NOTICE

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

Tuesday, Feb. 25, 2020, 1:30 pm CT
Hawthorne Room (lower level), Cornhusker Marriott Hotel
333 S 13th Street, Lincoln

PLEASE TAKE NOTICE that on **Tuesday, Feb. 25, 2020, at 1:30 pm CT,** the League Association of Risk Management (LARM) will hold a Meeting of the LARM Board of Directors in the Hawthorne Room at the Cornhusker Marriott Hotel, 333 S 13th Street, Lincoln, Nebraska. 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 Feb. 14, 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 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/.

AGENDA

MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Tuesday, Feb. 25, 2020, 1:30 pm CT
Hawthorne Room (lower level), Cornhusker Marriott Hotel
333 S 13th Street, Lincoln

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** 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 Meeting to order:**
   - **a.** 1:30 pm CT – Hickman Mayor Doug Hanson, Chair of the LARM Board, will call the meeting to order.
   - **b.** Indicate that on Feb. 14, 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/.
   - **c.** 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.
   - **d.** Pledge of Allegiance to the Flag of the United States of America.
   - **e.** Roll call.
   - **f.** 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.

2. **Consider approval of a recommendation by LARM Administrator Lynn Rex to accept the resignation of Nathan Johnson, Scottsbluff City Manager, and approve Gering Mayor Tony Kaufman to fill the vacancy for the remainder of Nathan Johnson's term of office, ending Dec. 31, 2022.**
   Lynn Rex consulted with LARM Chair Doug Hanson and LARM Vice Chair Jim Hawks during a Nominating Committee Meeting on Feb. 11, 2020.

Section 8.1 of LARM's Interlocal Agreement provides, in part: "A vacancy on the Board shall be filled by a majority vote of the Board upon recommendation made by the Administrator. The person appointed to fill a vacancy shall serve for the remainder of the term of the vacating director."
Please see page 1.

3. **Overview of services and reinsurance coverage provided by NLC Mutual Insurance Company; Consider motion to accept the report.**

   - *Jill Eaton, President & CEO, NLC Mutual Insurance Company*

4. **State of the property reinsurance market and update on availability of additional cyber coverage; Consider motion to accept the report and approve additional cyber coverage.**
   Please see pages 3-21.

   - *Embry Nichols, Senior Broker and Vice President, Guy Carpenter (JLT Re)*

5. **Consider approval of the minutes of the Nov. 14, 2019, "Special Meeting of the LARM Board of Directors."**
   Please see pages 23-30.

6. **Consider approval of the minutes of the Jan. 31, 2020, "Meeting of the LARM Board of Directors."**
   Please see pages 31-35.

7. **Consider approval of the minutes of the Feb. 11, 2020, "Nominating Committee Meeting of the LARM Board."**
   Please see pages 37-38.

8. **Review of LARM's Audit for FY 18-19; Consider motion to accept the Audit for FY 18-19.**
   There will be a staff recommendation for the Board to vote to go into closed session after the review of the Audit in open session.
   Please see pages 39-61.

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

9. **Independent Accountant's Compilation Report; LARM's Financial Statements – Statutory Basis; Dec. 31, 2109 and 2018 and Sept. 30, 2019; Consider motion to accept the report.**
   Please see pages 63-83.

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

10. **Consider motion to reapprove the Accounts Receivable Policy.**
    Please see pages 85-87.

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

11. **Consider motion to approve L. Lynn Rex as the Administrator and Trustee for LARM's retirement plan.**
    Please see pages 89-90.

12. **Update on LARM's current financial position; Consider motion to accept the report.**
    Please see pages 91-96.

    - *Mark Weaver, CPA, Director of Finance, Sedgwick*

13. **LARM loss control update; Consider motion to accept the report.**
    Please see pages 97-109.

    - *Dave Bos, ARM, LARM's Loss Control Manager*

14. **LARM's annual operational timeline; Consider motion to accept the report.**
    Please see pages 111-113.

    - *Tracy Juranek, LARM's Customer Service Specialist*

15. **Overview of LARM's workers' compensation claims process; Consider motion to accept the report.**

    - *Todd Jones, Claims Team Lead, Sedgwick*
    - *Rebecca English, Claims Examiner, Sedgwick*

16. **Update on negotiations and consider motion to authorize the Administrator to extend LARM's contract for 1 year with Sedgwick for pool consulting services with substantially the same terms and conditions as the current contract.**
    There will be a staff recommendation for the Board to vote to go into closed session.

    - *John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick*
    - *Andy Barry, Partner, Cline Williams, representing LARM*
    - *Lynn Rex, LARM Administrator and LARM Acting Executive Director*

17. **Claims and litigation update.**
    There will be a staff recommendation for the Board to vote to go into closed session.

    - *Andy Barry, Partner, Cline Williams, representing LARM*
    - *John Baum, Litigation Claims Manager, LARM*
    - *John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick*
    - *Chris Dondzila, Director, Claims Administration, Sedgwick*

18. **Update on amending LARM's Bylaws, the Bylaws Committee and potential role of other committees to assist in LARM's governance; Consider motion to accept the report.**

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

19. **Motion to adjourn.**

CITY OF SCOTTSBLUFF NEBRASKA

308-632-4136
2525 Circle Drive
Scottsbluff, NE 69361

January 30, 2020

League Association of Risk Management (LARM)

1335 L Street, Suite 200

Lincoln, NE 68508

Dear Chairman Hanson, Vice Chairman Hawks and the Board of Directors:

It is with mixed emotions that I inform you all that I am resigning from the Board of Directors. I have recently accepted the Town Manager position in Dillon, Colorado and subsequently have turned in my resignation to the Scottsbluff City Council. My last day with the City of Scottsbluff will be on March 2, 2020.

Due to many outstanding commitments, City projects, and items that need my undivided attention in Scottsbluff prior to my departure I cannot adequately give enough time to serve as a Board Member. Therefore, my resignation is effective immediately.

I have enjoyed my time serving on the LARM Board and greatly appreciate the friendships that were established through LARM.

Sincerely,

Nathan Johnson

City Manager

GUY CARPENTER

LARM State of the Property Market and Reinsurance Structure

February 2020

An Asymmetrical Market



MARSH & McLENNAN COMPANIES

US Property Overview – Initial 2020 Observations

Market was firmer with less tolerance for prices that did not meet targets

Capacity



- **Stable** to slightly reduced due to recent book reviews and Lloyds Syndicate shutdowns
- **Greater** management **oversight** on **experience challenged accounts**
- **Coverage** generally **unchanged** with market capacity available for placements with and without cat perils

Pricing



- Reinsurers **less flexible with decreased tolerance** for terms below quotes
- **Pro rata** renewals were generally **stable**, while **primary rates** generally **increased**

Cyber



- Closely watched
- Markets pushed for **exclusionary language** if not comfortable with client handling on original policies

Coverage



- **Occurrence limits** and **reinstatements** levels remained **consistent**

US Property Overview – Initial 2020 Observations Specific to Public Entity

Market was firmer with less tolerance for prices that did not meet targets

Capacity



- **Stability and Greater** management **oversight** on **experience challenged accounts** - *Agree*
- **Coverage** generally **unchanged** with market capacity available for placements with and without cat perils – *Disagree; reinsurers are challenging terms that are most favorable to pools*

Pricing



- Reinsurers **less flexible with decreased tolerance** for terms below quotes - *Agree*
- **Overall** renewals were challenging for 2019 into 2020 with rates increasing from 10% (LARM) to 40% on non-CA and up to 80% CA

Cyber



- Closely watched
- Markets pushed for **exclusionary language** if not comfortable with client handling on original policies
- **LARM** program discussed separately

Coverage



- **Occurrence limits** and **reinstatements** levels remained **consistent**

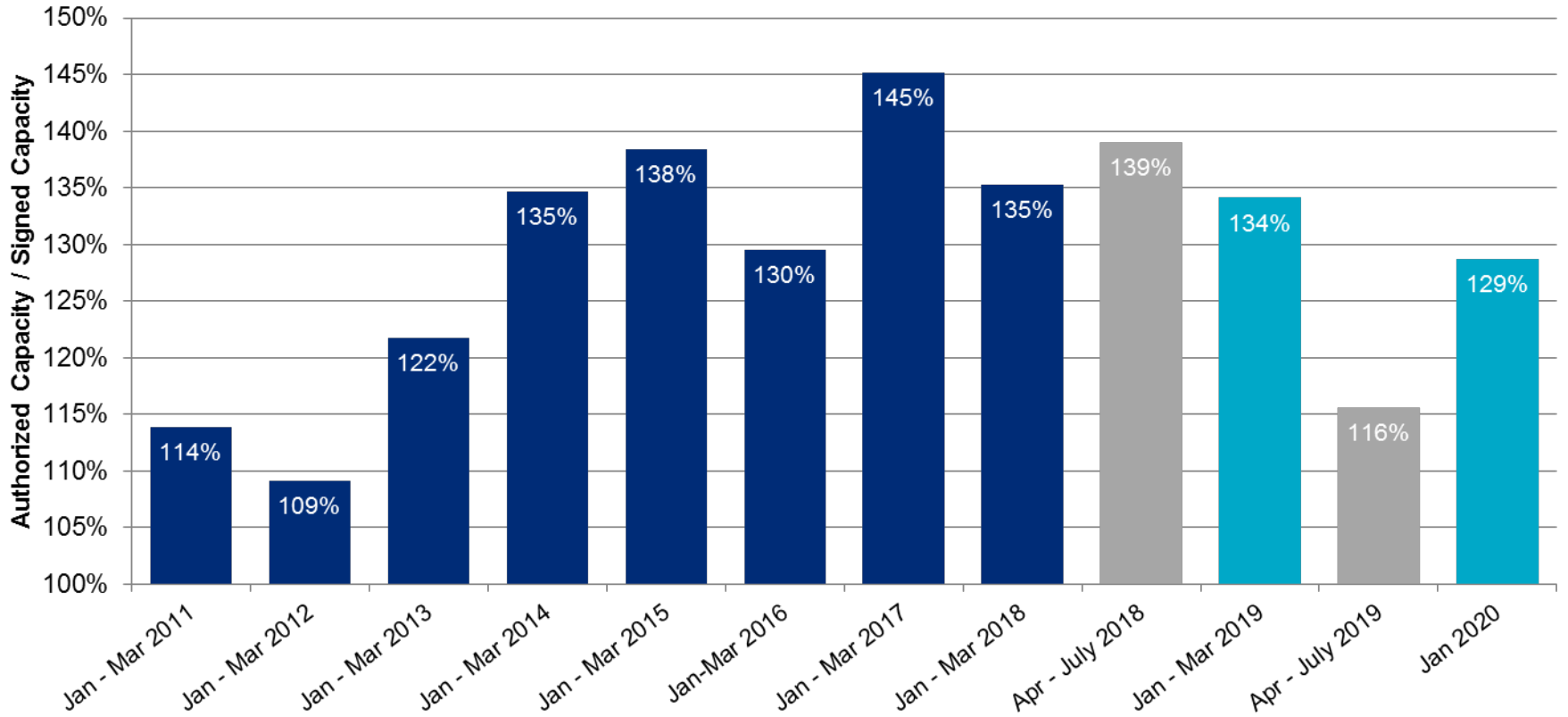
US Reinsurance Specific to Public Entity
January 1, 2020 Renewal Outcomes

Country	Subject premium / exposure			Client retention levels			Limit placed		
	Increased	Decreased	Remained stable	Increased	Decreased	Remained stable	Increased	Decreased	Remained stable
United States	X					X*	X		
Canada	X					X	X		
Caribbean	X					X	X		
Mexico & Central America			X			X			X

Country	Reinsurance renewal placements concluded			Subscription			Capacity		
	Early	On time	Late	5% or greater over subscribed	5% or greater under subscribed	Within +/- 5% of order	Increased	Decreased	Remained stable
United States		X		X				X	
Canada		X				X		X	
Caribbean		X		X				X	
Mexico & Central America		X				X			X

Individual programs experienced a wide range of outcomes based on loss experience, geographic variation and other individual account characteristics. * Wind / hail retentions increased across all accounts.

Capacity
Excess Capacity



Based on data represented in GC MarketPlace as of 1/06/2020

Guy Carpenter
LARM 2019 Structure

	Renewal at July 1, 2019, 12 Month Term				
Reinsurer	**Percentage Rate**	**100% Rate***	**100% Premium**	**Capacity %**	**Capacity $**
Layer 1 ($2.5M xs Deductible)					
Great American Insurance Company	5.2456%	5.2456%	694,000	100.00%	2,500,000
Layer 2 ($97.5M xs $2.5M)					
Travelers	4.1572%	4.1572%	550,000	100.00%	97,500,000
Layer 3 ($50M xs $100M)					
RSUI	0.5686%	0.5686%	75,000	100.00%	50,000,000
Terrorism ($150M xs $10,000)					
Lloyds of London (Hiscox)	0.2015%	0.2015%	26,582	100.00%	150,000,000
2019 Subtotal Property**		10.1729%	1,345,582		

	Gross Rate	Net Rate	Total Premium	Capacity %	Capacity $
Boiler (Quoted Expiring Limit of $100M xs Retention of $100,000)					
Mutual Boiler Re - FM Global	1.0400%	0.6240%	69,511	100%	$ 1,000,000
2019 Total Property & Boiler		**10.7969%**	**1,415,093**		

Guy Carpenter
LARM Suggested Market Focus

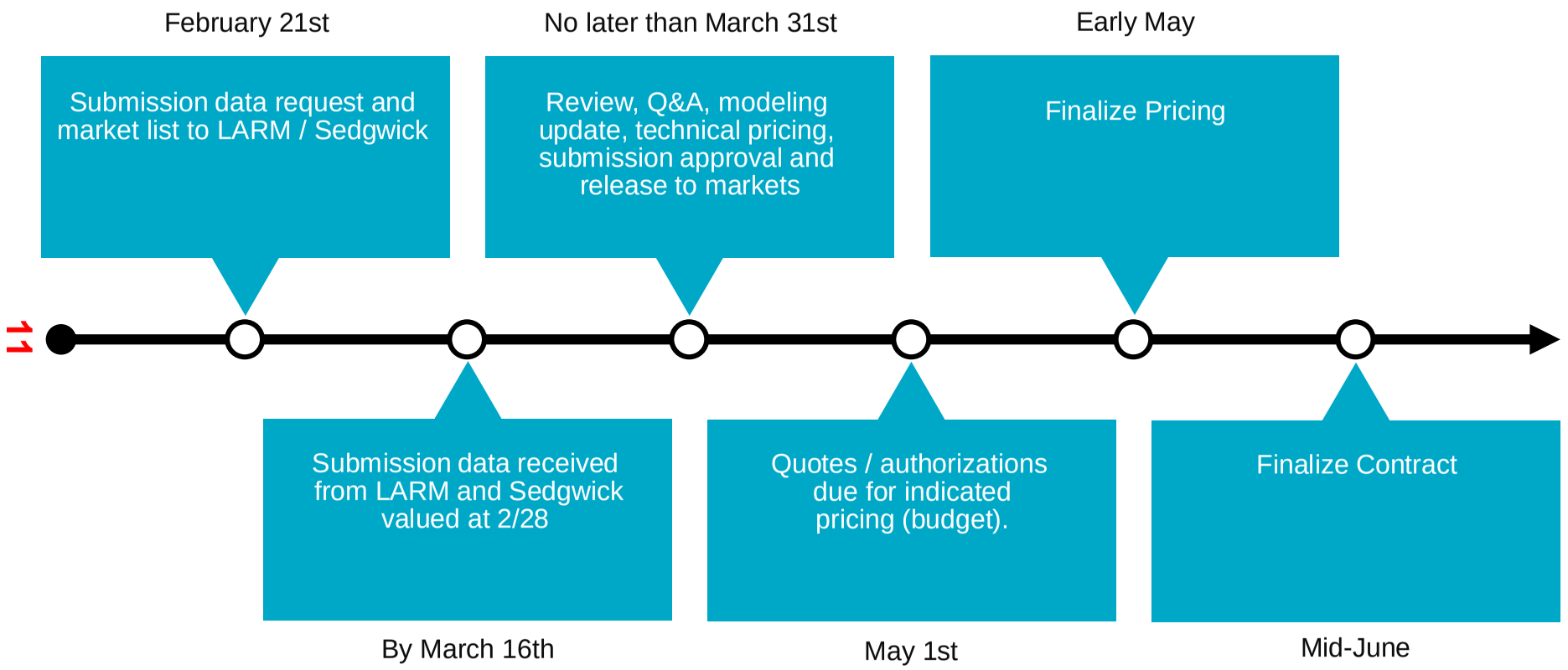
- Recognize important, long-term partners for LARM
- Broadly market to GC approved partners with excellent security
- Deploy latest modeled results for improvements in retention and limit
- Secure multiple options for optimal mix of retention, limit and premium
- Continue use of aggregate stop loss to limit overall worst-case scenario

Guy Carpenter
LARM Timeline

- Submission data request and market list to LARM / Sedgwick 2/21
- Submission data received from LARM and Sedgwick valued 2/28 by 3/16
- Review, Q&A, modeling update, technical pricing, submission approval and release to markets no later than 3/31
- Quotes / authorizations due 5/1 for indicated pricing (budget)
- Finalize pricing early May
- Finalize contract by mid-June

10

Guy Carpenter
LARM Timeline



Disclaimer

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GUY CARPENTER

LARM CYBER LIABILITY AND BREACH RESPONSE COVERAGE

FEBRUARY 2020

13

Embry Nichols, CPCU, ARM
Senior Broker

MARSH & McLENNAN COMPANIES

First-Party/ Breach Response Coverage – Related to Breach

- Privacy Notification
- Crisis Management including Public Relations
- Legal Expense
- Forensics

Third-Party/Liability Coverages

- Information Security and Privacy Liability
- Regulatory Defense and Penalties
- Payment Card Industry (PCI) Fines and Assessments
- Website / Media Content Liability

First-Party/Time-Element Coverages – Direct Entity Loss

- Business Interruption
- Extra Expense

First-Party/Theft of Property Coverages

- Data Asset Protection and Restoration
- Cyber Extortion

14

New or Enhanced in 2018

Enhancements include affirmative coverage for:

- Costs and loss of salary for an officer of the Named Insured to attend trial/mediation proceedings (up to $2K per day and $100K in the aggregate)
- Computer experts to assist the Insured Organization in containing an active intrusion on Computer Systems
- Attorneys to advise the **Insured Organization** regarding the notification of relevant governmental entities of an incident
- Extended post-policy period claims reporting
- Full limits available for notification of US, Canadian and Mexican residents (up to the notified individual limits)
- Simplified definitions
- Cyber Terrorism carved back into War exclusion
- Computer Systems definition expanded to clearly address cloud
- Fraudulent Instruction – transfer, payment or delivery of Money or Securities by an Insured as a result of fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions provided by a third party, that is intended to mislead an Insured through the misrepresentation of a material fact which is relied upon in good faith.
- Funds Transfer Fraud – loss of Money or Securities contained in a Transfer Account at a Financial Institution resulting from fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions by a third party issued to a Financial Institution directing such institution to transfer, pay or deliver Money or Securities from any account maintained by the Insured Organization at such institution, without the Insured Organization's knowledge or consent.
- Telephone Fraud – the act of a third party gaining access to and using the Insured Organization’s telephone system in an unauthorized manner.

15

Crime Coverage

- Direct Physical Loss to Insured
- Tangible property only
- First party only

Breach Response and Liability

- Direct or indirect loss
- Tangible or intangible property
- First and third party components of coverage

16

Claims Scenarios – Which Coverage Responds?

1. A laptop is stolen from a member employee's vehicle. It contains sensitive information on a claim filed against the member by a citizen who was severely injured and is claiming fault by the member. *Cyber - Breach Response*
2. A hacker accesses local servers and demands virtual currently to release. *Cyber Forensics, Extortion, First Party System Coverages*
3. A disgruntled employee embezzles thousands of dollars by sending unauthorized transfer to his or her personal bank account. *Potential mix of Cyber and Crime coverages*

Cyber Coverages and Limits
Key Exclusions

- Bodily Injury/Property Damage – but carriers are considering coverage or MOC's may include
- Employment-Related Claims and ERISA - employee privacy does not apply
- War
- Criminal Acts
- Portable Electronic Devices if Not Encrypted CAN be excluded; not in all cases

17

Cyber Coverages and Limits
Existing Limits and New Options

LARM Cyber Coverages		
LIMITS OF COVERAGE	2019 Current Coverage	2019 Additional Quoted Coverage
IA. Breach Response	1,000,000	1,000,000
- Sublimit for each member	150,000	150,000
IB. Legal, Forensic and Public Relations / Crisis Management	2,500,000	2,500,000
- Sublimit for each member	50,000	50,000
- Limits above are in addition to the Policy Aggregate Limit of Liability		
II. Policy Aggregate Limit of Liablity	5,000,000	5,000,000
- Sublimit for each member purchasing base limits	500,000	500,000
III. Additonal Breach Response Costs	5,000,000	5,000,000
- Sublimit for each member purchasing base limits	500,000	500,000
IV. First Party Loss		
A. Cyber Extortion	5,000,000	5,000,000
- Sublimit for each member purchasing base limits	500,000	500,000
Newly quoted First Party Coverages - Premium $5,850:		
B. Business Interruption	Not covered	5,000,000
- Sublimit for each member purchasing base limits	Not covered	500,000
C. Dependent Business Loss	Not covered	1,000,000
- Sublimit for each member whether purchasing base limits or higher	Not covered	250,000
D. Data Recovery	Not covered	5,000,000
- Sublimit for each member purchasing base limits	Not covered	500,000
- Sublimit for Norfolk	Not covered	1,000,000
E. Electronic Crime	Not covered	250,000
- Sublimit for each member whether purchasing base limits or higher	Not covered	25,000
F. Criminal Reward	Not covered	100,000
- Sublimit for each member whether purchasing base limits or higher	Not covered	10,000
Premium	58,500	5,850

18

Risk Management Portal - beazleybreachsolutions.com

- Training, best practices, white papers, statistics

Pre-Breach Services

Onboarding

Beazley will hold a one-hour webinar for all interest members to help understand the policy and how to work with the BBR Services team. They will explain how BBR Services works with a member or members in the event of an actual or suspected breach and to answer questions you may have.

Pre-breach services from Lodestone Security

Beazley policyholders enjoy negotiated rates for pre-breach services from Lodestone Security. Lodestone is a wholly owned subsidiary of Beazley plc that was created to provide cybersecurity consulting services tailored to the small and mid-sized clients who may not otherwise have access to rigorous cybersecurity services. Services include:

- Risk assessments
- Security awareness training and education including phishing exercises
- Security program design and review
- Virtual CISO
- Vulnerability assessments
- Penetration tests
- Application security reviews including web, mobile and Internet of Things
- Policy and procedure review and development
- Incident response plan development.

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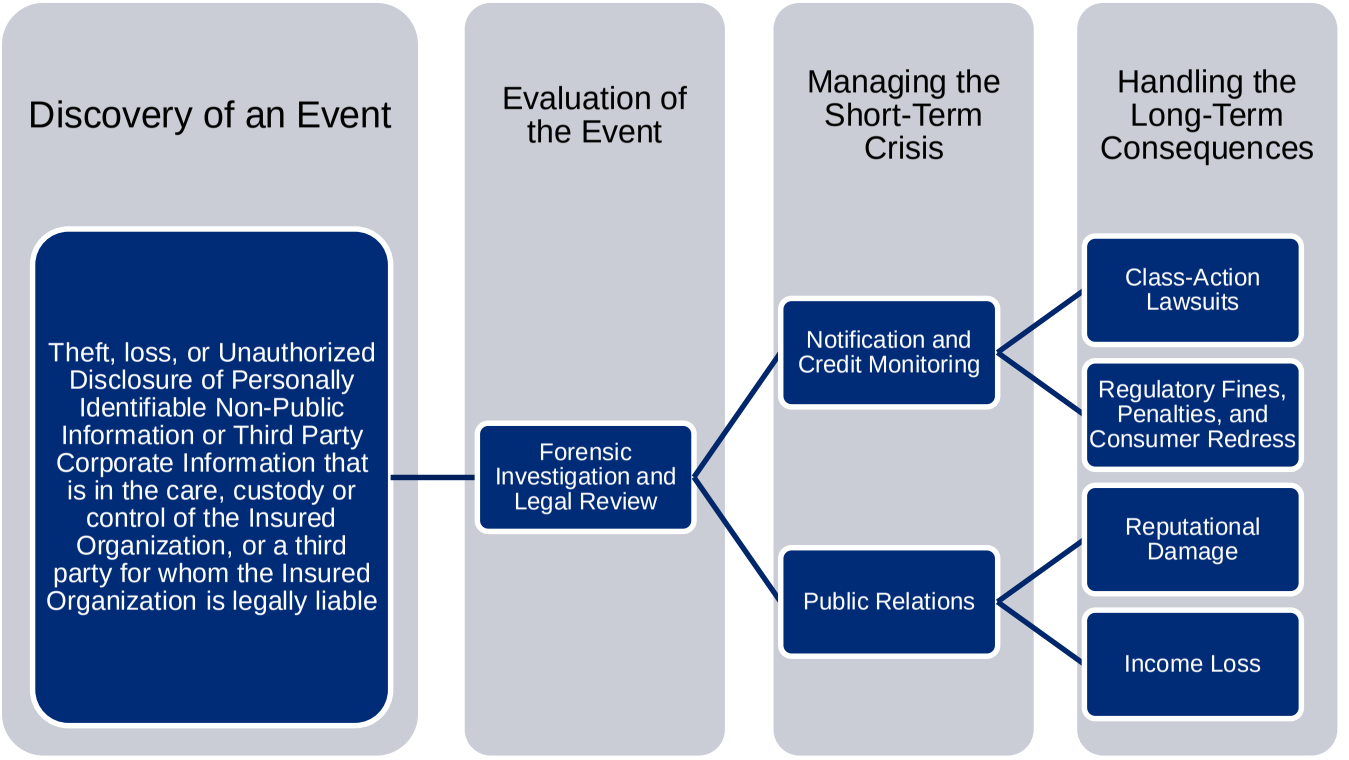


Policy



Pre-Breach Services

Timeline of a Data Breach




GUY CARPENTER

MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Thursday, Nov. 14, 2019, 11 am CT
Joe Hampton Conference Center, League Building
1335 L Street, Lincoln

A Special Meeting of the Board of Directors of the League Association of Risk Management (LARM) was held Nov. 14, 2019, at 11 am CT in the Joe Hampton Conference Center in the League Building at 1335 L Street in Lincoln, Nebraska.

On Nov. 8, 2019, 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 11:02 am 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. 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: **Pam Buethe**, Board Member, Sarpy County SID #29; **Lanette Doane**, Clerk/Treasurer, Village of Ansley; **Mayor Scott Getzschman**, City of Fremont; **Mayor Doug Hanson**, City of Hickman; **Melissa Harrell**, City Administrator/Treasurer, City of Wahoo; **Jim Hawks**, City Administrator, City of North Platte; **Jo Leyland**, Admin./Clerk/Treasurer, City of Imperial; **Tom Ourada**, City Administrator, City of Crete; **Doug Schultz**, Admin./Clerk/Treasurer, City of Curtis; **Mayor Deb VanMatre**, City of Gibbon; **Teresa Youngquist**, Clerk/Treasurer, City of Beaver City; ex-officio (non-voting) Board Member **Mayor Dwight Livingston**, City of North Platte and League President; and ex-officio (non-voting) Board Member **L. Lynn Rex**, League Executive Director and "Administrator" of LARM. *11 voting Board Members present; 4 absent (**LeAnn Brown**, Clerk/Treasurer, City of Oshkosh; **Nathan Johnson**, City Manager, City of Scottsbluff; **Mayor Josh Moenning**, City of Norfolk; and **Sandra Schendt**, Clerk/Treasurer, City of Nelson).*

Chair Doug Hanson asked others in attendance and those on the phone if anyone wanted to identify themselves for purposes of the minutes; Chair Doug Hanson said no one is required to identify themselves: **Andy Barry** of Cline Williams, the League's Outside Legal Counsel on LARM-Related Issues; **John Zimmer** of Cline Williams; **Jason Grams** of Lamson, Dugan and Murray, representing the Village of Walthill, a LARM member; **Doug Stack**, City Attorney, City of North Platte; **Jerry Wilcox**, Finance Director, City of Crete; and **Chris Cadwell**, Sedgwick/York Risk Services *(by phone)*; **Nate Fox**, LARM Insurance Agent *(by phone)*; **Silas Clarke**, City Administrator/Economic Development Director, Hickman *(by phone)*; and **Tom**

DRAFT

Higginbotham, Executive Director, Northeast Nebraska Economic Development District *(by phone).* The following LARM staff were in attendance: **Dave Bos, Tracy Juranek, Fred Wiebelhaus, Randy Peters, Diane Becker** and **Elizabeth Becker**. The following staff members of the League of Nebraska Municipalities also were in attendance: **Christy Abraham, Lash Chaffin** and **Shirley Riley**.

(AGENDA ITEM #2) **Consider approval of the minutes of the Oct. 3, 2019, "Meeting of the LARM Board of Directors.**" Chair Doug Hanson asked if there were any changes to the minutes; there were none. Scott Getzschman moved, seconded by Jim Hawks to approve the minutes of the Oct. 3, 2019, "Meeting of the LARM Board of Directors." Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #3) **Consider approval of the minutes of the Oct. 11, 2019, "Special Meeting of the LARM Board of Directors."** Chair Doug Hanson asked if there were any changes to the minutes; there were none. Jim Hawks moved, seconded by Deb VanMatre to approve the minutes of the Oct. 11, 2019, "Special Meeting of the LARM Board of Directors." Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: Buethe and Doane. ***Motion carried: 9 ayes, 0 nays, 2 abstentions (Buethe and Doane) and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #4) **Consider accepting the Management Letters submitted by Lyndee Black of Thomas, Kunc and Black, LARM's Auditor.** Following brief comments by Lynn Rex, LARM's Administrator, Scott Getzschman moved, seconded by Teresa Youngquist to approve the Management Letters submitted by Lyndee Black of Thomas, Kunc and Black, LARM's Auditor. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #5) **Update on Walthill litigation *(Light of the World Gospel Ministries v. Village of Walthill)* and discuss an appropriate amount for reserve authority; brief overview and update on pending litigation against LARM members.** Lynn Rex recommended that the LARM Board vote to go into closed session on this agenda item. At 11:15 am, Pam Buethe moved, seconded by Lanette Doane to go into closed session to protect the public interest for an update on Walthill litigation *(Light of the World Gospel Ministries v. Village of Walthill)* and discuss an appropriate amount for reserve authority; brief overview and update on pending litigation against LARM members. Chair Doug Hanson asked if there was any discussion; there was none.

Chair Doug Hanson repeated the motion to go into closed session to protect the public interest for an update on Walthill litigation *(Light of the World Gospel Ministries v. Village of Walthill)* and discuss an appropriate amount for reserve authority; brief overview and update on pending litigation against LARM members. Chair Doug Hanson asked if there was any discussion; there was none.

DRAFT

Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

Chair Doug Hanson repeated the motion to go into closed session to protect the public interest for an update on Walthill litigation *(Light of the World Gospel Ministries v. Village of Walthill)* and discuss an appropriate amount for reserve authority; brief overview and update on pending litigation against LARM members. Chair Doug Hanson announced that as of 11:17 am the Board was in closed session.

At 12:42 pm, Chair Doug Hanson stated that the Board was back in open session. Chair Doug Hanson stated that the reason that the Board did go into closed session was to protect the public interest for an update on Walthill litigation *(Light of the World Gospel Ministries v. Village of Walthill)* and discuss an appropriate amount for reserve authority; brief overview and update on pending litigation against LARM members. Chair Doug Hanson asked if there was any discussion; there was none.

Teresa Youngquist moved, seconded by Scott Getzschman to accept the report as presented. Chair Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #6) **Review of the lawsuit filed on Oct. 22, 2019, in Lancaster County District Court *(Michael J. Nolan v. League Association of Risk Management, a Nebraska public agency).*** Andy Barry of Cline Williams Law Firm reported on the lawsuit filed by Mike Nolan. Andy Barry stated that on Nov. 12, Andy Barry filed a motion to dismiss the case. Judge Andy Jacobsen of the Lancaster County District Court scheduled a hearing on the motion to dismiss for Jan. 29, 2020.

Jim Hawks moved, seconded by Doug Schultz to accept Andy Barry's report on the lawsuit filed by Mike Nolan. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #7) **Presentation by Sedgwick/York Risk Services on considerations for claim handling instructions.** Chris Dondzila, Claims Director for Sedgwick/York Risk Services, presented and answered several questions regarding a PowerPoint included in the board materials outlining important components of the claims processing instructions.

Lanette Doane moved, seconded by Teresa Youngquist to accept the presentation by Chris Dondzila on claims handling instructions. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

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(AGENDA ITEM #8) **Consider authorizing LARM Board Chair Doug Hanson to appoint the following LARM Board Members to a Claims Committee to review and make recommendations to the LARM Board regarding claims filed against LARM members: *Chair Doug Hanson, Vice Chair Jim Hawks, Lanette Doane, Nathan Johnson, Jo Leyland, Sandra Schendt and Teresa Youngquist.*** *(The Committee will be staffed by any or all of the following individuals and others as needed: **Andy Barry** of Cline Williams Law Firm and/or **Jason Grams** of Lamson Dugan & Murray; **Tracy Juranek**, Customer Service Specialist; **Dave Bos**, Loss Control Manager; **Fred Wiebelhaus**, Field Adjuster Supervisor/Loss Control Assistant; **Randy Peters**, Auto Field Adjuster/Loss Control Assistant; **Lynn Rex**, LARM Administrator and League Executive Director; **Christy Abraham**, League Legal Counsel; and **Lash Chaffin**, League Utilities Section Director; and York Pooling representatives **John Brockschmidt**, Senior Vice President; **Chris Cadwell**, Director, Program Manager; **Chris Dondzila**, Director, Claims; **Andrew Finn**, Manager, Litigation Claims.)*

Doug Schultz moved, seconded by Deb VanMatre to approve the Claims Committee as presented with Andy Barry and/or John Zimmer of Cline Williams Law Firm and/or Jason Grams of Lamson Dugan & Murray and others as needed from the LARM and League Staff and representatives of Sedgwick/York Risk Services. Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #9) **Consider authorizing LARM Board Chair Doug Hanson to appoint the following LARM Board Members to a Litigation Committee to review and make recommendations to the LARM Board regarding lawsuits filed against LARM members: *Chair Doug Hanson, Vice Chair Jim Hawks, Lanette Doane, Nathan Johnson, Jo Leyland, Sandra Schendt and Teresa Youngquist.*** *(The Committee will be staffed by any or all of the following individuals and others as needed: **Andy Barry** of Cline Williams Law Firm and/or **Jason Grams** of Lamson Dugan & Murray; **Tracy Juranek**, Customer Service Specialist; **Dave Bos**, Loss Control Manager; **Fred Wiebelhaus**, Field Adjuster Supervisor/Loss Control Assistant; **Randy Peters**, Auto Field Adjuster/Loss Control Assistant; **Lynn Rex**, LARM Administrator and League Executive Director; **Christy Abraham**, League Legal Counsel; and **Lash Chaffin**, League Utilities Section Director; and York Pooling representatives **John Brockschmidt**, Senior Vice President; **Chris Cadwell**, Director, Program Manager; **Chris Dondzila**, Director, Claims; **Andrew Finn**, Manager, Litigation Claims.)* For continuity, Lynn Rex stated that the proposed members of the Litigation Committee would be the same as those members serving on the Claims Committee (Agenda Item #8) since some claims result in litigation.

Scott Getzschman moved, seconded by Tom Ourada to approve the Litigation Committee as presented with Andy Barry and/or John Zimmer of Cline Williams Law Firm and/or Jason Grams of Lamson Dugan & Murray; and others as needed from the LARM and League Staff and representatives of Sedgwick/York Risk Services. Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

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(AGENDA ITEM #10) **Consider: a) authorizing L. Lynn Rex, LARM's Administrator pursuant to the Interlocal Agreement, to also serve as "LARM's Acting Executive Director" and to exercise any powers and responsibilities of LARM's Executive Director that she does not already have as LARM's Administrator; and b) ratifying any actions taken by L. Lynn Rex as LARM's Administrator and Acting Executive Director.** Lynn Rex and Andy Barry discussed the rationale for requesting approval of Agenda Item #10. Since Mike Nolan's dismissal on Oct. 3, 2019, Lynn Rex has been serving as LARM's Administrator as well as LARM's Acting Executive Director.

Jim Hawks moved, seconded by Scott Getzschman to: a) authorize L. Lynn Rex, LARM's Administrator pursuant to the Interlocal Agreement, to also serve as "LARM's Acting Executive Director" and to exercise any powers and responsibilities of LARM's Executive Director that she does not already have as LARM's Administrator; and b) ratify any actions taken by L. Lynn Rex as LARM's Administrator and Acting Executive Director. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #11) **Consider approving Sedgwick/York Risk Services, LARM's third party administrator, to handle all of LARM's workers' compensation claims.** Lynn Rex outlined the reasons for approving Sedgwick/York Risk Services, LARM's third party administrator, to process all of LARM's workers' compensation claims. Lynn Rex emphasized that Sedgwick/York Risk Services has been handling the 12 largest workers' compensation claims since about 2015 and there are now about 4 of them left to process. Lynn Rex stated that LARM does not have enough workers' compensation claims to justify a full-time position at this time.

Melissa Harrell moved, seconded by Jim Hawks to approve Sedgwick/York Risk Services, LARM's third party administrator, to handle all of LARM's workers' compensation claims. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #12) **Consider approval of: a) the following LARM Management Team to operate LARM for the next two years instead of hiring another LARM Executive Director: *Dave Bos*, Loss Control Manager; *Tracy Juranek*, Customer Service Specialist; and *Lynn Rex*, LARM Administrator and Acting LARM Executive Director; and b) an increase in the salaries for *Dave Bos* and *Tracy Juranek* for FY 19-20.** Lynn Rex distributed two organizational charts: 1) LARM's "Organizational Chart Until August 15, 2019"; and 2) LARM's "Proposed Organizational Chart After November 14, 2019 - October 2021." Lynn Rex explained that her name is shown as stricken on the "Organizational Chart Until August 15, 2019" since Mike Nolan, then-LARM's Executive Director, did not inform or provide her any information as LARM's Administrator other than the information provided to LARM members. Instead of hiring another LARM Executive Director in the next two years, Lynn Rex explained why she is recommending to the Board that she would continue consulting on a regular basis with Dave Bos and Tracy Juranek to manage LARM operations. Although the term "LARM Management Team" is not in the Interlocal Agreement or LARM Bylaws, she responded to Doug Schultz and

other Board Members that this simply is a general concept that she was recommending for operating LARM on a daily basis. Lynn Rex also noted that Dave Bos is coming to Lincoln at least once a week to meet with Tracy Juranek, in addition to performing his other duties as LARM's Loss Control Manager; Dave Bos and his family will be moving to Lincoln in two years and Lynn Rex stated that she will recommend him as the next Executive Director of LARM and Tracy Juranek as the Assistant Executive Director of LARM, both subject to the approval of the LARM Board in 2021. Lynn Rex informed the Board that Dave Bos and Tracy Juranek are underpaid by about $15,000 respectively, which is why she recommends an increase in the salaries of Dave Bos and Tracy Juranek for FY 19-20 of $15,000 each. In addition, Lynn Rex stated that she will be recommending for the Board to authorize a comparability study for all LARM employees. Andy Barry emphasized that the "Proposed Organizational Chart After November 14, 2019 - October 2021" is supposed to reflect that Lynn Rex as LARM's Administrator, will act on directives from the LARM Board of Directors; as LARM's Administrator, she will continue to supervise and work closely with Dave Bos and Tracy Juranek. Andy Barry stated that Dave Bos and Tracy Juranek would be subject to LARM's personnel rules, just like other LARM employees. Lynn Rex noted that all LARM and League Staff Members are at-will employees.

In response to a comment from Tom Ourada, Lynn Rex stated that LARM Staff Members have job descriptions; the job descriptions will be updated to reflect additional responsibilities recently assigned by Lynn Rex to Dave Bos, Tracy Juranek, Diane Becker and Elizabeth Becker. Chair Doug Hanson stated that he would like to have the authority to appoint a Personnel Committee as an agenda item at the next meeting and Lynn Rex responded that it would be listed as an agenda item.

Lynn Rex asked each member of the LARM Staff to briefly tell the Board about their background and duties with LARM. Teresa Youngquist moved, seconded by Scott Getzschman to approve: a) the following LARM Management Team to operate LARM for the next two years instead of hiring another LARM Executive Director: *Dave Bos*, Loss Control Manager; *Tracy Juranek*, Customer Service Specialist; and *Lynn Rex*, LARM Administrator and Acting LARM Executive Director; and b) an increase in the salaries for *Dave Bos* and *Tracy Juranek* of $15,000 each for FY 19-20. Chair Doug Hanson asked if there was any discussion. Since the LARM Board already passed and approved Agenda Item #10, authorizing, in part, Lynn Rex as LARM's "Acting Executive Director," Deb VanMatre stated that the motion on Agenda Item #12 should simply be a motion to approve an increase in the salaries for Dave Bos and Tracy Juranek of $15,000 each for FY 19-20. Teresa Youngquist and Scott Getzschman agreed to the amendment to the motion. Chair Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

(AGENDA ITEM #13) **Motion to adjourn.** At 12:58 pm, Teresa Youngquist moved, seconded by Pam Buethe to adjourn. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Getzschman, Hanson, Harrell, Hawks, Leyland, Ourada, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 11 ayes, 0 nays, 0 abstentions and 4 absent (Brown, Johnson, Moenning and Schendt).***

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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NOTICE

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

Thursday, Nov. 14, 2019, 11 am CT
Joe Hampton Conference Center, League Building
1335 L Street, Lincoln

PLEASE TAKE NOTICE that on **Thursday, Nov. 14, 2019, at 11 am CT,** the League Association of Risk Management (LARM) will hold a Special Meeting of the LARM Board of Directors in the Joe Hampton Conference Center at the League Building, 1335 L Street, Lincoln, Nebraska. 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 Nov. 8, 2019, 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/.

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MINUTES
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Friday, Jan. 31, 2020, 10:30 am CT
Cornhusker Marriott Hotel in Yankee Hill I & II
333 S 13th Street, Lincoln

A Meeting of the Board of Directors of the League Association of Risk Management (LARM) was held Jan. 31, 2020, at 10:30 am CT in Yankee Hill I & II at the Cornhusker Marriott Hotel at 333 S 13th Street in Lincoln, Nebraska.

On Jan. 24, 2020, notice of this Meeting with the agenda was sent to all LARM members and the LARM Board. On Jan. 27, 2020, a revised agenda was sent to all LARM members and the LARM Board. Notice of this Meeting with the revised agenda was 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/.

(AGENDA ITEM #1) **Call to Order.** At 10:31 am CT, **LARM Board Chair Doug Hanson**, Mayor of Hickman, called the 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. 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: **Pam Buethe**, Board Member, Sarpy County SID #29; **Lanette Doane**, Clerk/Treasurer, Village of Ansley; **Mayor Doug Hanson**, City of Hickman; **Jim Hawks**, City Administrator, City of North Platte; **Jo Leyland**, Admin./Clerk/Treasurer, City of Imperial; **Tom Ourada**, City Administrator, City of Crete; **Sandra Schendt**, Clerk/Treasurer, City of Nelson; **Doug Schultz**, Admin./Clerk/Treasurer, City of Curtis; **Mayor Deb VanMatre**, City of Gibbon; ex-officio (non-voting) Board Member **Mayor Dwight Livingston**, City of North Platte and League President; and ex-officio (non-voting) Board Member **L. Lynn Rex**, League Executive Director and "Administrator" of LARM. *9 voting Board Members present; 6 absent (**LeAnn Brown**, Clerk/Treasurer, City of Oshkosh; **Mayor Scott Getzschman**, City of Fremont; **Melissa Harrell**, City Administrator/Treasurer, City of Wahoo [arrived at 10:44 am]; **Nathan Johnson**, City Manager, City of Scottsbluff; **Mayor Josh Moenning**, City of Norfolk; and **Teresa Youngquist**, Clerk/Treasurer, City of Beaver City).*

Chair Doug Hanson asked others in attendance and those on the phone if anyone wanted to identify themselves for purposes of the minutes; Chair Doug Hanson said no one is required to identify themselves: **Andy Barry** of Cline Williams, the League's Outside Legal Counsel on LARM-Related Issues; **Tara Stingley** of Cline Williams; **Jason Grams** of Lamson, Dugan and Murray; and **Silas Clarke**, City Administrator/Economic Development Director, Hickman. The following LARM staff were in attendance: **Dave Bos** and **Tracy Juranek**. The following staff members of the League of Nebraska Municipalities also were in attendance: **Shirley Riley** and **Brenda Henning**.

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(AGENDA ITEM #2) **Consider approval of a motion to go into closed session for the protection of the public interest to discuss potential litigation on an employment action, to strategize whether to retain Cline Williams Wright Johnson & Oldfather, L.L.P. and/or Lamson Dugan & Murray LLP as legal counsel on this matter and any related employment decisions.** At 10:35 am, Sandra Schendt moved, seconded by Pam Buethe to go into closed session for the protection of the public interest to discuss potential litigation on an employment action, to strategize whether to retain Cline Williams Wright Johnson & Oldfather, L.L.P. and/or Lamson Dugan & Murray LLP as legal counsel on this matter and any related employment decisions and also include Jason Grams, Andy Barry, Tara Stingley, Tracy Juranek, Dave Bos, Brenda Henning, Shirley Riley and Silas Clarke. Chair Doug Hanson asked if there was any discussion; there was none.

Chair Doug Hanson repeated the motion to go into closed session for the protection of the public interest to discuss potential litigation on an employment action, to strategize whether to retain Cline Williams Wright Johnson & Oldfather, L.L.P. and/or Lamson Dugan & Murray LLP as legal counsel on this matter and any related employment decisions and also include Jason Grams, Andy Barry, Tara Stingley, Tracy Juranek, Dave Bos, Brenda Henning, Shirley Riley and Silas Clarke. Chair Doug Hanson asked if there was any discussion; there was none.

Roll call vote. Ayes: Buethe, Doane, Hanson, Hawks, Leyland, Ourada, Schendt, Schultz and VanMatre. Nays: None. Abstentions: None. ***Motion carried: 9 ayes, 0 nays, 0 abstentions and 6 absent (Brown, Getzschman, Harrell, Johnson, Moenning and Youngquist).***

Chair Doug Hanson repeated the motion go into closed session for the protection of the public interest to discuss potential litigation on an employment action, to strategize whether to retain Cline Williams Wright Johnson & Oldfather, L.L.P. and/or Lamson Dugan & Murray LLP as legal counsel on this matter and any related employment decisions. Chair Doug Hanson announced that as of 10:37 am the Board was in closed session.

At 12:35 pm, Chair Doug Hanson stated that the reason that the Board did go into closed session was for the protection of the public interest to discuss potential litigation on an employment action, to strategize whether to retain Cline Williams Wright Johnson & Oldfather, L.L.P. and/or Lamson Dugan & Murray LLP as legal counsel on this matter and any related employment decisions. He noted that Silas Clarke did not participate in the closed session even though he was included in the motion. Melissa Harrell arrived at 10:44. At 11:15 am, Lynn Rex left the closed session. At 11:16 am, LARM Staff and League Staff left the closed session. That left the Board Members, Andy Barry, Tara Stingley and Jason Grams in the closed session. Chair Doug Hanson stated that the Board was back in open session. Chair Doug Hanson asked if there was any discussion; there was none.

Sandra Schendt moved, seconded by Deb VanMatre to retain Cline Williams to represent LARM in responding to the NEOC complaint filed by Michael Nolan on Jan. 14, 2020, and to retain Lamson, Dugan and Murray to represent LARM on issues raised by the NEOC complaint, which concern the relationship between LARM and the League of Nebraska Municipalities. Chair Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Hanson, Harrell, Hawks, Leyland, Ourada, Schendt, Schultz and VanMatre. Nays: None. Abstentions: None. ***Motion carried: 10 ayes, 0 nays, 0 abstentions and 5 absent (Brown, Getzschman, Johnson, Moenning and Youngquist).***

Chair Doug Hanson stated that the next meeting is scheduled in conjunction with the League Midwinter Conference on Feb. 25 at 1:30 pm.

(AGENDA ITEM #3) **Motion to adjourn.** At 12:40 pm, Pam Buethe moved, seconded by Lanette Doane to adjourn. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Buethe, Doane, Hanson, Harrell, Hawks, Leyland, Ourada, Schendt, Schultz and VanMatre. Nays: None. Abstentions: None. ***Motion carried: 10 ayes, 0 nays, 0 abstentions and 5 absent (Brown, Getzschman, Johnson, Moenning and Youngquist).***

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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REVISED NOTICE

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

Friday, Jan. 31, 2020, 10:30 am CT
Cornhusker Marriott Hotel in Yankee Hill I & II
333 S 13th Street, Lincoln

PLEASE TAKE NOTICE that on **Friday, Jan. 31, 2020, at 10:30 am CT,** the League Association of Risk Management (LARM) will hold a Meeting of the LARM Board of Directors in Yankee Hill I & II (third floor, north tower) at the Cornhusker Marriott Hotel, 333 13th Street, Lincoln, Nebraska. 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 Jan. 24, 2020, notice of this Meeting with the agenda was sent to all LARM members and the LARM Board. On Jan. 27, 2020, notice of this meeting with the **revised agenda** was sent to all LARM members and the LARM Board. Notice of this Meeting with the revised agenda is 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/.

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NOTICE

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

Friday, Jan. 31, 2020, 10:30 am CT
Cornhusker Marriott Hotel in Yankee Hill I & II
333 S 13th Street, Lincoln

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MINUTES
Nominating Committee of the LARM Board
Telephone Conference Call
Feb. 11, 2020; 10:30 a.m. CT

(Section 8.1.4.1 of the Interlocal Agreement provides, in part: "The nominating committee shall consist of the chairperson of the Board, an individual from a participating member selected by the Board and the Administrator.")

Nominating Committee Members Present on Conference Call:
Hickman Mayor Doug Hanson, Chair of the LARM Board
North Platte City Administrator Jim Hawks, Vice Chair of the LARM Board
L. Lynn Rex, ex-officio member of the LARM Board and Administrator of LARM pursuant to the Interlocal Agreement

League Staff on Conference Call:
Shirley Riley, Membership Services Director

The meeting was called to order at 10:31 a.m. CT to discuss an appointment for the open position on the LARM Board created by the resignation of Nathan Johnson, Scottsbluff City Manager.

Following a brief discussion, Vice Chair Jim Hawks moved, seconded by Chair Doug Hanson to recommend that the LARM Board of Directors accept the resignation of **Nathan Johnson**, Scottsbluff City Manager, and approve **Gering Mayor Tony Kaufman** to fill the vacancy for the remainder of Nathan Johnson's term of office, ending Dec. 31, 2022. The motion passed unanimously on a roll call vote.

Section 8.1 of LARM's Interlocal Agreement provides, in part: "A vacancy on the Board shall be filled by a majority vote of the Board upon recommendation made by the Administrator. The person appointed to fill a vacancy shall serve for the remainder of the term of the vacating director."

At 10:38 a.m., Chair Doug Hanson moved, seconded by Vice Chair Jim Hawks to adjourn. The motion passed unanimously on a roll call vote.

Approved on: _____

DRAFT

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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LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Auditor's Report

Financial Statements - Statutory Basis

September 30, 2019 and 2018

ANNUAL STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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 1919 South 40th Street, Ste 212
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

Table of Contents

Page

Independent Auditor's Report ..... 1 - 2

Financial Statements:

Balance Sheets – Statutory Basis 3

Statements of Income – Statutory Basis 4

Statements of Changes in Surplus – Statutory Basis 5

Statements of Cash Flows – Statutory Basis 6

Notes to Financial Statements ..... 7 – 14

Supplemental Information:

Independent Accountant's Report on Supplemental Information 15

Reconciliation of Unpaid Claim Liabilities 16

Loss Development Information ..... 17 - 18

TKB Certified Public Accountants

Thomas, Kunc & Black, LLP

Independent Auditor's Report

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

We have audited the accompanying financial statements of League Association of Risk Management, which comprise the balance sheets – statutory basis as of September 30, 2019 and 2018, and the related statutory statements of income, changes in surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting practices prescribed or permitted by the Insurance Department of the State of Nebraska. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, these financial statements were prepared in conformity with the financial reporting practices prescribed or permitted by the Insurance Department of the State of Nebraska, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

To the Board of Directors
League Association of Risk Management

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of League Association of Risk Management as of September 30, 2019 and 2018, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the balance sheets-statutory basis and the related statutory statements of income, changes in surplus and cash flows of League Association of Risk Management as of September 30, 2019 and 2018, for the years then ended, in accordance with the basis of accounting described in Note 1.

Lincoln, Nebraska
November 27, 2019

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

September 30, 2019 and 2018

Assets

	2019	2018
Cash:		
Cash on deposit	$ 1,904,907	1,183,149
Short-term investments	1,850,421	-
Total cash	3,755,328	1,183,149
Long-term investments	10,598,391	12,799,616
Accounts receivable	62,439	43,335
Premiums receivable	8,173,816	7,117,227
Interest receivable	60,325	59,338
Reinsurance recoverable on paid losses	848,229	1,157,584
Total assets	$ 23,498,528	22,360,249

Liabilities and Surplus

Loss reserves	$ 3,895,014	2,778,170
Loss adjustment expenses	1,864,393	1,304,731
Unearned premium	7,618,931	7,108,947
Taxes payable	88,050	84,308
Other liabilities	137,581	98,155
Funds held under reinsurance treaties	25,000	25,000
Total liabilities	13,628,969	11,399,311
Surplus	9,869,559	10,960,938
Total liabilities and surplus	$ 23,498,528	22,360,249

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT.

Statements of Income - Statutory Basis

For the years ended September 30, 2019 and 2018

	2019	2018
Revenues:		
Premiums earned, direct	$ 8,328,448	8,264,076
Premiums earned, transferred by excess	(2,169,795)	(2,168,798)
Net premiums	6,158,653	6,095,278
Investment income	291,004	196,849
Miscellaneous income	4,051	3,593
Total revenues	6,453,708	6,295,720
Expenses:		
Losses incurred, direct	5,826,494	4,903,052
Losses incurred, transferred by excess	(2,634,394)	(1,867,399)
Net losses	3,192,100	3,035,653
Loss expenses incurred	1,322,951	650,898
Other underwriting expenses incurred	3,030,036	3,049,925
Total expenses	7,545,087	6,736,476
Net income/(loss) - statutory basis	$ (1,091,379)	(440,756)

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Changes in Surplus - Statutory Basis

For the years ended September 30, 2019 and 2018

		2019	2018
Surplus, beginning of period	$	10,960,938	11,401,694
Net income/(loss)- statutory basis		(1,091,379)	(440,756)
Unrealized capital gain		287,415	361,155
Change in non-admitted assets		(287,415)	(361,155)
Dividends		-	-
Surplus, end of period	$	9,869,559	10,960,938

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Cash Flows - Statutory Basis

For the years ended September 30, 2019 and 2018

	2019	2018
Premiums collected, net of excess insurance	$ 5,603,719	5,701,570
Loss and loss adjustment expenses paid	(2,529,190)	(4,770,110)
Underwriting expenses paid	(2,986,868)	(3,025,454)
Cash from underwriting	87,661	(2,093,994)
Investment income	577,432	560,459
Net cash from operations	665,093	(1,533,535)
Transfers in:		
Other sources	2,201,225	204,216
Transfers out:		
Other applications	(294,139)	(385,347)
Net change in cash and short-term investments	2,572,179	(1,714,666)
Cash and short-term investments, beginning of period	1,183,149	2,897,815
Cash and short-term investments, end of period	$ 3,755,328	1,183,149

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

(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 auditor's report.

(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 (September 30, 2019), $1,737,646 (September 30, 2018).

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.

(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 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
	$ 12,697,649	1,957,731	14,655,380
At September 30, 2018			
Cash on deposit	$ 250,000	1,188,881	1,438,881
Short-term investments	-	-	-
Long-term investments	12,799,616	-	12,799,616
	$ 13,049,616	1,188,881	14,238,497

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.

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.

See independent auditor's report.

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

	September 30, 2019					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
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	15,330
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	1,850,867	-	8,874,237	15,330	10,725,104	15,330
Total temporarily impaired securities	$ 1,850,867	-	8,874,237	15,330	10,725,104	15,330

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

See independent auditor's report.

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

	September 30, 2018					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ -	-	297,621	1,262	297,621	1,262
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	8,855,905	144,828	8,855,905	144,828
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	-	-	9,153,526	146,090	9,153,526	146,090
Total temporarily impaired securities	$ -	-	9,153,526	146,090	9,153,526	146,090

The amortized cost and estimated statutory fair value of bonds at September 30, 2018, 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	$ -	-
Due after one year through five years	7,799,616	7,709,716
Due after five years through ten years	1,500,000	1,443,810
Due after ten years	-	-
	$ 9,299,616	9,153,526

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 September 30, 2019 and 2018 are temporary and are presented on the following page.

See independent auditor's report.

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

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

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

September 30, 2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 9,299,616	-	146,090	9,153,526
Total	$ 9,299,616	-	146,090	9,153,526

The statement value and estimated fair value of financial instruments at September 30, 2019 and 2018 are as follows:

	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	$ 14,414,044	14,440,583	1,965,232	12,475,351	-

	September 30, 2018				
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$ 9,299,616	9,153,526	-	9,153,526	-
Cash on deposit (including certificates of deposit)	4,683,149	4,652,462	1,183,149	3,469,313	-
Investment income due and accrued	59,338	59,338	59,338	-	-
Total	$ 14,042,103	13,865,326	1,242,487	12,622,839	-

See independent auditor's report.

(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.

	2019	2018
The following is a summary of the transactions with the League:		
Management and administrative services paid to the League of Nebraska Municipalities	$ -	34,075

The total amount of payables to the League of Nebraska Municipalities was $10,353 (September 30, 2019) and $0 (September 30, 2018).

(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.

		2019	2018
Contributions:			
Direct	$	8,328,448	8,264,076
Ceded		(2,169,795)	(2,168,798)
Net contributions earned	$	6,158,653	6,095,278
Losses:			
Direct	$	5,826,494	4,903,052
Ceded		(2,634,394)	(1,867,399)
Net losses incurred	$	3,192,100	3,035,653

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of $848,229 (September 30, 2019) and $1,157,584 (September 30, 2018).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of $4,022,610 (September 30, 2019) and $2,405,676 (September 30, 2018).

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 September 30, 2019 and 2018, 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 September 30, 2019 and 2018.

(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:

	2019	2018
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	1,737,646

(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 September 30, 2018 have been restated in some instances to conform with current statement presentation.

(11) Subsequent events:

The Pool evaluated subsequent events through November 27, 2019. There were no subsequent events that require disclosure and/or adjustments in these financial statements.

See independent auditor's report.

SUPPLEMENTAL INFORMATION

TKB Certified Public Accountants

Thomas, Kunc & Black, LLP

Independent Auditor's Report
on Supplemental Information

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

We have audited the basic statutory-basis financial statements of League Association of Risk Management as of and for the years ended September 30, 2019 and 2018 and our report thereon dated November 27, 2019, which contained an unmodified opinion on the basic statutory-basis financial statements prepared in conformity with the financial reporting practices prescribed or permitted by the Insurance Department of the State of Nebraska. Our audit was performed for the purpose of forming an opinion on the basic statutory-basis financial statements taken as a whole. The reconciliation of unpaid claim liabilities and Schedule P information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information included in the schedules referred to above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic statutory-basis financial statements taken as a whole.

Lincoln, Nebraska
November 27, 2019

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Reconciliation of Unpaid Claim Liabilities

For the years ended September 30, 2019 and 2018

	2019	2018
Unpaid claims and claims adjustment expenses at beginning of period	$ 4,082,901	4,150,531
Incurred claims and claims adjustment expenses:		
Provision for insured events of current policy year	4,265,659	3,900,160
Increase/(decrease) in provision in insured events of prior policy years	249,392	(213,609)
Total incurred claims and claims adjustment expenses	4,515,051	3,686,551
Payments:		
Claims and claims adjustment expenses attributable to insured events of the current policy year	1,110,321	2,291,545
Claims and claims adjustment expenses attributable to insured events of prior policy years	1,728,224	1,462,636
Total payments	2,838,545	3,754,181
Total unpaid claims and claims adjustment expenses at end of period	$ 5,759,407	4,082,901

See independent auditor's report on supplemental information.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Loss Development Information

September 30, 2019

The following tables illustrate how the Pool's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the last twelve years. The rows of the tables are defined as follows:

1. Total of each fiscal year's earned contribution revenues and investment revenues.

2. Fiscal year's other operating costs of the Pool including overhead and claims expense not allocable to individual claims.

3. The Pool's fiscal year incurred losses and allocated loss adjustment expenses (both paid and accrued).

4. Cumulative amounts paid (net of reinsurance recoveries received) as of the end of successive years for each plan year.

5. Incurred losses, by plan year, increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

6. Comparison of the latest reestimated incurred losses amount to the amount originally established (Line 3) and examines whether the latest estimate of claims cost is greater or less than originally booked.

As data for individual plan years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature plan years. The columns of the tables show data for successive plan years.

See independent auditor's report on supplemental information.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Loss Development Information (Continued)

September 30, 2019

	Fiscal and Plan Year Ended			
	2019	2018	2017	2016
1. Required contribution and investment revenues - fiscal year:				
Written and earned	$ 8,328,448	8,264,076	8,526,373	7,688,166
Ceded	2,169,795	2,168,798	2,185,673	2,260,774
Net earned	6,158,653	6,095,278	6,340,700	5,427,392
Interest income	278,865	225,153	163,887	111,568
2. Unallocated expenses - fiscal year:				
Operating expenses	3,030,036	3,049,925	2,551,999	2,443,815
3. Incurred losses and loss adjustment expenses - fiscal year:				
Incurred	7,149,445	5,553,950	1,595,503	3,345,355
Ceded	2,634,394	1,867,399	(210,709)	955,861
Net incurred	4,515,051	3,686,551	1,806,212	2,389,494
4. Cumulative amounts paid as of:				
End of plan year	1,110,321	2,291,545	1,143,890	921,577
One year later	-	3,122,284	1,778,779	1,358,090
Two years later	-	-	2,243,856	1,564,121
Three years later	-	-	-	1,581,574
Four years later	-	-	-	-
Five years later	-	-	-	-
Six years later	-	-	-	-
Seven years later	-	-	-	-
Eight years later	-	-	-	-
Nine years later	-	-	-	-
Ten years later	-	-	-	-
5. Reestimated incurred losses and loss adjustment expenses:				
End of plan year	4,265,659	3,900,160	2,639,834	2,479,490
One year later	-	3,963,779	2,568,626	1,919,104
Two years later	-	-	2,673,308	1,750,286
Three years later	-	-	-	1,721,670
Four years later	-	-	-	-
Five years later	-	-	-	-
Six years later	-	-	-	-
Seven years later	-	-	-	-
Eight years later	-	-	-	-
Nine years later	-	-	-	-
Ten years later	-	-	-	-
6. Increase (decrease) in estimated incurred losses and loss adjustment expenses from end of plan year	4,265,659	63,619	(71,208)	(729,204)

See independent auditor's report on supplemental information.

2015	2014	2013	2012	2011	2010	2009	2008
6,926,492	8,213,781	6,830,821	6,769,582	7,225,912	7,029,485	6,958,673	6,990,018
2,026,062	2,276,721	2,013,347	1,607,784	1,418,610	1,338,560	1,259,767	1,821,906
4,900,430	5,937,060	4,817,474	5,161,798	5,807,302	5,690,925	5,698,906	5,168,112
59,286	68,728	56,360	91,754	133,834	200,551	439,758	502,644
2,419,847	2,479,946	2,403,301	2,187,851	2,426,068	2,253,799	1,775,552	1,485,066
(74,061)	7,867,921	3,305,167	5,859,212	5,869,860	3,875,393	3,381,941	2,293,732
(156,580)	4,334,998	(882,880)	2,979,727	4,211,222	402,229	321,127	225,006
82,519	3,532,923	4,188,047	2,879,485	1,658,638	3,473,164	3,060,814	2,068,726
795,609	1,706,079	1,048,881	1,389,248	1,353,918	1,261,030	1,050,634	1,021,653
1,580,076	2,676,826	1,755,657	1,977,865	1,707,898	2,142,664	1,814,597	1,712,414
1,745,523	2,801,904	1,940,919	2,345,151	2,127,938	2,374,044	2,584,329	2,041,813
1,851,741	3,013,831	2,106,487	2,485,185	2,487,370	2,443,641	2,454,525	2,366,521
1,887,545	3,124,621	2,186,653	2,619,590	2,655,195	2,677,504	2,740,196	2,435,485
-	3,269,178	2,299,406	2,874,960	2,862,428	2,750,535	2,782,920	2,588,599
-	-	2,384,787	2,982,354	2,918,258	2,885,651	2,786,388	2,590,930
-	-	-	3,118,093	2,998,845	2,923,866	2,786,810	2,590,930
-	-	-	-	3,034,344	2,942,561	2,786,936	2,590,929
-	-	-	-	-	2,944,492	2,811,776	2,590,930
-	-	-	-	-	-	2,821,543	2,590,930
2,379,269	4,492,832	3,515,009	3,511,465	3,594,938	3,511,381	3,166,669	2,863,864
2,188,723	3,494,212	2,775,472	3,147,845	3,332,643	3,309,533	2,807,861	2,972,191
2,029,208	3,250,628	2,541,586	2,962,289	3,485,696	3,228,323	3,221,050	2,922,703
1,988,621	3,353,043	2,531,140	2,887,596	3,339,530	3,165,708	2,900,616	2,783,395
1,967,292	3,284,009	2,551,752	2,996,381	2,985,782	3,232,134	2,855,825	2,682,301
-	3,587,970	2,510,282	3,084,560	3,134,757	3,033,999	2,811,485	2,633,465
-	-	2,443,204	3,103,599	3,034,244	3,145,609	2,787,048	2,603,142
-	-	-	3,192,726	3,089,464	3,043,347	2,787,057	2,590,930
-	-	-	-	3,124,968	3,043,376	2,787,057	2,590,929
-	-	-	-	-	3,043,376	2,857,643	2,590,930
-	-	-	-	-	-	2,821,543	2,590,930
(390,648)	(1,208,823)	(1,004,727)	(407,866)	(505,474)	(468,005)	(309,026)	(272,934)

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Accountant's Compilation Report

Financial Statements - Statutory Basis

December 31, 2019 and 2018

and

September 30, 2019

QUARTERLY STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2019
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

Table of Contents

Page

Independent Accountant's Compilation Report 1

Financial Statements:

- Balance Sheets – Statutory Basis 2
- Statements of Income – Statutory Basis 3
- Statements of Changes in Surplus – Statutory Basis 4
- Statements of Cash Flows – Statutory Basis 5
- Notes to Financial Statements ..... 6 – 15

Supplemental Information:

- Independent Accountant's Report on Supplemental Information 16
- Reconciliation of Unpaid Claim Liabilities 17

TKB Certified Public Accountants

Thomas, Kunc & Black, LLP

Independent Accountant's Compilation Report

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

December 31, 2019 and 2018 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 December 31, 2019 and 2018 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 December 31, 2019 and 2018 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.

Thomas, Kunc and Black, LLP

Lincoln, Nebraska
February 15, 2020

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

December 31, 2019 and 2018 and September 30, 2019

Assets

	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	September 30, 2019 (Audited)
Cash:			
Cash on deposit	$ 2,604,906	574,648	1,904,907
Short-term investments	6,599,677	5,492,785	1,850,421
Total cash	9,204,583	6,067,433	3,755,328
Long-term investments	7,848,748	12,296,696	10,598,391
Accounts receivable	21,734	19,238	62,439
Premiums receivable	772,583	77,764	8,173,816
Interest receivable	60,733	45,492	60,325
Reinsurance recoverable on paid losses	2,269,348	1,633,247	848,229
Total assets	$ 20,177,729	20,139,870	23,498,528

Liabilities and Surplus

Loss reserves	$ 3,454,831	2,680,161	3,895,014
Loss adjustment expenses	2,201,765	1,318,819	1,864,393
Unearned premium	5,167,551	4,878,362	7,618,931
Taxes payable	110,399	106,656	88,050
Other liabilities	132,767	188,899	137,581
Funds held under reinsurance treaties	25,000	25,000	25,000
Total liabilities	11,092,313	9,197,897	13,628,969
Surplus	9,085,416	10,941,973	9,869,559
Total liabilities and surplus	$ 20,177,729	20,139,870	23,498,528

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 December 31, 2019 and 2018

and for the year ended September 30, 2019

	Three Months Ended		Year Ended
	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	September 30, 2019 (Audited)
Revenues:			
Premiums earned, direct	$ 2,189,168	2,070,364	8,328,448
Premiums earned, transferred by excess	(590,547)	(497,406)	(2,169,795)
Net premiums	1,598,621	1,572,958	6,158,653
Investment income	63,386	59,551	291,004
Miscellaneous income	365	1,514	4,051
Total revenues	1,662,372	1,634,023	6,453,708
Expenses:			
Losses incurred, direct	2,802,643	1,422,449	5,826,494
Losses incurred, transferred by excess	(2,001,454)	(964,860)	(2,634,394)
Net losses	801,189	457,589	3,192,100
Loss expenses incurred	614,810	209,270	1,322,951
Other underwriting expenses incurred	1,030,516	986,129	3,030,036
Total expenses	2,446,515	1,652,988	7,545,087
Net income/(loss) - statutory basis	$ (784,143)	(18,965)	(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 December 31, 2019 and 2018

and for the year ended September 30, 2019

	Three Months Ended		Year Ended
	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	September 30, 2019 (Audited)
Surplus, beginning of period	$ 9,869,559	10,960,938	10,960,938
Net income/(loss)- statutory basis	(784,143)	(18,965)	(1,091,379)
Unrealized capital gain	-	-	287,415
Change in non-admitted assets	-	-	(287,415)
Dividends	-	-	-
Surplus, end of period	$ 9,085,416	10,941,973	9,869,559

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 December 31, 2019 and 2018

and for the year ended September 30, 2019

	Three Months Ended		Year Ended
	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	September 30, 2019 (Audited)
Premiums collected, net of excess insurance	$ 6,548,967	6,384,202	5,603,719
Loss and loss adjustment expenses paid	(2,939,929)	(1,226,443)	(2,529,190)
Underwriting expenses paid	(1,012,981)	(873,037)	(2,986,868)
Cash from underwriting	2,596,057	4,284,722	87,661
Investment income	62,978	73,397	577,432
Net cash from operations	2,659,035	4,358,119	665,093
Transfers in:			
Other sources	2,790,220	526,165	2,201,225
Transfers out:			
Other applications	-	-	(294,139)
Net change in cash and short-term investments	5,449,255	4,884,284	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	$ 9,204,583	6,067,433	3,755,328

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

(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.

(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 (December 31, 2019), $1,737,646 (December 31, 2018) 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.

(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 December 31, 2019			
Cash on deposit	$ 250,000	2,811,587	3,061,587
Short-term investments	6,599,677	-	6,599,677
Long-term investments	7,847,585	1,163	7,848,748
	$ 14,697,262	2,812,750	17,510,012
At December 31, 2018			
Cash on deposit	$ 250,000	454,430	704,430
Short-term investments	5,492,785	-	5,492,785
Long-term investments	12,296,696	-	12,296,696
	$ 18,039,481	454,430	18,493,911
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
	$ 12,697,649	1,957,731	14,655,380

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.

(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.

	December 31, 2019					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ 5,098,567	445	1,773,810	-	6,872,377	445
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	1,501,388	-	5,598,991	9,172	7,100,379	9,172
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	6,599,955	445	7,372,801	9,172	13,972,756	9,617
Total temporarily impaired securities	$ 6,599,955	445	7,372,801	9,172	13,972,756	9,617

The amortized cost and estimated statutory fair value of bonds at December 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	$ 6,599,677	6,599,955
Due after one year through five years	5,848,749	5,877,001
Due after five years through ten years	1,500,000	1,495,800
Due after ten years	-	-
	$ 13,948,426	13,972,756

See independent accountant's compilation report.

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

	December 31, 2018					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. Governments	$ 5,492,918	169	298,395	822	5,791,313	991
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	9,165,140	86,165	9,165,140	86,165
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	5,492,918	169	9,463,535	86,987	14,956,453	87,156
Total temporarily impaired securities	$ 5,492,918	169	9,463,535	86,987	14,956,453	87,156

The amortized cost and estimated statutory fair value of bonds at December 31, 2018, 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	$ 5,492,785	5,492,918
Due after one year through five years	8,046,696	7,996,437
Due after five years through ten years	1,500,000	1,467,098
Due after ten years	-	-
	$ 15,039,481	14,956,453

See independent accountant's compilation report.

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

	September 30, 2019					
	Less Than 12 Months		Greater Than 12 Months		Total	
Bonds:	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
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	15,330
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	1,850,867	-	8,874,237	15,330	10,725,104	15,330
Total temporarily impaired securities	$ 1,850,867	-	8,874,237	15,330	10,725,104	15,330

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 December 31, 2019 and 2018 and September 30, 2019 are temporary and are presented on the following page.

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

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

December 31, 2019

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 13,948,426	33,947	9,617	13,972,756
Total	$ 13,948,426	33,947	9,617	13,972,756

December 31, 2018

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 15,039,481	4,128	87,156	14,956,453
Total	$ 15,039,481	4,128	87,156	14,956,453

September 30, 2019

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	$ 10,698,812	41,622	15,330	10,725,104
Total	$ 10,698,812	41,622	15,330	10,725,104

The statement value and estimated fair value of financial instruments at December 31, 2019 and 2018 and September 30, 2019 are as follows:

		December 31, 2019				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$	13,948,425	13,972,756	-	13,972,756	-
Cash on deposit (including certificates of deposit)		3,104,906	4,355,153	3,853,736	501,417	-
Investment income due and accrued		60,733	60,733	60,733	-	-
Total	$	17,114,064	18,388,642	3,914,469	14,474,173	-

See independent accountant's compilation report.

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

	December 31, 2018				
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	$ 15,039,481	14,956,453	-	14,956,453	-
Common stock	-	-			
Cash on deposit (including certificates of deposit)	3,324,648	3,297,691	574,648	2,723,043	-
Investment income due and accrued	45,492	45,492	45,492	-	-
Total	$ 18,409,621	18,299,636	620,140	17,679,496	-

	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	$ 14,414,044	14,440,583	1,965,232	12,475,351	-

(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.

	Three months ended		Year ended
	December 31, 2019	December 31, 2018	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 $2,249 (December 31, 2019), $5,772 (December 31, 2018), 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.

(5) Reinsurance recoverables: (Continued)

	December 31, 2019	December 31, 2018	September 30, 2019
Contributions:			
Direct	$ 2,189,168	2,070,364	8,328,448
Ceded	(590,547)	(497,406)	(2,169,795)
Net contributions earned	$ 1,598,621	1,572,958	6,158,653
Losses:			
Direct	$ 2,802,643	1,422,449	5,826,494
Ceded	(2,001,454)	(964,860)	(2,634,394)
Net losses incurred	$ 801,189	457,589	3,192,100

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of $2,269,348 (December 31, 2019), $1,633,247 (December 31, 2018), and $848,229 (September 30, 2019).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of $4,584,864 (December 31, 2019), $2,708,148 (December 31, 2018), 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 December 31, 2019 and 2018 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 December 31, 2019 and 2018 and September 30, 2019.

(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:

	December 31, 2019	December 31, 2018	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
	$ 2,025,061	1,737,646	2,025,061

(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 December 31, 2018 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 February 15, 2020. There were no subsequent events that require disclosure and/or adjustments in these financial statements.

See independent accountant's compilation report.

SUPPLEMENTAL INFORMATION

TKB 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 December 31, 2019 and 2018 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
February 15, 2020

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Reconciliation of Unpaid Claim Liabilities

For the periods ended December 31, 2019 and 2018

and for the year ended September 30, 2019

	Three Months Ended		Year Ended
	December 31, 2019 (Unaudited)	December 31, 2018 (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	730,000	692,500	4,265,659
Increase/(decrease) in provision in insured events of prior policy years	685,999	(25,641)	249,392
Total incurred claims and claims adjustment expenses	1,415,999	666,859	4,515,051
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	68,701	53,006	1,110,321
Claims and claims adjustment expenses attributable to insured events of prior policy years	1,450,109	697,774	1,728,224
Total payments	1,518,810	750,780	2,838,545
Total unpaid claims and claims adjustment expenses at end of period	$ 5,656,596	3,998,980	5,759,407

See independent accountant's compilation report on supplemental information.

League Association of Risk Management

Accounts Receivable Policy

I. Purpose of the policy

A. This accounts receivable policy establishes payment and collection terms for member policy premiums of the League Association of Risk Management (LARM).

B. This policy addresses the following areas:

1. Member payment terms
2. Guideline for contacting members with overdue invoices; and
3. Procedure for recommending a member for suspension or termination of member coverage due to non-payment

II. Member payment terms

A. Renewal and new policy premiums

1. Payment for renewal invoices will be due upon the later of the annual renewal date, October 1st, or 30 days after the invoice date.
2. Payment terms for a new policy will be due upon the later of the first effective date of the policy or 30 days after the invoice date.

B. Endorsement and audit adjustments premium

1. Endorsements and audit adjustments that result in an increase in a member's premium will have an additional invoice at the time changes are made to the policy. Payment terms for these additional invoices will be due 30 days after the invoice date.
2. Endorsements and audit adjustments that result in a decrease in a member's premium will create a credit invoice at the time changes are made to the policy. The credit will be either applied to outstanding invoices due, or refunded to the member if the member has paid all outstanding invoices.

III. Contacting members with past due invoices

A. Phone and/or email contact, less than 30 days past due

1. When an invoice has become past due by 15 days the member will be contacted by Customer Service to follow up on the payment to confirm a payment date.

B. First letter, 30 days past due

1. If at 30 days past due the phone and/or email contact does not result in either a payment or an acceptable anticipated payment date, a formal letter will be drafted to the member.
2. The letter will be sent by Customer Service to detail the outstanding amounts and request payment. A schedule of the outstanding invoices will be included with the letter, Finance will provide the detail of outstanding invoices to Customer Service.

C. Second letter, 45 days past due

1. If at 45 days past due the member has still not paid or scheduled payment, the Program Manager will issue a second letter to the member.

D. Third letter, 60 days past due

1. If all previous attempts to collect payment from the member at 60 days past the due date of the invoice, a third and final letter signed by the Executive Director will be sent to the member's legal counsel or board.
2. The third letter will inform the member that unless payment is received immediately the member will be recommended to the LARM Board for termination and/or suspension of coverage. The Board will have the authority to recommend to the Nebraska Department of Insurance to hold a hearing for a non-paying member.

IV. Recommending a member for suspension or termination of policy

A. Upon receiving no resolution after the third letter to the member, LARM staff will create a report detailing amounts past due and recent history of the member. The LARM staff will present the report at the next Board meeting for review.

B. The LARM Board will recommend a suspension or termination of the member coverage. After the LARM Board makes this decision, the governing body of the non-paying member will be given formal notice within five business days.

1. For a member to be involuntarily terminated from the pool, LARM must file a written request to the Director of Insurance.
2. Nebraska Revised Statue 44-4309 states:

   A member of a risk management pool may be involuntarily terminated as a member of the pool if the Director of Insurance finds, after due notice and hearing, that the member (a) has failed

to pay any contribution or assessment due to the pool, (b) has failed to discharge any other obligation it owes to the pool, or (c) has failed to comply with any laws of this state, any rules or regulations adopted and promulgated by the Department of Insurance pursuant to the Intergovernmental Risk Management Act, or any bylaw of the risk management pool. Such hearing may be initiated by the Director of Insurance on his or her own initiative or at the request of the pool's board of directors. http://www.lawserver.com/law/state/nebraska/ne-statutes/nebraska_statutes_44-4309

3. The Department of Insurance has adopted regulations governing the hearing procedure for involuntary termination of a member from the pool. See NEB. ADMIN. CODE 210.26.001-009.

L. Lynn Rex

Subject: Retirement plan administrator and trustee

From: Richard Lipprand <rlipprand@wisdirect.com>
Sent: Tuesday, November 19, 2019 5:08 PM
To: Tracy Juranek <Tracy.Juranek@larmpool.org>
Subject: Retirement plan administrator and trustee

Hi Tracy,

Yes….Ameritas presently has Mike Nolan listed as administrator and trustee for the retirement plans for LARM's retirement plans (both the 457 plan that collects employee deferrals and the money purchase plan that receives the employer deposits). I presume that the acting board will appoint someone else in those capacities. This person will be authorized to sign required plan amendments and employee withdrawal requests, and receive investment review information. Ameritas indicates that a Board Resolution that documents who should be listed as that contact is what they need to then prepare the necessary amendments to the plans and their system.

I would suggest that be obtained at the next available opportunity so we have someone authorized to sign off on things like terminated employee distribution requests. Please advise if anyone has further questions.



Richard Lipprand CFP® | Registered Representative
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From: Tracy Juranek <Tracy.Juranek@larmpool.org>
Sent: Monday, November 18, 2019 8:06 AM
To: Richard Lipprand <rlipprand@wisdirect.com>
Subject: LARM

[EXTERNAL SENDER - Do not click links or open attachments unless you have confirmed with the sender verbally]
Hi Richard,
You were going to send me an email about what to do for employee's retirement when they leave LARM.
Thank you!

Tracy Juranek | League Association of Risk Management
Customer Service Specialist

1919 S. 40th St, Ste 212| Lincoln NE 68506
T: 402-742-2604 | www.larmpool.org

Serving Nebraska public entities since 1995

LARM First Quarter 2019/20 Financial Report

LARM
LEAGUE ASSOCIATION of RISK MANAGEMENT

Assets

	December 31 2019 (Unaudited)	December 31 2018 (Unaudited)	September 30 2019 (Audited)
Cash:			
Cash on deposit	$ 2,604,906	574,648	$ 1,904,907
Short-term investments	6,599,677	5,492,785	1,850,421
Total cash	9,204,583	6,067,433	3,755,328
Long-term investments	7,848,749	12,296,696	10,598,391
Accounts receivable	21,733	19,238	62,439
Premiums receivable	772,583	77,764	8,173,816
Interest receivable	60,733	45,492	60,325
Reinsurance recoverable on paid losses	2,269,348	1,633,247	848,229
Total assets	$ 20,177,729	20,139,870	$ 23,498,528

92

Balance Sheet - Assets

Liabilities and Surplus

	December 31 2019 (Unaudited)	December 31 2018 (Unaudited)	September 30 2019 (Audited)
Loss reserves	$ 3,454,829	2,680,161	$ 3,895,014
Loss adjustment expenses	2,201,765	1,318,819	1,864,393
Unearned premium	5,167,551	4,878,362	7,618,931
Taxes payable	110,399	106,656	88,050
Other liabilities	132,767	188,899	137,581
Funds held under reinsurance treaties	25,000	25,000	25,000
Total liabilities	11,092,311	9,197,897	13,628,969
Surplus	9,085,418	10,941,973	9,869,559
Total liabilities and surplus	$ 20,177,729	20,139,870	$ 23,498,528

93

Balance Sheet - Liabilities

	Three Months Ended		Year Ended
	December 31 2019 (Unaudited)	December 31 2018 (Unaudited)	September 30 2019 (Audited)
Revenue:			
Premiums earned, direct	$ 2,189,168	2,070,364	$ 8,328,448
Premiums earned, transferred by excess	(590,547)	(497,406)	(2,169,795)
Net premiums	1,598,621	1,572,958	6,158,653
Investment income	63,386	59,551	291,004
Miscellaneous income	365	1,514	4,051
Total revenues	1,662,372	1,634,023	6,453,708
Expenses:			
Losses incurred, direct	2,802,642	1,422,449	5,826,494
Losses incurred, transferred by excess	(2,001,455)	(964,860)	(2,634,394)
Net losses	801,187	457,589	3,192,100
Loss expenses incurred	614,809	209,270	1,322,951
Other underwriting expense incurred	1,030,517	986,129	3,030,036
Total expenses	2,446,513	1,652,988	7,545,087
Net income/(loss) - statutory basis	$ (784,141)	(18,965)	$ (1,091,379)

94

Income Statement

	Three Months Ended		Year Ended
	December 31 2019 (Unaudited)	December 31 2018 (Unaudited)	September 30 2019 (Audited)
Unpaid claims and claims adjustment expenses at the 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	730,000	692,500	4,265,659
Increase/(decrease) in provision in insured events of prior policy year	685,996	(25,641)	249,394
Total incurred claims and claims adjustment expense	1,415,996	666,859	4,515,053
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	68,701	53,006	1,110,321
Claims and claims adjustment expenses attributable to insured events of prior policy year	1,450,108	697,774	1,728,226
Total payments	1,518,809	750,780	2,838,547
Unpaid claims at end of period	$ 5,656,594	3,998,980	$ 5,759,407

95

Reconciliation of Unpaid Claim Liabilities

96

	2019/20 Budget	2019/20 Q1 Actual	2019/20 Reprojection	2018/19 Actual
Contributions	8,775	2,189	8,775	8,328
Other Income	105	64	255	295
Reinsurance Cost	(2,358)	(591)	(2,358)	(2,170)
Net Losses	(2,920)	(1,416)	(3,606)	(4,515)
Other Expenses	(3,281)	(1,030)	(3,002)	(3,030)
Net Income (Loss)	321	(784)	64	(1,092)
Ending Fund Balance	10,190	9,085	9,933	9,869

2019/2020 Budget and Reprojection



Dave Bos, ARM

LARM's Loss Control Manager

Dave Bos began working for LARM in May 2016 as the Loss Control Manager. Prior to that time, he worked in Law Enforcement, beginning his career as a law enforcement specialist while serving in the United States Air Force.

A graduate of the Nebraska Law Enforcement Training Center, Bos spent 21 years with the Norfolk Police Division where he worked as a Patrol Officer, Detective, Patrol Sergeant and then as the Detective Sergeant overseeing the Investigations Bureau. He has received an extensive amount of law enforcement training, primarily in the area of criminal investigations. He has also been the recipient of several law enforcement awards/recognitions during his career at the Norfolk Police Division.

Dave holds an Associate in Risk Management (ARM) designation and is a licensed Property and Casualty Insurance agent in Nebraska. He also has received the Certified Playground Safety Inspector (CPSI) designation through the National Recreation and Park Association and is currently working towards his Chartered Property Casualty Underwriter (CPCU) designation. Dave is married with three children.

LOSS CONTROL OVERVIEW

Dave Bos

Loss Control Team

- **Dave Bos - Loss Control Manager**

  Associate in Risk Management (ARM)

  Certified Playground Safety Inspector (CPSI)

  Licensed Nebraska Property/Casualty Agent

- **Fred Wiebelhaus - Field Adjuster Supervisor/Loss Control Assistant**

  Associate In Claims (AIC)

  Certified Playground Safety Inspector (CPSI)

  Licensed Nebraska Property/Casualty Agent

- **Randy Peters - Field Auto Adjuster/Loss Control Assistant**

  Certified Playground Safety Inspector (CPSI)

  Licensed Nebraska Property/Casualty Agent

Loss Control Purpose

- Purpose is to assist Members with **Identifying** and **Analyzing** potential risks and with finding ways to **Mitigate** those risks to prevent or reduce future losses. These risks include liability risks or potential losses to property, employees or the community. (This could be anything – taking a look at the big picture of an entity/pool through direct interaction and communication and assisting anywhere needed to reduce risk.) **Ultimate goal is to get Members to be proactive in identifying, analyzing and mitigating their risks.**

Loss Control Service Plan

- **Loss Control Service Plan**
  - **“Loss Control Operating Manual”**
  - **Outlines loss control service procedures**
  - **Updated yearly**

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§44-4306 of the **Intergovernmental Risk Management Act –** Pools must have a plan of management setting forth: A system or program of loss control.

Site Reviews and Member Visits

- **Site Reviews and Member Visits** - almost always generate areas of loss control needs. Meet with Department heads and develop risk management plans for specific areas. (Admin, Police, Fire, Public Works, Water/Waste-Water)
- Documentation of all loss control activities filed in **CHSI Connections** database.

Accident Analysis Worksheets

- **Accident Analysis Worksheets** for all reported workers' compensation claims vs old way of checking loss runs quarterly and analyzing needs for loss control after the fact. First Report of Injury forms are sent to Loss Control immediately. This process is very beneficial in finding the root cause of WC claims and providing timely risk management suggestions, training or assistance.

Loss Control Services

- Assist in establishing or updating statutorily required **Safety Committees and Meetings** and attend when requested. **Model Safety Manual / Injury Prevention Program Documents.**
- **Risk Management Analysis (RMA)** – Report identify loss trends and risk events using historical data specific to Member. Recommend mitigation strategies.
- **Law Enforcement Policies and Procedures – Review and Recommendation, Implementation and/or Updating** – LARM maintains a bank of model policies through partnership with the Legal Liability and Risk Management Institute (LLRMI) for Member law enforcement agencies to use. Will also review existing policies.

Loss Control Services Continued…

- **Lean on LARM Safety Grant** / $500
- **LARM Armor Grant** / $700 towards bullet proof vest / Mandatory Wear Policy.
- Monthly **Risk Management Newsletter** and **LARM Safety Minute** sent to Members.
- Coverage Document delivery of house/legacy accounts at renewal time.
- Fred reviews all property/casualty claims / Maintains contact with 3rd party administrator claims adjusters and independent field adjusters and assists as needed. Randy reviews auto claims and assists with them as needed.

Member Training Opportunities

- Onsite in-person training on various topics as requested.
- **LARM On-Line University** / LocalGovU/Lexipol – Webinars for **all** aspects of public service including administration, public works, police and fire. (The online law enforcement training can be used by for 10 of the 20 required yearly training hours per the Nebraska Law Enforcement Training Center requirements.)
- **Legal and Liability Risk Management Institute (LLRMI) Law Enforcement specific online training on Bridge program.**

Member Training Opportunities

- **Midwest Employees Casualty Company** (Webinars that cover Workers' Comp issues from Midwest on LARM webpage.)
- **Membership to Nebraska Safety Council** -All LARM Members are provided a membership to the Nebraska training Council. Membership discounts for training, members-only website with downloadable content for safety plans, audit forms, toolbox talks and safety articles. (Randy is also certified through the National Safety Council/Nebraska Safety Council as a driving instructor)
- **LARM/NIRMA biennial joint Law Enforcement training -** NIRMA/LARM split the costs. Held at 4 locations across state in the spring. All NE law enforcement agencies invited.

Loss Control Overview

Questions ?



Tracy Juranek

LARM's Customer Service Specialist

Tracy Juranek joined the League Association of Risk Management in August 2012 as Executive Administrative Assistant. She was promoted to LARM's Customer Service Specialist in March 2014. Tracy makes it a priority to provide all LARM Members with exceptional customer service. Her character, as well as her knowledge of pooling, are second to none!

She started her career in insurance in 2003, working with an independent insurance agency. Tracy has 17 years of insurance experience and is licensed in life, health, property and casualty lines.

In 1990, Tracy earned a Bachelor of Science Degree in Business Administration, with a focus on marketing, from the University of Nebraska at Lincoln.

Tracy resides in Nebraska City. Prior to her position at LARM she had been active in Rotary, Nebraska City Tourism and Commerce and many of her children's activities.

LARM Operational Timeline

January – May:	Reinsurance negotiations Workers' Compensation payroll audits performed Beginning prep work for renewal
May end:	LARM Board should approve funding targets and set rates for upcoming renewal year
June:	Sedgwick underwriting prepares renewals LARM Budget process begins
July 1:	Renewal summary with resolution sent to Members
August 1:	Membership due date for returning signed resolutions
August 15:	Renewal invoices emailed to Members
September:	Board should approve final LARM Budget
Sept. 1- Oct. 1:	Coverage folder delivery and review with Members
November 1:	LARM's financial audit by TKB, LLP
December 1:	LARM notification of payroll audit to Members due January 15.