 10th Street, Beaver City, NE; ex-officio (non-voting) Board Member **Mayor Dwight Livingston**, City of North Platte, 211 West 3rd Street, North Platte, NE; and ex-officio (non-voting) Board Member **L. Lynn Rex**, League Executive Director and "Administrator" of LARM/LARM Acting Executive Director, League Office, 1335 L Street, Lincoln, NE. 11

Board Members present; 2 on the conference call, but not as board members since not calling from City Hall (Jo Leyland, Admin./Clerk/Treasurer, City of Imperial; and Doug Schultz, Admin./Clerk/Treasurer, City of Curtis), and 2 absent (Pam Buethe, Board Member, Sarpy County SID #29; Mayor Josh Moenning, City of Norfolk).

Other participants included: **Andy Barry**, Partner, Cline Williams, representing LARM; **Sedgwick (LARM's third party administrator)** - John Brockschmidt, Chris Cadwell and Rebecca Atkinson; **LARM** – Dave Bos, Tracy Juranek, Diane Becker, Elizabeth Becker, Fred Wiebelhaus, Nate Fox and Clayton Luther; and **League Staff** – Lash Chaffin, Shirley Riley and Brenda Henning.

(AGENDA ITEM #2) **Elect a Chairperson and Vice Chairperson.** *[Hickman Mayor Doug Hanson, current LARM Board Chair, and North Platte City Administrator Jim Hawks, current LARM Vice Chair, are both willing to continue serving. (Jim Hawks will not be retiring as North Platte City Administrator until his successor is appointed which he indicated may take quite some time.)]* Lanette Doane moved, seconded by Deb VanMatre to retain Hickman Mayor Doug Hanson as LARM Board Chair and North Platte City Administrator Jim Hawks as LARM Vice Chair. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Doane, Getzschman, Harrell, Kaufman, Ourada, Schendt, VanMatre and Youngquist. Nays: None. Abstentions: Hanson and Hawks. Absent: Buethe, Leyland, Moenning and Schultz. **Motion carried: 9 ayes, 0 nays, 2 abstentions and 4 absent.**

(AGENDA ITEM #3) **Consider approval of the minutes of the February 25, 2020, "Meeting of the LARM Board of Directors."** Lanette Doane moved, seconded by Scott Getzschman to approve the minutes of the Feb. 25, 2020, "Meeting of the LARM Board of Directors" with an amendment to page 3, Agenda Item #6, changing the date in the motion from Nov. 14, 2019, to Jan. 31, 2020. Chair Doug Hanson asked if there was any other discussion; there was none. Ayes: Brown, Doane, Getzschman, Hanson, Harrell, Hawks, Kaufman, Ourada, Schendt, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Buethe, Leyland, Moenning and Schultz. **Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent.**

(AGENDA ITEM #4) **Consider approval of Dave Bos as LARM's designated AGRIP representative (AGRIP is the Association of Governmental Risk Pools).** *(Presented by Lynn Rex, LARM Administrator and LARM Acting Executive Director.)* Jim Hawks moved, seconded by Sandra Schendt to approve Dave Bos as LARM's designated AGRIP representative. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Doane, Getzschman, Hanson, Harrell, Hawks, Kaufman, Ourada, Schendt, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Buethe, Leyland, Moenning and Schultz. **Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent.**

(AGENDA ITEM #5) **Consider authorizing LARM's Board Chair to appoint municipal officials from LARM members to serve on an Investment Committee.** *Presented by Tracy Juranek, LARM's Customer Service Specialist; and Lynn Rex, LARM Administrator*

and LARM Acting Executive Director.) Tony Kaufman moved, seconded by Jim Hawks to authorize LARM Board Chair Doug Hanson to appoint municipal officials from LARM members to serve on an Investment Committee. Chair Doug Hanson asked if there was any discussion. Lynn Rex stated that Mark Weaver of Sedgwick would have an advisory role on the committee and that Dave Bos, Tracy Juranek and Lynn Rex would staff the committee. Tracy Juranek said that Michael Maloney of US Bank would give quarterly or annual reports to the LARM Board. Tony Kaufman said he was willing to serve on the committee. Jerry Wilcox of Crete and Randy Gates of Norfolk were both recommended to serve on the committee. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Doane, Getzschman, Hanson, Harrell, Hawks, Kaufman, Ourada, Schendt, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Buethe, Leyland, Moenning and Schultz. **Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent.**

(AGENDA ITEM #6) **Consider approval of a motion to authorize LARM staff, in consultation with Sedgwick and the Nebraska Department of Insurance, to provide coverage or assistance to LARM members that would provide funding for LARM members to compensate volunteer first-responders for wages lost if they are required to seek medical treatment or to be quarantined as a result of exposure to COVID-19 in the line of duty; such coverage or assistance would be limited to exposure that takes place during the COVID-19 emergency declared by the Governor and would be limited in time, amount payable per claim, and amount payable to each member.** (Presented by Dave Bos, ARM, LARM's Loss Control Manager; Lynn Rex, LARM Administrator and LARM Acting Executive Director; Andy Barry, Partner, Cline Williams, representing LARM; John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick; and Chris Cadwell, Director of Pool Administration, Sedgwick.) Teresa Youngquist moved, seconded by Sandra Schendt to authorize LARM staff, in consultation with Sedgwick and the Nebraska Department of Insurance, to provide assistance with grants to LARM members that would provide funding for LARM members to compensate volunteer first-responders for wages lost if they are required to seek medical treatment or to be quarantined as a result of exposure to COVID-19 in the line of duty; such assistance would be limited to exposure that takes place during the COVID-19 emergency and would be limited in time, amount payable per claim, and amount payable to each member, retroactive to March 13, 2020. Chair Doug Hanson asked if there was any discussion. Andy Barry stated that one option was to pay \$20 per hour for 10 working days (\$1,600). Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Doane, Getzschman, Hanson, Harrell, Hawks, Kaufman, Ourada, VanMatre and Youngquist. Nays: None. Abstentions: Schendt. Absent: Buethe, Leyland, Moenning and Schultz. **Motion carried: 10 ayes, 0 nays, 1 abstention and 4 absent.**

(AGENDA ITEM #7) **Review of proposed amendments to LARM's Bylaws.** (Presented by Andy Barry, Partner, Cline Williams, representing LARM; and Lynn Rex, LARM Administrator and LARM Acting Executive Director.) No action was necessary.

(AGENDA ITEM #8) **Update on COVID-19 related issues.** (Presented by John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick; Dave Bos, ARM, LARM's Loss Control Manager; Tracy Juranek, LARM's Customer Service Specialist; and Lynn Rex, LARM Administrator and LARM Acting Executive Director.) No action was necessary.

(AGENDA ITEM #9) **Motion to adjourn.** At 4:25 pm, Deb VanMatre moved, seconded by LeAnn Brown to adjourn. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Doane, Hanson, Harrell, Hawks, Kaufman, Ourada, Schendt, VanMatre and Youngquist. Nays: None. Abstentions: None. Absent: Buethe, Getzschman (left meeting at 4:17 pm), Leyland, Moenning and Schultz. **Motion carried: 10 ayes, 0 nays, 0 abstentions and 5 absent.**

Approved on: _____.

ATTEST:

Brenda Henning
Membership Services Assistant
League of Nebraska Municipalities

L. Lynn Rex
Ex-Officio, Non-Voting, Board Member and "Administrator" of LARM
Executive Director of the League of Nebraska Municipalities

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OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT

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Board Members are scheduled to be at the following locations, subject to change:

**League of Nebraska
Municipalities**

1335 L Street
Lincoln, NE 68508

Village of Ansley

217 Nile Street
Ansley, NE 68814

City of Beaver City

301 10th Street
Beaver City, NE 68926

City of Crete

243 East 13th Street
Crete, NE 68333

City of Curtis

201 Garlick Avenue
Curtis, NE 69025

City of Fremont

400 East Military
Fremont, NE 68025

City of Gering

1025 P Street
Gering, NE 69341

City of Gibbon

715 Front Street
Gibbon, NE 68840

City of Nelson

580 S Main Street
Nelson, NE 68961

City of North Platte

211 West 3rd Street
North Platte, NE 69101

City of Oshkosh

305 West 1st Street
Oshkosh, NE 69154

City of Wahoo

605 N Broadway
Wahoo, NE 68066



Thomas, Kunc & Black, LLP

300 North 44th Street, Suite 200
Lincoln, Nebraska 68503-3415

Phone (402) 467-2700
FAX (402) 467-2701

May 15, 2020

PRIVATE AND CONFIDENTIAL

L. Lynn Rex
League Association of Risk Management
1335 "L" Street
Lincoln, Nebraska 68508

Dear Lynn:

We enclose herewith three copies of the quarterly statement of League Association of Risk Management as of March 31, 2020 on the statutory basis, which were compiled by us.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. As our primary purpose was to compile financial statements in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and as a detailed check of the day-to-day transactions was not made, you will appreciate that you must rely on adequate methods of internal check and control as your principal safeguard against irregularities which our test examination may not have disclosed.

One copy of the report has been delivered to the Department of Insurance.

Sincerely,

THOMAS, KUNC AND BLACK, LLP

A handwritten signature in black ink that reads 'Lyndee J. Black'. The signature is written in a cursive, flowing style.

Lyndee J. Black, CPA

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Accountant's Compilation Report

Financial Statements - Statutory Basis

March 31, 2020 and 2019

and

September 30, 2019

QUARTERLY STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2020
FOR
LEAGUE ASSOCIATION OF RISK MANAGEMENT

Nebraska Company Code: 201675

Employer's ID Number: 47-0791192

Incorporated May 1, 1995 under the Laws of Nebraska

The offices and primary location of books and records are at 1335 "L" Street
Lincoln, Nebraska 68506

The mailing address is 1335 "L" Street
Lincoln, Nebraska, 68508

Telephone Number 402-742-2600

Fax Number 402-476-4089

Contact Person L. Lynn Rex

Officers of the Association:

Chair: Doug Hanson

Vice-Chair: Jim Hawks

Secretary: L. Lynn Rex

Directors or Trustees:

LeAnn Brown

Pamela Buethe

Lanette Doane

Scott Getzschman

Melissa Harrell

Nathan Johnson

Jo Leyland

Josh Moenning

Tom Ourada

Sandra Schendt

Douglas Schultz

Deb VanMatre

Teresa Youngquist

LEAGUE ASSOCIATION OF RISK MANAGEMENT

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Thomas, Kunc & Black, LLP

Independent Accountant's Compilation Report

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska

March 31, 2020 and 2019 Financial Statements

Management is responsible for the accompanying financial statements of League Association of Risk Management, which comprise the balance sheets - statutory basis as of March 31, 2020 and 2019 and the related statutory statements of revenues and expenses, changes in surplus, and cash flows for the quarters then ended, and the related notes to the financial statements in accordance with accounting practices prescribed or permitted by the Insurance Department of the State of Nebraska. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these March 31, 2020 and 2019 financial statements.

As described in Note 1 to the financial statements, League Association of Risk Management prepared these financial statements using accounting practices prescribed or permitted by the Insurance Department of the State of Nebraska, which practices differ from accounting principles generally accepted in the United States of America. Management has not determined the effect of this departure from accounting principles generally accepted in the United States of America on the financial statements.

September 30, 2019 Financial Statements

The accompanying September 30, 2019 financial statements of League Association of Risk Management were audited by us, and we expressed an unqualified opinion on the statutory basis of accounting in our report dated November 27, 2019, but we have not performed any auditing procedures since that date.

Lincoln, Nebraska
May 15, 2020

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

March 31, 2020 and 2019 and September 30, 2019

	<u>Assets</u>		
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Cash:			
Cash on deposit	\$ 3,448,636	2,303,590	1,904,907
Short-term investments	4,499,652	4,506,095	1,850,421
Total cash	<u>7,948,288</u>	<u>6,809,685</u>	<u>3,755,328</u>
Long-term investments	8,849,192	10,547,381	10,598,391
Accounts receivable	26,222	13,493	62,439
Premiums receivable	47,950	17,373	8,173,816
Interest receivable	72,624	61,006	60,325
Reinsurance recoverable on paid losses	<u>1,929,566</u>	<u>1,279,382</u>	<u>848,229</u>
Total assets	<u>\$ 18,873,842</u>	<u>18,728,320</u>	<u>23,498,528</u>
	<u>Liabilities and Surplus</u>		
Loss reserves	\$ 3,701,082	2,976,984	3,895,014
Loss adjustment expenses	1,987,577	1,368,998	1,864,393
Unearned premium	3,584,008	3,373,414	7,618,931
Taxes payable	44,942	44,313	88,050
Other liabilities	82,301	84,513	137,581
Funds held under reinsurance treaties	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>9,424,910</u>	<u>7,873,222</u>	<u>13,628,969</u>
Surplus	<u>9,448,932</u>	<u>10,855,098</u>	<u>9,869,559</u>
Total liabilities and surplus	<u>\$ 18,873,842</u>	<u>18,728,320</u>	<u>23,498,528</u>

See accompanying notes to financial statements and independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT.

Statements of Income - Statutory Basis

For the periods ended March 31, 2020 and 2019

and for the year ended September 30, 2019

	Six Months Ended		Year Ended
	March 31,	March 31,	September 30,
	2020	2019	2019
	(Unaudited)	(Unaudited)	(Audited)
Revenues:			
Premiums earned, direct	\$ 4,397,511	4,156,323	8,328,448
Premiums earned, transferred by excess	(1,176,998)	(1,049,859)	(2,169,795)
Net premiums	3,220,513	3,106,464	6,158,653
Investment income	184,726	139,234	291,004
Miscellaneous income	(1,595)	1,894	4,051
Total revenues	3,403,644	3,247,592	6,453,708
Expenses:			
Losses incurred, direct	4,073,629	2,088,952	5,826,494
Losses incurred, transferred by excess	(2,682,275)	(846,303)	(2,634,394)
Net losses	1,391,354	1,242,649	3,192,100
Loss expenses incurred	827,635	424,103	1,322,951
Other underwriting expenses incurred	1,605,282	1,686,680	3,030,036
Total expenses	3,824,271	3,353,432	7,545,087
Net income/(loss) - statutory basis	\$ (420,627)	(105,840)	(1,091,379)

See accompanying notes to financial statements and independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT
Statements of Changes in Surplus - Statutory Basis
For the periods ended March 31, 2020 and 2019
and for the year ended September 30, 2019

	Six Months Ended		Year Ended
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Surplus, beginning of period	\$ 9,869,559	10,960,938	10,960,938
Net income/(loss)- statutory basis	(420,627)	(105,840)	(1,091,379)
Unrealized capital gain	-	-	287,415
Change in non-admitted assets	-	-	(287,415)
Dividends	-	-	-
Surplus, end of period	<u>\$ 9,448,932</u>	<u>10,855,098</u>	<u>9,869,559</u>

See accompanying notes to financial statements and independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Cash Flows - Statutory Basis

For the periods ended March 31, 2020 and 2019

and for the year ended September 30, 2019

	Six Months Ended		Year Ended
	March 31,	March 31,	September 30,
	2020	2019	2019
	(Unaudited)	(Unaudited)	(Audited)
Premiums collected, net of excess insurance	\$ 7,305,850	6,475,127	5,603,719
Loss and loss adjustment expenses paid	(3,371,074)	(1,525,469)	(2,529,190)
Underwriting expenses paid	(1,703,670)	(1,740,317)	(2,986,868)
Cash from underwriting	2,231,106	3,209,341	87,661
Investment income	172,427	137,566	577,432
Net cash from operations	2,403,533	3,346,907	665,093
Transfers in:			
Other sources	1,789,427	2,279,629	2,201,225
Transfers out:			
Other applications	-	-	(294,139)
Net change in cash and short-term investments	4,192,960	5,626,536	2,572,179
Cash and short-term investments, beginning of period	3,755,328	1,183,149	1,183,149
Cash and short-term investments, end of period	\$ 7,948,288	6,809,685	3,755,328

See accompanying notes to financial statements and independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(1) Summary of significant accounting policies:

(a) Nature of organization:

The League Association of Risk Management (the Pool) is a risk management pool created under the provisions of the Intergovernmental Risk Management Act and the Interlocal Cooperation Act of the State of Nebraska. The Pool was created for the purpose of Nebraska municipalities to act jointly to provide risk management services and insurance coverage in the form of group self-insurance or standard insurance, including any combination of group self-insurance and standard insurance, to protect members against losses arising from general liability, property damage, destruction or loss, errors and omissions liability, and workers' compensation liability. Any county, city, village, school district, public power district, rural fire district, or other political subdivision of the State of Nebraska, the State of Nebraska, the University of Nebraska, and any corporation whose primary function is to act as an instrumentality or agency of the State of Nebraska is eligible to participate as a member of the pool.

The Pool is financed through the annual and supplemental contributions paid by the participating entities, through income earned from the investment of the Pool's funds, and through any other monies, which may be lawfully received by the Pool and made part of the Pool's assets. The Pool provides group self-insurance coverage for automobile physical damage, comprehensive property - all risk, boiler and machinery, basic crime, general liability, automobile liability, law enforcement liability, public officials liability, employment practices liability, non-monetary relief defense expense, reimbursement of criminal defense expense, workers' compensation, employers' liability, cyber liability, and terrorism.

The Pool is operated by a Board of Directors consisting of elected and appointed officials or employees of the Pool members. The Board has the power to establish the coverage document, ensure that all claims covered by the document are paid, take all necessary precautions to safeguard the assets of the Pool, and make and enter into any and all contracts and agreements necessary to carry out any of the powers granted or duties imposed under the Pool formation agreement, the Pool's bylaws, or any applicable law or regulation.

(b) Basis of presentation:

For purposes of this statement, the Pool uses the statutory basis of accounting as prescribed by the Insurance Department of the State of Nebraska, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the statutory basis of accounting, certain fixed assets and prepaid expenses are not recognized on the balance sheet.

(c) Investment income:

Investment income consists primarily of interest and is recorded as earned.

(d) Contributions:

Contributions are earned over the terms of the related coverage document and reinsurance contracts. All coverage documents coincide with the fiscal year of the Pool. Unearned contribution reserves are established to cover the unexpired portion of contributions written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

(e) Unpaid loss and loss adjustment expenses:

Unpaid loss and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed and any adjustments are reflected in the period determined.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(1) Summary of significant accounting policies: (Continued)

(f) Reinsurance:

In the normal course of operation, the Pool seeks to reduce the loss that may arise from events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy.

(g) Income taxes:

The Pool is exempt under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is required and the Pool is not required to file any returns or reports with the Internal Revenue Service related to income taxes.

(h) Management estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(2) NLC Mutual Insurance Company:

The Pool joined the NLC Mutual Insurance Company (NLC) as of October 1, 2002. NLC is a mutual insurance company, formed with the assistance of the National League of Cities in 1986.

Each entity is charged a capitalization fee based on a percentage of premiums. The Pool contributed a total of \$377,664, which is reflected on NLC's financial statements as member surplus. In addition, NLC allocates a portion of their net income to the member surplus each year. As a mutual company, NLC returns earnings that are not needed to pay claims and the expenses of operations to the members in the form of dividends. NLC did not declare any dividends for the years ended September 30, 2019 and 2018. The total member surplus reflected on NLC's financials for LARM were \$2,025,061 (March 31, 2020), \$1,737,646 (March 31, 2019) and \$2,025,061 (September 30, 2019).

The Nebraska Department of Insurance classifies this investment as non-admitted as it is not easily liquidated into cash.

(3) Cash on deposit and investments:

Cash on deposit, which includes cash in checking accounts, certificates of deposit with original maturities of one year or less, and money market deposit accounts are carried at cost, which approximates market value. The Pool maintains its cash on deposit in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Long term investments are investments with original maturities of more than one year. Included in long term investments are certificates of deposit and governmental agency bonds. Certificates of deposit are carried at cost, which approximates market value. Statutory accounting principles require that bonds be reported at amortized cost.

Statutes authorize the Pool to invest in bank certificates of deposit, repurchase agreements collateralized by U.S. government and government-guaranteed obligations, or U.S. agency and instrumentality obligations and mutual funds that invest in these investments.

For purposes of this footnote, the cost basis does not include checks issued and outstanding.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(3) Cash on deposit and investments: (Continued)

The Pool's cash and investment balances were as follows:

		Cost		
		Insured or Direct U.S. Government	Uninsured	Total
At	March 31, 2020			
	Cash on deposit	\$ 250,000	3,252,248	3,502,248
	Short-term investments	4,499,652	-	4,499,652
	Long-term investments	8,846,244	2,948	8,849,192
		<u>\$ 13,595,896</u>	<u>3,255,196</u>	<u>16,851,092</u>
At	March 31, 2019			
	Cash on deposit	\$ 250,000	2,138,728	2,388,728
	Short-term investments	4,506,095	-	4,506,095
	Long-term investments	10,547,381	-	10,547,381
		<u>\$ 15,303,476</u>	<u>2,138,728</u>	<u>17,442,204</u>
At	September 30, 2019			
	Cash on deposit	\$ 250,000	1,956,568	2,206,568
	Short-term investments	1,850,421	-	1,850,421
	Long-term investments	10,597,228	1,163	10,598,391
		<u>\$ 12,697,649</u>	<u>1,957,731</u>	<u>14,655,380</u>

The Pool has adopted Statement of Statutory Accounting Principles (SSAP) No. 100, *Fair Value*. This standard defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Pool considers the primary or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

The Pool classified its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. SSAP 100 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1 – Quoted prices in active markets for *identical* assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly; such as quoted prices for *similar* assets or liabilities, quoted prices in markets that are not active; or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(3) Cash on deposit and investments: (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

Bonds – Mortgage and Other Asset Backed Bonds: Valued based on Residential Mortgage Backed Securities modeling file provided by FINRA. The prepayment assumptions used for single class and multi-class mortgage backed/asset backed securities were obtained from broker/dealer survey values. These assumptions are consistent with the current interest rate and economic environment.

March 31, 2020						
		Less Than 12 Months		Greater Than 12 Months		Total
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value Unrealized Losses
Bonds:						
U.S. Governments	\$	4,006,960	-	809,678	-	4,816,638 -
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions		1,512,015	-	6,628,777	-	8,140,792 -
Industrial and miscellaneous unaffiliated		-	-	-	-	- -
Total bonds		5,518,975	-	7,438,455	-	12,957,430 -
Total temporarily impaired securities	\$	5,518,975	-	7,438,455	-	12,957,430 -

The amortized cost and estimated statutory fair value of bonds at March 31, 2020, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	\$ 5,499,633	5,518,975
Due after one year through five years	6,599,211	6,688,388
Due after five years through ten years	750,000	750,067
Due after ten years	-	-
	\$ 12,848,844	12,957,430

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(3) Cash on deposit and investments: (Continued)

March 31, 2019						
	Less Than 12 Months		Greater Than 12 Months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:						
U.S. Governments	\$ 4,506,787	12	299,133	415	4,805,920	427
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	7,451,925	52,110	7,451,925	52,110
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	4,506,787	12	7,751,058	52,525	12,257,845	52,537
Total temporarily impaired securities	\$ 4,506,787	12	7,751,058	52,525	12,257,845	52,537

The amortized cost and estimated statutory fair value of bonds at March 31, 2019, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	\$ 4,506,095	4,506,787
Due after one year through five years	5,547,381	5,519,913
Due after five years through ten years	2,250,000	2,231,145
Due after ten years	-	-
	\$ 12,303,476	12,257,845

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(3) Cash on deposit and investments: (Continued)

		September 30, 2019				
		Less Than 12 Months		Greater Than 12 Months		Total
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value Unrealized Losses
Bonds:						
U.S. Governments	\$	1,098,977	-	1,778,777	-	2,877,754
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions		751,890	-	7,095,460	15,330	7,847,350
Industrial and miscellaneous unaffiliated		-	-	-	-	-
Total bonds		1,850,867	-	8,874,237	15,330	10,725,104
Total temporarily impaired securities	\$	1,850,867	-	8,874,237	15,330	10,725,104

The amortized cost and estimated statutory fair value of bonds at September 30, 2019, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	\$ 1,850,421	1,850,867
Due after one year through five years	7,348,391	7,378,452
Due after five years through ten years	1,500,000	1,495,785
Due after ten years	-	-
	\$ 10,698,812	10,725,104

The Pool regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the prospects of the issuers, including, but not limited to 1) the Pool's intentions and ability to hold the investments; 2) the length of time and the magnitude of the unrealized loss; 3) the credit ratings of the issuers of the investments, and 4) other information specific to the issuer, the Pool has concluded that any declines in the fair values of the Pool's investments in bonds at March 31, 2020 and 2019 and September 30, 2019 are temporary and are presented on the following page.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(3) Cash on deposit and investments: (Continued)

The cost, gross unrealized gains, gross unrealized losses and estimated fair values are as follows:

March 31, 2020	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Obligations of U.S. Government sponsored enterprises	\$ 12,848,844	108,586	-	12,957,430
Total	<u>\$ 12,848,844</u>	<u>108,586</u>	<u>-</u>	<u>12,957,430</u>

March 31, 2019	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Obligations of U.S. Government sponsored enterprises	\$ 12,303,476	6,906	52,537	12,257,845
Total	<u>\$ 12,303,476</u>	<u>6,906</u>	<u>52,537</u>	<u>12,257,845</u>

September 30, 2019	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Obligations of U.S. Government sponsored enterprises	\$ 10,698,812	41,622	15,330	10,725,104
Total	<u>\$ 10,698,812</u>	<u>41,622</u>	<u>15,330</u>	<u>10,725,104</u>

The statement value and estimated fair value of financial instruments at March 31, 2020 and 2019 and September 30, 2019 are as follows:

		March 31, 2020			
	<u>Statement Value</u>	<u>Estimated Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:					
Bonds	\$ 12,848,844	12,957,430	-	12,957,430	-
Cash on deposit (including certificates of deposit)	3,948,636	3,951,584	3,448,636	502,948	-
Investment income due and accrued	72,624	72,624	72,624	-	-
Total	<u>\$ 16,870,104</u>	<u>16,981,638</u>	<u>3,521,260</u>	<u>13,460,378</u>	<u>-</u>

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(3) Cash on deposit and investments: (Continued)

		March 31, 2019				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	\$	12,303,476	12,257,845	-	12,257,845	-
Common stock		-	-			
Cash on deposit (including certificates of deposit)		5,053,590	5,040,847	2,303,590	2,737,257	-
Investment income due and accrued		61,006	61,006	61,006	-	-
Total	\$	<u>17,418,072</u>	<u>17,359,698</u>	<u>2,364,596</u>	<u>14,995,102</u>	<u>-</u>

		September 30, 2019				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	\$	10,698,812	10,725,104	-	10,725,104	-
Cash on deposit (including certificates of deposit)		3,654,907	3,655,154	1,904,907	1,750,247	-
Investment income due and accrued		60,325	60,325	60,325	-	-
Total	\$	<u>14,414,044</u>	<u>14,440,583</u>	<u>1,965,232</u>	<u>12,475,351</u>	<u>-</u>

(4) Related party transactions:

LARM contracted with the League of Nebraska Municipalities for office space and miscellaneous administrative services through the period ended December 31, 2017.

		Six months ended		Year ended
		March 31, 2020	March 31, 2019	September 30, 2019
The following is a summary of the transactions with the League:				
Management and administrative services paid to the League of Nebraska Municipalities	\$	-	-	-

The total amount of payables to the League of Nebraska Municipalities was \$1,267 (March 31, 2020), \$0 (March 31, 2019), and \$10,353 (September 30, 2019).

(5) Reinsurance recoverables:

Amounts recoverable from reinsurers are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured coverage document. The Pool's management believes the recoverables are appropriately established. The Pool had reinsurance recoverable amounts from seven third-party reinsurers.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(5) Reinsurance recoverables: (Continued)

	March 31, 2020	March 31, 2019	September 30, 2019
Contributions:			
Direct	\$ 4,397,511	4,156,323	8,328,448
Ceded	(1,176,998)	(1,049,859)	(2,169,795)
Net contributions earned	<u>\$ 3,220,513</u>	<u>3,106,464</u>	<u>6,158,653</u>
Losses:			
Direct	\$ 4,073,629	2,088,952	5,826,494
Ceded	(2,682,275)	(846,303)	(2,634,394)
Net losses incurred	<u>\$ 1,391,354</u>	<u>1,242,649</u>	<u>3,192,100</u>

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of \$1,929,566 (March 31, 2020), \$1,279,382 (March 31, 2019), and \$848,229 (September 30, 2019).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of \$5,023,737 (March 31, 2020), \$2,720,653 (March 31, 2019), and \$4,022,610 (September 30, 2019).

The Pool has entered into quota share, stop loss and per occurrence reinsurance agreements. As part of a reinsurance agreement, the Pool has withheld \$25,000 from the balance payable to a reinsurer. At March 31, 2020 and 2019 and September 30, 2019, the Pool had the funds withheld recorded as a liability.

The accompanying financial statements reflect the financial position and results of operations net of related reinsurance. To the extent that any reinsuring companies are unable to meet their obligations under the reinsurance agreements, the Pool would remain liable.

(6) Self-insured retention:

The Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by the reinsurance contracts and excess insurance contracts.

The per-claim retention limit for the coverage was as follows:

\$ 300,000	per occurrence	General Liability, Auto Liability, Police, Errors and Omissions
\$ 300,000	per occurrence	Public Official's Liability
\$ 150,000	per loss	Property, Auto Physical Damage
\$ 300,000	per occurrence	Wind and Hail Damage
\$ 750,000	per location and loss	Workers' Compensation
\$ 100,000	per occurrence	Boiler and Machinery
\$ 20,000	per occurrence	Cyber
\$ 10,000	per occurrence	Terrorism

Prior to July 1, 2019 the Property, Auto Physical Damage per-claim retention limit was \$100,000 and Wind and Hail Damage per-claim retention limit was \$200,000.

(7) Retrospective assessments and credits:

Nine months following the close of the fiscal year and at annual intervals thereafter, the Pool may recalculate each member's retrospective premium or premium credit for the year.

No dividends were declared for the periods ended March 31, 2020 and 2019 and September 30, 2019.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2020 and 2019 (Unaudited) and September 30, 2019 (Audited)

(8) Surplus:

Assets are reported under statutory accounting on an admitted assets basis. The non-admitted assets are excluded through a charge against surplus.

The portion of surplus represented or reduced by the following items are as follows:

	March 31, 2020	March 31, 2019	September 30, 2019
Non-admitted assets:			
Accounts receivable over 90 days past due	\$ -	-	-
Agents balances receivable over 90 days past due	-	-	-
Investment in NLC	2,025,061	1,737,646	2,025,061
	<u>\$ 2,025,061</u>	<u>1,737,646</u>	<u>2,025,061</u>

(9) Commitments and contingencies:

From time to time, the Pool is involved in pending and threatened litigation in the normal course of business in which claims for monetary damages are asserted. In the opinion of management, the ultimate liability, if any, arising from such pending or threatened litigation is not expected to have a material effect on the results of operations, liability, or financial position of the Pool.

(10) Financial statement presentation:

Amounts for March 31, 2019 and September 30, 2019 have been restated in some instances to conform with current statement presentation.

(11) Subsequent events:

The Pool evaluated subsequent events through May 15, 2020. In March 2020, the United States declared a national emergency related to the rapidly spreading coronavirus (COVID-19) outbreak. The Association invests in various securities as part of its ongoing operations and is exposed to economic and financial market risks. Events that result from the COVID-19 pandemic could have a material impact on the valuation of the Association's investments. Additionally, financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the members of the Association. COVID-19 could have a material adverse effect on the financial position of the Association, and the ultimate impact of the COVID-19 outbreak cannot be reasonably estimated at this time.

See independent accountant's compilation report.

SUPPLEMENTAL INFORMATION



Certified Public Accountants

Thomas, Kunc & Black, LLP

**Independent Accountant's Compilation Report
on Supplemental Information**

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska

The March 31, 2020 and 2019 supplementary information contained in the Reconciliation of Unpaid Claims is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

The September 30, 2019 supplementary information contained in the Reconciliation of Unpaid Claim Liabilities is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole based upon the statutory basis of accounting. We have not performed any auditing procedures on the supplementary information since November 27, 2019.

Lincoln, Nebraska
May 15, 2020

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Reconciliation of Unpaid Claim Liabilities

For the periods ended March 31, 2020 and 2019

and for the year ended September 30, 2019

	Six Months Ended		Year Ended
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	September 30, 2019 (Audited)
Unpaid claims and claims adjustment expenses at beginning of period	\$ 5,759,407	4,082,901	4,082,901
Incurred claims and claims adjustment expenses:			
Provision for insured events of current policy year	1,460,000	1,385,000	4,265,659
Increase/(decrease) in provision in insured events of prior policy years	758,989	281,752	249,392
Total incurred claims and claims adjustment expenses	2,218,989	1,666,752	4,515,051
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	213,855	227,735	1,110,321
Claims and claims adjustment expenses attributable to insured events of prior policy years	2,075,882	1,175,936	1,728,224
Total payments	2,289,737	1,403,671	2,838,545
Total unpaid claims and claims adjustment expenses at end of period	\$ 5,688,659	4,345,982	5,759,407

See independent accountant's compilation report on supplemental information.



League Association of Risk Management

May 28, 2020

U.S. Bank, Institutional Trust & Custody

Investment products and services are:

NOT A DEPOSIT	NOT FDIC INSURED	MAY LOSE VALUE	NOT BANK GUARANTEED	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
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Selected Period Performance

Selected Period Performance

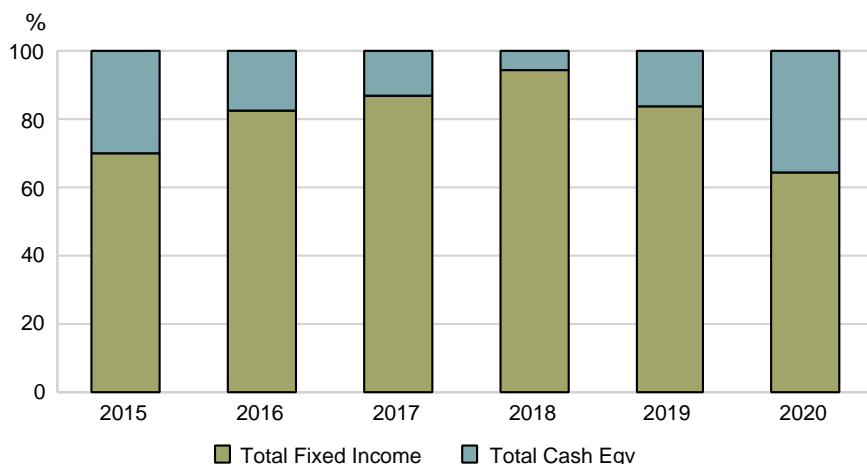
	Market Value	1 Month	3 Months	Year to Date (4 Months)	1 Year	3 Years	5 Years	Inception to Date 11/01/2014
Total Portfolio Gross of Fees	16,092,968	.04	.74	.99	2.78	1.92	1.37	1.31
Total Portfolio Net of Fees	16,092,968	.02	.70	.94	2.63	1.77	1.22	1.16
Total Fixed Income	10,396,480	.05	.80	1.07	3.08	2.11	1.52	1.46
Gov/Agency Bonds	9,889,045	.03	.78	1.05	3.11	2.14		
FTSE 1 Year Treasury Benchmark		.03	1.41	1.67	3.56	2.28	1.56	1.44
Taxable Fixed Other	507,435	.63	1.24	1.40	3.22			
Total Cash and Equivalents	5,696,488	.00	.09	.17	1.26	1.04	.66	.60
FTSE 1 Month Treasury Bill Index		.00	.26	.38	1.77	1.68	1.08	.99
FTSE 6 Month Treasury Bill Index		.11	.37	.53	2.08	1.83	1.23	1.12

History of Asset Growth Graphs

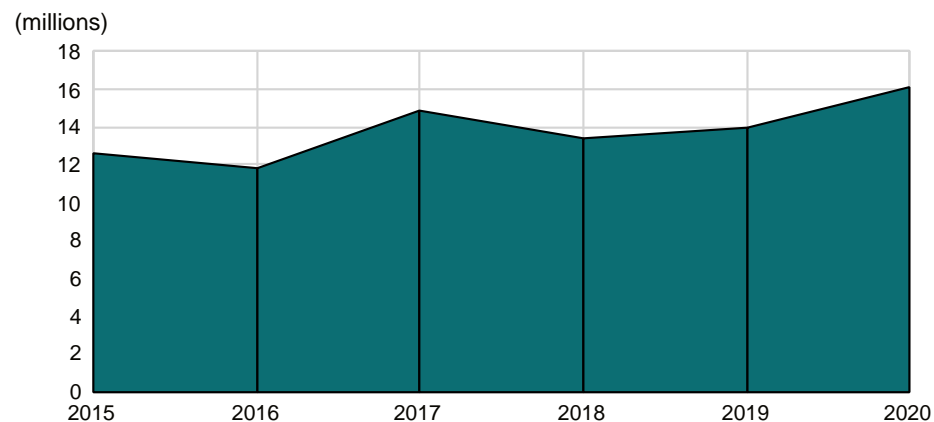
Annual Portfolio Values

	Consolidated	Nov 2014- Sep 2015	Oct 2015- Sep 2016	Oct 2016- Sep 2017	Oct 2017- Sep 2018	Oct 2018- Sep 2019	Oct 2019- Apr 2020
Beginning Portfolio Value	.00	.00	12,561,811.66	11,853,807.43	14,923,366.95	13,380,140.00	13,922,982.86
Contributions	41,382,508.69	16,602,508.69	5,430,000.00	6,300,000.00	4,750,000.00	4,600,000.00	3,700,000.00
Withdrawals	-26,416,970.11	-4,105,146.14	-6,293,559.68	-3,274,224.81	-6,405,775.65	-4,574,302.59	-1,763,961.24
Income Earned	1,019,502.70	52,883.41	109,099.44	162,643.19	230,600.07	304,987.14	159,289.45
Gain/Loss	107,926.31	11,565.70	46,456.01	-118,858.86	-118,051.37	212,158.31	74,656.52
Ending Portfolio Value	16,092,967.59	12,561,811.66	11,853,807.43	14,923,366.95	13,380,140.00	13,922,982.86	16,092,967.59
Total Return	1.31	.48	1.05	.31	.79	3.14	1.45
Principal	.13	.05	.31	-.69	-.64	1.23	.45
Income	1.18	.43	.74	1.00	1.44	1.89	1.00

Allocation Over Time



Ending Market Values Over Time



Account: 001050989800

Holdings Method: Direct

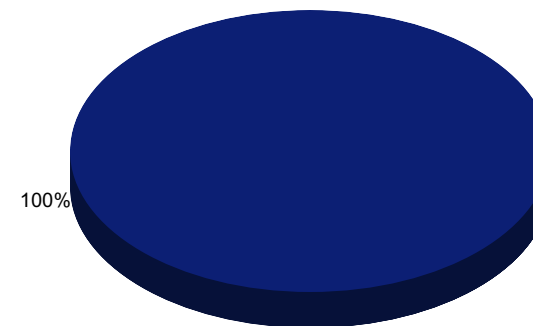
Report Date: 04/30/2020

Fixed Income Summary

Inv. Objective	All Fixed/Non Taxable
Total Fixed Income Value	\$10,348,705
Current Yield	1.75%
Annual Income Projected	\$180,950
Number of Securities	14
Portfolio Mgr.	Michael T. Maloney

Fixed Income Asset Allocation

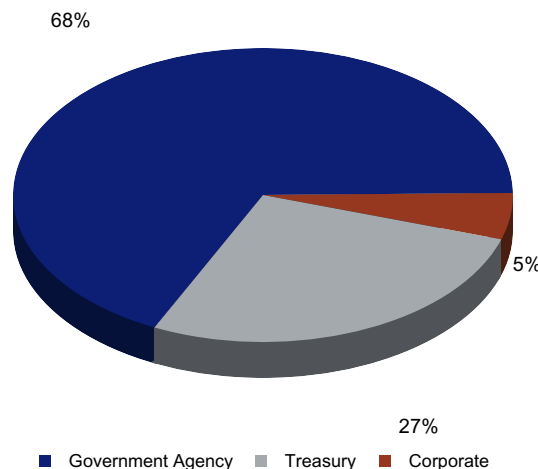
Investment Grade \$10,348,705 100.00%



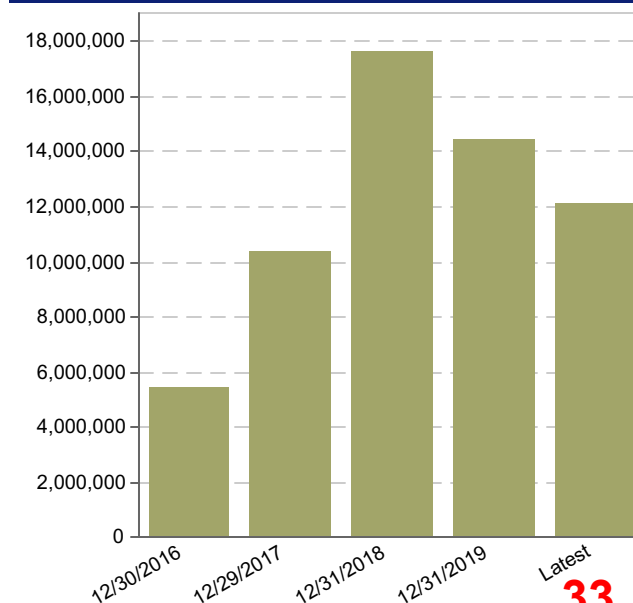
■ Investment Grade

Fixed Income Sector Exposures

Government Agency	\$7,031,963	68.00%
Treasury	\$2,811,353	27.00%
Corporate	\$505,390	5.00%



Fixed Income Market Value



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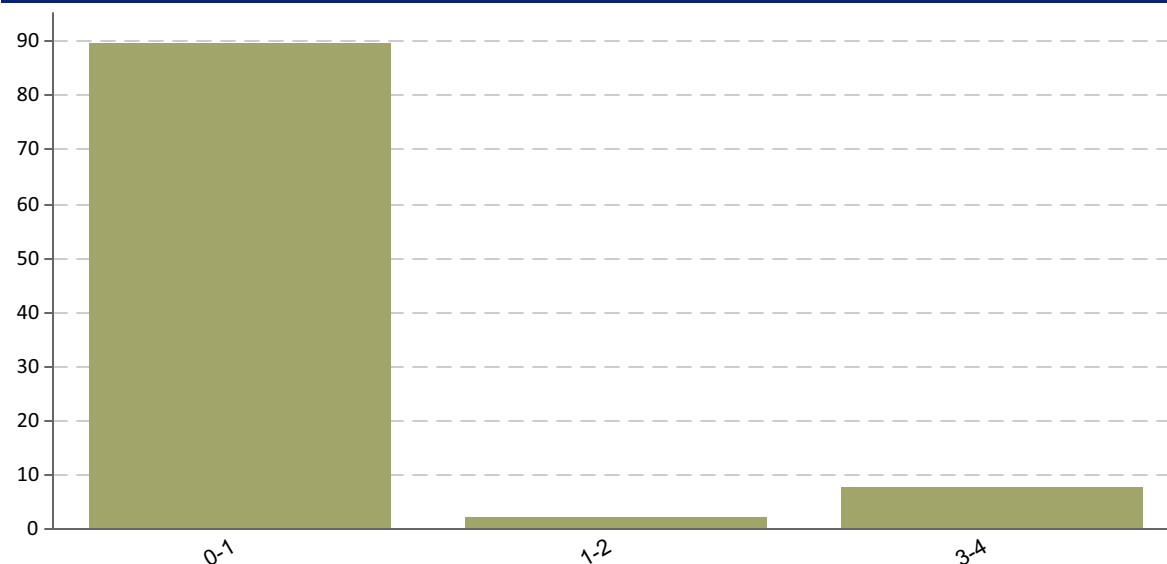
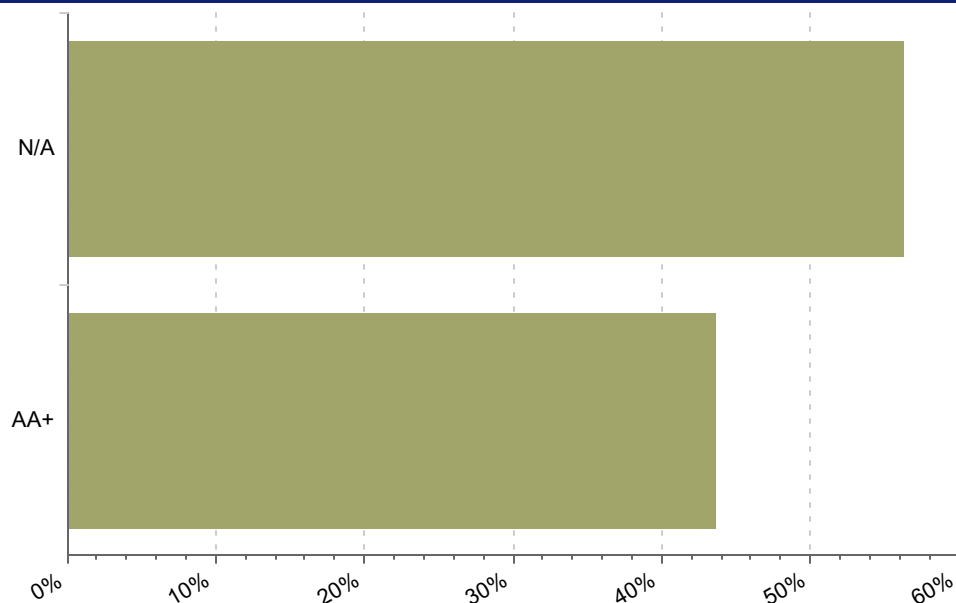
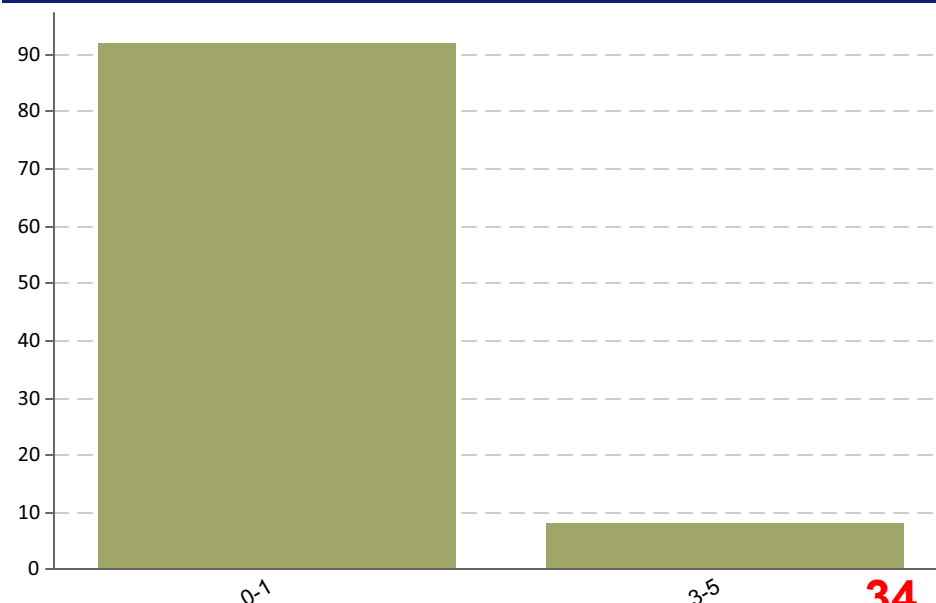
Account: 001050989800

Holdings Method: Direct

Report Date: 04/30/2020

Bond Characteristics

	Portfolio	% Avail
Avg. Coupon (%)	1.77	100
Current Yield (%)	1.75	100
Yield To Maturity	.83	86
Yield to Call/Worst (%)	.40	86
Eff. Maturity (Yrs)	.60	100
Effective Duration	.59	86
Avg. Quality	AAA	86
# of Securities	14	100

Bond Effective Maturity

Bond Quality Distribution

Bond Duration Distribution




LEAGUE ASSOC OF RISK MANAGEMENT

Portfolio Holdings

Account: 001050989800

Holdings Method: Direct

Report Date: 04/30/2020

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		100.0			16,045,157	15,943,420	101,737	1.13	181,520
Cash		35.50			5,696,452	5,696,452	-.16	0.01	570
Cash Equivalents		35.50			5,696,452	5,696,452	-.16	0.01	570
US BANK MONEY MARKET (MMDA) IT&C	991070749	35.50	1.00	5,696,452	5,696,452	5,696,452	-.16	0.01	570
Fixed Income		64.50			10,348,705	10,246,968	101,737	1.75	180,950
Investment Grade		64.50			10,348,705	10,246,968	101,737	1.75	180,950
Corporate		3.15			505,390	500,000	5,390	1.83	9,250
BMW BANK NORTH C D 2.200% 10/16/20	05580ADB7	1.57	1.01	250,000	252,228	250,000	2,228	2.18	5,500
PRIVATE BANK AND C D 1.500% 5/06/21	74267GVB0	1.58	1.01	250,000	253,163	250,000	3,163	1.48	3,750
Government Agency		43.83			7,031,963	6,996,948	35,014	1.76	123,888
F H L B 1.500% 2/26/21	3130A9ZQ7	4.68	100.09	750,000	750,683	750,000	683	1.50	11,250
F H L M C M T N 1.750% 11/26/21	3134GUUC2	4.68	100.09	750,000	750,653	749,925	728	1.75	13,125
F H L B 1.250% 5/28/20	3130A9ZR5	4.68	100.07	750,000	750,495	750,000	495	1.25	9,375
F H L M C M T N 2.375% 6/03/22	3134GTRA3	4.68	100.15	750,000	751,140	750,000	1,140	2.37	17,813
F H L M C 1.625% 9/29/20	3137EAEJ4	4.70	100.60	750,000	754,493	749,873	4,619	1.62	12,188
F H L B 2.625% 10/01/20	3130AEWA4	4.71	100.86	750,000	756,428	747,405	9,023	2.60	19,688
F H L M C M T N 1.720% 10/13/22	3134GUR93	6.26	100.39	1,000,000	1,003,950	1,000,000	3,950	1.71	17,200
F H L B DEB 1.500% 2/10/21	3130AJ4A4	4.72	100.91	750,000	756,802	749,745	7,058	1.49	11,250
F H L B DEB 1.600% 8/24/22	3130AJ4F3	4.72	100.98	750,000	757,320	750,000	7,320	1.58	12,000
Treasury		17.52			2,811,353	2,750,020	61,333	1.70	47,813
U S TREASURY NT 1.500% 5/15/20	912828X96	6.24	100.05	1,000,000	1,000,540	999,922	618	1.50	15,000
U S TREASURY NT 1.500% 6/15/20	912828XU9	6.24	100.17	1,000,000	1,001,720	1,000,039	1,681	1.50	15,000
U S TREASURY NT 2.375% 2/29/24	912828G0	5.04	107.88	750,000	809,092	750,059	59,034	2.20	17,813

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LEAGUE ASSOCIATION OF RISK MANAGEMENT

INVESTMENT POLICY

- I. Purpose. The purpose of this document is to establish the investment policy for the League Association of Risk Management, hereafter called LARM, and to provide guidance to the LARM Board, the Investment Committee, the LARM Administrator, and, if utilized, the Investment Manager or Custodian Bank pertaining to investment objectives and guidelines.
- II. Goal. The overall investment goal of LARM is to obtain a high rate of return on its portfolio assets, with a minimal risk, abiding by the appropriate statutes governing the investment of these funds and complying with the responsibility to LARM members.
- III. Priority Listing of Objectives.
 - A. Safety of Principal. Avoidance of financial risk or compromise of the financial integrity of the portfolio.
 - B. Liquidity. Provide sufficient liquidity for the payment of claims and expenses.

This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary and resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds which offer same day liquidity for short term funds.
 - C. Earn a High Rate of Return. Earn the highest rate of return with minimal risk. However, return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.
 - D. Diversification of Assets. Diversify assets by both the industry and the issuer in order to avoid undue exposure by any single industry or issuer.
 - E. All investments of LARM shall be in compliance with the Nebraska Insurer's Investment Act at all times.
- IV. Procedure.
 - A. LARM Board. The Board shall:
 1. Review and approve, at least quarterly, all purchases and disposals of investments.

2. Review, at least quarterly, whether all investments have been made in accordance with the Investment Policy.
3. Authorize the Investment Committee, under the general supervision of the LARM Board Chair, to manage the investments of LARM, either independently or through the utilization of the LARM Administrator or an Investment Manager or Custodian Bank.
4. Review the investment policy on an annual basis.

B. Investment Committee. The Investment Committee shall:

1. Receive and review summary reports on the investment portfolio, investment activities, and investment practices in order to determine whether the investment activity is consistent with the Investment Policy.
2. Provide such summary reports at least quarterly to the LARM Board for their review and approval.
3. Review and recommend revision of the Investment Policy to the LARM Board, as appropriate.
4. Review the Investment Manager or Custodian bank's performance and fees at least every 3 years.

C. LARM Administrator. The LARM Administrator shall:

1. Notify the Investment Committee of matters that bear upon the proper investment of the portfolio including pertinent financial, legal, or other information involving the investment of the portfolio and changes in investment objectives.
2. Meet regularly with the Investment Committee to report on progress of the portfolio.

D. Investment Manager or Custodian Bank. If utilized, the Investment Manager or Custodian Bank shall:

1. Meet regularly with the Investment Committee to report on progress of the portfolio.
2. Provide reports monthly to the Investment Committee.
3. Provide information concerning market trends and investment strategies.

V. Investment Guidelines.

A. Regulatory Limitations. The investment guidelines and restrictions as set forth by the Insurers Investment Act (Nebraska Revised Statutes Section 44-5101 et seq.) shall be adhered to at all times by the Board, the Investment Committee, the LARM Administrator, and any Investment Manager or Custodian Bank utilized by the Investment Committee in exercise of their discretion.

B. Prudence. The standard of prudence to be used for managing LARM's investments is the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of

their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.”

C. General Strategies.

1. The Investment Committee, or an Investment Manager or Custodial Bank, if utilized, shall determine the appropriate allocation of funds among cash, cash equivalents, and investment grade fixed income securities.
2. Capital gains and losses may be realized when, in the judgment of the Investment Committee or its investment manager or custodian bank, if utilized, consistent with the goals, objectives, and guidelines of this policy, such action is in the best interest of the portfolio and will lead to a greater long-term total rate of return.
3. Securities purchased by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited in general maturity parameters as follows:

The maximum maturity of any security at date of purchase shall not exceed 60 months. The purchase of a security with a maturity longer than 60 months shall be approved by the LARM Board at the next quarterly meeting. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as money market funds to ensure appropriate liquidity is maintained to meet ongoing obligations.

Securities shall not be sold prior to maturity with the following exceptions:

A security with declining credit may be sold early to minimize loss of principal.

Liquidity needs of the portfolio require that the security be sold.

A security swap that would adjust the portfolio (quality, yield, or duration) in a manner that would allow it to better fulfill the investment objectives.

Security purchases and sales shall be made, so that at the time of purchase or sale they do not cause, or exacerbate, non-compliance with the LARM portfolio maturity limitations.

4. Investments made by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited according to the following:

<u>Asset Class</u>	<u>Limitation*</u>
Direct obligations of the United States or obligations for which the full faith and credit of the United States is pledged for the payment of all principal and interest	No Limit
Direct obligations of any agency or instrumentality of the United States or obligations for which the full faith and credit of any agency or instrumentality of the United States is pledged for the payment of all principal and interest	25% per issuer
Other investment grade fixed income securities	5% per issuer
Mutual funds investing in the above classes	<u>5% per issuer, not to exceed 25% in total if the fund is only allowed to invest in U.S. government obligations or U.S. agency or instrumentality obligations; and</u> <u>5% per issuer, not to exceed 10% if invested in other classes.</u>

**Limitations apply to the percentage of admitted assets as shown by the most recent financial statement filed with the Nebraska Department of Insurance.*

- VI. Standard of Performance. Consideration shall be given to the extent to which the investment results are consistent with the goals and objectives as set forth in this policy.

Revised 3-23-2007; 12-16-2009; 3-1-2011; 2-26-2018

A blue geometric graphic consisting of several overlapping lines forming a partial square or cube shape, located on the left side of the blue banner.

Disclosures

Important disclosures (page 1 of 4)

The information provided here is not intended to replace your account statement. Your account statement is the official record of your account.



Equal Housing Lender. Credit products are offered by U.S. Bank National Association and subject to normal credit approval. Deposit products offered by U.S. Bank National Association. Member FDIC.

For use in one-on-one meetings/presentations.

This information represents the opinion of U.S. Bank. The views are subject to change at any time based on market or other conditions and are current as of the date indicated on the materials. This is not intended to be a forecast of future events or guarantee of future results. The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness.

U.S. Bank and its representatives do not provide tax or legal advice. Your tax and financial situation is unique. You should consult your tax and/or legal advisor for advice and information concerning your particular situation.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**

Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments.

Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes.

Treasury Inflation-Protected Securities (TIPS) offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities. **Insurance-linked securities (ILS)** are financial instruments whose performance is determined by insurance loss events primarily driven by weather-related and other natural catastrophes (such as hurricanes and earthquakes). These events are typically low-frequency but high-severity occurrences. In exchange for higher potential yields, investors assume the risk of a disaster during the life of their bonds, with their principal used to cover damage caused if the catastrophe is severe enough.

Important disclosures (page 4 of 4)

Mutual fund investing involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Holdings of First American Funds: U.S. Bancorp Asset Management, Inc. is a registered investment advisor and subsidiary of U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, performance or services of U.S. Bancorp Asset Management. U.S. Bancorp Asset Management, Inc. serves as an investment advisor to First American Funds. First American Funds are distributed by Quasar Distributors, LLC, an affiliate of the investment advisor. **Holdings of Nuveen mutual funds:** Firststar Capital Corporation (Firststar Capital), an affiliate of U.S. Bancorp, holds a less-than-10 percent ownership interest in Windy City Investments Holdings, LLC which was formerly the parent of Windy City Investment Inc. and the indirect parent of Nuveen Fund Advisors, LLC which is the investment advisor to the Nuveen Mutual Funds. On October 1, 2014, Windy City Investments, Inc. was sold to Teachers Insurance and Annuity Association of America. As a result of the sale, U.S. Bancorp no longer has an indirect ownership interest in Nuveen Fund Advisors, LLC. Depending on the outcome of certain factors, Firststar Capital might in the future receive an earn-out payment in respect of its interest in Windy City Investment Holdings, LLC, under the terms of the sale. **Non-proprietary mutual funds:** U.S. Bank may enter into agreements with other non-proprietary mutual funds or their service providers whereby U.S. Bank provides shareholder services and/or sub-transfer agency, custodial and other administrative support services and receives compensation for these services. Compensation received by U.S. Bank directly or indirectly from mutual funds does not increase fund fees and expenses beyond what is disclosed in the fund prospectuses. For more information, review the fund prospectus.

Definitions of investment report/statement terms (page 1 of 4)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than \$1 million (excluding primary residence) or an income of more than \$200,000 individually (\$300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least \$5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.

Definitions of investment report/statement terms (page 2 of 4)

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

Effective Maturity: The date of a bond's most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a "horizon date/price" that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

Definitions of investment report/statement terms (page 3 of 4)

Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the “horizon date/price” and ignores any potential call/put/pre-refunding, even if they are mandatory.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company's stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm's ability to grow its earnings. A low P/E indicates the market has less confidence that the company's earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least \$5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least \$25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Definitions of investment report/statement terms (page 4 of 4)

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third party security fees and expenses. Details of those fees and expenses are provided in the security's prospectus or offering documents.

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund's or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.

Frequently used investment indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have \$250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least \$50 million, have a maturity value of at least \$5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Frequently used investment indexes (page 2 of 5)

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have \$250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

Eurekahedge ILS Advisers Index: Designed to provide a broad measure of the performance of underlying hedge fund managers who explicitly allocate to insurance-linked investments and have at least 70% of their portfolio invested in non-life risk.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFRDatabase.

HFRI Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of \$50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

Frequently used investment indexes (page 3 of 5)

HFRI Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of \$50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.

MSCI All Country World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East.

Frequently used investment indexes (page 4 of 5)

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Frequently used investment indexes (page 5 of 5)

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stockmarket.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stockmarkets.



Important disclosures (page 1 of 4)

The information provided here is not intended to replace your account statement. Your account statement is the official record of your account.



Equal Housing Lender. Credit products are offered by U.S. Bank National Association and subject to normal credit approval. Deposit products offered by U.S. Bank National Association. Member FDIC.

For use in one-on-one meetings/presentations.

This information represents the opinion of U.S. Bank. The views are subject to change at any time based on market or other conditions and are current as of the date indicated on the materials. This is not intended to be a forecast of future events or guarantee of future results. The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness.

U.S. Bank and its representatives do not provide tax or legal advice. Your tax and financial situation is unique. You should consult your tax and/or legal advisor for advice and information concerning your particular situation.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. Diversification and asset allocation do not guarantee returns or protect against losses.



Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments. **International investing** involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high-yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments. The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.



Important disclosures (page 3 of 4)

Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors. There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities. **Mutual fund investing** involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in these funds.



Important disclosures (page 4 of 4)

Holdings of First American Funds: U.S. Bancorp Asset Management, Inc. is a registered investment advisor and subsidiary of

U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, performance or services of U.S.

Bancorp Asset Management. U.S. Bancorp Asset Management, Inc. serves as an investment advisor to First American Funds. First American Funds are distributed by Quasar Distributors, LLC, an affiliate of the investment advisor. **Holdings**

of Nuveen mutual funds: Firststar Capital Corporation (Firststar Capital), an affiliate of U.S. Bancorp, holds a less-than-10 percent ownership interest in Windy City Investments Holdings, LLC which was formerly the parent of Windy City Investment Inc. and the indirect parent of Nuveen Fund Advisors, LLC which is the investment advisor to the Nuveen Mutual Funds. On October 1, 2014, Windy City Investments, Inc. was sold to Teachers Insurance and Annuity Association of America. As a result of the sale, U.S. Bancorp no longer has an indirect ownership interest in Nuveen Fund Advisors, LLC. Depending on the outcome of certain factors, Firststar Capital might in the future receive an earn-out payment in respect of its interest in Windy City Investment Holdings, LLC, under the terms of the sale. **Non-proprietary**

mutual funds: U.S. Bank may enter into agreements with other non-proprietary mutual funds or their service providers whereby U.S. Bank provides shareholder services and/or sub-transfer agency, custodial and other administrative support services and receives compensation for these services. Compensation received by U.S. Bank directly or indirectly from mutual funds does not increase fund fees and expenses beyond what is disclosed in the fund prospectuses. For more information, review the fund prospectus.

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LEAGUE ASSOCIATION OF RISK MANAGEMENT

ACTUARIAL REPORT Indicated Premium for 10/1/20-21

5/21/20

May 21, 2020

Ms. L. Lynn Rex
Executive Director
League Association of Risk Management
1335 L Street
Lincoln, NE 68508

Dear Ms. Rex:

Enclosed is a *draft* of the actuarial report prepared for the League Association of Risk Management (LARM) at your request. This report calculates the indicated premium for the upcoming 10/1/20-21 policy period.

The estimates contained in this report are based on data provided by Sedgwick. These data and the associated assumptions should be reviewed for their consistency with the internal records of LARM. Any discrepancy in the completeness, interpretation, or accuracy of the information used may require a revision to this report.

If you have any questions, please contact us. It is a pleasure to be of service to LARM.

Sincerely,

Elizabeth Long, ACAS, MAAA
Principal and Consulting Actuary

Mary Jean King, FCAS, CERA, MAAA
Principal and Consulting Actuary

LEAGUE ASSOCIATION OF RISK MANAGEMENT**ACTUARIAL REPORT****TABLE OF CONTENTS**

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LEAGUE ASSOCIATION OF RISK MANAGEMENT

ACTUARIAL REPORT

PURPOSE

By the Numbers Actuarial Consulting, Inc. (BYNAC) prepared this actuarial report to present a professional analysis of the League Association of Risk Management's (LARM's) indicated workers compensation, other liability, and property premium structure for the upcoming 10/1/20-21 policy period. Other liability includes auto liability, general liability, public officials E&O, and police professional liability lines of business. Property includes auto physical damage, property, inland marine, wind/storm/vandalism, and boiler and machinery lines of business. The basis for the premium analysis is the experience of LARM's members limited to the anticipated specific retentions.

BYNAC is an independent consultant to LARM and provides this report as input to management in its rate setting process. During the course of the preparation of this report, a draft has been provided to Ms. L. Lynn Rex, Executive Director, LARM. BYNAC is available to present the report at LARM's convenience.

The information contained in this report has been prepared by Elizabeth Long, ACAS, MAAA, in accordance with applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. Ms. Long meets the Qualification Standards of the American Academy of Actuaries.

FINDINGS

The findings are the product of loss experience, actuarial assumptions, quantitative analysis, and professional judgment. The estimates are expressed in terms of ranges that indicate the reliance on assumptions believed to be reasonable and are subject to all the limitations expressed herein.

At this time the impact of claims related to COVID-19 is uncertain. As a result, no provision is made for COVID-19 related claims in this report.

INDICATED PREMIUM NEED

The indicated premium for 10/1/20-21 for all coverages combined on an undiscounted and discounted for investment income basis is shown below. Indicated premium by coverage is on the following page. Sedgwick provided the discount rate of 1.5% per year. Evaluating the reasonableness of the discount rate is outside the scope of this report.

INDICATED PREMIUM NEED FOR 10/1/20-21 - ALL COVERAGES

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$8,360,000	\$9,010,000	\$9,750,000
Proposed Premium		8,800,000	
Premium Indication	- 5.0%	+ 2.4%	+10.8%
	Discounted for Investment Income at 1.5% per Annum		
	Low	Expected	High
Indicated Premium	\$8,310,000	\$8,930,000	\$9,650,000
Proposed Premium		8,800,000	
Premium Indication	- 5.6%	+ 1.5%	+ 9.7%

The low and high figures shown are judgmental and are not intended to establish absolute minimums or maximums on the estimates, but rather to depict a reasonable range for the establishment of premium in this particular situation. The indicated premium is the amount that

LARM needs to collect from its members to cover expected losses and expenses. The proposed premium is based on the premium LARM expects to collect for 10/1/20-21. The premium indication is the comparison of the indicated premium and the proposed premium for 10/1/20-21. As shown, it is expected that LARM's losses and expenses for all coverages combined will be 1.5% more than the proposed premium on a discounted for investment income basis.

INDICATED PREMIUM NEED FOR 10/1/20-21 - WORKERS COMPENSATION

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$2,260,000	\$2,440,000	\$2,710,000
Proposed Premium		2,615,000	
Premium Indication	-13.6%	- 6.7%	+ 3.6%
	Discounted for Investment Income at 1.5% per Annum		
	Low	Expected	High
Indicated Premium	\$2,240,000	\$2,410,000	\$2,670,000
Proposed Premium		2,615,000	
Premium Indication	-14.3%	- 7.8%	+ 2.1%

INDICATED PREMIUM NEED FOR 10/1/20-21 - OTHER LIABILITY

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$2,030,000	\$2,290,000	\$2,550,000
Proposed Premium		2,055,000	
Premium Indication	- 1.2%	+11.4%	+24.1%
	Discounted for Investment Income at 1.5% per Annum		
	Low	Expected	High
Indicated Premium	\$2,000,000	\$2,250,000	\$2,500,000
Proposed Premium		2,055,000	
Premium Indication	- 2.7%	+ 9.5%	+21.7%

INDICATED PREMIUM NEED FOR 10/1/20-21 - PROPERTY

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$4,070,000	\$4,280,000	\$4,490,000
Proposed Premium		4,130,000	
Premium Indication	- 1.5%	+ 3.6%	+ 8.7%
	Discounted for Investment Income at 1.5% per Annum		
	Low	Expected	High
Indicated Premium	\$4,060,000	\$4,260,000	\$4,470,000
Proposed Premium		4,130,000	
Premium Indication	- 1.7%	+ 3.1%	+ 8.2%

ASSUMPTIONS

DEFINITIONS

Losses in this report include allocated loss adjustment expense (ALAE). ALAE are those expenses that can be directly attributed to a specific claim, such as litigation costs. Loss adjustment expenses that cannot be directly associated with an individual claim are known as unallocated loss adjustment expense (ULAE). Reserves for unearned premiums, unpaid administrative expenses, contingencies, catastrophes, or future premium deficiencies are not included in the estimates.

HISTORICAL INFORMATION

For the upcoming period, LARM will assume its members' workers compensation, other liability, and property losses. The historical loss development patterns of LARM are utilized to determine the ultimate losses expected to be incurred for the periods analyzed. This methodology assumes that the historical development patterns are indicative of the future development expected for the periods considered.

All data are based on information provided by Sedgwick. The indicated premium need for the 10/1/20-21 policy period is based on data evaluated as of 3/31/20 and additional information provided through 4/22/20. These data are reviewed for reasonableness and used without audit.

RETENTIONS

LARM's anticipated specific retentions for 10/1/20-21 are \$750,000 for workers compensation, \$300,000 for other liability, and \$150,000 for standard property coverages with a \$400,000

annual aggregate deductible and a \$5,000,000 aggregate limit. The retention for wind, hailstorms, and catastrophes is \$300,000. These losses do not erode the annual aggregate deductible. There is a \$300,000 corridor retention for property wind and hail claims. ALAE is included within the retention for workers compensation and property and is prorated for other liability. The retentions are a critical part of this analysis. It is assumed that the reinsurance will be collectable on all claims that ultimately develop beyond the applicable retentions. An analysis of the collectability of the reinsurance is beyond the scope of this report.

PREMIUM INDICATION – WORKERS COMPENSATION

OVERVIEW

LARM's indicated premium for 10/1/20-21 is calculated by adding estimated expenses to projected losses. The basic methodology used to project losses is to develop a pure loss rate for each of the five most recent complete periods. The pure loss rate is the expected dollar of loss per unit of exposure. To project the pure loss rate, the losses of the five most recent periods are developed to their estimated ultimate value and adjusted to a 10/1/20-21 cost level. These adjusted losses are divided by exposure trended to a 10/1/20-21 level to calculate pure loss rates for each period. These pure loss rates are evaluated, and an estimate for the 10/1/20-21 period is selected. Losses are projected by multiplying the selected pure loss rate by the projected exposure for 10/1/20-21.

Four procedures are used to estimate the ultimate incurred losses to provide a check for reasonableness and consistency. Following is a brief description of each method and the circumstances under which each works best.

Incurred loss development is the most widely used method of estimating ultimate incurred losses. By using the reserves on a claim-by-claim basis, the most recent claims adjusters' estimates are included in the analysis in addition to the cumulative paid losses. Inherent in the incurred loss development technique is the assumption that there are no changes in reserving practices.

A paid loss approach attempts to eliminate distortions that can occur in incurred methods when there is a suspected change in reserving procedures. Inherent in paid loss development techniques is the assumption that there are no changes in claims settlement practices.

The incurred Bornhuetter-Ferguson technique estimates ultimate incurred losses based on the expected losses and reporting pattern of incurred losses. This method is dependent on the accuracy of these two parameters in addition to the considerations discussed for the incurred method.

The last method, the paid Bornhuetter-Ferguson approach, estimates ultimate incurred losses based on the expected losses and payment pattern. Similar to the incurred Bornhuetter-Ferguson method, this approach is dependent on the accuracy of these two parameters in addition to the considerations for the paid method.

INCURRED LOSS DEVELOPMENT

The ultimate cost of claims incurred for a specific time period is usually not known until several years after the close of that period. Loss development factors project the additional cost expected on claims. These factors quantify the late developing aspects of certain losses, such as claims involving medical complications not recognized in the early stages of treatment or verdict values for litigated claims that are different than the amount previously reserved to pay the claims. They also account for losses that occurred during the policy period but are not reported until a later date.

In Section A of Table 1, incurred losses are limited to the specific retention. As shown, one claim is reported in excess of \$750,000. Ultimate incurred losses are estimated in Section B by multiplying the limited incurred losses by the loss development factors. For example, limited incurred losses for the 10/1/18-19 period evaluated at \$925,712 on 3/31/20 are estimated to ultimately cost \$1,023,837 ($\$925,712 \times 1.106$). The loss development factor of 1.106 means that the losses are expected to ultimately cost 10.6% more than incurred losses evaluated on 3/31/20.

PAID LOSS DEVELOPMENT

The paid loss procedure employs an analysis similar to the previous method, but based on paid loss data. This estimation technique is not influenced by changes in the loss reserve estimates of the adjusters. However, larger development factors are required at a given age than the incurred method. This analysis is shown in Table 2.

INCURRED BORNHUETTER-FERGUSON

The incurred Bornhuetter-Ferguson method for developing an estimate of ultimate incurred losses requires two parameters, the expected losses and reporting pattern. The accuracy of this method depends on these parameters.

The incurred Bornhuetter-Ferguson method involves two calculation steps. In Section A of Table 3, unreported losses are estimated by multiplying the expected losses by the expected percent of unreported losses implied by the incurred loss development factor. Ultimate incurred losses are estimated in Section B by adding the estimated unreported losses to the incurred losses as of 3/31/20.

Table 1

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED LOSS DEVELOPMENT**
(Net of Non-Excess Recoveries)**A. LOSSES LIMITED TO \$750,000**

Policy Period	Incurred Losses as of 3/31/20	Number of Claims in Excess of \$750,000	Incurred Losses in Excess of \$750,000	Limited Incurred Losses as of 3/31/20
10/1/14-15	\$ 845,029	0	\$ 0	\$ 845,029
10/1/15-16	777,474	0	0	777,474
10/1/16-17	787,560	0	0	787,560
10/1/17-18	2,395,807	1	755,550	1,640,257
10/1/18-19	925,712	0	0	925,712
Total	\$ 5,731,582	1	\$ 755,550	\$ 4,976,032

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/20	Age of Policy Period in Months	Incurred Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/14-15	\$ 845,029	66.0	1.017	\$ 859,394
10/1/15-16	777,474	54.0	1.032	802,353
10/1/16-17	787,560	42.0	1.049	826,150
10/1/17-18	1,640,257	30.0	1.074	1,706,136 *
10/1/18-19	925,712	18.0	1.106	1,023,837
Total	\$ 4,976,032			\$ 5,217,870

Interpolated from Section C of Table 1 of the 11/23/19 actuarial report.

* Did not develop claim LARN-9745 above the retention.

Table 2

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****ESTIMATED ULTIMATE INCURRED LOSSES****PAID LOSS DEVELOPMENT**

(Net of Non-Excess Recoveries)

A. LOSSES LIMITED TO \$750,000

Policy Period	Paid Losses as of 3/31/20	Number of Claims in Excess of \$750,000	Paid Losses in Excess of \$750,000	Limited Paid Losses as of 3/31/20
10/1/14-15	\$ 840,570	0	\$ 0	\$ 840,570
10/1/15-16	736,707	0	0	736,707
10/1/16-17	777,584	0	0	777,584
10/1/17-18	2,338,064	1	748,893	1,589,171
10/1/18-19	661,579	0	0	661,579
Total	\$ 5,354,504	1	\$ 748,893	\$ 4,605,611

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Paid Losses as of 3/31/20	Age of Policy Period in Months	Paid Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/14-15	\$ 840,570	66.0	1.110	\$ 933,033
10/1/15-16	736,707	54.0	1.140	839,846
10/1/16-17	777,584	42.0	1.194	928,435
10/1/17-18	1,589,171	30.0	1.290	1,832,531 *
10/1/18-19	661,579	18.0	1.650	1,091,605
Total	\$ 4,605,611			\$ 5,625,450

Interpolated from Section C of Table 3 of the 11/23/19 actuarial report.

* Did not develop claim LARN-9745 above the retention.

Table 3

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED BORNHUETT-FERGUSON**

(Losses Including ALAE Limited to \$750,000, Net of Non-Excess Recoveries)

A. ESTIMATED UNREPORTED LOSSES

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated Unreported Losses
10/1/14-15	\$ 907,277	1.017	0.017	\$ 15,424
10/1/15-16	805,182	1.032	0.031	24,961
10/1/16-17	893,237	1.049	0.047	41,982
10/1/17-18	1,916,482	1.074	0.069	132,237
10/1/18-19	<u>1,276,150</u>	1.106	0.096	<u>122,510</u>
Total	\$ 5,798,328			\$ 337,114

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Incurred Losses as of 3/31/20	Estimated Unreported Losses	Estimated Ultimate Incurred Losses
10/1/14-15	\$ 845,029	\$ 15,424	\$ 860,453
10/1/15-16	777,474	24,961	802,435
10/1/16-17	787,560	41,982	829,542
10/1/17-18	1,640,257	132,237	1,772,494
10/1/18-19	<u>925,712</u>	<u>122,510</u>	<u>1,048,222</u>
Total	\$ 4,976,032	\$ 337,114	\$ 5,313,146

* See Section A of Table 7 of the 11/23/19 actuarial report.

PAID BORNHUETTER-FERGUSON

The paid Bornhuetter-Ferguson method also uses two parameters to estimate ultimate incurred losses. These parameters are the expected losses and payment pattern. In Section A of Table 4, outstanding losses are estimated by multiplying the expected losses by the expected ratio of outstanding losses implied by the paid loss development factor. Ultimate incurred losses are estimated in Section B by adding paid losses and the estimate of outstanding losses.

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES

The results of the methods are compared in Table 5, and the ultimate incurred losses are selected for each period. Incurred losses are selected for 10/1/14-15 since there is only one open claim within the retention. An average is selected for the remaining periods. The selected estimated ultimate incurred losses are illustrated in Figure 1.

COST LEVEL ADJUSTMENT

Cost level adjustment factors adjust the estimated ultimate incurred losses and exposure to the cost level appropriate for the projected period. The adjustment has two parts for workers compensation losses, a benefit level change and a loss trend factor.

Benefit level change factors quantify increases and decreases in the benefit level attributable to changes in the Nebraska workers compensation law. These factors, shown in Section A of Table 6, are developed from data compiled by the National Council on Compensation Insurance, Inc. (NCCI). In this set of factors, the factor of 1.005 for 10/1/14-15 indicates that changes in the workers compensation law have resulted in an increase of 0.5% in benefits since that period.

Table 4

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****ESTIMATED ULTIMATE INCURRED LOSSES****PAID BORNHUETTER-FERGUSON**

(Losses Including ALAE Limited to \$750,000, Net of Non-Excess Recoveries)

A. ESTIMATED OUTSTANDING LOSSES

<u>Policy Period</u>	<u>Expected Losses</u>	<u>Paid Loss Development Factor</u>	<u>Expected Ratio Outstanding</u>	<u>Estimated Outstanding Losses</u>
10/1/14-15	\$ 907,277	1.110	0.099	\$ 89,820
10/1/15-16	805,182	1.140	0.123	99,037
10/1/16-17	893,237	1.194	0.162	144,704
10/1/17-18	1,916,482	1.290	0.225	431,208
10/1/18-19	<u>1,276,150</u>	1.650	0.394	<u>502,803</u>
Total	\$ 5,798,328			\$ 1,267,572

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Paid Losses as of 3/31/20</u>	<u>Estimated Outstanding Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/14-15	\$ 840,570	\$ 89,820	\$ 930,390
10/1/15-16	736,707	99,037	835,744
10/1/16-17	777,584	144,704	922,288
10/1/17-18	1,589,171	431,208	2,020,379
10/1/18-19	<u>661,579</u>	<u>502,803</u>	<u>1,164,382</u>
Total	\$ 4,605,611	\$ 1,267,572	\$ 5,873,183

Table 5

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

(Losses Including ALAE Limited to \$750,000, Net of Non-Excess Recoveries)

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Incurred Bornhuetter-Ferguson	Paid Bornhuetter-Ferguson	Selected Estimated Ultimate Incurred Losses#
10/1/14-15	\$ 859,394	\$ 933,033	\$ 860,453	\$ 930,390	\$ 845,029 ^
10/1/15-16	802,353	839,846	802,435	835,744	820,095
10/1/16-17	826,150	928,435	829,542	922,288	876,604
10/1/17-18	1,706,136	1,832,531	1,772,494	2,020,379	1,832,885
10/1/18-19	1,023,837	1,091,605	1,048,222	1,164,382	1,082,012
Total	\$ 5,217,870	\$ 5,625,450	\$ 5,313,146	\$ 5,873,183	\$ 5,456,625

Selected the average unless otherwise noted.

^ Selected incurred losses since there is only one open claim within the retention.

Figure 1

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Losses Including ALAE Limited to \$750,000)

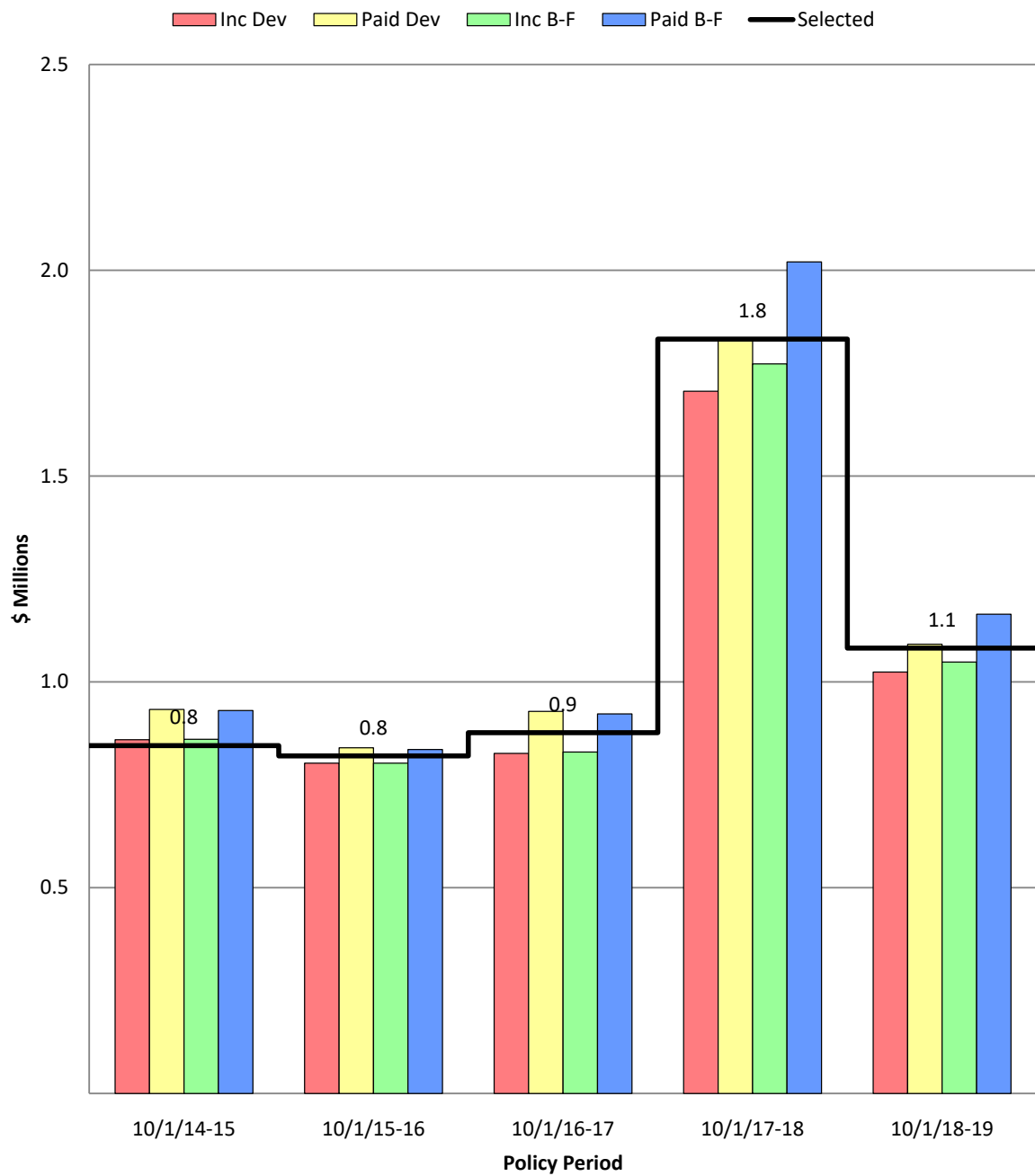


Table 6

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****COST LEVEL ADJUSTMENT**

(Losses Including ALAE Limited to \$750,000, Net of Non-Excess Recoveries)

A. LOSSES ADJUSTED TO 10/1/20-21

Policy Period	Estimated Ultimate Incurred Losses	Benefit Level Change Factor*	Loss Trend Factor**	Adjusted Losses#
10/1/14-15	\$ 845,029	1.005	1.191	\$ 1,011,462
10/1/15-16	820,095	1.004	1.159	954,292
10/1/16-17	876,604	1.002	1.114	978,490
10/1/17-18	1,832,885	1.000	1.090	1,930,345
10/1/18-19	<u>1,082,012</u>	1.000	1.061	<u>1,148,015</u>
Total	\$ 5,456,625			\$ 6,022,604

B. PAYROLL ADJUSTED TO 10/1/20-21

Policy Period	Payroll (100)^	Payroll Trend Factor>	Adjusted Payroll (100)
10/1/14-15	\$ 806,314	1.163	\$ 937,743
10/1/15-16	854,016	1.134	968,454
10/1/16-17	895,287	1.107	991,083
10/1/17-18	817,783	1.078	881,570
10/1/18-19	<u>811,750</u>	1.051	<u>853,149</u>
Total	\$4,185,150		\$4,631,999

* Calculated based on information for Nebraska published by the NCCI.

** See Section A of Appendix B, Exhibit I.

Losses have not been adjusted above the retention.

^ Provided by Sedgwick.

> See Section A of Appendix B, Exhibit II.

The loss trend factor quantifies changes in average workers compensation claims costs as measured by the NCCI. For example, the factor of 1.191 for 10/1/14-15 indicates that an average loss incurred during that period would cost 19.1% more during the projected period. These factors are calculated in Appendix B, Exhibit I.

Having developed LARM's historical losses to ultimate and adjusted them to the projected cost level, the next step is to trend the historical exposure to the level appropriate for the projected period. The exposure base selected for LARM's workers compensation losses is payroll. In Section B, the payroll is adjusted to the anticipated wage level of the projected period.

LOSS PROJECTION

As discussed earlier, the pure loss rate is the expected dollar loss cost per unit of exposure. The adjusted losses are divided by the trended payroll for each period to yield pure loss rates in Section A of Table 7. Each of these pure loss rates is an estimate of the pure loss rate for the projected 10/1/20-21 period. A pure loss rate of \$1.30 per \$100 payroll is selected for the projected period. In other words, it is estimated that LARM will expend on average \$1.30 per \$100 payroll for loss and ALAE. Figure 2 graphically illustrates the selection of the pure loss rate. In Section B, the pure loss rate of \$1.30 is multiplied by the projected payroll in hundreds to forecast workers compensation losses of \$1,120,000 for 10/1/20-21.

Table 7

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****PROJECTED LOSSES FOR 10/1/20-21**

(Losses Including ALAE Limited to \$750,000, Net of Non-Excess Recoveries)

A. PURE LOSS RATES

<u>Policy Period</u>	<u>Adjusted Losses</u>	<u>Adjusted Payroll (100)</u>	<u>Pure Loss Rate per Payroll (100)</u>
10/1/14-15	\$ 1,011,462	\$ 937,743	\$1.08
10/1/15-16	954,292	968,454	0.99
10/1/16-17	978,490	991,083	0.99
10/1/17-18	1,930,345	881,570	2.19
10/1/18-19	<u>1,148,015</u>	<u>853,149</u>	1.35
Total	\$ 6,022,604	\$4,631,999	
		Average	\$1.32
		Wtd Average	1.30
		3 Yr Average	1.51
		5 Yr Mid Average	1.14
		Prior*	1.20
		Selected^	1.30

B. PROJECTED LOSSES FOR 10/1/20-21

<u>Level</u>	<u>Pure Loss Rate</u>	<u>Projected Payroll (100)</u>	<u>Projected Losses</u>
Low	\$1.10	\$ 859,437 #	\$ 950,000
Expected	1.30		1,120,000
High	1.60		1,380,000

* 10/1/19-20 level.

^ Selected the weighted average.

Equal to 10/1/19-20 estimated payroll per Sedgwick.

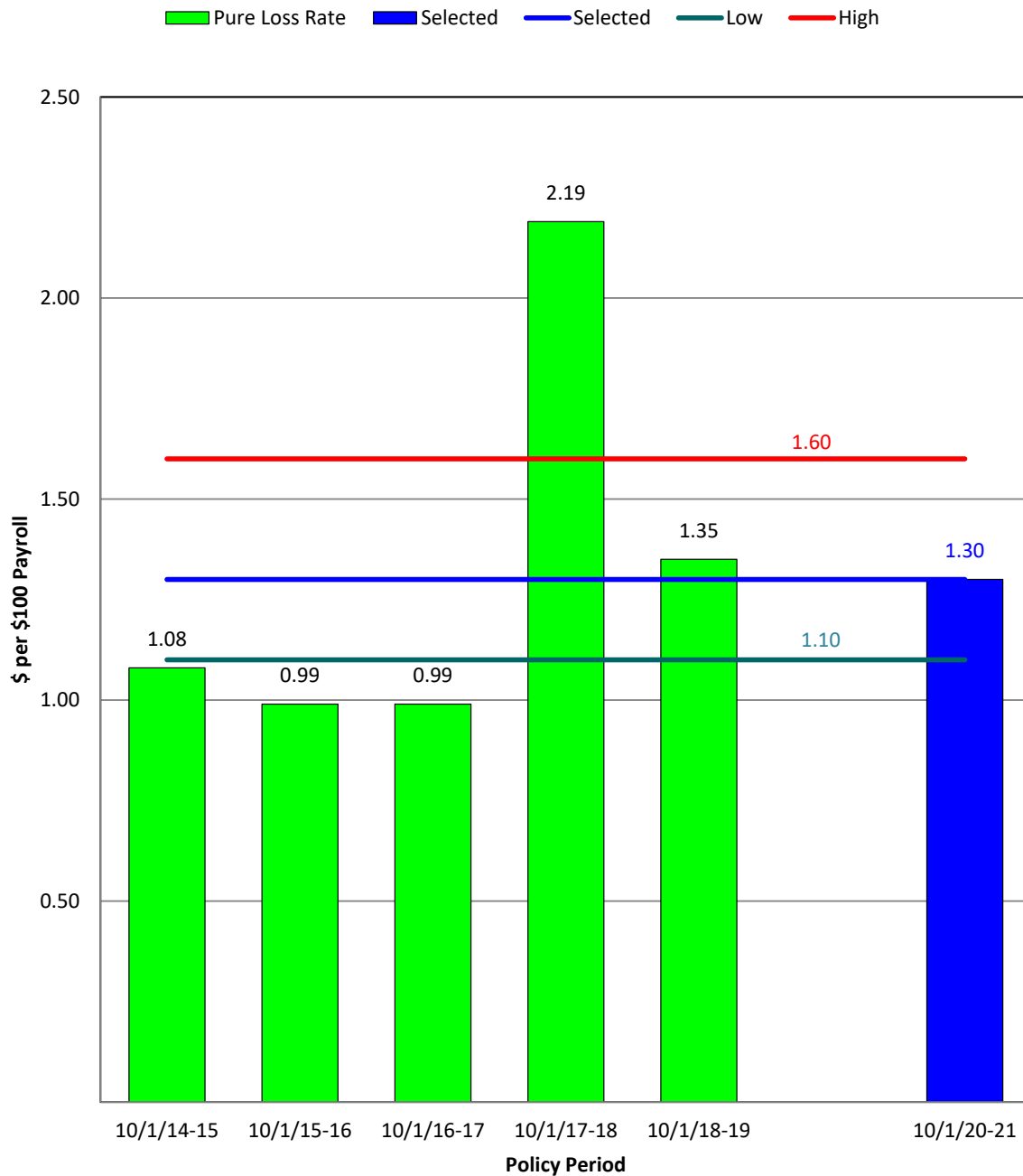
Figure 2

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

PURE LOSS RATES ADJUSTED TO A 10/1/20-21 COST LEVEL

(Losses Including ALAE Limited to \$750,000)



PREMIUM INDICATION

In Table 8, the indicated premium for 10/1/20-21 for workers compensation is estimated by combining the projected losses and estimated expenses. Sections B and C show estimated fixed and variable expenses for the upcoming period. The premium need undiscounted for investment income is calculated in Section D and compared in Section F to the premium for 10/1/20-21 provided by LARM shown in Section E. As shown in Section F, the indicated premium at the expected level on an undiscounted for investment income basis is 6.7% less than the proposed premium provided by Sedgwick.

The indicated premium discounted at 1.5% per annum is calculated in Sections G through J. The indicated premium on a discounted for investment income basis is 7.8% less than the premium provided by Sedgwick.

Table 8

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****PREMIUM INDICATION FOR 10/1/20-21**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$ 950,000	\$1,120,000	\$1,380,000
B.	FIXED EXPENSES*			
		\$1,230,000		
C.	VARIABLE EXPENSES*			
		0.035		
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$2,260,000	\$2,440,000	\$2,710,000
E.	PROPOSED PREMIUM*			
		\$2,615,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	-13.6%	- 6.7%	+ 3.6%
G.	LOSS PRESENT VALUE FACTOR#			
		0.975		
H.	PREMIUM PRESENT VALUE FACTOR^			
		0.999		
I.	INDICATED PREMIUM DISC. AT 1.5% PER ANNUM [A x G + B]/(H - C)	\$2,240,000	\$2,410,000	\$2,670,000
J.	DISCOUNTED PREMIUM INDICATION AT 1.5% PER ANNUM I/E - 1	-14.3%	- 7.8%	+ 2.1%

* See Appendix B, Exhibit III.

See Section A of Appendix B, Exhibit IV.

^ See Appendix B, Exhibit V.

PREMIUM INDICATION – OTHER LIABILITY

Projections for other liability are performed in the same manner as workers compensation. The analysis is shown in Tables 9 through 16 and Figures 3 and 4. The exposure base for other liability is net operating expenditures.

Table 9

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY**

ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED LOSS DEVELOPMENT
 (Net of Non-Excess Recoveries)

A. LOSSES LIMITED TO \$300,000 WITH PRORATED ALAE

Policy Period	Incurred Losses as of 3/31/20	Number of Claims in Excess of \$300,000	Incurred Losses in Excess of \$300,000	Limited Incurred Losses as of 3/31/20
10/1/14-15	\$ 314,070	0	\$ 0	\$ 314,070
10/1/15-16	520,510	0	0	520,510
10/1/16-17	2,521,470	1	1,140,293	1,381,177
10/1/17-18	993,695	0	0	993,695
10/1/18-19	906,257	1	220,483	685,774
Total	\$5,256,002	2	\$1,360,776	\$3,895,226

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/20	Age of Policy Period in Months	Incurred Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/14-15	\$ 314,070	66.0	1.000*	\$ 314,070
10/1/15-16	520,510	54.0	1.032	537,166
10/1/16-17	1,381,177	42.0	1.057	1,459,904
10/1/17-18	993,695	30.0	1.205	1,197,402
10/1/18-19	685,774	18.0	1.619	1,110,268
Total	\$3,895,226			\$4,618,810

Interpolated from Section C of Table 11 of the 11/23/19 actuarial report.

* Selected a loss development factor of 1.000 since all reported claims are closed.

Table 10

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****ESTIMATED ULTIMATE INCURRED LOSSES****PAID LOSS DEVELOPMENT**

(Net of Non-Excess Recoveries)

A. LOSSES LIMITED TO \$300,000 WITH PRORATED ALAE

<u>Policy Period</u>	<u>Paid Losses as of 3/31/20</u>	<u>Number of Claims in Excess of \$300,000</u>	<u>Paid Losses in Excess of \$300,000</u>	<u>Limited Paid Losses as of 3/31/20</u>
10/1/14-15	\$ 314,070	0	\$ 0	\$ 314,070
10/1/15-16	295,041	0	0	295,041
10/1/16-17	938,291	0	0	938,291
10/1/17-18	526,902	0	0	526,902
10/1/18-19	226,860	0	0	226,860
Total	\$2,301,164	0	\$ 0	\$2,301,164

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Limited Paid Losses as of 3/31/20</u>	<u>Age of Policy Period in Months</u>	<u>Paid Loss Development Factor#</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/14-15	\$ 314,070	66.0	1.000*	\$ 314,070
10/1/15-16	295,041	54.0	1.247	367,916
10/1/16-17	938,291	42.0	1.413	1,325,805
10/1/17-18	526,902	30.0	1.782	938,939
10/1/18-19	226,860	18.0	2.929	664,473
Total	\$2,301,164			\$3,611,203

Interpolated from Section C of Table 13 of the 11/23/19 actuarial report.

* Selected a loss development factor of 1.000 since all reported claims are closed.

Table 11

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED BORNHUETTER-FERGUSON**

(Limited to \$300,000 with Prorated ALAE, Net of Non-Excess Recoveries)

A. ESTIMATED UNREPORTED LOSSES

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated Unreported Losses
10/1/14-15	\$ 305,971	1.000	0.000	\$ 0
10/1/15-16	307,374	1.032	0.031	9,529
10/1/16-17	828,737	1.057	0.054	44,752
10/1/17-18	931,862	1.205	0.170	158,417
10/1/18-19	<u>728,602</u>	1.619	0.382	<u>278,326</u>
Total	\$3,102,546			\$ 491,024

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Incurred Losses as of 3/31/20	Estimated Unreported Losses	Estimated Ultimate Incurred Losses
10/1/14-15	\$ 314,070	\$ 0	\$ 314,070
10/1/15-16	520,510	9,529	530,039
10/1/16-17	1,381,177	44,752	1,425,929
10/1/17-18	993,695	158,417	1,152,112
10/1/18-19	<u>685,774</u>	<u>278,326</u>	<u>964,100</u>
Total	\$3,895,226	\$ 491,024	\$4,386,250

* From Section A of Table 17 of the 11/23/19 actuarial report.

Table 12

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****ESTIMATED ULTIMATE INCURRED LOSSES****PAID BORNHUETTER-FERGUSON**

(Limited to \$300,000 with Prorated ALAE, Net of Non-Excess Recoveries)

A. ESTIMATED OUTSTANDING LOSSES

<u>Policy Period</u>	<u>Expected Losses</u>	<u>Paid Loss Development Factor</u>	<u>Expected Ratio Outstanding</u>	<u>Estimated Outstanding Losses</u>
10/1/14-15	\$ 305,971	1.000	0.000	\$ 0
10/1/15-16	307,374	1.247	0.198	60,860
10/1/16-17	828,737	1.413	0.292	241,991
10/1/17-18	931,862	1.782	0.439	409,087
10/1/18-19	<u>728,602</u>	2.929	0.659	<u>480,149</u>
Total	\$3,102,546			\$1,192,087

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Paid Losses as of 3/31/20</u>	<u>Estimated Outstanding Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/14-15	\$ 314,070	\$ 0	\$ 314,070
10/1/15-16	295,041	60,860	355,901
10/1/16-17	938,291	241,991	1,180,282
10/1/17-18	526,902	409,087	935,989
10/1/18-19	<u>226,860</u>	<u>480,149</u>	<u>707,009</u>
Total	\$2,301,164	\$1,192,087	\$3,493,251

Table 13

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

(Limited to \$300,000 with Prorated ALAE, Net of Non-Excess Recoveries)

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Incurred Bornhuetter-Ferguson Method	Paid Bornhuetter-Ferguson Method	Selected Estimated Ultimate Incurred Losses#
10/1/14-15	\$ 314,070	\$ 314,070	\$ 314,070	\$ 314,070	\$ 314,070
10/1/15-16	537,166	367,916	530,039	355,901	533,603
10/1/16-17	1,459,904	1,325,805	1,425,929	1,180,282	1,442,917
10/1/17-18	1,197,402	938,939	1,152,112	935,989	1,174,757
10/1/18-19	1,110,268	664,473	964,100	707,009	964,100 ^
Total	\$4,618,810	\$3,611,203	\$4,386,250	\$3,493,251	\$4,429,447

Selected the average of the incurred methods unless otherwise noted.

^ Selected the incurred Bornhuetter-Ferguson method due to the immaturity of the period.

Figure 3

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to \$300,000 with Prorated ALAE)

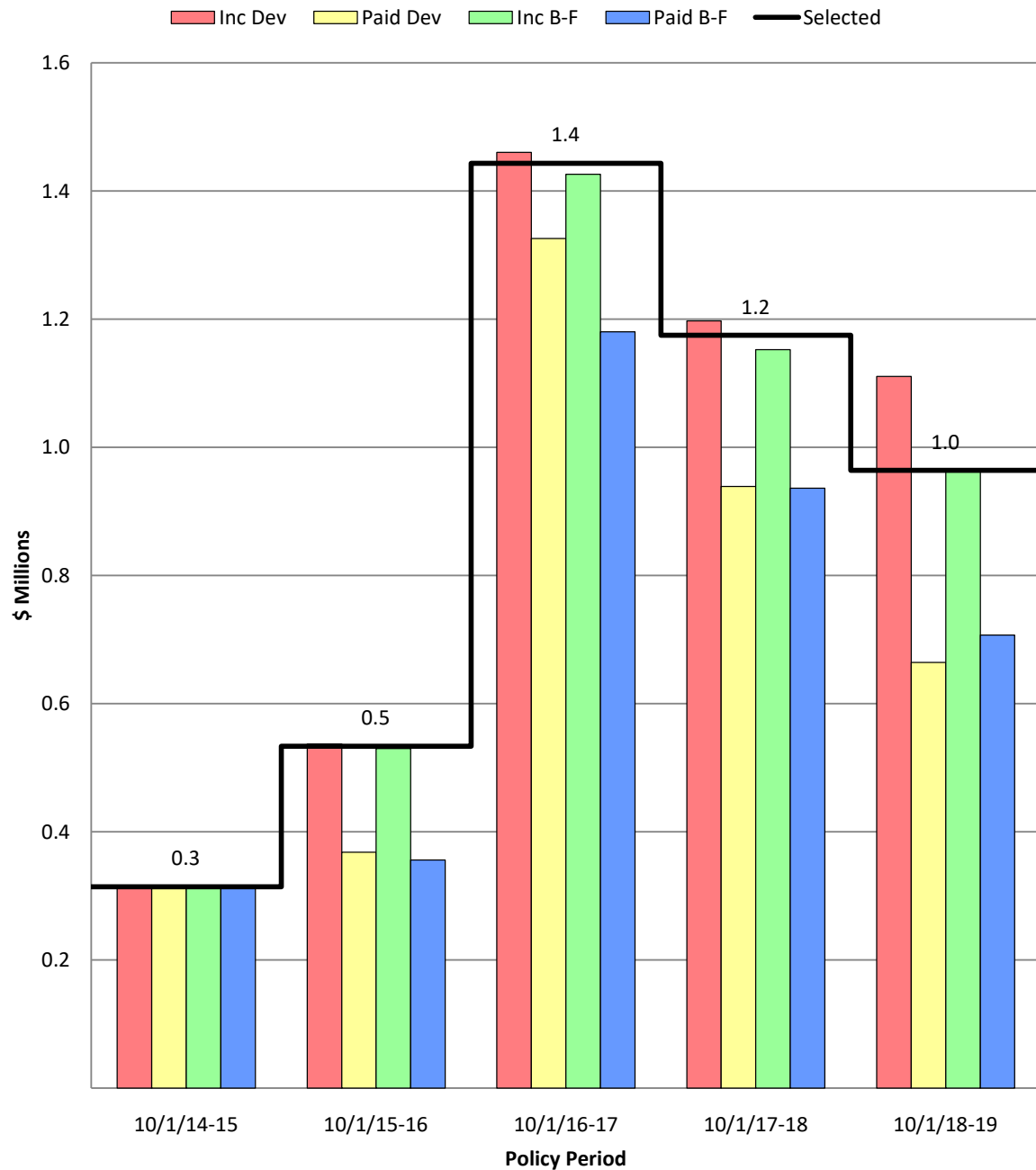


Table 14

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****COST LEVEL ADJUSTMENT**

(Limited to \$300,000 with Prorated ALAE, Net of Non-Excess Recoveries)

A. LOSSES ADJUSTED TO 10/1/20-21

Policy Period	Estimated Ultimate Incurred Losses	Loss Trend Factor*	Adjusted Losses#
10/1/14-15	\$ 314,070	1.222	\$ 383,794
10/1/15-16	533,603	1.169	623,782
10/1/16-17	1,442,917	1.123	1,583,496
10/1/17-18	1,174,757	1.096	1,287,534
10/1/18-19	964,100	1.065	1,007,267
Total	\$4,429,447		\$4,885,873

B. EXPOSURE ADJUSTED TO 10/1/20-21

Policy Period	Expenditures (1000)~	Exposure Trend Factor^	Adjusted Expenditures (1,000)
10/1/14-15	\$ 351,068	1.195	\$ 419,526
10/1/15-16	385,245	1.160	446,884
10/1/16-17	395,837	1.126	445,712
10/1/17-18	425,224	1.093	464,770
10/1/18-19	427,172	1.061	453,229
Total	\$1,984,546		\$2,230,121

* See Section B of Appendix B, Exhibit I.

Losses have not been adjusted above the retention.

~ Provided by Sedgwick.

^ See Section B of Appendix B, Exhibit II.

Table 15

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****PROJECTED LOSSES FOR 10/1/20-21**

(Limited to \$300,000 with Prorated ALAE, Net of Non-Excess Recoveries)

A. PURE LOSS RATES

Policy Period	Adjusted Losses	Adjusted Expenditures (1,000)	Pure Loss Rate per \$1,000 Expenditures
10/1/14-15	\$ 383,794	\$ 419,526	\$0.91
10/1/15-16	623,782	446,884	1.40
10/1/16-17	1,583,496	445,712	3.55
10/1/17-18	1,287,534	464,770	2.77
10/1/18-19	1,007,267	453,229	2.22
Total	\$4,885,873	\$2,230,121	
		Average	\$2.17
		Wtd Average	2.19
		3 Yr Average	2.85
		5 Yr Mid Average	2.13
		Prior*	1.60
		Selected^	2.20

B. PROJECTED LOSSES FOR 10/1/20-21

Level	Pure Loss Rate	Projected Expenditures (1,000)	Projected Losses
Low	\$1.70	\$ 496,641 #	\$ 840,000
Expected	2.20		1,090,000
High	2.70		1,340,000

* 10/1/19-20 level.

^ Selected the weighted average.

Provided by Sedgwick.

Figure 4

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

PURE LOSS RATES ADJUSTED TO A 10/1/20-21 COST LEVEL
(Limited to \$300,000 with Prorated ALAE)

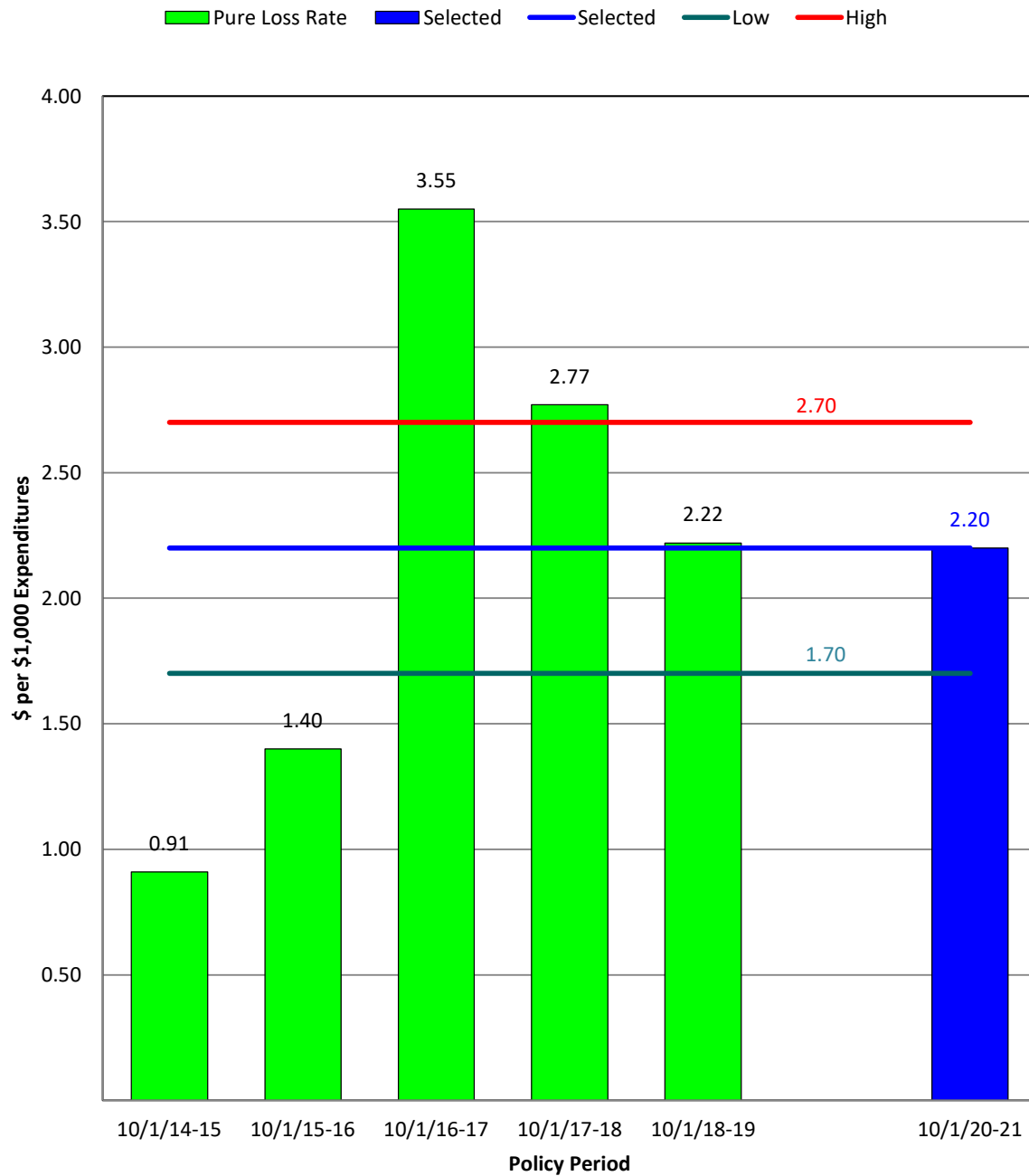


Table 16

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****PREMIUM INDICATION FOR 10/1/20-21**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$ 840,000	\$1,090,000	\$1,340,000
B.	FIXED EXPENSES*			
		\$1,120,000		
C.	VARIABLE EXPENSES*			
		0.035		
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$2,030,000	\$2,290,000	\$2,550,000
E.	PROPOSED PREMIUM*			
		\$2,055,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	- 1.2%	+11.4%	+24.1%
G.	LOSS PRESENT VALUE FACTOR#			
		0.963		
H.	PREMIUM PRESENT VALUE FACTOR^			
		0.999		
I.	INDICATED PREMIUM DISC. AT 1.5% PER ANNUM [A x G + B]/(H - C)	\$2,000,000	\$2,250,000	\$2,500,000
J.	DISCOUNTED PREMIUM INDICATION AT 1.5% PER ANNUM I/E - 1	- 2.7%	+ 9.5%	+21.7%

* See Appendix B, Exhibit III.

See Section B of Appendix B, Exhibit IV.

^ See Appendix B, Exhibit V.

PREMIUM INDICATION – PROPERTY

The analysis for property is shown in Tables 17 through 22 and Figures 5 and 6. The methodology follows the analysis for workers compensation. The exposure base for this coverage is insured value.

Table 17

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED LOSS DEVELOPMENT
(Net of Non-Excess Recoveries)****A. LOSSES LIMITED TO \$150,000 WITH A \$400,000 ANNUAL AGGREGATE POOL DEDUCTIBLE[^]**

Policy Period	Incurred Losses as of 3/31/20	Number of Claims in Excess of Retention	Incurred Losses in Excess of Retention [~]	Limited Incurred Losses as of 3/31/20
10/1/14-15	\$ 754,044	0	\$ 0	\$ 754,044
10/1/15-16	701,888	0	0	701,888
10/1/16-17	924,449	0	0	924,449
10/1/17-18	1,587,680	3	221,269	1,366,411
10/1/18-19	4,089,773	2	2,607,672	1,482,101
Total	\$8,057,834	5	\$2,828,941	\$5,228,893

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/20	Age of Policy Period in Months	Incurred Loss Development Factor [#]	Estimated Ultimate Incurred Losses
10/1/14-15	\$ 754,044	66.0	1.000	\$ 754,044
10/1/15-16	701,888	54.0	1.000	701,888
10/1/16-17	924,449	42.0	1.000	924,449
10/1/17-18	1,366,411	30.0	1.024	1,381,205 *
10/1/18-19	1,482,101	18.0	1.088	1,559,726 *
Total	\$5,228,893			\$5,321,312

[^] Aggregate deductible excludes flood, earthquake, APD, wind (tiers 1 and 2), ISO CAT, wildfires, and wind and hail. A \$300,000 retention applies to wind, hailstorm, and catastrophe.

[~] Includes losses excess of the \$10,000 drop down retention from Appendix A, Exhibit IV.

[#] Interpolated from Section C of Table 21 of the 11/23/19 actuarial report.

^{*} Losses are not developed above the retention.

Table 18

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****ESTIMATED ULTIMATE INCURRED LOSSES****PAID LOSS DEVELOPMENT**

(Net of Non-Excess Recoveries)

A. LOSSES LIMITED TO \$150,000 WITH A \$400,000 ANNUAL AGGREGATE POOL DEDUCTIBLE[^]

Policy Period	Paid Losses as of 3/31/20	Number of Claims in Excess of Retention	Paid Losses in Excess of Retention [~]	Limited Paid Losses as of 3/31/20
10/1/14-15	\$ 754,044	0	\$ 0	\$ 754,044
10/1/15-16	699,979	0	0	699,979
10/1/16-17	915,441	0	0	915,441
10/1/17-18	1,503,007	3	138,079	1,364,928
10/1/18-19	2,874,411	1	1,657,449	1,216,962
Total	\$6,746,882	4	\$1,795,528	\$4,951,354

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Paid Losses as of 3/31/20	Age of Policy Period in Months	Paid Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/14-15	\$ 754,044	66.0	1.000	\$ 754,044
10/1/15-16	699,979	54.0	1.009	706,279
10/1/16-17	915,441	42.0	1.029	941,989
10/1/17-18	1,364,928	30.0	1.094	1,422,731 **
10/1/18-19	1,216,962	18.0	1.396	1,571,276 **
Total	\$4,951,354			\$5,396,319

[^] Aggregate deductible excludes flood, earthquake, APD, wind (tiers 1 and 2), ISO CAT, wildfires, and wind and hail. A \$300,000 retention applies to wind, hailstorm, and catastrophe.

[~] Includes losses excess of the \$10,000 drop down retention from Appendix A, Exhibit IV.

Interpolated from Section C of Table 23 of the 11/23/19 actuarial report.

** Losses are not developed above the retention.

Table 19

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

(Losses Including ALAE Limited to \$150,000 with a \$400,000 Annual Aggregate Deductible)~
(Net of Non-Excess Recoveries)

<u>Policy Period</u>	<u>Incurred Loss Development Method</u>	<u>Paid Loss Development Method</u>	<u>Selected Estimated Ultimate Incurred Losses</u>
10/1/14-15	\$ 754,044	\$ 754,044	\$ 754,044 *
10/1/15-16	701,888	706,279	701,888 *
10/1/16-17	924,449	941,989	924,449 *
10/1/17-18	1,381,205	1,422,731	1,381,205 *
10/1/18-19	<u>1,559,726</u>	<u>1,571,276</u>	<u>1,559,726 *</u>
Total	\$5,321,312	\$5,396,319	\$5,321,312

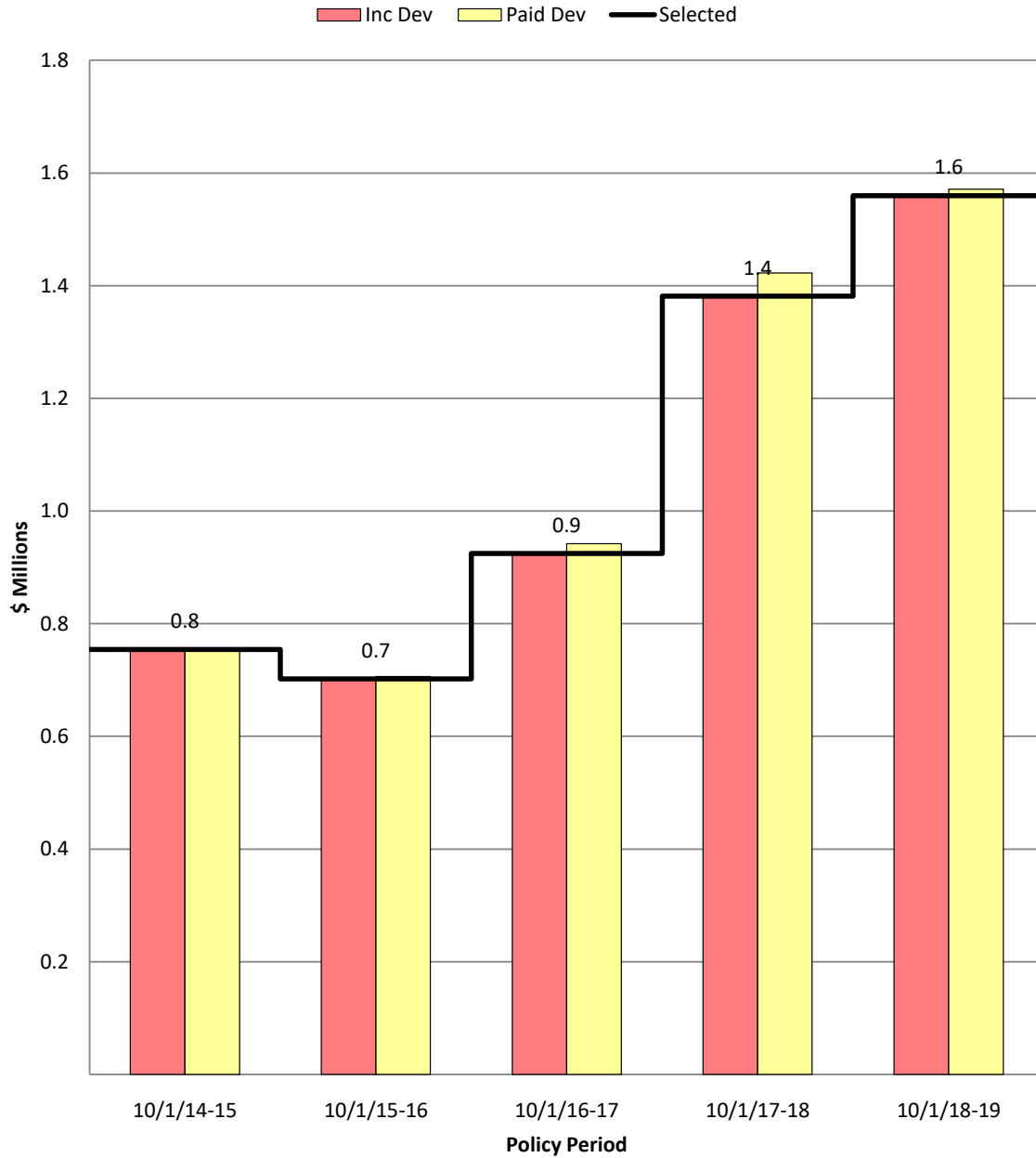
~ Limited to \$300,000 for wind, hailstorm, catastrophe.

* Selected the incurred method.

Figure 5

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

(Losses Including ALAE Limited to \$150,000 with a \$400,000 Annual Aggregate Deductible)~



~ Limited to \$300,000 for wind, hailstorm, and catastrophe.

Table 20

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****COST LEVEL ADJUSTMENT**

(Losses Including ALAE Limited to \$150,000 with a \$400,000 Annual Aggregate Deductible)~
(Net of Non-Excess Recoveries)

A. LOSSES ADJUSTED TO 10/1/20-21

Policy Period	Estimated Ultimate Incurred Losses	Loss Trend Factor*	Adjusted Losses#
10/1/14-15	\$ 754,044	1.150	\$ 867,151
10/1/15-16	701,888	1.117	759,239
10/1/16-17	924,449	1.096	1,013,196
10/1/17-18	1,381,205	1.091	1,438,645
10/1/18-19	1,559,726	1.061	1,618,269
Total	\$5,321,312		\$5,696,500

B. EXPOSURE ADJUSTED TO 10/1/20-21

Policy Period	Insured Value (100)<	Exposure Trend Factor^	Adjusted Insured Value (100)
10/1/14-15	\$11,829,785	1.126	\$13,320,338
10/1/15-16	12,813,177	1.104	14,145,747
10/1/16-17	13,367,317	1.082	14,463,437
10/1/17-18	13,548,107	1.061	14,374,542
10/1/18-19	13,351,374	1.040	13,885,429
Total	\$64,909,760		\$70,189,493

~ Limited to \$300,000 for wind, hailstorm, catastrophe.

* See Section C of Appendix B, Exhibit I.

Losses have not been adjusted above the retention.

< Provided by Sedgwick.

^ See Section C of Appendix B, Exhibit II.

Table 21

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****PROJECTED LOSSES FOR 10/1/20-21**

(Losses Including ALAE Limited to \$150,000 with a \$400,000 Annual Aggregate Deductible)~
(Net of Non-Excess Recoveries)

A. PURE LOSS RATES

Policy Period	Adjusted Losses	Adjusted Insured Value (100)	Pure Loss Rate per \$100 Insured Value
10/1/14-15	\$ 867,151	\$13,320,338	\$0.0651
10/1/15-16	759,239	14,145,747	0.0537
10/1/16-17	1,013,196	14,463,437	0.0701
10/1/17-18	1,438,645	14,374,542	0.1001
10/1/18-19	1,618,269	13,885,429	0.1165
Total	\$5,696,500	\$70,189,493	
		Average	\$0.0811
		Wtd Average	0.0812
		3 Yr Average	0.0956
		5 Yr Mid Average	0.0784
		Prior*	0.0850
		Selected^	0.0810

B. PROJECTED LOSSES FOR 10/1/20-21

Level	Pure Loss Rate	Projected Insured Value (100)	Projected Losses
Low	\$0.0680	\$13,704,847 #	\$ 930,000
Expected	0.0810		1,110,000
High	0.0950		1,300,000

~ Limited to \$300,000 for wind, hailstorm, catastrophe.

* 10/1/19-20 level.

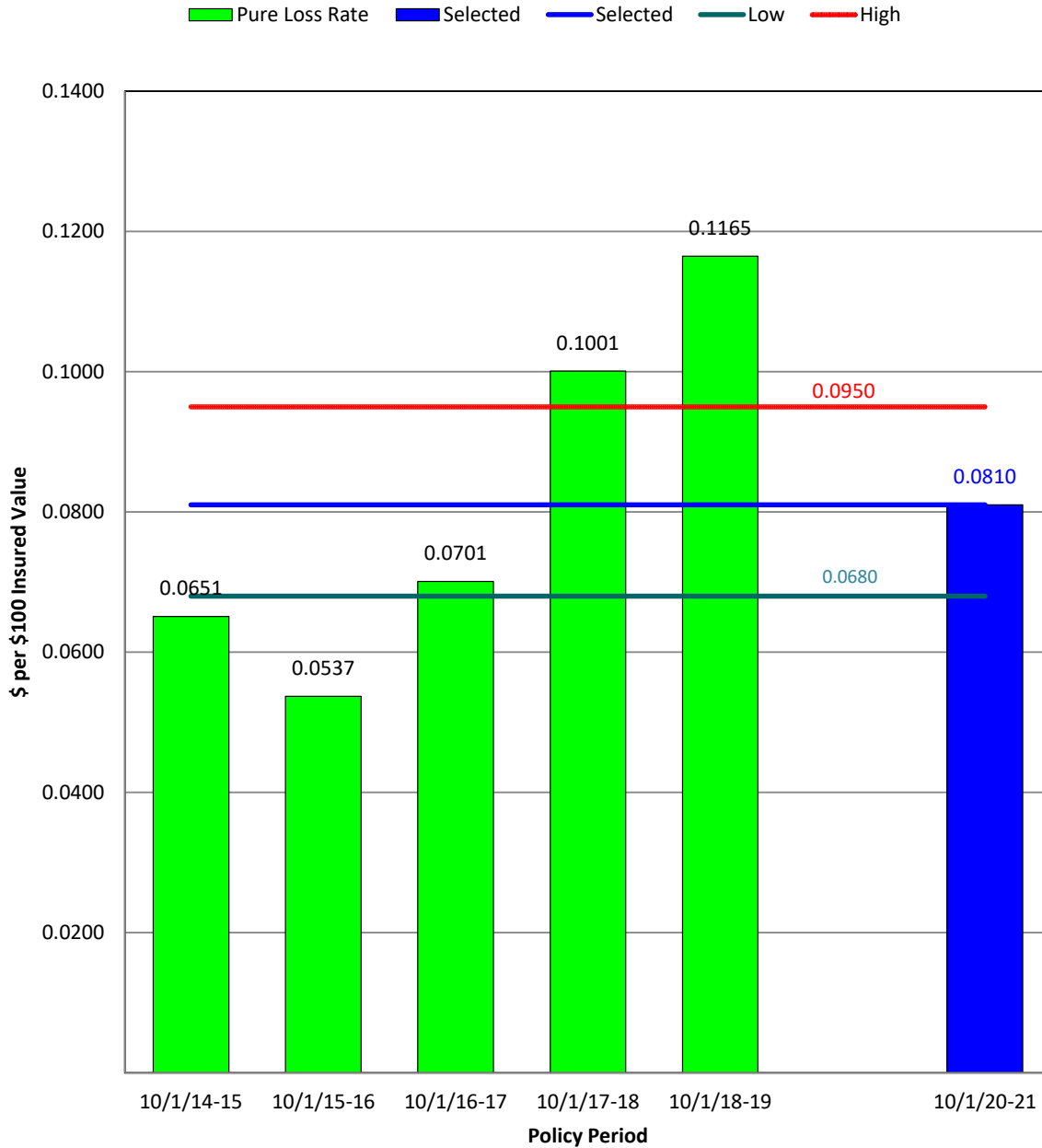
^ Selected the weighted average.

Provided by Sedgwick.

Figure 6

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****PURE LOSS RATES ADJUSTED TO A 10/1/20-21 COST LEVEL**

(Losses Including ALAE Limited to \$150,000 with a \$400,000 Annual Aggregate Deductible)~



~ Limited to \$300,000 for wind, hailstorm, and catastrophe.

Table 22

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****PREMIUM INDICATION FOR 10/1/20-21**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION~	\$1,000,000	\$1,195,000	\$1,400,000
B.	FIXED EXPENSES*	\$2,930,000		
C.	VARIABLE EXPENSES*	0.035		
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$4,070,000	\$4,280,000	\$4,490,000
E.	PROPOSED PREMIUM*	\$4,130,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	- 1.5%	+ 3.6%	+ 8.7%
G.	LOSS PRESENT VALUE FACTOR#	0.982		
H.	PREMIUM PRESENT VALUE FACTOR^	0.999		
I.	INDICATED PREMIUM DISC. AT 1.5% PER ANNUM [A x G + B]/(H - C)	\$4,060,000	\$4,260,000	\$4,470,000
J.	DISCOUNTED PREMIUM INDICATION AT 1.5% PER ANNUM I/E - 1	- 1.7%	+ 3.1%	+ 8.2%

~ Includes loss projection for \$300,000 corridor from Section B of Appendix D, Exhibit III.

* See Appendix B, Exhibit III.

See Section C of Appendix B, Exhibit IV.

^ See Appendix B, Exhibit V.

COMBINED PREMIUM INDICATION

In Table 23, the indicated premium for 10/1/20-21 for all coverages combined is determined. As shown in Section F, the indicated premium at the expected level on an undiscounted for investment income basis is 2.4% more than the estimated premium provided by LARM.

The indicated premium on a discounted for investment income basis is 1.5% more than the premium provided by LARM.

Table 23

LEAGUE ASSOCIATION OF RISK MANAGEMENT**ALL COVERAGES****PREMIUM INDICATION FOR 10/1/20-21**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$2,790,000	\$3,405,000	\$4,120,000
B.	FIXED EXPENSES			
		\$5,290,000		
C.	VARIABLE EXPENSES			
		0.035		
D.	INDICATED UNDISCOUNTED PREMIUM	\$8,360,000	\$9,010,000	\$9,750,000
E.	PROPOSED PREMIUM			
		\$8,800,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	- 5.0%	+ 2.4%	+10.8%
G.	LOSS PRESENT VALUE FACTOR			
		0.974		
H.	PREMIUM PRESENT VALUE FACTOR			
		0.999		
I.	INDICATED PREMIUM DISC. AT 1.5% PER ANNUM	\$8,310,000	\$8,930,000	\$9,650,000
I.	DISCOUNTED PREMIUM INDICATION AT 1.5% PER ANNUM I/E - 1	- 5.6%	+ 1.5%	+ 9.7%

QUALIFICATIONS AND LIMITATIONS

The estimates contained in this report depend upon the following:

- The actuarial assumptions, quantitative analysis, and professional judgment expressed in this report.
- The reliability of loss experience to serve as an indicator of future losses.
- The completeness and accuracy of data provided by Sedgwick.
- The completeness and accuracy of the discussion of LARM's reinsurance expressed in this report.
- The assumption that there are no significant benefit level changes in Nebraska other than those reflected in the factors in Section A of Table 6.
- The trend indices obtained from industry sources.
- The appropriateness of the discount rate.

The information used in this report should be reviewed for its consistency and accuracy with the internal records of LARM. Material changes in any of the assumptions or information upon which the findings are based will require a re-evaluation of the results of this report and a possible revision of those findings.

The quantitative methodologies and actuarial factors used in this report are specifically developed for the losses and time periods described above and may not be appropriate for any other losses or periods. As LARM's loss experience matures and new business is written, it is

important to update this analysis at least annually. Such a report should review changes in the prior periods' losses as well as any new information that might become available.

This report is intended for the use of LARM and its auditors, service providers, and regulators.

If the report is released to any third party, it should be released in its entirety. Please advise

BYNAC if this report is distributed to any other third party.

CONSULTATION

The professional opinion given in this report is based on the judgment and experience of BYNAC. An analysis by another actuary may not arrive at the same conclusion. In the event that another actuary is consulted regarding the findings of this report, both actuaries should make themselves available for supplemental advice and consultation.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

APPENDIX A

LARGE LOSSES

Appendix A, Exhibit I

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****INCURRED LOSSES \$250,000 OR GREATER**
(Net of Non-Excess Recoveries)

Policy Period	Claim Number	Accident Date	St.	Incurred Losses Including ALAE as of						Paid Losses Including ALAE as of 3/31/20
				3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	3/31/20	
10/1/14-15	--- None ---									
10/1/15-16	--- None ---									
10/1/16-17	--- None ---									
10/1/17-18	LARN-9745	11/1/17	O				1,505,498	1,505,498	1,505,550	1,498,893
10/1/18-19	--- None ---									
10/1/19-20	--- None ---									

Appendix A, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****INCURRED LOSSES \$200,000 OR GREATER**
(Net of Non-Excess Recoveries)

Policy Period	Claim Number	Accident Date	St.	Incurred Losses Including ALAE as of						Paid Losses Including ALAE as of 3/31/20
				3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	3/31/20	
10/1/14-15	--- None ---									
10/1/15-16	--- None ---									
10/1/16-17	LARL-9527	4/20/17	O				<	61,409	222,691	72,260
	LARL-9971	9/13/17	O				<	85,867	1,628,986	336,171 #
								<u>147,276</u>	<u>1,851,677</u>	<u>408,431</u>
10/1/17-18	--- None ---									
10/1/18-19	LARL-0318	3/26/19	O					<	551,208	17,892
10/1/19-20	--- None ---									

< Less than \$200,000.

Not excess due to the amount of ALAE for the claim. Incurred ALAE is \$628,981 and paid ALAE is \$336,171.

Appendix A, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****INCURRED LOSSES \$100,000 OR GREATER***
(Net of Non-Excess Recoveries)

Policy Period	Claim Number	Accident Date	St.	10/1/20-21 Retention	Incurred Losses Including ALAE as of						Paid Losses Including ALAE as of 3/31/20
					3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	3/31/20	
10/1/14-15	LARP8775P#	5/27/15	C	300,000		270,978	180,355	180,355	180,355	180,355	180,355
	LARP-8933#	6/25/15	C	300,000		121,037	112,723	112,723	112,723	112,723	112,723
						<u>392,015</u>	<u>293,078</u>	<u>293,078</u>	<u>293,078</u>	<u>293,078</u>	<u>293,078</u>
10/1/15-16	LARP-9467#	7/5/16	C	300,000				296,496	290,752	290,752	290,752
10/1/16-17	LARP-9586#	6/13/17	C	300,000				121,427	105,790	105,790	105,790
	LARP-9591#	6/17/17	O	300,000					5,351	108,270	107,336
	LARP-9608#	6/27/17	C	300,000					133,451	110,291	110,291
								<u>121,427</u>	<u>244,592</u>	<u>324,351</u>	<u>323,417</u>
10/1/17-18	LARP-9795	1/14/18	C	150,000				234,547	263,754	263,754	263,754
	LARP-9891#	5/1/18	O	300,000					197,733	352,556	312,017
	LARP-9967#	6/30/18	C	300,000					278,881	229,524	229,524
	LARP-0004#	8/6/18	O	300,000					389,400	354,959	312,308
								<u>234,547</u>	<u>1,129,768</u>	<u>1,200,793</u>	<u>1,117,603</u>
10/1/18-19	LARP-0225#	3/14/19	O	300,000						256,556	195,295
	LARP-0402#	7/26/19	O	300,000						116,061	86,143
	LARP-0424#	8/14/19	O	300,000						2,880,565	1,957,449
	LARP-0467#	9/11/19	O	300,000						327,107	221,206
										<u>3,580,289</u>	<u>2,460,092</u>
10/1/19-20	LARP10022	12/13/19	O	150,000						151,613	1,750

* Losses are gross of the reinsurance recovery received.

Wind and Hail Damage.

Appendix A, Exhibit IV

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****INCURRED LOSSES SUBJECT TO \$10,000 RETENTION AFTER EROSION OF \$400,000 AAD**

Policy Period	Claim Number	Accident Date	St.	10/1/20-21 Retention	Incurred Losses Including ALAE as of						Paid Losses as of 3/31/20
					3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	3/31/20	
10/1/14-15	--- None ---										
10/1/15-16	--- None ---										
10/1/16-17	--- None ---										
10/1/17-18	--- None ---										
10/1/18-19	--- None ---										
10/1/19-20	--- None ---										

LEAGUE ASSOCIATION OF RISK MANAGEMENT

APPENDIX B

SUPPORT EXHIBITS

Appendix B, Exhibit I

LEAGUE ASSOCIATION OF RISK MANAGEMENT**ALL COVERAGES****LOSS TREND FACTORS****A. WORKERS COMPENSATION**

Policy Period	Indemnity Claim Cost Index#	Indemnity Trend Factor	Medical Claim Cost Index#	Medical Trend Factor	Loss Trend Factor (30% Ind/70% Med)
10/1/14-15	231.3	1.185	354.0	1.193	1.191
10/1/15-16	234.1	1.170	365.8	1.154	1.159
10/1/16-17	242.6	1.129	381.5	1.107	1.114
10/1/17-18	250.8	1.093	388.2	1.088	1.090
10/1/18-19	258.3~	1.061	398.0~	1.061	1.061
10/1/19-20	266.1~	1.030	409.9~	1.030	1.030
10/1/20-21	274.0~	1.000	422.2~	1.000	1.000

B. LIABILITY

Policy Period	Other Bodily Injury Claim Cost Index*	Other Liability Trend Factor	Automobile Bodily Injury Claim Cost Index*	Automobile Liability Trend Factor	Loss Trend Factor (65% OL/35% AL)
10/1/14-15	258.6	1.209	261.8	1.246	1.222
10/1/15-16	269.9	1.159	274.4	1.188	1.169
10/1/16-17	281.8	1.110	284.6	1.146	1.123
10/1/17-18	287.0	1.090	294.8	1.106	1.096
10/1/18-19	294.6	1.061	304.6	1.071	1.065
10/1/19-20	303.6~	1.030	315.1~	1.035	1.032
10/1/20-21	312.7~	1.000	326.1~	1.000	1.000

C. PROPERTY

Policy Period	Auto Physical Damage Claim Cost Index*	Auto Physical Damage Trend Factor	Fire Claim Cost Index*	Fire Trend Factor	Loss Trend Factor (20% APD/80% BC)
10/1/14-15	200.4	1.140	214.3	1.152	1.150
10/1/15-16	204.0	1.120	221.2	1.116	1.117
10/1/16-17	206.6	1.106	225.7	1.093	1.096
10/1/17-18	210.8	1.083	225.7	1.093	1.091
10/1/18-19	217.0	1.053	232.1	1.063	1.061
10/1/19-20	222.8~	1.025	239.6~	1.030	1.029
10/1/20-21	228.4~	1.000	246.8~	1.000	1.000

Source: NCCI State of the Workers Compensation Line Presentation, May, 2019.

~ Estimated by BYNAC.

* Willis Towers Watson Claim Cost Index, October 2019.

Appendix B, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT**ALL COVERAGES****EXPOSURE TREND FACTORS****A. PAYROLL**

Policy Period	Average Hourly Wages for Professional and Business Services*	Exposure Trend Factor
10/1/14-15	24.67	1.163
10/1/15-16	25.29	1.134
10/1/16-17	25.90	1.107
10/1/17-18	26.61	1.078
10/1/18-19	27.29~	1.051
10/1/19-20	27.98~	1.025
10/1/20-21	28.68~	1.000

B. EXPENDITURES

Policy Period	Exposure Trend Factor#
10/1/14-15	1.195
10/1/15-16	1.160
10/1/16-17	1.126
10/1/17-18	1.093
10/1/18-19	1.061
10/1/19-20	1.030
10/1/20-21	1.000

C. INSURED VALUES

Policy Period	Exposure Trend Factor^
10/1/14-15	1.126
10/1/15-16	1.104
10/1/16-17	1.082
10/1/17-18	1.061
10/1/18-19	1.040
10/1/19-20	1.020
10/1/20-21	1.000

* *Employment and Earnings.* U.S. Department of Labor,
Bureau of Labor Statistics.

~ Estimated by BYNAC.

Assumed trend of 3.0% per year.

^ Assumed trend of 2.0% per year.

Appendix B, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT**ALL COVERAGES****ESTIMATED EXPENSES AND PREMIUM FOR 10/1/20-21**

Expense	Workers Compensation	Other Liability	Property	Total
Reinsurance*	\$ 403,000	\$ 474,000	\$1,628,000	\$2,505,000
Other Fixed Expenses#	827,500	650,300	1,306,800	2,784,600
Total Fixed Expenses	\$1,230,500	\$1,124,300	\$2,934,800	\$5,289,600
Variable Expenses	\$ 91,900	\$ 72,300	\$ 145,200	\$ 309,400 3.5%
Total Expenses	\$1,322,400	\$1,196,600	\$3,080,000	\$5,599,000
10/1/20-21 Proposed Premium*	\$2,615,000	\$2,055,000	\$4,130,000	\$8,800,000

* Provided by Sedgwick.

Total expenses excluding reinsurance of \$3,094,000 provided by Sedgwick. Variable expenses assumed to be 10.0% of total expenses excluding reinsurance. Allocated to coverage based on estimated premium.

Appendix B, Exhibit IV

LEAGUE ASSOCIATION OF RISK MANAGEMENT**ALL COVERAGES****LOSS PRESENT VALUE FACTORS****A. WORKERS COMPENSATION**

Age of Policy Period in in Months	Estimated Cumulative Ratio of Losses Paid [^]	Amount Paid in Prior Interval Discounted at 1.5% per Annum
12	0.460	0.457
24	0.780	0.313
36	0.830	0.048
48	0.870	0.038
60	0.900	0.028
72	0.930	0.028
84	0.950	0.018
96	0.970	0.018
108	0.990	0.018
120	1.000	0.009

Loss Present Value Factor 0.975

B. OTHER LIABILITY

Age of Policy Period in in Months	Estimated Cumulative Ratio of Losses Paid [*]	Amount Paid in Prior Interval Discounted at 1.5% per Annum
12	0.240	0.238
24	0.520	0.274
36	0.650	0.125
48	0.760	0.104
60	0.860	0.094
72	0.950	0.083
84	1.000	0.045

Loss Present Value Factor 0.963

C. PROPERTY

Age of Policy Period in in Months	Estimated Cumulative Ratio of Losses Paid [#]	Amount Paid in Prior Interval Discounted at 1.5% per Annum
12	0.470	0.467
24	0.800	0.323
36	0.980	0.173
48	1.000	0.019

Loss Present Value Factor 0.982

[^] From Section B of Table 9 of the 11/23/19 actuarial report.

^{*} From Section B of Table 19 of the 11/23/19 actuarial report.

[#] From Section B of Table 27 of the 11/23/19 actuarial report.

Appendix B, Exhibit V

LEAGUE ASSOCIATION OF RISK MANAGEMENT**ALL COVERAGES****PREMIUM PRESENT VALUE FACTOR**

Age of Policy Period in in Months	Estimated Cumulative Ratio of Prem. Rec'd*	Prem. Rec'd in Prior Interval Discounted at 1.5% per Annum
1	0.994	0.993
2	0.994	0.000
3	0.994	0.000
4	0.996	0.002
5	0.996	0.000
6	0.996	0.000
7	0.998	0.002
8	0.998	0.000
9	0.998	0.000
10	1.000	0.002
11	1.000	0.000
12	1.000	0.000
		0.999

* Provided by Sedgwick.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

APPENDIX C

AVERAGE SEVERITIES

Appendix C, Exhibit I

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****ESTIMATED ULTIMATE CLAIM COUNT**
(Excluding Claims Closed without Payment)

Policy Period	Reported Claims as of 3/31/20		Age of Policy Period in Months	Claim Count Development Factor*	Estimated Ultimate Claim Count
10/1/14-15	116	^	66.0	1.000	116
10/1/15-16	131	^	54.0	1.000	131
10/1/16-17	130	^	42.0	1.000	130
10/1/17-18	122	^	30.0	1.000	122
10/1/18-19	146	^	18.0	1.000	146
Total	645				645

* Based on Section C of Appendix B, Exhibit I of the 11/23/19 actuarial report.

^ Reflects increased claims closed without payment resulting from implementation of deductibles for two members.

Appendix C, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****PROJECTED CLAIMS FOR 10/1/20-21**
(Excluding Claims Closed without Payment)

A. FREQUENCIES

Policy Period	Estimated Ultimate Claim Count	Adjusted Payroll (100)	Claim Frequency per \$1,000,000 Payroll
10/1/14-15	116	\$ 937,743	1.237
10/1/15-16	131	968,454	1.353
10/1/16-17	130	991,083	1.312
10/1/17-18	122	881,570	1.384
10/1/18-19	146	853,149	1.711
Total	645	\$4,631,999	
		Average	1.399
		Wtd Average	1.392
		3 Yr Average	1.469
		5 Yr Mid Average	1.350
		Prior*	1.370
		Selected^	1.390

B. PROJECTED CLAIMS

Policy Period	Selected Frequency	Projected Payroll (100)	Projected Claims
10/1/20-21	1.390	\$ 859,437	120

* 10/1/19-20 level.

^ Selected the weighted average.

Appendix C, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****AVERAGE SEVERITIES**

(Losses Including ALAE Limited to \$750,000, Net of Non-Excess Recoveries)
(Excluding Claims Closed without Payment)

A. LOSS AND CLAIM SUMMARY

Policy Period	Incurred Losses as of 3/31/20	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/20-21	Reported Claims as of 3/31/20	Estimated Ultimate Claim Count
10/1/14-15	\$ 845,029	\$ 845,029	\$1,011,462	116	116
10/1/15-16	777,474	820,095	954,292	131	131
10/1/16-17	787,560	876,604	978,490	130	130
10/1/17-18	1,640,257	1,832,885	1,930,345	122	122
10/1/18-19	925,712	1,082,012	1,148,015	146	146
10/1/20-21		\$1,120,000	\$1,120,000		120

B. AVERAGE SEVERITIES

Policy Period	Incurred as of 3/31/20	Estimated Ultimate Incurred	Adjusted
10/1/14-15	\$ 7,285	\$ 7,285	\$ 8,720
10/1/15-16	5,935	6,260	7,285
10/1/16-17	6,058	6,743	7,527
10/1/17-18	13,445	15,024	15,823
10/1/18-19	6,340	7,411	7,863
10/1/20-21		9,333	9,333

Appendix C, Exhibit IV

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****ESTIMATED ULTIMATE CLAIM COUNT**
(Excluding Claims Closed without Payment)

<u>Policy Period</u>	<u>Reported Claims as of 3/31/20</u>	<u>Age of Policy Period in Months</u>	<u>Claim Count Development Factor*</u>	<u>Estimated Ultimate Claim Count</u>
10/1/14-15	91	66.0	1.000	91
10/1/15-16	114	54.0	1.002	114
10/1/16-17	118	42.0	1.009	119
10/1/17-18	106	30.0	1.021	108
10/1/18-19	<u>118</u>	18.0	1.064	<u>126</u>
Total	547			558

* Based on Section C of Appendix B, Exhibit V of the 11/23/19 actuarial report.

Appendix C, Exhibit V

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****PROJECTED CLAIMS FOR 10/1/20-21**
(Excluding Claims Closed without Payment)

A. CLAIM FREQUENCIES

Policy Period	Estimated Ultimate Claim Count	Adjusted Expenditures (1,000)	Claim Frequency per \$1,000,000 Expenditures
10/1/14-15	91	\$ 419,526	0.217
10/1/15-16	114	446,884	0.255
10/1/16-17	119	445,712	0.267
10/1/17-18	108	464,770	0.232
10/1/18-19	126	453,229	0.278
Total	558	\$2,230,121	
		Average	0.250
		Wtd Average	0.250
		3 Yr Average	0.259
		5 Yr Mid Average	0.251
		Prior*	0.250
		Selected^	0.250

B. PROJECTED CLAIMS

Policy Period	Selected Claim Frequency	Projected Expenditures (1,000)	Projected Claims
10/1/20-21	0.250	\$ 496,641	120

* 10/1/19-20 level.

^ Selected the weighted average.

Appendix C, Exhibit VI

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****AVERAGE SEVERITIES**

(Limited to \$300,000 with Prorated ALAE, Net of Non-Excess Recoveries)
(Excluding Claims Closed without Payment)

A. LOSS AND CLAIM SUMMARY

Policy Period	Incurred Losses as of 3/31/20	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/20-21	Reported Claims as of 3/31/20	Estimated Ultimate Claim Count
10/1/14-15	\$ 314,070	\$ 314,070	\$ 383,794	91	91
10/1/15-16	520,510	533,603	623,782	114	114
10/1/16-17	1,381,177	1,442,917	1,583,496	118	119
10/1/17-18	993,695	1,174,757	1,287,534	106	108
10/1/18-19	685,774	964,100	1,007,267	118	126
10/1/20-21		\$1,090,000	\$1,090,000		120

B. AVERAGE SEVERITIES

Policy Period	Incurred as of 3/31/20	Estimated Ultimate Incurred	Adjusted
10/1/14-15	\$ 3,451	\$ 3,451	\$ 4,218
10/1/15-16	4,566	4,681	5,472
10/1/16-17	11,705	12,125	13,307
10/1/17-18	9,374	10,877	11,922
10/1/18-19	5,812	7,652	7,994
10/1/20-21		9,083	9,083

Appendix C, Exhibit VII

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****ESTIMATED ULTIMATE CLAIM COUNT**
(Excluding Claims Closed without Payment)

<u>Policy Period</u>	<u>Reported Claims as of 3/31/20</u>	<u>Age of Policy Period in Months</u>	<u>Claim Count Development Factor*</u>	<u>Estimated Ultimate Claim Count</u>
10/1/14-15	79	66.0	1.000	79
10/1/15-16	76	54.0	1.000	76
10/1/16-17	106	42.0	1.000	106
10/1/17-18	75	30.0	1.000	75
10/1/18-19	<u>96</u>	18.0	1.017	<u>98</u>
Total	432			434

* Based on Section C of Appendix B, Exhibit IX of the 11/23/19 actuarial report.

Appendix C, Exhibit VIII

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****PROJECTED CLAIMS FOR 10/1/20-21**
(Excluding Claims Closed without Payment)

A. CLAIM FREQUENCIES

Policy Period	Estimated Ultimate Claim Count	Adjusted Insured Value (100)	Claim Frequency per \$1,000,000 Ins. Value
10/1/14-15	79	\$13,320,338	0.059
10/1/15-16	76	14,145,747	0.054
10/1/16-17	106	14,463,437	0.073
10/1/17-18	75	14,374,542	0.052
10/1/18-19	98	13,885,429	0.071
Total	434	\$70,189,493	
		Average	0.062
		Wtd Average	0.062
		3 Yr Average	0.065
		5 Yr Mid Average	0.061
		Prior*	0.060
		Selected^	0.060

B. PROJECTED CLAIMS

Policy Period	Selected Claim Frequency	Projected Insured Value (100)	Projected Claims
10/1/20-21	0.060	\$13,704,847	80

* 10/1/19-20 level.

^ Selected the weighted average.

Appendix C, Exhibit IX

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****AVERAGE SEVERITIES**

(Losses Including ALAE Limited to \$150,000 with a \$400,000 Annual Aggregate Deductible)~
 (Net of Non-Excess Recoveries)
 (Excluding Claims Closed without Payment)

A. LOSS AND CLAIM SUMMARY

Policy Period	Incurred Losses as of 3/31/20	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/20-21	Reported Claims as of 3/31/20	Estimated Ultimate Claim Count
10/1/14-15	\$ 754,044	\$ 754,044	\$ 867,151	79	79
10/1/15-16	701,888	701,888	759,239	76	76
10/1/16-17	924,449	924,449	1,013,196	106	106
10/1/17-18	1,366,411	1,381,205	1,438,645	75	75
10/1/18-19	1,482,101	1,559,726	1,618,269	96	98
10/1/20-21		\$1,110,000	\$1,110,000		80

B. AVERAGE SEVERITIES

Policy Period	Incurred Severity as of 3/31/20	Estimated Ultimate Incurred	Adjusted to 10/1/20-21
10/1/14-15	\$ 9,545	\$ 9,545	\$ 10,977
10/1/15-16	9,235	9,235	9,990
10/1/16-17	8,721	8,721	9,558
10/1/17-18	18,219	18,416	19,182
10/1/18-19	15,439	15,916	16,513
10/1/20-21		13,875	13,875

~ Limited to \$300,000 for wind, hailstorm, catastrophe.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

APPENDIX D

LOSS PROJECTION FOR PROPERTY CORRIDOR

Appendix D, Exhibit I

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY- WIND/HAIL LOSSES ONLY****TRENDED LOSSES ABOVE \$300,000**
(Unlimited Losses)

Policy Period	Unlimited Incurred Losses as of 3/31/20	Loss Development Factor*	Loss Trend Factor^	Trended Losses
10/1/05-06	<u>0</u> 0	1.000	1.462	<u>0</u> 0
10/1/06-07	<u>0</u> 0	1.000	1.403	<u>0</u> 0
10/1/07-08	<u>0</u> 0	1.000	1.356	<u>0</u> 0
10/1/08-09	<u>271,933</u> 271,933	1.000	1.310	<u>356,232</u> 356,232
10/1/09-10	<u>0</u> 0	1.000	1.250	<u>0</u> 0
10/1/10-11	<u>0</u> 0	1.000	1.226	<u>0</u> 0
10/1/11-12	558,024 <u>895,473</u> 1,453,497	1.000 1.000	1.227 1.227	684,695 <u>1,098,745</u> 1,783,440
10/1/12-13	<u>0</u> 0	1.000	1.210	<u>0</u> 0
10/1/13-14	1,090,404 1,043,195 <u>2,265,581</u> 4,399,180	1.000 1.000 1.000	1.182 1.182 1.182	1,288,858 1,233,056 <u>2,677,917</u> 5,199,831
10/1/14-15	<u>0</u> 0	1.000	1.150	<u>0</u> 0
10/1/15-16	<u>290,752</u> 290,752	1.000	1.117	<u>324,770</u> 324,770
10/1/16-17	<u>0</u> 0	1.000	1.096	<u>0</u> 0
10/1/17-18	352,556 <u>354,959</u> 707,515	1.024 1.024	1.091 1.091	393,870 <u>396,555</u> 790,425
10/1/18-19	2,880,565 <u>327,107</u> 3,207,672	1.088 1.088	1.061 1.061	3,325,232 <u>377,602</u> 3,702,834

* Equal to the ratio of estimated ultimate incurred losses from Table 19 to limited incurred losses. Prior to 10/1/14-15 the loss development factor is 1.000.

^ Based on Appendix B, Exhibit I. Trend factors prior to 10/1/14-15 are determined in a similar manner.

Appendix D, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY- WIND/HAIL LOSSES ONLY****TRENDED LOSSES BY LAYER & RETENTION**

Policy Period	Trended Losses	Trended Losses Excess \$300,000
10/1/05-06	0 0	0 0
10/1/06-07	0 0	0 0
10/1/07-08	0 0	0 0
10/1/08-09	356,232 356,232	56,232 56,232
10/1/09-10	0 0	0 0
10/1/10-11	0 0	0 0
10/1/11-12	684,695 1,098,745 1,783,440	384,695 798,745 1,183,440
10/1/12-13	0 0	0 0
10/1/13-14	1,288,858 1,233,056 2,677,917 5,199,831	988,858 933,056 2,377,917 4,299,831
10/1/14-15	0 0	0 0
10/1/15-16	324,770 324,770	24,770 24,770
10/1/16-17	0 0	0 0
10/1/17-18	393,870 396,555 790,425	93,870 96,555 190,425
10/1/18-19	3,325,232 377,602 3,702,834	3,025,232 77,602 3,102,834

Appendix D, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY- WIND/HAIL LOSSES ONLY****PROJECTED LOSSES BY LAYER****A. TRENDED LOSS SUMMARY**

Policy Period	Trended Losses	Trended Losses \$300,000 Corridor
10/1/05-06	0	0
10/1/06-07	0	0
10/1/07-08	0	0
10/1/08-09	356,232	56,232
10/1/09-10	0	0
10/1/10-11	0	0
10/1/11-12	1,783,440	300,000
10/1/12-13	0	0
10/1/13-14	5,199,831	300,000
10/1/14-15	0	0
10/1/15-16	324,770	24,770
10/1/16-17	0	0
10/1/17-18	790,425	190,425
10/1/18-19	3,702,834	300,000
	<u>12,157,532</u>	<u>1,171,427</u>

B. PROJECTED LOSSES BY LAYER

Policy Period	Exposure Trend Factor*	Trended Losses \$300,000 Corridor
10/1/05-06	1.319	0
10/1/06-07	1.294	0
10/1/07-08	1.268	0
10/1/08-09	1.243	69,896
10/1/09-10	1.219	0
10/1/10-11	1.195	0
10/1/11-12	1.172	300,000
10/1/12-13	1.149	0
10/1/13-14	1.149	300,000
10/1/14-15	1.126	0
10/1/15-16	1.104	27,346
10/1/16-17	1.082	0
10/1/17-18	1.061	202,041
10/1/18-19	1.040	<u>300,000</u>
		1,199,283
	Average	85,663
	5 Yr Mid Avg	76,462
	4 Yr Avg~	132,347
	Prior	60,000
	Selected	85,000

* Assumed trend of 2.0% per year.

~ Four most recent periods.

From: [Cadwell, Chris](#)
To: [L. Lynn Rex](#); [Dave Bos](#); [Tracy Juranek](#)
Subject: LARM: Fireworks Coverage - Application and Endorsement DRAFT
Date: Friday, April 03, 2020 2:09:06 PM
Attachments: [Operations Not Included - Fireworks \(FINAL\).doc](#)
[LARM FIREWORKS APPLICATION \(V04032020\).docx](#)

All,

As an update on our conversation from earlier this week on LARM's consideration to allow Members to apply for Fireworks coverage for select special events, please see the following notes:

1. Draft Application attached. There is nothing unique or special about this version as it has been generated from the basic application that other PE Pools utilize; accordingly, LARM is welcome to revise (i.e. include specific Nebraska related requirements or other Risk Control type criteria as you see fit).
2. Draft Endorsement attached. The endorsement represents the document issued for removing the Fireworks Exclusion that is presently in LARM's current Liability Coverage Document. LARM is welcome to have coverage counsel review (prior to issuing and if LARM feels this to be appropriate action). In addition, we should discuss how to evidence the coverage is only available for a specified event and duration (i.e. per the completed application).
3. Risk Control considerations. Although LARM may have some resources available to assist in coordinating appropriate risk control measure in conjunction with affording coverage, we have requested that Sedgwick risk control prepare/provide us with some strategies and action to reduce or eliminate the risks associated with the use and setting off of fireworks. These materials should be available in the next few days to be forwarded to your attention and review.
4. Appropriate Contributions. We had discussed contribution concepts that centered on a tiered approach dependent on the classification of the city. If this is an agreeable approach, underwriting proposes the following structure for consideration (i.e. as was outlined in our teleconference):
 - a. City of the First Class = \$1,500
 - b. City of the Second Class = \$1,000
 - c. All others = \$500

Thank you and please let us know if you have any additional thoughts, questions or concerns; in the interim, we look forward to reconvening as a group to evaluate the program and for next steps.

Sincerely,
Chris

Christopher W. Cadwell | Director Pool Administration
Sedgwick

Farmington Hills, MI

DIRECT 248.475.6720 | FAX 248.539.1239

CELL 248.410.0795 | EMAIL chris.cadwell@sedgwick.com

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FIREWORKS APPLICATION

Member Name _____

Date(s) of Event _____ to _____

Location of Event _____

Desired Dates of Coverage _____ to _____

Description of all events to be covered (if possible, please attach a flyer or brochure)

Estimated number of people to attend _____

Number of years this event has been held _____

Who wrote coverage last year? _____

Any known losses? _____

Who is shooting off the fireworks? _____

Independent Contractor yes no

Are they licensed? yes no

If not licensed, certified / trained? yes no

Where trained _____

Number of years' experience? _____

Insurance Certificate requested? yes no

Is entity named insured? yes no

Limits of Insurance _____

Shell size and number being shot off? _____

Are fireworks being shot off over water? yes no

Has the N.R.P.A. Code 1124 been complied with? yes no

Briefly describe evacuation procedures (in case of medical emergency, fire, etc.)

Please attach or sketch to show any event details, including shooting, spectator, crowd control and impact areas. This should include all distances, structures in the area and direction shells are being shot.

FIREWORKS ENDORSEMENT

This endorsement modifies the *Liability Coverage Document*.

The following operation(s) under **SECTION VIII – OPERATIONS NOT INCLUDED** is deleted:

24. FIREWORKS meaning *Claims* for *Damages* arising out of the igniting or discharging of *Fireworks* in conjunction with any display, demonstration or show, conducted or sponsored by a *Member* unless *Bodily Injury* or *Property Damage* arises out of emergency services the *Member* provide in response to an emergency arising out of or resulting from *Fireworks*.

By deleting the above from Section VIII, such Operations will now be included within the Liability Coverage Document, but subject to all terms, conditions, or limits of liability, including all General and Coverage-specific Exclusions.

All other terms and conditions remain unchanged.

Except as specifically provided by this Endorsement, nothing contained herein shall be construed to broaden the coverage, terms, conditions or limits of liability beyond that which is provided in the *Liability Coverage Document* to which this endorsement attaches.

Fireworks Guidelines

1. Display Site Selection & Planning

- a. Site plans required to be submitted to Authority Having Jurisdiction (AHJ). The AHJ shall review the plan and inspect the site depicted in the permit ***fireworks display area map***. Plan shall include at a minimum:
 - i. Site display area dimensions
 - ii. Parking areas
 - iii. Spectator viewing areas
 - iv. Fallout areas
 - v. Distances
 - vi. Noted elevations if greater than 25' above ground level
 - vii. Angled displays and directions
 - viii. Plans for dealing with live or unexploded shells
 - ix. Manufacturer or supplier recommendations for disposal of shells
 - x. Location and availability of fire and EMS
 - xi. Emergency procedures covering fire, weather, EMS, site security, and crowd control

2. Display Areas

- a. Follow NFPA 1123 guidelines for minimum display areas safety boundaries and site preparations
- b. Double display area boundary distances near healthcare, detention facilities, and facilities containing bulk storage of flammable, explosive or toxic materials
- c. Fallout areas must be open

3. Qualifications and Permits

- a. Fireworks operator must be licensed and 21 years of age
- b. Sufficient active experience (e.g. 3 display set up and participations) shall be documented and verified by the AHJ
- c. Demonstrated successful completion of written examination or other demonstrated knowledge covering laws, regulation, and applicable safety practices

- d. Assistants shall be at least 18 years of age with documented training of duties
- e. A permit shall be required to be obtained from the AHJ
 - i. Denied permits shall be in writing
 - ii. Denials may be resubmitted
 - iii. Permits shall require insurance requirements w/ verification
 - iv. Permit shall include requirements for any applicable federal or state required licenses

PERMIT EXAMPLE

1. Sponsoring Individual or Group Name Requesting Fireworks Display:
 - a. Address:
 - b. Phone:
 - c. Email:

2. Licensed Operator Name:
 - a. Address:
 - b. Phone:
 - c. Email:
 - d. Years Active Experience:
 - e. License #:
 - f. License Issued Date:
 - g. License Expiration Date:
 - h. Names of authorized assistants:
 - 1)
 - 2)
 - 3)
 - 4)
 - 5)
 - 6)
 - 7)
 - 8)
 - 9)
 - 10)

3. Fireworks Supplier Name:
 - a. Address:
 - b. Phone:
 - c. Email:

4. Insurance Provider Name (Obtain copy of certificate):
 - a. Address:
 - b. Phone:
 - c. Email:

- d. Policy #:
 - e. Effective Dates:
 - f. Insurance Limits:
 - g. Insurance names (entity) additional insured: YES / NO
 - h. Insurance certificate has been verified: YES / NO
5. Event Date & Time:
- a. Event Start Time:
 - b. Event End Time:
 - c. Proposed Rain Date and Times:
6. Exact Location of Display Area:
- a. Grounds Name:
 - b. Address if Known:
 - c. Street Intersections:
 - d. Other Supporting Information:
7. Approximate types and # of fireworks to be displayed: _____
- _____
- _____
- _____
8. Fireworks storage area and manner prior to bringing to display area: _____
- _____
- _____
- _____
- _____
9. Level of fire department and EMS standby: _____
- _____
- _____
- _____

10. Fireworks Display Area Map:



PERMIT AUTHORIZATION & COMMENTS:

ACCEPTED / NOT ACCEPTED

AHJ Name: _____ Date: _____

AHJ Signature: _____

**BYLAWS OF THE
LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)**

**ARTICLE I –
NUMBER AND SELECTION OF MEMBERS OF THE LARM BOARD OF DIRECTORS**

Section 1. LARM Board of Directors.

The League Association of Risk Management (LARM) shall be governed by a Board of Directors consisting of fifteen elected or appointed officials of participating members. A vacancy on the LARM Board shall be filled by a majority vote of the LARM Board upon a recommendation made by the LARM Administrator as provided in LARM's Interlocal Agreement. The person appointed to fill a vacancy shall serve for the remainder of the term of the vacating LARM Board member. There shall be two ex-officio, non-voting members of the LARM Board: the President and Executive Director of the League of Nebraska Municipalities, the latter of whom also shall be the LARM Administrator as provided in LARM's Interlocal Agreement. The ex-officio members shall be in addition to the fifteen elected members of the LARM Board and shall be subject to the same provisions in LARM's Interlocal Agreement and these Bylaws governing other members of the LARM Board including, but not limited to, provisions relating to conflicts of interest and ethical standards in Article VII.

Section 2. LARM Board of Directors Selection Procedures.

- 2.1 Nominating Committee.** A Nominating Committee shall recommend candidates for the LARM Board of Directors to the participating members for election at a Members' Meeting. The Nominating Committee shall consist of three persons: the Chairperson of the LARM Board, an elected or appointed official from a participating member municipality selected by the LARM Board, and the LARM Administrator as provided in LARM's Interlocal Agreement. Additional nominations shall be requested from the floor of the Members' Meeting from participating members.
- 2.2 Term.** Members of the LARM Board of Directors shall serve staggered terms of three years to promote stability and continuity. Terms of office shall commence on January 1st of the first year of the term and conclude on December 31st of the last year of the term.

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- 2.3 Composition.** In nominating individuals for service on the LARM Board of Directors, the LARM Administrator and Nominating Committee shall endeavor to achieve a balanced mix of elected and appointed officials from participating members of different sizes, types and classes with broad geographic representation across the state, provided that no more than one (1) Director may be an elected or appointed official from a participating member which is not a municipality. No more than one individual from any participating member may serve on the LARM Board at the same time.
- 2.4 Term Limit.** The LARM Board of Directors' service shall be restricted to two consecutive three-year terms to assure that all LARM members have opportunity for representation as Board members. Any LARM member that has previously been represented on the LARM Board may be eligible again for future service following at least one three-year interval of non-Board service following the term limit restriction when the member is not represented on the LARM Board.
- 2.5 Vacancies.** If a member of the LARM Board of Directors at any time during his or her term of office no longer meets the requirements set forth for service on the LARM Board, or resigns or no longer is able to serve as a member of the LARM Board, the office of such LARM Board member shall be deemed to be vacant as of the date such LARM Board member no longer meets such requirements or resigns or is no longer able to serve as a member of the LARM Board. The person appointed to fill a vacancy shall serve for the remainder of the term of the vacating LARM Board member.
- 2.6 Eligibility.** In addition to any other eligibility requirements, a candidate for the LARM Board of Directors must be an elected or appointed official from a participating member and approved as a candidate for or a member of the LARM Board by the governing body of the participating member.

Section 3. LARM Executive Director.

- 3.1 Accountability.** The LARM Executive Director is to perform administrative responsibilities under the direction of the LARM Administrator. The LARM Executive Director shall be appointed and dismissed by the LARM Administrator, provided the LARM Board of Directors does not disapprove, and may also be dismissed directly by the LARM Board. The performance of the LARM Executive Director shall be evaluated at least annually by the LARM Administrator and reported to the LARM Board.

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- 3.2 Conflicts of Interest and Ethics.** As a LARM staff member, the LARM Executive Director shall be subject to the same conflicts and ethical standards set forth in Article VII.
- 3.3 Duties.** The LARM Executive Director shall be responsible to the LARM Administrator for the efficient conduct of his or her office. The LARM Executive Director shall have the following duties:
- A.1** To attend all meetings of the LARM Board of Directors and report any matter concerning LARM affairs under his or her supervision and direction, as requested by the LARM Administrator or LARM Board.
 - A.2** To make recommendations regarding the affairs of LARM to the LARM Administrator.
 - A.3** In consultation with and subject to the approval of the LARM Administrator, to supervise and analyze the functions, duties and activities and services of LARM and of all the employees thereof; to appoint, dismiss and supervise the performance of LARM employees, including the preparation of LARM personnel rules, LARM employee evaluations and current job descriptions of LARM employees. Job descriptions of the LARM Executive Director and employees shall be updated as required and approved by the LARM Board of Directors in public session.
 - A.4** In consultation with and subject to the approval of the LARM Administrator, to develop and prepare the LARM annual operating budget; to develop and prepare meeting agendas for the LARM Board of Directors and Committees; and to prepare and manage strategic and other planning activities of LARM. The LARM Executive Director shall be responsible for any public records requests directed to LARM. Consultants may be asked to participate in any or all of these activities at the request of the LARM Administrator.
 - A.5** To perform other duties as assigned by the LARM Board of Directors or LARM Administrator.

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**ARTICLE II –
MEETINGS OF THE LARM BOARD OF DIRECTORS**

Section 1. Open Meetings.

The LARM Board of Directors shall hold meetings within the State of Nebraska. All meetings shall be held in accordance with the laws of the State of Nebraska.

Section 2. Number.

Meetings of the LARM Board of Directors shall be held no less than four (4) times each year, at least one time each calendar quarter. Meetings of the LARM Board may be called by the Chairperson, LARM Administrator or the LARM Board. A meeting shall be called by the Chairperson or LARM Administrator upon request of five members of the LARM Board. Notice of meetings of the LARM Board, other than emergency or special meetings, shall be given to each Director at least five calendar days, if possible, prior to the meeting stating the time, place and agenda. Notice of special meetings of the LARM Board shall be given to each Director at least two calendar days, if possible, prior to the meeting, stating the time, place and agenda. Regular and special meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. The LARM Board shall adopt a policy establishing the method for giving reasonable advance publicized notice of the time and place of each regular and special LARM Board meeting to Directors, participating members of LARM, and to the public.

Section 3. Emergency Meetings.

When it is necessary to hold an emergency meeting without notice, the nature of the emergency shall be stated in the minutes and any formal action taken in such meeting shall pertain only to the emergency. Such meetings may be held by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska.

Section 4. Quorum.

At all meetings of the LARM Board of Directors, a majority (eight) of the total number of Directors (fifteen) shall constitute a quorum for the transaction of business, and the act of a majority (eight) of the total number of Directors (fifteen) at any meeting shall be the act of the LARM Board, except as may be otherwise specifically provided by statutes or by LARM's Interlocal Agreement or these Bylaws. If a quorum is not present at any

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scheduled meeting of the LARM Board, the Directors present may, consistent with Nebraska law, recess the meeting to a time later that same day when a quorum shall be present. At such resumed meeting at which a quorum is eventually present, any business may be transacted that might have been transacted at the meeting originally noticed.

Section 5. Reimbursement.

A member of the LARM Board of Directors may be reimbursed by LARM for his or her direct expenses incurred in attending meetings of the LARM Board and performing other authorized services as a Director, if such expenses are not reimbursed to him or her by another public agency.

Section 6. Rules.

Robert's Rules of Order, latest edition, shall govern all meetings of the LARM Board of Directors.

Section 7. Notices.

- A. LARM Board of Directors.** Except as otherwise provided herein, notices to the Directors may be by telephone, e-mail, facsimile or text message, or in written correspondence that is delivered personally, or mailed to the Directors at their addresses appearing on the records of LARM.
- B. Participating Members.** Notices of all meetings of the LARM Board of Directors shall be provided to all participating members of LARM by telephone, e-mail, facsimile or text message or in written correspondence that is delivered personally, or mailed to the participating members at their addresses appearing on the records of LARM. An elected or appointed official of a participating member or a member of the public wishing to attend a meeting of the LARM Board, but unable to attend in person, may request that the LARM staff establish a telephone or other electronic connection allowing him or her to listen to the meeting of the LARM Board in question.

Section 8. Waiver.

Any individual notice required to be given under the provisions of the applicable law or LARM's Interlocal Agreement or these Bylaws may be waived in writing either before or after the meeting requiring such notice, provided such waiver is signed by the person or persons entitled to said notice.

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**ARTICLE III –
MEETINGS OF PARTICIPATING MEMBERS OF LARM**

Section 1. Annual Meeting.

An annual meeting of all participating members of LARM shall be held in conjunction with the annual conference of the League of Nebraska Municipalities, unless the LARM Board of Directors shall designate some other time or place, or other method for holding such annual meeting. Such annual meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. The nomination and election of members of the LARM Board shall be conducted at the annual meeting.

Section 2. Special Meetings.

Special meetings of participating members shall be called by the LARM Administrator upon written request of the Chairperson, Vice Chairperson or a majority (eight) of the total number of the LARM Board of Directors (fifteen), or twenty percent (20%) of the participating members entitled to vote, stating the time, place and purpose of such meeting. Such special meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. The nomination and election of members of the LARM Board also may be conducted at special meetings of participating members of LARM.

Section 3. Notice.

Notice of annual and special meetings of participating members of LARM shall be provided in the same manner as for meetings of the LARM Board of Directors, in accordance with Article II, Section 7 of these Bylaws.

Section 4. Quorum.

Action taken at a Members' Meeting shall be valid if it is passed by a majority of participating members whose representatives are present at the meeting.

Section 5. Ratification.

For the avoidance of any doubt about the validity of actions taken at a Members' Meeting, each participating member shall, at a subsequent meeting of the participating member's own governing body, vote on whether to ratify actions taken by its representative at the

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Members' Meeting, including the election of the LARM Board of Directors. Failure to ratify does not affect the validity of the action.

Section 6. Minutes.

The LARM Administrator or his or her designee shall make draft minutes of all LARM Members' Meetings available to participating members and the public on LARM's website within 30 days if possible after the meeting.

Section 7. Nullification.

If less than a majority of all LARM participating members are represented at a Members' Meeting, the majority of LARM participating members may, at subsequent meetings of their respective governing bodies, vote to nullify any actions taken at the Members' Meeting, including the election of the LARM Board of Directors. If a majority of the governing bodies of participating members vote to do so within 60 days after the Members' Meeting, then the actions subject to nullification shall be null and void. Otherwise, all actions taken at the Members' Meeting shall remain valid.

**ARTICLE IV –
COMMITTEES**

Section 1. Executive Committee.

The LARM Board of Directors may, by motion passed by a majority (eight) of the total number of Directors (fifteen), designate three or more of the members of the LARM Board to constitute an Executive Committee which, to the extent provided in such motion, shall have and exercise the authority of the LARM Board in the management of the business of LARM. Vacancies in the membership of the committee shall be filled by a majority (eight) of the total number of Directors (fifteen) at a regular or special meeting of the LARM Board. The Executive Committee shall keep regular minutes of its proceedings, comply with the laws of the State of Nebraska, and report the same to the LARM Board when required. In the absence of any member of the Executive Committee, the committee members present at any Executive Committee meeting may unanimously appoint another Director of the LARM Board to serve at the committee meeting in the place of such absent member. The duties of the Executive Committee will be to review LARM's routine policy matters when the LARM Administrator or LARM Executive Director seeks feedback from LARM Board members on reports and proposals prepared for the LARM Board's consideration. Additionally, the Executive Committee may exercise policy making

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authority in those instances when the LARM Board, in accordance with the laws of the State of Nebraska, delegates duties to the Committee.

Section 2. Other Committees.

The LARM Board of Directors may, by motion passed by a majority (eight) of the total number of Directors (fifteen), designate one or more committees. Each such committee shall consist of one or more Directors, but otherwise may include other elected and appointed officials and employees of participating members of LARM to assure active involvement in LARM by a broad base of participating members. To the extent provided in the motion and subject to LARM's Interlocal Agreement, these Bylaws and applicable state laws, a committee shall have and may exercise the powers of the LARM Board in the management of the business and affairs of LARM in those instances when the LARM Board, in accordance with the laws of the State of Nebraska, delegates duties to the Committee. Such committees shall have such names and duties as may be determined from time to time by a majority (eight) of the total number of Directors (fifteen) of the LARM Board.

Section 3. Committee Meetings.

Committee meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska.

Section 4. Minutes.

Committees shall keep regular minutes of their proceedings and shall submit the minutes to the LARM Board of Directors.

Section 5. Reimbursement.

A member of such committees established by the LARM Board of Directors may be reimbursed by LARM for his or her expenses incurred in attending committee meetings and performing other authorized services as a committee member, if those expenses are not reimbursed to him or her by another public agency.

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**ARTICLE V –
OFFICERS**

Section 1. Officers.

A majority (eight) of the total number of Directors on the LARM Board (fifteen) shall vote during the first calendar quarter to choose from among the elected Directors, a Chairperson and a Vice Chairperson for a one-year term. The President and Executive Director of the League of Nebraska Municipalities shall not be eligible to serve as Chairperson or Vice Chairperson.

Section 2. Other Officers.

The LARM Board of Directors may appoint such other officers and agents as it shall deem necessary that shall hold office for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the LARM Board.

Section 3. Vacancies.

Any member of the LARM Board of Directors or any member of a committee designated by the LARM Board, or any contractor or agent appointed by the LARM Board, may be removed by a motion passed by a majority (eight) of the total number of Directors (fifteen) when, in the judgment of the LARM Board, the best interests of LARM will be served by the person's removal. However, such removal shall be without prejudice to the contract or employment rights, if any, of the person removed. Any such vacancy occurring by death, resignation, removal, or otherwise shall be filled by the LARM Board, upon the recommendation of the LARM Administrator.

Section 4. Chairperson Duties.

The Chairperson shall preside at all meetings of the LARM Board of Directors, Special Members' Meetings of participating members and LARM's annual meeting of participating members and perform such other duties as are assigned by LARM's Interlocal Agreement, these Bylaws, or as may be assigned by the LARM Board, or assigned by the majority of participating members attending LARM's annual meeting.

Section 5. Vice Chairperson Duties.

The Vice Chairperson shall be chosen in the same manner and for the same term as the Chairperson and shall exercise all the powers of the Chairperson during the absence or

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disability of the Chairperson, in addition to such other duties as the LARM Board of Directors may from time to time prescribe.

Section 6. LARM Administrator Duties.

The LARM Administrator, in his or her capacity as LARM's Administrator, shall be subject to the same provisions in LARM's Interlocal Agreement and these Bylaws governing other members of the LARM Board of Directors including, but not limited to, provisions relating to conflicts of interest and ethical standards in Article VII. The LARM Administrator or his or her designee shall attend all meetings of the LARM Board, Special Members' Meetings of participating members, and LARM's annual meeting of participating members and record the proceedings thereof. The LARM Administrator or his or her designee shall be the custodian of LARM's records. The LARM Administrator or his or her designee shall notify or provide for the notification of LARM Board meetings to the Directors, participating members, and the public, in accordance with LARM's Interlocal Agreement, these Bylaws, and the laws of the State of Nebraska. The LARM Administrator or his or her designee shall perform such other duties as assigned by the LARM Board or as assigned by the majority of participating members attending LARM's annual meeting of participating members or any Special Members' Meetings.

**ARTICLE VI –
MEMBERSHIP**

Section 1. General.

Unless otherwise approved by the Executive Board of the League of Nebraska Municipalities, LARM membership shall be restricted to municipalities maintaining membership in the League of Nebraska Municipalities; subject to approval by the Executive Board of the League of Nebraska Municipalities and the LARM Board of Directors, sanitary and improvement districts (SIDs), public power agencies, and such other public agencies of the State of Nebraska that the LARM Board shall, from time to time, approve, also may be participating members of LARM, subject to adopted underwriting standards.

Section 2. Obligations.

The obligations and powers of participating members of LARM shall be as follows:

- 2.1 Payments.** To appropriate for and promptly pay all annual and supplementary or other payments to LARM at such times and in such amounts as shall be established by the LARM Board of Directors within the

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scope of LARM's Interlocal Agreement and these Bylaws.

- 2.2 Representatives.** To encourage an elected or appointed official or employee of the participating member to attend LARM's annual meeting of participating members or Special Members' Meetings of participating members in order to vote on business conducted at such meetings, including the election of LARM Directors.
- 2.3 Access.** To allow the LARM Board of Directors, LARM staff members and agents reasonable access to all facilities of the participating member and all public records, including but not limited to, financial records which relate to the purposes or powers of LARM.
- 2.4 Litigation.** To allow attorneys employed or retained by LARM to represent the participating member in investigation, settlement discussions and all levels of litigation arising from any claims made against the participating member within the scope of loss protection furnished by LARM.
- 2.5 Cooperation.** To cooperate fully with LARM's attorneys, LARM staff members, employees, contractors or agents, officers, claims adjusters or consultants of LARM relating to the purposes and powers of LARM.
- 2.6 Risk Management.** To follow in its operations all risk management, loss control and prevention procedures established by LARM within its purposes and powers.
- 2.7 Information.** To provide LARM the budget information and an audit prepared by a certified public accountant of all revenues and expenditures of the participating member for any fiscal year for which figures are requested by LARM. A village that has not had an audit prepared for a fiscal year may provide an unaudited statement of cash receipts and disbursements in lieu of an audit. The unaudited statement shall be on the form prescribed by the Auditor of Public Accounts (APA) for such statements and include any other information provided by the participating member to the APA or requested by LARM.
- 2.8 Report.** To report as promptly as possible all incidents that could result in LARM receiving a claim for loss or injuries to a participating member's property or injuries to persons or property within the scope of loss protection undertaken by the LARM Board of Directors, in accordance with such rules

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as the LARM Board shall prescribe.

- 2.9 Notice of Termination.** Participating members of LARM deciding to seek bids from coverage providers in addition to LARM, or to voluntarily terminate participation in LARM, must provide written notice to the Director of the Nebraska Department of Insurance, the LARM Administrator, the LARM Executive Director, and all other participating members at least ninety (90) days prior to the desired bid or termination date, or such longer period as to which the member may agree. The decision to terminate participation in LARM is subject to the approval of the Director of the Nebraska Department of Insurance.

Section 3. Settlement.

The LARM Board of Directors may allow participating members a reasonable opportunity in liability cases or claims to participate in their own defense or prevent the settlement of such cases or claims by LARM in a manner contrary to the wishes of the participating member. When the LARM Board authorizes the participating member the privilege to prevent settlement of the case or claim, the participating member shall be responsible for any cost in excess of the proposed settlement.

Section 4. Late Fee.

Failure by a participating member to pay the member's annual contribution to LARM by November 1 of any year shall result in such member being delinquent. A delinquent member may be charged a late fee starting on October 1 of any year in which the participating member is delinquent. The late fee shall be equal to five percent (5%) of the participating member's annual contribution to LARM. The late fee shall be assessed against any delinquent member on a monthly basis equaling one-twelfth (1/12) of the annual late fee. A delinquent member shall be charged the full monthly late fee assessment for all months in which the participating member is delinquent, including the month in which the delinquent payment is made.

**ARTICLE VII –
CONFLICTS OF INTEREST AND ETHICS STANDARDS**

Section 1. Definition of Conflict of Interest.

A conflict of interest exists when the personal interests of a member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or

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agent representing LARM may affect the ability of the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent to act in the best interest of LARM and its participating members. A conflict of interest can be considered to exist when the actions or activities of a LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM involve:

- 1.1 Gain.** The obtaining of direct or indirect personal gain or advantage for the LARM Board member, LARM staff member, elected or appointed official or employee, or contractor or agent. Any LARM Board member faced with taking an action or making a decision which could have a financial benefit or detriment to the LARM Board member, an immediate family member or a business with which he or she is associated is required to: a) prepare a written statement describing the conflict of interest; b) abstain from participating or voting on the matter at issue; and c) file a copy of the written statement with the LARM Board. For purposes of this subsection, "business", "business with which the individual is associated or business association" and "immediate family" or "immediate family member" shall be defined as provided in Chapter 49, Article 14 of the Nebraska Revised Statutes, as amended.
- 1.2 Adverse Interest.** An adverse or potentially adverse effect on the fiduciary, underwriting, coverage, claims management, client defense and service interests of LARM and its participating members.
- 1.3 Disclosure.** The disclosure of proprietary personnel evaluations, personnel files, pricing, underwriting calculations, legal opinions affecting client defense, claims investigations and other records enumerated in Chapter 84, Article 7 of the Nebraska Revised Statutes, as amended, that authorize LARM to withhold providing such information when responding to a public records request.
- 1.4 Gift.** The acceptance by any member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM (or an immediate family member of any of these) of gifts, excessive entertainment, unsecured loans, or other favors from any outside concern that does, or is seeking to do, business with LARM, or is a competitor of LARM or any of its contractors from which an inference could be made that the action was intended to influence or could influence the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM in the performance of his or her duties.

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- 1.5 Favoritism.** Any circumstance that may give rise to reasonable questions of possible favoritism, self-dealing or undue influence for coverages, benefits, contributions or premiums may be a conflict of interest, as well as familial relationships and other close personal relationships that may give rise to reasonable questions of favoritism, self-dealing or undue influence with LARM's participating members, members of the LARM Board of Directors, LARM staff members, elected or appointed officials, employees, contractors or agents, consultants or vendors. All such conflicts should be avoided, if possible. The member of the LARM Board, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM should be sensitive to the appearance of conflicts of interest, even if no actual conflict exists. If an actual or possible conflict cannot be avoided, the actual or possible conflict should be disclosed as soon as possible to the LARM Administrator and the LARM Executive Director, except that any such actual or possible conflict on the part of the LARM Administrator shall be disclosed to the LARM Board.

Section 2. Conflicts of Interest Questionnaire.

Every member of the LARM Board of Directors, LARM staff members, elected or appointed officials or employees, contractors or agents representing LARM shall be requested annually to complete and sign a conflict of interest questionnaire that meets the requirements of the Nebraska Department of Insurance. The responses to the questionnaire will disclose any conflicts of interest that the LARM Board members, LARM staff members, elected or appointed officials, employees, or contractors or agents representing LARM may have. If a LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM develops a potential conflict of interest, he or she shall, as soon as practicable, prepare an updated questionnaire and deliver a copy to the LARM Administrator and the LARM Executive Director. The LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent shall take such action as the LARM Board shall prescribe to remove himself or herself from influence over the matter.

Section 3. Standards of Conduct between LARM Board Members, LARM Staff Members, Elected or Appointed Officials or Employees, or Contractors or Agents Representing LARM.

- 3.1 Personal Interest.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall transact any business in his or her official LARM

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capacity with any entity in which he or she has a personal business interest, without prior approval of the LARM Board of Directors in public session.

- 3.2 Compensation.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall represent, for compensation, any other private person, group or entity that has a business relationship with LARM, without prior approval of the LARM Board of Directors in public session.
- 3.3 Gift.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall accept or solicit any gift or favor, that might reasonably tend to influence that individual in the discharge of official duties or that the LARM Board member, LARM staff member, elected or appointed official or employee, or contractor or agent knows or should know has been offered with the intent to influence or reward official conduct.
- 3.4 Employment.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall solicit or accept other employment to be performed or compensation to be received while still a LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM, if the employment or compensation could reasonably be expected to impair independence in judgment or performance of duties.
- 3.5 Disclosure.** If a member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM accepts or is soliciting a promise of future employment from any person or entity who has a substantial interest in a person, entity or property which would be affected by any decision upon which the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM might reasonably be expected to act, investigate, advise, or make a recommendation, the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall disclose that fact to the LARM Administrator and LARM Executive Director and shall take no further action on LARM policy or service matters regarding the potential future employer, except that any such conflict on the part of the LARM Administrator shall be disclosed to the LARM Board.

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- 3.6 Privilege.** No member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM shall use his or her official position to secure a special privilege or exemption for himself, herself or others, or to secure confidential information for any purpose other than official responsibilities.

Section 4. Communication between LARM Board Members, LARM Staff Members, Elected or Appointed Officials or Employees, or Contractors or Agents Representing LARM.

- 4.1 Inquiries.** The LARM Board of Directors reserves the right to make inquiries of any LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent relative to LARM activities. Except for purposes of inquiry, the LARM Board shall deal with LARM's administrative services through the LARM Administrator. The LARM Board or any officer thereof shall not give orders directly to any subordinate of the LARM Administrator.
- 4.2 Lobby Prohibition.** LARM's consultants, other contractors or agents shall not entertain or lobby members of the Executive Board of the League of Nebraska Municipalities, members of the LARM Board of Directors or LARM committees. Consultants, other contractors or agents of LARM may contact members of the Executive Board of the League of Nebraska Municipalities, members of the LARM Board, and LARM Committees for normal pool servicing activities associated within the scope of their services or authority with prior approval by the LARM Administrator and LARM Executive Director.
- 4.3 Notification.** LARM staff members, consultants and other contractors or agents have no control over inquiries and contacts initiated by a member of the Executive Board of the League of Nebraska Municipalities, members of the LARM Board of Directors, or LARM Committees; such contact shall not be deemed a violation of LARM's Bylaws. When such contact or inquiries occur, LARM staff members, consultants, contractors or agents shall notify the LARM Administrator and LARM Executive Director within a reasonable time.
- 4.4 Reports.** All information and reports affecting decisions or governance that the LARM Board of Directors may consider in public session, which are requested by LARM Board members from LARM staff members, consultants, other contractors or agents shall be disclosed to the LARM Administrator and

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LARM Executive Director and disseminated to the entire LARM Board.

- 4.5 Ex Parte Communication.** Members of the LARM Board of Directors, LARM staff members, elected or appointed officials or employees, contractors or agents representing LARM shall not participate in ex parte conversations and meetings with each other that are intended to create favoritism, self-dealing or undue influence regarding underwriting and pricing, coverage or other LARM services.

**ARTICLE VIII –
GENERAL PROVISIONS**

Section 1. Checks.

All checks or demands for money and notes of LARM and contracts of LARM shall be signed by the LARM Administrator, the LARM Executive Director, or her or her designee.

Section 2. Books.

Subject to the provisions of Chapter 84, Article 7 of the Revised Statutes of Nebraska, as amended, the books, records and papers of LARM will be available at the principal offices of LARM for inspection at reasonable times by representatives of any participating member or other person as may be required by Nebraska law. LARM's Interlocal Agreement and these Bylaws shall be available for inspection at reasonable times by any person at the principal offices of LARM.

Section 3. Loss Control.

The LARM Board of Directors periodically shall be provided an update of LARM's loss control program for adoption by participating members since effective loss control programs are essential to reducing costs.

Section 4. Warranty and Indemnification.

- 4.1 Warranty.** Members of the LARM Board of Directors, LARM staff members, elected or appointed officials or employees, contractors or agents representing LARM expressly agree, covenant, and warrant that they shall make a good faith effort to ensure that all action that they take in their LARM capacities or on behalf of LARM shall be in accordance with any applicable state or federal law or regulation, any applicable municipal ordinance,

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LARM's "*Agreement for the Establishment and Operation of the League Association of Risk Management*" (LARM's Interlocal Agreement), and these Bylaws and in a manner which he or she reasonably believes to be in or not opposed to the best interests of LARM.

- 4.2 Indemnification.** LARM may indemnify or defend any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of LARM, by reason of the fact that such person is or was a member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM, against expenses, including attorney's fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding if such person: a) acted in good faith and in compliance with subsection 4.1; b) acted in a manner which he or she reasonably believed to be in or not opposed to the best interests of LARM; and c) with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.
- 4.3 Mandatory Indemnification.** To the extent that a member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsection 4.2 of this section or in defense of any claim, issue, or matter in such action, suit, or proceeding, he or she shall be indemnified against expenses, including attorney's fees, actually and reasonably incurred by him or her in connection with such defense.
- 4.4 LARM Board of Directors Determination.** Any indemnification under this article shall be made by LARM only as authorized in the specific case upon a determination by the LARM Board of Directors that indemnification of the LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM is proper in the circumstances because he or she has met the applicable standard of conduct set forth in this Article. Such determination shall be made by the LARM Board by a majority (eight) of the total number of Directors (fifteen) consisting of LARM Board members who were not parties to such action, suit, or proceeding; if such a majority (eight) of the total number of Directors (fifteen) is not obtainable, or even if obtainable, a majority (eight) of the total number

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of Directors (fifteen) of disinterested LARM Board members may authorize indemnification, if recommended by independent legal counsel retained by the LARM Administrator in a written opinion that is made available to the public prior to the decision on indemnification.

- 4.5 Payment of Expenses.** Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by LARM in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided in subsection 4.4 of this section upon receipt of an undertaking by or on behalf of the member of the LARM Board of Directors, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM to repay such amount, unless it is ultimately determined that he or she is entitled to be indemnified by LARM as authorized in this section.
- 4.6 Non-exclusive Indemnification and Continuation.** The indemnification provided by this Article shall not be deemed exclusive of any other rights to which the person indemnified may be entitled under any agreement, either as to action in his or her official capacity or as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a LARM Board member, LARM staff member, elected or appointed official or employee, contractor or agent representing LARM and shall inure to the benefit of the heirs, executors and administrators of such person.
- 4.7 Duty of Loyalty.** Any elected or appointed official of any participating member serving on the LARM Board of Directors shall have a duty of loyalty to LARM. Members of the LARM Board, members of LARM Committees, LARM's Executive Director, LARM staff members, contractors and agents shall act in good faith, be faithful to LARM and its goals and missions, and pursue LARM's best interests in all matters. It shall be the agreement and representation of each member of the LARM Board that he or she is acting as a part of his or her duties on behalf of the participating member when performing functions for LARM. Therefore, all privileges and immunities from liability that may be available to such individual in his or her official capacity shall also be applicable to his or her conduct on behalf of LARM. Nothing herein shall compel LARM to provide any benefits to an elected or appointed official, contractor, agent or employee of LARM who is also an elected or appointed official or employee, contractor, agent or employee of a participating member.

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Section 5. Acknowledgment and Receipt.

Members of the LARM Board of Directors, LARM committee members, LARM's Executive Director, LARM staff members, contractors and agents representing LARM are to receive and read the Bylaws of the League Association of Risk Management, sign an "Acknowledgment of Receipt and Understanding," including his or her understanding and agreement to abide by the "Conflicts of Interest and Ethics Standards" and "Duty of Loyalty" provisions of the LARM Bylaws and return the "Acknowledgment of Receipt and Understanding" to LARM's Administrator or LARM's Executive Director within a reasonable time, and within a reasonable time after any amendment of these Bylaws.

Section 6. Amendments.

These Bylaws may be altered, amended or repealed, and new Bylaws may be passed by a majority (eight) of the total number of Directors on the LARM Board (fifteen) at any regular or special meeting, if at least five (5) calendar days written notice of the intention to alter, amend or repeal or to adopt new Bylaws at such meeting of the LARM Board has been provided to the Directors, participating members, and the public.

Section 7. Gender and Number.

To the extent permitted by the context in which used, words in the singular number shall include the plural, words in the masculine gender shall include the feminine and neuter vice versa.

Section 8. Captions.

Captions used herein are for convenience only and are not a part of these Bylaws and shall not be deemed to limit or alter any provisions hereof and shall not be deemed relevant in construing these Bylaws.

Adopted September 6, 1995.
Amended October 12, 1995
Amended September 21, 2005
Amended February 26, 2008
Amended December 21, 2012
Amended February 26, 2013
Amended April 30, 2013
Amended December 17, 2013

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DRAFT OF PROPOSED REVISIONS TO LARM'S BYLAWS

(This DRAFT includes revisions from the Bylaws Committee Meetings held on Feb. 18, Feb. 28 and May 21 including suggestions from LARM Board members received on or after March 20, 2020.)

**BYLAWS OF THE
LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)**

**ARTICLE I –
NUMBER AND SELECTION OF MEMBERS OF THE LARM BOARD OF DIRECTORS
MEMBERS**

Section 1. LARM Board of Directors.

The ~~pool~~ League Association of Risk Management (LARM) shall be ~~operated~~ governed by a Board of Directors consisting of fifteen elected or appointed officials of participating members. ~~The initial Board shall consist of nine persons, but the number may be increased by the Board up to any number above nine but not to exceed fifteen members to maintain appropriate size and geographical representation as the number of members increase.~~ A vacancy on the LARM Board shall be filled by a majority vote of the LARM Board upon a recommendation made by ~~the nominating committee or the~~ LARM Administrator as provided in LARM's Interlocal Agreement. The person appointed to fill a vacancy shall serve for the remainder of the term of the ~~vacating~~ vacant LARM Board member. There shall be two ex-officio, non-voting members of the LARM Board ~~of Directors~~: the President and Executive Director ~~(also called Administrator)~~ of the League of Nebraska Municipalities, the latter of whom also shall be the LARM Administrator as provided in LARM's Interlocal Agreement. ~~The President and the Executive Director of the League shall be ex-officio, non-voting members of the Board of Directors.~~ The ex-officio members shall be in addition to the ~~nine elected~~ fifteen elected members of the LARM Board and shall be subject to the same provisions in LARM's Interlocal Agreement and these Bylaws governing other members of the LARM Board including, but not limited to, provisions relating to conflicts of interest and ethical standards in Article VII. ~~(or the number up to fifteen designated by the Board).~~

Section 2. LARM Board of Directors Selection Procedures.

- 2.1 Nominating Committee.** A nominating committee shall recommend candidates for the LARM Board of Directors to the participating members for election at a Members' Meeting. ~~The initial nominating committee shall be the Board of Directors of the League of Nebraska Municipalities. The nominating~~

~~committee of the initial Board shall nominate at least one person for each of the nine elected positions and designate nominations by the three staggered terms of years in office. For subsequent elections, the~~ The ~~nominating committee shall consist of three persons; the~~ chairperson ~~Chairperson~~ of the LARM Board of Directors of the Pool, an individual an elected or appointed official from a participating member municipality selected by the LARM Board, and the LARM Administrator as provided in LARM's Interlocal Agreement. Executive Director of the League. Additional nominations shall be requested from the floor of the Members' Meeting ~~meeting~~ from participating members. ~~municipalities.~~

- 2.2 Term.** ~~The~~ Members of the LARM Board of Directors shall serve staggered ~~years~~ terms of three years to promote stability and continuity. ~~The terms of years of office of the initial Board shall be as follows:~~

~~Three Board members with terms of 3 years; and~~

~~Three Board members with terms of 2 years; and~~

~~Three Board members with terms of 1 year.~~

~~All subsequent Directors shall be elected for a three-year term of office.~~

~~The term of office of the initial Board of Directors shall commence August 1, 1995, and conclude on the next December 31st following the completion of the year or years of the initial term. All subsequent terms~~ Terms ~~of office shall commence on January 1st of the first year of the term and conclude on December 31st~~ of the last year of the term.

- 2.3 Composition.** ~~The Board of Directors shall endeavor to comprise its membership of five elected Municipal officials and five appointed Municipal officials, plus three Board members as recommended by the nominating committee and approved by the Board of Directors. These numbers shall apply at any time the number of Board members is set at thirteen. If the number of Board members is adjusted above or below thirteen, the composition number set forth in this section shall be adjusted accordingly. If the number of Board members is set at fifteen (15), the~~ In nominating individuals for service on the LARM Board of Directors, the LARM Administrator and Nominating Committee shall endeavor to achieve a balanced mix of elected and appointed officials from participating members of different sizes, types and classes with broad geographic representation across the state, provided that no more than one (1) Director may be an elected or appointed official from a participating member which is not a

~~municipality. comprise its membership of six (6) elected Municipal officials and six (6) appointed Municipal officials plus three (3) Board members as recommended by the nominating committee and approved by the Board of Directors, provided that two (2) of such additional three (3) Board members shall be reserved for non-municipality members of LARM. No more than one individual from any participating member may serve be represented by more than one (1) representative on the LARM Board at the same time.~~

- 2.4 Term Limit.** The LARM Board of Directors' service shall be restricted to two consecutive three-year terms to assure that all LARM members have opportunity for representation as Board members. Any LARM member that has previously been represented on the LARM Board ~~of Directors~~ may be eligible again for future service following at least one three-year interval of non-Board service following the term limit restriction when the member is not represented on the LARM Board.
- 2.5 Vacancies.** If a member of the LARM Board of Directors at any time during his or her term of office no longer meets the requirements set forth for ~~the initial appointment of the member service on the LARM Board~~, or resigns or no longer is able to serve as a member of the LARM Board ~~of Directors~~, the office of such LARM Board member shall be deemed to be vacant as of the date such LARM Board member no longer meets such requirements or resigns or is no longer able to serve as a member of the LARM Board ~~of Directors~~. The person appointed to fill a vacancy shall serve for the remainder of the term of the vacating LARM Board member.
- 2.6 Eligibility.** In addition to any other eligibility requirements, a ~~Board~~ candidate for the LARM Board of Directors must be ~~a~~ an elected or appointed official from a participating member and approved as a candidate for or a member of the LARM Board by the governing body of the participating member. ~~LARM member representative.~~
- 2.7 ~~Alignment of Current Board Composition with Amended Bylaws.~~** ~~Upon approval of these amended Bylaws, the current composition of the Board regarding elected and appointed officials shall remain until the designated expiration date of terms for the affected Board members.~~

Section 3. LARM Executive Director.

3.1 PurposeAccountability. The ~~purpose of the office of~~ LARM Executive Director is to ~~provide for the centralization of the~~ perform administrative responsibilities ~~of all affairs of LARM that are~~ under the direction of the ~~League Executive Director and the LARM Board~~ LARM Administrator. The LARM Executive Director shall be appointed and dismissed by the ~~League Executive Director~~ LARM Administrator, ~~with the approval of~~ provided the LARM Board of Directors ~~does not disapprove, and may also be dismissed directly by the LARM Board.~~ The performance of the LARM Executive Director shall be evaluated at least annually by the ~~League Executive Director~~ LARM Administrator and reported to the LARM Board.

3.2 Conflicts of Interest and Ethics. As a LARM staff member, the LARM Executive Director shall be subject to the same conflicts and ethical standards set forth in Article VII.

3.23.3 Duties. The LARM Executive Director shall be ~~the administrative head of LARM and shall be~~ responsible to the ~~League Executive Director and the LARM Board of Directors~~ LARM Administrator for the efficient conduct of his or her office. ~~In addition to the general authority as administrative head, and not as a limitation thereof, the~~ The LARM Executive Director shall have the following duties:

A.1 To attend all meetings of the LARM Board of Directors and report any matter concerning LARM affairs under his or her supervision and direction, as requested by the LARM Administrator or LARM Board.

A.2 To make ~~investigations into all recommendations regarding~~ the affairs of LARM ~~and to make recommendations regarding the same to the~~ League Executive Director and the LARM Board LARM Administrator.

A.3 In consultation with and subject to the approval of the LARM Administrator, to ~~To~~ supervise and analyze the functions, duties and activities and services of LARM and of all the employees thereof; to appoint, dismiss and supervise the performance of LARM employees, including the preparation of LARM personnel rules, LARM employee evaluations and current job descriptions of LARM employees. Job descriptions of the LARM Executive Director and employees shall be ~~reviewed annually,~~ updated as required and approved by the LARM Board of Directors in public session.

A.4 In consultation with and subject to the approval of the LARM Administrator, to ~~To~~ develop and prepare the LARM annual operating budget; to ~~prepare~~ develop and ~~develop~~ prepare meeting agendas for the LARM Board of Directors and Committees meeting agenda(s); and to prepare and manage strategic and other planning activities of LARM. The LARM Executive Director shall be responsible for any public records requests directed to LARM. ~~The Pool Consultant~~ Consultants may be asked to participate in any or all of these activities at the request of the ~~Board, LARM Administrator, or the Executive Director. The Executive Director is to be the primary contact with the Department of Insurance. The Pool Consultant shall only contact the Department of Insurance with prior approval from the Executive Director.~~

A.5 To perform other duties as assigned by the LARM Board of Directors or LARM Administrator.

ARTICLE II – MEETINGS OF THE LARM BOARD OF DIRECTORS

Section 1. Open Meetings.

The LARM Board of Directors shall hold meetings within the State of Nebraska. All meetings shall be held in accordance with the laws of the State of Nebraska Open Meetings Act (Chapter 84, Article 14 of the Nebraska Revised Statutes).

Section 2. Number.

Meetings of the LARM Board of Directors shall be held no less than four (4) times each year, at least one time each calendar quarter. Meetings of the LARM Board may be called by the Chairperson, LARM Administrator or the LARM Board, ~~and~~ A meeting shall be called by the Chairperson or LARM Administrator upon request of ~~three~~ five members of the LARM Board. Notice of meetings of the LARM Board, other than emergency or special meetings, shall be given to each Director at least five calendar days, if possible, prior to the meeting stating the time, place, and agenda. Notice of special meetings of the LARM Board shall be given to each Director at least two calendar days, if possible, prior to the meeting, stating the time, place, and agenda. Regular and special meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska ~~by means of electronic, video, or telecommunication equipment as allowed by the Open Meetings Act.~~

The LARM Board shall adopt a policy establishing the method ~~and time~~ for giving ~~reasonable advanced advance publicized reasonable~~ notice of ~~the time and place of each~~ regular and special LARM Board ~~meeting meetings~~ to Directors, participating members of LARM, and to the public.

Section 3. Emergency Meetings.

When it is necessary to hold an emergency meeting without notice, the nature of the emergency shall be stated in the minutes and any formal action taken in such meeting shall pertain only to the emergency. Such meetings may be held by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. ~~means of electronic or telecommunication equipment.~~

Section 4. Quorum.

At all meetings of the LARM Board of Directors, a majority (eight) of the total ~~numbers~~ number of Directors (fifteen) shall constitute a quorum for the transaction of business, and the act of a majority (eight) of the total number of Directors (fifteen) ~~present~~ at any meeting ~~at which there is a quorum~~ shall be the act of the LARM Board, except as may be otherwise specifically provided by statutes or by ~~the~~ LARM's Interlocal Agreement or these Bylaws. If a quorum is not present at any scheduled meeting of the LARM Board, the Directors present may, consistent with Nebraska law, recess the meeting to a time later that same day when ~~from time to time until~~ a quorum shall be present. At such resumed meeting at which a quorum is eventually present, any business may be transacted that might have been transacted at the meeting originally noticed.

Section 5. Reimbursement.

~~By resolution of the Board, a Director~~ A member of the LARM Board of Directors may ~~shall~~ be reimbursed by LARM for his or her direct expenses incurred in attending meetings of the LARM Board and performing other authorized services as a Director, if such expenses are not reimbursed to him or her by another public agency.

Section 6. Rules.

Robert's Rules of Order, latest edition, shall govern all meetings of the LARM Board of Directors.

Section 7. Notices.

- A. **LARM Board of Directors.** Except as otherwise provided herein, notices to the Directors may be by telephone, e-mail, facsimile or telegram text message, or in writing and written correspondence that is delivered personally, or mailed to the Directors at their addresses appearing on the records of LARM.
- B. **Participating Members.** Notices of all meetings of the LARM Board of Directors shall be provided to all participating members of LARM by telephone, e-mail, facsimile or telegram text message or in writing and written correspondence that is delivered personally, or mailed to the participating members at their addresses appearing on the records of LARM. Members An elected or appointed official of a participating member or a member of the public wishing to attend a meeting of the LARM Board ~~of Directors~~, but unable to attend in person, may request that the LARM staff establish a telephone or other electronic connection allowing the member him or her to listen to the meeting of the LARM Board ~~of Directors~~ in question.

Section 8. Waiver.

Any individual notice required to be given under the provisions of the applicable law or ~~of this LARM's Interlocal~~ Agreement or ~~of~~ these Bylaws may be waived in writing either before or after the ~~event meeting~~ requiring such notice, provided such waiver is signed by the person or persons entitled to said notice.

ARTICLE III – MEETINGS OF PARTICIPATING MEMBERS OF LARM

Section 1. Annual Meeting.

An annual meeting of all participating members of LARM shall be held in conjunction with the annual conference of the League of Nebraska Municipalities, unless the LARM Board of Directors shall designate some other time or place, or other method for holding such annual meeting. Such annual meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. The nomination and election of members of the LARM Board shall be conducted at the annual meeting.

Section 2. Special Meetings.

Special meetings of participating members shall be called by the LARM Administrator upon written request of the Chairperson, Vice Chairperson or a majority (eight) of the total number of the LARM Board of Directors (fifteen), or twenty percent (20%) of the participating members entitled to vote, stating the time, place and purpose of such meeting. Such special meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska. The nomination and election of members of the LARM Board also may be conducted at special meetings of participating members of LARM.

Section 3. Notice.

Notice of annual and special meetings of participating members of LARM shall be provided in the same manner as for meetings of the LARM Board of Directors, in accordance with Article II, Section 7 of these Bylaws.

Section 4. Quorum.

Action taken at a Members' Meeting shall be valid if it is passed by a majority of participating members whose representatives are present at the meeting.

Section 5. Ratification.

For the avoidance of any doubt about the validity of actions taken at a Members' Meeting, each participating member shall, at a subsequent meeting of the participating member's own governing body, vote on whether to ratify actions taken by its representative at the Members' Meeting, including the election of the LARM Board of Directors. Failure to ratify does not affect the validity of the action.

Section 6. Minutes.

The LARM Administrator or his or her designee shall make draft minutes of all LARM Members' Meetings available to participating members and the public on LARM's website within 30 days if possible after the meeting.

Section 7. Nullification.

If less than a majority of all LARM participating members are represented at a Members' Meeting, the majority of LARM participating members may, at subsequent meetings of

their respective governing bodies, vote to nullify any actions taken at the Members' Meeting, including the election of the LARM Board of Directors. If a majority of the governing bodies of participating members vote to do so within 60 days after the Members' Meeting, then the actions subject to nullification shall be null and void. Otherwise, all actions taken at the Members' Meeting shall remain valid.

ARTICLE III-IV – **COMMITTEES**

Section 1. Executive Committee.

The LARM Board of Directors may, by ~~Resolution-motion adopted-passed~~ by a majority ~~(eight)~~ of the ~~total number of Directors (fifteen) whole Board~~, designate three or more of the members of ~~LARM's Board of Directors the LARM Board~~ to constitute an Executive Committee which, to the extent provided in such ~~Resolution-motion~~, shall have and exercise the authority of the LARM Board ~~of Directors~~ in the management of the business of LARM. Vacancies in the membership of the committee shall be filled by a majority (eight) of the total number Board of Directors (fifteen) at a regular or special meeting of the LARM Board ~~of Directors~~. The Executive Committee shall keep regular minutes of its proceedings, comply with the laws of the State of Nebraska, Open Meetings Act, and report the same to the LARM Board when required. In the absence of any member of the Executive Committee, the ~~Committee-committee~~ members present at any Executive Committee meeting may unanimously appoint another ~~LARM Board-Director of the LARM Board~~ to serve at the ~~Committee-committee~~ meeting in the place of such absent member. The duties of the Executive Committee will be to review LARM's routine policy matters when the ~~LARM-staff LARM Administrator or LARM Executive Director~~ seeks feedback from LARM Board members on reports and proposals prepared for the LARM Board's consideration. Additionally, the Executive Committee may exercise policy making authority in those instances when the LARM Board ~~of Directors, per the Open Meetings Act, in accordance with the laws of the State of Nebraska,~~ delegates duties to the Committee ~~that include "holding hearings, making policy, or taking formal action..." on the LARM Board's behalf.~~

Section 2. Other Committees.

The LARM Board ~~of Directors~~ may, by ~~resolution motion~~ passed by a majority ~~(eight)~~ of the ~~total number of Directors (fifteen) whole Board~~, designate one or more committees. Each such committee shall consist of one or more Directors, but otherwise may include other elected and appointed officials and employees of ~~LARM-participating members of LARM-not currently represented on the LARM Board of Directors,~~ to assure active

~~participation-involvement~~ in LARM by a broad base of participating members. To the extent provided in the ~~resolution motion~~ and subject to ~~the LARM-LARM's Interlocal Agreement, these~~ Bylaws and applicable state law laws, a committee shall have and may exercise the powers of the LARM Board in the management of the business and affairs of LARM in those instances when the LARM Board ~~of Directors, per the Open Meetings Act, in accordance with the laws of the State of Nebraska,~~ delegates duties to the Committee ~~that include "holding hearings, making policy, or taking formal action..." on the LARM Board's behalf.~~ Such committees shall have such names and duties as may be determined from time to time by ~~authorization~~ a majority (eight) of the total number of Directors (fifteen) of the LARM Board.

Section 3. Committee Meetings.

Committee meetings may be held in person or by videoconferencing, telephone conferencing or conferencing by other electronic means in accordance with the laws of the State of Nebraska.

Section 3-4. Minutes.

Committees shall keep regular minutes of their proceedings and shall ~~report their proceedings~~ submit the minutes to the LARM Board of Directors.

Section 4-5. Reimbursement.

~~Members~~ A member of ~~the such~~ committees established by the LARM Board of Directors may be reimbursed by LARM for his or her expenses incurred in ~~serving on such committees and~~ attending committee meetings and performing other authorized services as a committee member, if those expenses are not reimbursed to ~~them~~ him or her by another public agency.

ARTICLE ~~IV-V~~ – OFFICERS

Section 1. Officers.

~~The LARM Board~~ A majority (eight) of the total number of Directors on the LARM Board (fifteen) shall vote during the 1st calendar quarter to choose from among the elected Directors, a Chairperson and a Vice Chairperson for a one-year term. The President and Executive Director of the League of Nebraska Municipalities shall not be eligible to serve as Chairperson or Vice Chairperson. ~~for a one (1) year term at a LARM Board of Directors~~

~~meeting during the 4th calendar quarter of each year. The Executive Director of the League, or his or her designee, shall be the Clerk.~~

Section 2. Other Officers.

The LARM Board of Directors may appoint such other officers and agents as it shall deem necessary that shall hold office for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the LARM Board.

Section 3. Vacancies.

~~Any officer elected or appointed to~~Any member of the LARM Board of Directors or ~~a~~any member of a committee designated by the LARM Board, ~~or any contractor or agent appointed by the LARM Board,~~ may be removed ~~whenever, by a motion Resolution passed by a majority (eight) of the total number of Directors (fifteen) when,~~ in the judgment of the LARM Board, the best interests of LARM will be served by the person's removal. However, such removal shall be without prejudice to the contract or employment rights, if any, of the person removed. Any such vacancy occurring ~~in any office of the LARM~~ by death, resignation, removal or otherwise shall be filled by the LARM Board, upon the recommendation of the LARM Administrator.

Section 4. Chairperson Duties.

The Chairperson shall preside at all meetings of the LARM Board of Directors, Special Members' Meetings of participating members and LARM's annual meeting of all participating members ~~of LARM, sign all membership certificates,~~ and perform such other duties as are assigned by LARM's Interlocal Agreement, these Bylaws, or as may be assigned by the LARM Board, ~~of Directors~~ or assigned by the majority of participating members ~~or proxy designees~~ attending the LARM's annual meeting. ~~of LARM.~~

Section 5. Vice Chairperson Duties.

The Vice Chairperson shall be chosen in the same manner and for the same term as the Chairperson and shall exercise all the powers of the Chairperson during the absence or disability of the Chairperson, in addition to such other duties as the LARM Board of Directors may from time to time prescribe.

Section 6. ~~Clerk~~ LARM Administrator Duties.

The LARM Administrator, in his or her capacity as LARM's Administrator, shall be subject

to the same provisions in LARM's Interlocal Agreement and these Bylaws governing other members of the LARM Board of Directors including, but not limited to, provisions relating to conflicts of interest and ethical standards in Article VII. The ~~Clerk~~ LARM Administrator or his or her designee shall attend all meetings of the LARM Board of Directors, Special Members' Meetings of participating members, and ~~LARM and LARM's~~ annual meeting of ~~all-participating~~ members ~~of LARM~~ and record ~~or~~ the proceedings thereof. The ~~Clerk~~ LARM Administrator or his or her designee shall be the custodian of LARM's records. The ~~Clerk~~ LARM Administrator or his or her designee shall notify or provide for the notification of ~~the LARM Board meetings to the Directors, participating~~ members, ~~and the public, and directors of their meetings,~~ in accordance with ~~the LARM's Interlocal Agreement, these~~ Bylaws, and the laws of the State of Nebraska. The LARM Administrator or his or her designee shall perform such other duties as assigned by the LARM Board of Directors or as assigned by the majority of participating members ~~or proxy designees~~ attending the LARM's annual meeting of LARM participating members or any Special Members' Meetings.

ARTICLE ~~V~~ VI – MEMBERSHIP

Section 1. General.

Unless otherwise approved by the Executive Board of the League of Nebraska Municipalities, ~~Executive Board,~~ LARM membership shall be restricted to municipalities maintaining membership in the League of Nebraska Municipalities; ~~and,~~ subject to approval by the Executive Board of the League of Nebraska Municipalities ~~Executive Board, and the LARM Board of Directors,~~ sanitary and improvement districts (SIDs), public power agencies, and such other public agencies of the State of Nebraska that the LARM Board shall, from time to time, approve, also may be participating members of LARM, subject to adopted underwriting standards.

Section 2. Obligations.

The obligations and powers of participating members of LARM shall be as follows:

- 2.1 Payments.** To appropriate for and ~~to~~ promptly pay all annual and supplementary or other payments to LARM at such times and in such amounts as shall be established by the LARM Board of Directors within the scope of ~~this LARM's Interlocal~~ Agreement and these Bylaws.

- 2.2 ~~Representatives~~ Representative.** ~~To select a person to serve as member representative and to select~~ To encourage an elected or appointed official or employee of the participating member a proxy representative to attend the LARM's annual LARM meeting of participating members or Special Members' Meetings of participating members in order to vote on business conducted at such meetings, including the election of LARM Directors.
- 2.3 Access.** To allow the LARM Board of Directors, LARM staff members and agents reasonable access to all facilities of the participating member and all public records, including but not limited to, financial records, which relate to the purposes or powers of LARM.
- 2.4 Litigation.** To allow attorneys employed or retained by LARM to represent the participating member in investigation, settlement discussions and all levels of litigation arising from any claims made against the participating member within the scope of loss protection furnished by ~~the~~ LARM.
- 2.5 Cooperation.** To cooperate fully with LARM's attorneys, LARM staff members, employees, contractors or agents, officers, claims adjusters, ~~or consultants the pool consultant and any agent, employee, officer or independent contractor~~ of LARM relating to the purposes and powers of LARM.
- 2.6 Risk Management.** To follow in its operations all risk management, loss control and prevention procedures established by ~~the~~ LARM within its purposes and powers.
- 2.7 Information.** To ~~furnish to provide~~ LARM ~~the~~ budget information and an audit prepared by a certified public accountant of all revenues and expenditures of the participating member for any fiscal year ~~of the member~~ for which figures are requested by LARM. A village that has not had an audit prepared for a fiscal year may ~~furnish provide~~ an unaudited statement of cash receipts and disbursements in lieu of an audit. The unaudited statement shall be on the form prescribed by the Auditor of Public Accounts (APA) for such statements and include any other information provided by the participating member to the APA or requested by LARM.
- 2.8 Report.** To report as promptly as possible all incidents that could result in LARM receiving a claim for loss or injuries to ~~member a participating member's~~ property or injuries to persons or property within the scope of loss

protection undertaken by the LARM Board of Directors, in accordance with such rules as the LARM Board shall prescribe.

2.9 Notice of Termination. ~~LARM-Participating~~ members of LARM deciding to seek bids from coverage providers in addition to LARM, or to voluntarily terminate participation in LARM, must provide written notice to the Director of the Nebraska Department of Insurance, the LARM Administrator, the LARM Executive Director, and all other LARM-participating members at least ninety (90) days prior to the desired bid or termination date, or such longer period as to which the member may agree. The decision to terminate participation in LARM is subject to the approval of the Director of the Nebraska Department of Insurance.

Section 3. Settlement.

The LARM Board of Directors may allow participating members a reasonable opportunity in liability cases or claims to participate in their own defense or prevent the settlement of such cases or claims by LARM in a manner contrary to the wishes of the participating member. When the LARM Board authorizes the participating member the privilege to prevent settlement of the case or claim, the participating member shall be responsible for any cost in excess of the proposed settlement.

Section 4. Late Fee.

Failure by a participating member to pay the member's annual contribution to LARM by November 1 of any year shall result in ~~the-such~~ member being delinquent. A delinquent member ~~shall-may~~ be charged a late fee starting on October 1 of any year in which the participating member is delinquent. The late fee shall be equal to five percent (5%) of the participating member's annual contribution to LARM. The late fee shall be assessed against any delinquent member on a monthly basis equaling one-twelfth (1/12) of the annual late fee. A delinquent member shall be charged the full monthly late fee assessment for all months in which the participating member is delinquent, including the month in which the delinquent payment is made.

ARTICLE ~~VI-VII-~~ CONFLICTS OF ~~INTERESTS-INTEREST~~ AND ETHICS STANDARDS

Section 1. Definition of Conflict of Interest.

A conflict of interest exists when the personal interests of a member of the LARM Board of Directors, member, LARM staff member, municipal-elected or appointed official or employee, contractor or agent representing LARM may affect the ability of the LARM Board member, LARM staff member, public-elected or appointed official or employee, contractor or agent to act in the best interest of LARM and its participating members. A conflict of interest can be considered to exist when the actions or activities of a LARM Board member, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM involve:

- 1.1 **Gain.** The obtaining of direct or indirect personal gain or advantage for the LARM Board member, LARM staff member, public-elected or appointed official or employee, or contractor or agent. Any LARM Board member faced with taking an action or making a decision which could have a financial benefit or detriment to the LARM Board member, an immediate family member or a business with which he or she is associated is required to: a) prepare a written statement describing the conflict of interest; b) abstain from participating or voting on the matter at issue; and c) file a copy of the written statement with the LARM Board ~~secretary~~. For purposes of this subsection, “business” ~~shall have the meaning provided in Neb. Rev. Stat. § 49-1407,~~ “business with which the individual is associated or business association” ~~shall have the meaning provided in Neb. Rev. Stat. § 49-1408,~~ and “immediate family” or “immediate family member” shall ~~have the meaning be defined as~~ provided in Neb. Rev. Stat. § 49-1425 Chapter 49, Article 14 of the Nebraska Revised Statutes, as amended.
- 1.2 **Adverse Interest.** An adverse or potentially adverse effect on the fiduciary, underwriting, coverage, claims management, client defense and service interests of LARM and its participating members.
- 1.3 **Disclosure.** The disclosure of ~~non-public~~ proprietary personnel evaluations, personnel files, pricing, underwriting calculations, legal opinions affecting client defense, claims investigations and other ~~non—public~~ records enumerated in Chapter 84, Article 7 of the Nebraska Revised ~~Nebraska~~ Statutes, as amended, that ~~authorizes—authorize~~ LARM to withhold providing such information ~~during—when responding to~~ a public records request.
- 1.4 **Gift.** The acceptance by any member of the LARM Board of Directors, member, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM (or an immediate family member of any of these) of gifts, excessive entertainment, unsecured loans, or other

favors from any outside concern that does, or is seeking to do, business with LARM, or is a competitor of LARM or any ~~if-of~~ its contractors from which an inference could be made that the action was intended to influence or could influence the LARM Board member, LARM staff member, ~~public-elected or appointed~~ official or employee, contractor or agent representing LARM in the performance of his or her duties.

- 1.5 Favoritism.** Any circumstance that may give rise to reasonable questions of possible favoritism, self-dealing or undue influence for ~~insurance~~ coverages, benefits, contributions or premiums may be a conflict of interest, as well as familial relationships and other close personal relationships that may give rise to reasonable questions of favoritism, self-dealing or undue influence with LARM's participating members, members of the LARM Board of Directors, LARM staff members, elected or appointed officials, employees, contractors or agents, consultants or vendors. All such conflicts should be avoided, if possible. The member of the LARM Board, member, LARM staff member, ~~public-elected or appointed~~ official or employee, contractor or agent representing LARM should be sensitive to the appearance of conflicts of interest, even if no actual conflict exists. If an actual or possible conflict cannot be avoided, the actual or possible conflict should be disclosed as soon as possible to the ~~Board~~ LARM Administrator and the LARM Executive Director, except that any such actual or possible conflict on the part of the LARM Administrator shall be disclosed to the LARM Board.

1.6

Section 2. Conflicts of Interest Questionnaire. ÷

~~At the initial Board of Directors meeting of each fiscal year, every~~ Every member of the LARM Board of Directors, member, LARM staff ~~member members~~, ~~public-elected or appointed official-officials or employees,~~ public-elected or appointed official or employee, ~~contractor-contractors~~ or ~~agent-agents~~ representing LARM shall be requested annually to complete and sign a conflict of interest questionnaire that meets the requirements of the Nebraska Department of Insurance. The responses to the questionnaire will disclose any conflicts of interest that the LARM Board ~~member members~~, LARM staff ~~member members~~, ~~public-elected or appointed official officials, employees,~~ public-elected or appointed official or employee, or ~~contractor-contractors or agents~~ representing LARM may have. ~~The signed conflict of interest questionnaires will be reviewed by the Board of Directors during a board meeting and shall become part of the minutes of that meeting.~~ If a LARM Board member, LARM staff member, ~~public-elected or appointed~~ official or employee, contractor or agent representing LARM develops a potential conflict of interest ~~after the initial Board of Directors meeting of the fiscal year~~, he or she shall, as soon as practicable,

prepare an updated questionnaire and deliver a copy to the LARM Administrator and the LARM Executive Director. ~~The updated questionnaire shall be reviewed by the Board of Directors during its next meeting and shall become a part of the minutes of that meeting. The minutes of the meetings will be the permanent record of the completion, update, and review of the conflict of interest questionnaires.~~ The LARM Board member, LARM staff member, ~~public-elected or appointed~~ official or employee, contractor or agent shall take such action as the LARM Board shall prescribe to remove himself or herself from influence over the matter.

Section 3.2. Standards of Conduct between LARM Board Members, LARM Staff Members, Public-Elected or Appointed Officials or Employees, or Contractor Contractors or Agents Representing LARM.

2.4 3.1 Personal Interest. No ~~member of the~~ LARM Board of Directors, member, LARM staff member, ~~public-elected or appointed~~ official or employee, contractor or agent representing LARM shall transact any business in his or her official LARM capacity with any entity in which he or she has a personal business interest, without prior approval of the LARM Board of Directors in public session.

2.2 3.2 Compensation. No ~~member of the~~ LARM Board of Directors, member, LARM staff member, ~~public-elected or appointed~~ official or employee, contractor or agent representing LARM shall represent, for compensation, any other private person, group or entity that has a business relationship with LARM, without prior approval of the LARM Board of Directors in public session.

2.3 3.3 Gift. No ~~member of the~~ LARM Board of Directors, member, LARM staff member, ~~public-elected or appointed~~ official or employee, contractor or agent representing LARM shall accept or solicit any gift or favor, that might reasonably tend to influence that individual in the discharge of official duties or that the LARM Board member, LARM staff member, ~~public-elected or appointed~~ official or employee, or contractor or agent knows or should know has been offered with the intent to influence or reward official conduct.

2.4 3.4 Employment. No ~~member of the~~ LARM Board of Directors, member, LARM staff member, ~~public-elected or appointed~~ official or employee, contractor or agent representing LARM shall solicit or accept other employment to be performed or compensation to be received while still a LARM Board member, LARM staff member, ~~public-elected or appointed~~

official or employee, contractor or agent representing LARM, if the employment or compensation could reasonably be expected to impair independence in judgment or performance of ~~municipal~~ duties.

2.5 3.5 Disclosure. If a member of the LARM Board of Directors, ~~member~~, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM accepts or is soliciting a promise of future employment from any person or entity who has a substantial interest in a person, entity or property which would be affected by any decision upon which the LARM Board member, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM might reasonably be expected to act, investigate, advise, or make a recommendation, the LARM Board member, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM shall disclose that fact to the LARM Administrator and LARM Executive Director ~~and LARM Board~~ and shall take no further action on LARM policy or service matters regarding the potential future employer, except that any such conflict on the part of the LARM Administrator shall be disclosed to the LARM Board.

2.6 3.6 Privilege. No member of the LARM Board of Directors, ~~member~~, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM shall use his or her official position to secure a special privilege or exemption for himself, herself or others, or to secure confidential information for any purpose other than official responsibilities.

Section 3.4. Communication Between LARM Board Members, LARM Staff Members, Public-Elected or Appointed Officials or Employees, or Contractor-Contractors or Agents Representing LARM.

3.1 4.1 Inquiries. The LARM Board of Directors reserves the right to make inquiries of any ~~officer~~, LARM Board member, LARM staff member, elected or appointed official or employee, contractor, ~~or~~ agent ~~and LARM personnel~~ relative to LARM activities. Except for purposes of inquiry, the LARM Board shall deal with LARM's administrative services through the ~~Executive Director~~ LARM Administrator. ~~and neither the~~ The LARM Board or any officer thereof shall not give orders directly to any subordinate of the ~~Executive Director~~ LARM Administrator.

3.2 4.2 Lobby Prohibition. ~~The LARM pool consultant~~ LARM's consultants, other contractors or agents shall not entertain or lobby members of the Executive

Board ~~members~~ of the League of Nebraska Municipalities, members of the LARM Board ~~members of Directors~~ or ~~LARM-committee committees.~~ ~~members.~~ ~~The pool consultant Consultants~~, other contractors or agents of LARM may contact members of the Executive Board of the League of Nebraska Municipalities, and members of the LARM Board ~~members~~, and LARM Committees for normal pool servicing activities associated within the scope of their services or authority with prior approval by the LARM Administrator and LARM Executive Director.

3.3 4.3 Notification. ~~The~~ LARM ~~personnel staff members~~, ~~pool consultant consultants~~ and other contractors or agents have no control over inquiries and contacts initiated by a member of the Executive Board of the League of Nebraska Municipalities, or members of the LARM Board ~~member of Directors, or LARM Committees;~~ and such contact shall not be deemed a violation of LARM's ~~bylaws~~ Bylaws. When such contact or inquiries occur, ~~the~~ LARM ~~personnel staff members~~, ~~pool consultant consultants~~, contractors or agents shall notify the LARM Administrator and LARM Executive Director within a reasonable time.

3.4 4.4 Reports. All information and reports affecting decisions or governance that the LARM Board of Directors may consider in public session, which are requested by LARM Board members from LARM staff ~~members~~, ~~the pool consultant consultants~~, other contractors or agents shall be disclosed to the LARM Administrator and LARM Executive Director and disseminated ~~simultaneously~~ to the ~~other entire~~ LARM Board ~~members~~.

3.5 4.5 Ex Parte Communication. Members of the LARM Board of Directors, ~~members~~, LARM staff members, public-elected or appointed officials or employees, contractors or agents representing LARM shall not participate in ex parte conversations and meetings with each other that are intended to create favoritism, self-dealing or undue influence regarding ~~insurance~~ underwriting and pricing, coverage or other LARM services.

ARTICLE ~~VII~~ VIII – GENERAL PROVISIONS

Section 1. Checks.

All checks or demands for money and notes of LARM and contracts of LARM shall be signed by ~~a designated representative of the LARM Board~~ the LARM Administrator, the

LARM Executive Director, or his or her designee.

Section 2. Books.

Subject to the provisions of Chapter 84, Article 7 of the Revised Statutes of Nebraska, as amended, The the books, records and papers of LARM will-shall be available at the principal offices of LARM for inspection at reasonable times by any-participant representatives of any participating member or other person as may be required by Nebraska law. This-LARM's Interlocal Agreement and these Bylaws of LARM shall likewise be available for inspection at reasonable times by any person at the principal offices of LARM.

Section 3. Loss Control.

Within the first six months of operation, theThe LARM Board of Directors periodically shall develop-a be provided an update of LARM's loss control program for adoption by participants. It is recognized that participating members since effective loss control programs are essential to reducing costs.

Section 4. Warranty and Indemnification.

- 4.1 Warranty.** Members of the LARM Board of Directors, members, LARM staff members, public-elected or appointed officials or employees, contractors or agents representing LARM expressly agree, covenant, and warrant that they shall make a good faith effort to ensure that all action that they take in their LARM capacities or on behalf of LARM shall be in accordance with any applicable state or federal law or regulation, any applicable municipal ordinance, LARM's "Agreement for the Establishment and Operation of the League Association of Risk Management" (LARM's Interlocal Agreement), and these Bylaws and in a manner which he or she reasonably believes to be in or not opposed to the best interests of LARM.
- 4.2 Indemnification.** LARM may indemnify or defend any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of LARM, by reason of the fact that such person is or was a member of the LARM Board of Directors, member, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM, against expenses, including attorney's fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action,

suit, or proceeding if such person: ~~(1)-a)~~ acted in good faith and in compliance with subsection 4.1; ~~(2)-b)~~ acted in a manner which he or she reasonably believed to be in or not opposed to the best interests of LARM; and ~~(3)-c)~~ with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

4.3 Mandatory Indemnification. To the extent that a member of the LARM Board of Directors, member, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in subsection 4.2 of this section or in defense of any claim, issue, or matter in such action, suit, or proceeding, he or she shall be indemnified against expenses, including attorney's fees, actually and reasonably incurred by him or her in connection with such defense.

4.4 LARM Board of Directors Determination. Any indemnification under this article shall be made by LARM only as authorized in the specific case upon a determination by the LARM Board of Directors that indemnification of the LARM Board member, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM is proper in the circumstances because he or she has met the applicable standard of conduct set forth in this Article. Such determination shall be made by the LARM Board ~~members~~ by a majority (eight) of the total number of Directors (fifteen) vote of a quorum consisting of LARM Board members who were not parties to such action, suit, or proceeding; ~~or, if such a quorum-majority (eight) of the total number of Directors (fifteen) is not obtainable, or even if obtainable, a quorum majority (eight) of the total number of Directors (fifteen) of disinterested LARM Board members so directs may authorize indemnification, if recommended by independent legal counsel retained by the LARM Administrator in a written opinion that is made available to the public prior to the decision on indemnification.~~

4.5 Payment of Expenses. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by LARM in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided in subsection 4.4 of this section upon receipt of an undertaking by or on behalf of the member of the LARM Board of Directors, member, LARM staff member, public-elected or appointed official or employee, contractor or agent representing LARM to repay such amount, unless it is ultimately determined that he or she is entitled to be indemnified by LARM as authorized

in this section.

- 4.6 Non-exclusive Indemnification and Continuation.** The indemnification provided by this Article shall not be deemed exclusive of any other rights to which the person indemnified may be entitled under any agreement, either as to action in his or her official capacity or as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a LARM Board member, LARM staff member, ~~public-elected or appointed official~~ or employee, contractor or agent representing LARM and shall inure to the benefit of the heirs, executors, and administrators of such person.
- 4.7 Duty of Loyalty.** Any ~~officer, agent or employee~~ elected or appointed official of any participating member ~~municipality or other public agency appointed to serving on~~ the LARM Board of Directors shall have a duty of loyalty to LARM. Members of the LARM Board, members of LARM Committees, LARM's Executive Director, LARM staff members, contractors and agents ~~Directors~~ shall act in good faith, be faithful to LARM and its goals and missions, and pursue LARM's best interests in all matters. It shall be the agreement and representation of each member of the LARM Board officer, director, agent or employee of LARM who is also an officer, agent or employee of a municipality that he or she is acting as a part of his or her duties on behalf of the municipality-participating member when performing functions for LARM. Therefore, all privileges and immunities from liability that may be available to such individual in his or her municipal-official capacity shall also be applicable to his or her conduct on behalf of LARM. Nothing herein shall compel LARM to provide any benefits to an ~~officer, elected or appointed official, contractor, agent or employee of LARM who is also an officer, elected or appointed official or employee, contractor~~, agent or employee of a municipality-participating member.

Section 5. Acknowledgment and Receipt.

~~Each~~ Members of the LARM Board of Directors-member, LARM committee members, LARM's Executive Director, LARM staff members-member, public-official, contractor contractors and agent-agents and committee member representing LARM ~~is-are~~ to receive and read the Bylaws of the League Association of Risk Management, sign an "Acknowledgment of Receipt and Understanding," including his or her understanding and agreement to abide by the "Conflicts of Interest and Ethics Standards" and "Duty of Loyalty" provisions of the LARM Bylaws and return the "Acknowledgment of Receipt and Understanding" to ~~the LARM's Administrator or LARM's~~ Executive Director ~~within seven~~

~~(7) calendar days of initial appointment or employment and within seven (7) calendar days of within a reasonable time, and within a reasonable time after~~ any amendment of these Bylaws.

Section 6. Amendments.

These Bylaws may be altered, amended or repealed, and new Bylaws may be ~~adopted~~ passed by a majority (eight) of the ~~directors total number of Directors on the LARM Board (fifteen) present~~ at any regular or special meeting, if at least five (5) calendar days written notice ~~has been given~~ of the intention to alter, amend or repeal or to adopt new Bylaws at such meeting of the LARM Board ~~of Directors~~ has been provided to the Directors, participating members, and the public.

Section 7. Gender and Number.

To the extent permitted by the context in which used, words in the singular number shall include the plural, words in the masculine gender shall include the feminine and neuter vice versa.

Section 8. Captions.

Captions used herein are for convenience only and are not a part of these Bylaws and shall not be deemed to limit or alter any provisions hereof and shall not be deemed relevant in construing these Bylaws.

Adopted September 6, 1995.

Amended October 12, 1995

Amended September 21, 2005

Amended February 26, 2008

Amended December 21, 2012

Amended February 26, 2013

Amended April 30, 2013

Amended December , 17, 2013

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