

**NOTICE OF MEETING
ON WEDNESDAY, SEPTEMBER 18, 2019, AT 4:30 P.M. CT
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
BOARD OF DIRECTORS**

PLEASE TAKE NOTICE that on **Wednesday, Sept. 18, 2019, at 4:30 p.m. CT**, the League Association of Risk Management (LARM) will hold a meeting of the LARM Board of Directors in Room BC 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 Sept. 12, 2019, 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 LEAGUE ASSOCIATION OF RISK MANAGEMENT
BOARD OF DIRECTORS

Wednesday, Sept. 18, 2019, 4:30 pm CT
Room BC, 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 **1-605-472-5216** and enter access code **341924** 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. 4:30 pm CT – Hickman Mayor Doug Hanson, Chair of the LARM Board, will call the meeting to order.
- b. Indicate that on Sept. 12, 2019, 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 the minutes of the Sept. 9, 2019, "Special Meeting of the LARM Board of Directors."

Please see pages 1-6.

3. Consider approval of the minutes of the Sept. 11, 2019, "Nominating Committee of the LARM Board."

Please see pages 7-8

4. Legal Update:

- a. **“Joint Motion, Stipulation and Consent Order” in Case No. CI 18-1989 which was approved by the LARM Board at its meeting by telephone conference call on Sept. 9, 2019.**

Please see pages 9-14.

- *Andy Barry of Cline Williams Law Firm, representing L. Lynn Rex as LARM’s Administrator, the Village of Ansley, the City of Hickman and the City of North Platte*
- *Jason W. Grams of Lamson, Dugan and Murray, LLC, who entered an appearance on behalf of LARM to effectuate the “Joint Motion, Stipulation and Consent Order”*

- b. **The hearing requested by Mike Nolan (LARM’s Executive Director) relating to the recommendation of L. Lynn Rex (LARM’s Administrator and League Executive Director) to the LARM Board to dismiss him is scheduled for Oct. 3, 2019, at 9 a.m. at the Cornhusker Hotel in the Office Plaza 202.**

- *Jason W. Grams of Lamson, Dugan and Murray, LLC, representing the LARM Board*

- c. **Response to the email sent to the LARM Board on Aug. 26, 2019, by James Charlesworth and Peter Simonsen.**

Please see pages 15-18.

- *Andy Barry of Cline Williams Law Firm, representing L. Lynn Rex as LARM’s Administrator*

5. Review of LARM’s Audit for FY 17-18.

Please see pages 19-42.

- *Jeremy Fox, CPA, Partner, Thomas, Kunc & Black, LLP*

6. Independent Accountant’s Compilation Report; LARM’s Financial Statements – Statutory Basis June 30, 2019 and 2018; and September 30, 2018.

Please see pages 43-64.

- *Jeremy Fox, CPA, Partner, Thomas, Kunc & Black, LLP*

7. Update on LARM’s current financial position.

Please note that Mark Weaver may reference information from two actuarial reports prepared by By the Numbers Actuarial Consulting, Inc. (BYNAC): “Estimated Ultimate Incurred Losses Based on 3/31/2019 Experience” and “Indicated Premium for the Upcoming 10/1/2019-20 Policy Period.”

Please see pages 65-186.

- *Mark Weaver, CPA, Director of Finance, York Risk Services, Inc.*

8. Overview of York Risk Services, Inc.

Please see pages 187-196.

- John Brockschmidt, CPCU, ARM, Senior Vice President Pooling, York Risk Services, Inc.

9. Overview of Accounting, Underwriting and Claims Processing by York Risk Services, Inc.

Please see pages 197-206.

- John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, York Risk Services, Inc.
- Chris Cadwell, Director of Pool Administration, York Risk Services, Inc.
- Mark Weaver, CPA, Director of Finance, York Risk Services, Inc.

10. Consider approval of LARM's Budget for FY 2019-20.

Please see pages 207-218.

- Mark Weaver, CPA, Director of Finance, York Risk Services, Inc.

11. Reinsurance Update:

a. LARM's "Management Professional Liability Policy"; Liability Policy; and Cyber Policy.

Please see pages 219-228.

- Embry Nichols of JLT Re

b. Workers' Compensation Policy (Midwest Employers) Effective 10-1-19; Property Policy Effective 7-1-19.

Please see pages 229-233.

- Tracy Juraneck, Customer Service Specialist, LARM Staff
- Embry Nichols of JLT Re

12. Upcoming Dates for Meetings of the LARM Board: Oct. 3, 2019 (Hearing Requested by Mike Nolan); February 2020 in conjunction with the League's Midwinter Conference on Feb. 24-25 (date and time to be determined).

13. Motion to Adjourn.

MINUTES
SPECIAL MEETING OF THE LEAGUE ASSOCIATION
OF RISK MANAGEMENT BOARD OF DIRECTORS
Monday, September 9, 2019, 2 pm CT/1 pm MT
Via Telephone Conference Call
Call-In Number: 1-605-472-5216; Access Code: 341924
1335 L Street, Lincoln, NE 68508

A Special Meeting of the League Association of Risk Management (LARM) Board of Directors was held September 9, 2019, at 2 pm CT/1 pm MT via telephone conference call at 12 designated locations identified in the meeting notice (attached).

On September 5, 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 2:01 pm CT, **LARM Board Chair Doug Hanson**, Mayor of Hickman, called the Special Meeting to order. He stated that in accordance with Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed was available to the public at this meeting for examination and copying at each designated location. The Open Meetings Act was posted in the meeting room and was accessible to members of the public at each designated location. Chair Doug Hanson informed the public about the location of the Open Meetings Act posted in the meeting room and stated that the LARM Board may pass motions to go into closed session on any agenda item pursuant to the requirements of the Open Meetings Act.

After the Pledge of Allegiance to the Flag of the United States of America, the roll call was read with the following Board Members present by phone: **Lanette Doane**, Clerk/Treasurer, Village of Ansley, 217 Nile Street, Ansley, NE; **Mayor Scott Getzschman**, City of Fremont, 400 East Military, Fremont, NE; **Mayor Doug Hanson**, City of Hickman – present at League Office, 1335 L Street, Lincoln, NE; **Melissa Harrell**, City Administrator/Treasurer, City of Wahoo, 605 N Broadway, Wahoo, NE; **Jim Hawks**, City Administrator, City of North Platte – present at City of Gibbon, 715 Front Street, Gibbon, NE; **Nathan Johnson**, City Manager, City of Scottsbluff, 2525 Circle Drive, Scottsbluff, NE; **Jo Leyland**, Admin./Clerk/Treasurer, City of Imperial, 740 Court Street, Imperial, NE; **Tom Ourada**, City Administrator, City of Crete, 243 East 13th Street, Crete, NE; **Sandra Schendt**, Clerk/Treasurer, City of Nelson, 580 S Main Street, Nelson, NE; **Doug Schultz**, Admin./Clerk/Treasurer, City of Curtis, 201 Garlick Avenue, Curtis, NE; **Mayor Deb VanMatre**, City of Gibbon, 715 Front Street, Gibbon, NE; **Teresa Youngquist**, Clerk/Treasurer, City of Beaver City, 301 10th Street, Beaver City, NE; and ex-officio Board Member (non-voting member) **L. Lynn Rex**, League Executive Director and “Administrator” of LARM – present at League Office, 1335 L Street, Lincoln, NE. *12 voting Board Members present; 3 absent (LeAnn Brown, Clerk/Treasurer, City of Oshkosh; Pam Buethe, Board Member, Sarpy County SID #29; Mayor Josh Moenning, City of Norfolk).*

Other guests present by phone: **Jerry Wilcox**, Finance Director of Crete; **Silas Clarke**, City Administrator/Economic Development Director of Hickman; Jim Hawks designated **Doug Stack**, City Attorney of North Platte as the designated representative present at the City of North Platte, 211 West 3rd Street, North Platte, NE; Ex-officio Board Member (non-voting member) **Mayor Dwight Livingston**, City of North Platte and League President called into the meeting from a different location; **Tammy Cooley**, Human Resources Director of Gering; **Kathy Welfl**, Clerk of Gering; **Andy Barry** of Cline Williams, the League's Outside Legal Counsel on LARM-related issues; **Jason Grams** of Lamson, Dugan and Murray, LLC; **Chris Cadwell** of York Risk Services; and others unannounced. The following staff members of LARM were present: **Diane Becker**, **Elizabeth Becker**, **Dave Bos**, **Tracy Juranek**, **Randy Peters** and **Fred Wiebelhaus**. The following staff members of the League of Nebraska Municipalities also were present: **Christy Abraham**, **Lash Chaffin**, **Brenda Henning** and **Shirley Riley**.

(AGENDA ITEM #2) **Consider approval of the minutes of the August 23, 2019, "Special Meeting of the LARM Board of Directors (Elected 3-21-18 & 9-19-18)."** Scott Getzschman moved, seconded by Teresa Youngquist to approve the minutes of the August 23, 2019, "Special Meeting of the LARM Board of Directors (Elected 3-21-18 & 9-19-18)". Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Doane, Getzschman, Hanson, Harrell, Hawks, Johnson, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. ***Motion carried: 12 ayes, 0 nays, 0 abstentions and 3 absent (Brown, Bueth and Moenning).***

(AGENDA ITEM #3) **Consider approval of the "Joint Motion, Stipulation and Consent Order" in Case No. CI 18-1989 and authorize Jason W. Grams of Lamson, Dugan and Murray, LLC to enter an appearance on behalf of LARM to effectuate the "Joint Motion, Stipulation and Consent Order."** **Andy Barry**, (representing Ansley, Hickman North Platte and Lynn Rex, as LARM's Administrator) explained the legal significance of his negotiations primarily with **David Domina**, the attorney representing the former members of the "Purported LARM Board." **Stephen Bruckner**, and **Jerry Pigsley**, representing "LARM", also agreed to the terms of the negotiated agreement reflected in the "Joint Motion, Stipulation and Consent Order." This negotiated agreement brings all of the pending litigation to a close and enables the LARM Board to immediately assume control of LARM since the former members of the "Purported LARM Board" agreed NOT to appeal the decision rendered on Aug. 15, 2019 by the Lancaster County District Court in Case No. CI 18-1446 which ousted them from office. The negotiated agreement also provides that LARM and the Plaintiffs (Ansley, Hickman, North Platte, and Lynn Rex, as LARM's Administrator) agree to NOT offer evidence contradicting that the former members of the "Purported LARM Board" acted in good faith, essentially precluding them from being held personally liable for their actions. Lynn Rex then introduced Jason Grams of Lamson, Dugan and Murray, LLC, by stating that she consulted with Chair Doug Hanson and Vice Chair Jim Hawks before retaining legal counsel to represent LARM, as directed by the LARM Board at its meeting on Aug. 23, 2019. Since the LARM Board previously voted to retain Jason Grams about 18 months ago, Lynn Rex selected him to represent LARM in connection with her recommendation to dismiss Michael Nolan as Executive Director of LARM, subject to approval by the LARM Board. Lynn Rex also asked the LARM Board to retain Jason Grams to enter an appearance on behalf of LARM to effectuate the "Joint Motion, Stipulation and Consent Order." Jason Grams encouraged the LARM Board to vote to approve the negotiated agreement, emphasizing the delay, risk and uncertainty of an appeal by one of the former members of the "Purported LARM Board" in the quo warranto case. **Lynn Rex** also

urged the LARM Board to approve the negotiated agreement outlined in “Agenda Item #3” to essentially bring an end to the litigation, allow the LARM Board to effectively govern and restore LARM to a membership-driven organization. Scott Getzschman moved, seconded by Lanette Doane to approve the report and agenda Item #3. Chair Doug Hanson asked if there was any discussion. *Sandra Schendt stated the following: I have talked to my Mayor and another Community’s Mayor about the “Joint Motion, Stipulation and Consent Order” agreement that has been made. We are not happy with the added expenses the Former Purported Board has created for the LARM members. That being said, we all agree that it is now time to move forward and bring all of the members together and make LARM stronger than ever. But, we will remember how the Former Purported Board acted, and how it was all for nothing.* Chair Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Doane, Getzschman, Hanson, Harrell, Hawks, Johnson, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: Leyland. (Initially, Jo Leyland “passed” on voting, but at the end of the roll call vote, decided to vote “no”.) Abstentions: None. **Motion carried: 11 ayes, 1 nay, 0 abstentions and 3 absent (Brown, Buethe and Moenning).** Andy Barry asked Jo Leyland if she would state her reason for voting no. *Jo Leyland stated that the “renegade board” (as the court referred to them in the court order on Aug. 15, 2019) had multiple notifications that they could personally be held responsible for the money that they indiscriminately spent; they admitted that they had never been elected. They admitted that they did not want to continue to serve and they could have offered their names up during the two elections on March 21, 2018, and Sept. 19, 2018. They could have been elected to the board. I feel like the “renegade board” acted to the detriment of the members. I feel like I represent the members and the money that they spent, at this point in time, I can only guess what that amount of money is. I feel like representing the members, I don’t want to close that door on trying to recoup that money for the membership at this point. Not that necessarily I would ever want to go after them. But, I don’t want to close the door on that until I would know what it is. I just felt like that money was spent in a frivolous manner and I don’t want to shut the door on us ever recouping that for the membership. That’s why I voted no.*

(AGENDA ITEM #4) **Memo by LARM Board Chair Doug Hanson, dated Sept. 4, 2019, updating League and LARM members on LARM-related litigation and the Court Order ousting members of the “Purported LARM Board.”** Sandra Schendt moved, seconded by Tom Ourada to accept the memo that was emailed to League and LARM members. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Doane, Getzschman, Hanson, Harrell, Hawks, Johnson, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. **Motion carried: 12 ayes, 0 nays, 0 abstentions and 3 absent (Brown, Buethe and Moenning).**

(AGENDA ITEM #5) **Motion to adjourn.** At 2:29 pm, Scott Getzschman moved, seconded by Teresa Youngquist to adjourn. Chair Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Doane, Getzschman, Hanson, Harrell, Hawks, Johnson, Leyland, Ourada, Schendt, Schultz, VanMatre and Youngquist. Nays: None. Abstentions: None. **Motion carried: 12 ayes, 0 nays, 0 abstentions and 3 absent (Brown, Buethe and Moenning).**

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

DRAFT

**NOTICE OF SPECIAL MEETING
BY TELEPHONE CONFERENCE CALL
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
BOARD OF DIRECTORS
ON MONDAY, SEPTEMBER 9, 2019, AT 2 P.M. CT/1 P.M. MT**

PLEASE TAKE NOTICE that on **Monday, September 9, 2019, at 2 p.m. CT/1 p.m. MT**, the League Association of Risk Management (LARM) will hold a Special Meeting by Telephone Conference Call of the LARM Board of Directors. An agenda of subjects known at this time is included with this notice, but the agenda shall be kept continually current and readily available for public inspection at the principal office of LARM during normal business hours at 1335 L Street, Lincoln, Nebraska. On September 5, 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/>.

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

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

City of Ansley
217 Nile Street
Ansley, NE 68814

City of Beaver City
301 10th Street
Beaver City, NE 68926

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

City of Curtis
201 Garlick Avenue
Curtis, NE 69025

City of Fremont
400 East Military
Fremont, NE 68025

City of Gibbon
715 Front Street
Gibbon, NE 68840

City of Imperial
740 Court Street
Imperial, NE 69033

City of Nelson
580 S Main Street
Nelson, NE 68961

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

City of Scottsbluff
2525 Circle Drive
Scottsbluff, NE 69361

City of Wahoo
605 N Broadway
Wahoo, NE 68066

MINUTES
Nominating Committee of the LARM Board
Telephone Conference Call
Sept. 11, 2019; 10:30 a.m. CT

(Section 8.1.4.1 of the Interlocal Agreement provides: "A nominating committee shall recommend candidates for the Board to the members. The nominating committee shall consist of the chairperson of the Board, an individual from a participating member selected by the Board and the Administrator. Additional nominations shall be requested from participating members at the meeting.")

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
League Executive Director L. Lynn Rex, ex-officio member and Administrator of LARM pursuant to the Interlocal Agreement

Others Present on Conference Call:

North Platte Mayor Dwight Livingston, ex-officio member and League President

League Staff on Conference Call:

Shirley Riley, Membership Services Director
Brenda Henning, Membership Services Assistant

The meeting was called to order at 10:30 a.m. to discuss nominations for the FY 19-20 LARM Board. The following five board members were elected on March 21, 2018 to a two-year term, which ends Dec. 31, 2019; all expressed interest in serving a three-year term after their term expires:

LeAnn Brown, Clerk/Treasurer of the City of Oshkosh
Scott Getzschman, Mayor of the City of Fremont
Nathan Johnson, City Manager of the City of Scottsbluff
Josh Moenning, Mayor of the City of Norfolk
Teresa Youngquist, Clerk/Treasurer of the City of Beaver City

Lynn Rex stated that last week, Connie Jo Beck, City Clerk/Deputy Treasurer of St. Paul, called and emailed the League Office indicating that St. Paul Mayor Joel Bergman would like to be considered for nomination to the LARM Board. Mayor Bergman also is a Nebraska State Trooper and Connie highly recommends him. Although Mayor Hanson and Jim Hawks were really pleased that Mayor Bergman is interested in serving on the Board, both emphasized the need for continuity on the LARM Board, especially at this time.

Following discussion, Doug Hanson made a motion to nominate the slate of five candidates to serve a full three-year term. Jim Hawks seconded the motion, which passed unanimously on a roll call vote.

Doug Hanson made a motion that pursuant to Section 8.1.4.1 of LARM's Interlocal Agreement, additional nominations shall be requested from participating members at the meeting. Jim Hawks seconded the motion, which passed unanimously on a roll call vote.

At 10:51 a.m., Jim Hawks made a motion to adjourn. Doug Hanson seconded the motion, which passed unanimously on a roll call vote.

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

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

L. LYNN REX, VILLAGE OF ANSLEY,
CITY OF HICKMAN, CITY OF NORTH
PLATTE,

Plaintiffs,

v.

LEAGUE ASSOCIATION OF RISK
MANAGEMENT,

Defendant,

And

GERALD SOLKO, LANE DANIELZUK,
KIMBERLY NEIMAN, SHANNON
STUCHLIK, DAVID HUNTER, ANDREW
WARD, BETH BONDERSON, AND VINCE
KNIGHT,

Intervenors.

Case No. CI 18-1989

JOINT MOTION,
STIPULATION AND CONSENT ORDER

COME NOW Plaintiffs L. Lynn Rex, the Village of Ansley, the City of Hickman, and the City of North Platte (together and separately, "Plaintiffs"), Defendant the League Association of Risk Management ("LARM"), and Intervenors Gerald Solko, Lane Danielzuk, Kimberly Neiman, Shannon Stuchlik, David Hunter, Andrew Ward, Beth Bonderson, and Vince Knight (together and separately, "Intervenors"), by and through their respective undersigned counsel, and stipulate to the following terms to be entered by the Court as a Consent Order and request that the Court receive the Stipulation, and issue the Consent Order:

1. Plaintiffs have standing to bring this action.
2. Intervenors' legal interests in this action are limited to defending against personal liability or allegations which may lead to the imposition of personal liability against themselves in a subsequent action.

3. At a trial in this case, Plaintiffs would adduce evidence that Intervenor were not elected or appointed as required by LARM's Interlocal Agreement at the time of their February 12, 2018 meeting, their March 14, 2018 meeting, or any subsequent meeting which they held under the auspices of the LARM Board of Directors. Intervenor and LARM would offer no evidence contradicting this evidence.

4. At a trial in this case, Plaintiffs would adduce evidence that the Voting Protocol, Proposed Amended Bylaws, and Revised Voting Protocol adopted by Intervenor are inconsistent with and contrary to LARM's Interlocal Agreement. Intervenor and LARM would offer no evidence contradicting this evidence.

5. At a trial in this case, Intervenor would offer evidence that at all times relevant hereto Intervenor acted in good faith and in an effort to ensure that all actions taken would be in accordance with all applicable state or federal laws or regulations, any applicable municipal ordinance, LARM's Interlocal Agreement, LARM's Bylaws, and in a manner in which they reasonably believed to be in or not opposed to the best interests of LARM. Plaintiffs and LARM would offer no evidence contradicting this evidence.

6. Based on the evidence summarized in paragraphs 3 and 4, above, Plaintiffs request entry of judgment as set forth in paragraphs 1, 2, 5, and 6 of the Consent Order below. LARM and Intervenor do not oppose this request.

7. Based on the evidence summarized in paragraph 5, above, Intervenor request entry of judgment as set forth in paragraphs 3 and 6 of the Consent Order below. Plaintiffs and LARM do not oppose this request.

8. As part of the entry of the Consent Order, Plaintiffs agree to dismiss their claims for violation of the Open Meetings Act (Plaintiffs' Second and Third Claims for Relief) without prejudice.

9. Intervenor will not appeal the decision of this Court in Rex, et al. v. Solko, et al., Case No. CI 18-1446, or otherwise contest the result in that case.

10. No damages have been sustained by the issuance of the temporary injunction in this action.

11. Counsel for the parties waive appearance in connection with this Stipulation and Consent Order and consent to submission of this matter in chambers upon or after this Motion and Stipulation are filed.

SO STIPULATED.

L. LYNN REX, VILLAGE OF ANSLEY,
CITY OF HICKMAN, CITY OF NORTH PLATTE,
Plaintiffs

By: _____

Andre R. Barry, # 22505
John F. Zimmer, # 26127
CLINE WILLIAMS
WRIGHT JOHNSON & OLDFATHER, L.L.P.
233 South 13th Street
1900 U.S. Bank Bldg.
Lincoln, NE 68508
(402) 474-6900
abarry@clnewilliams.com
jzimmer@clnewilliams.com

LEAGUE ASSOCIATION OF RISK MANAGEMENT,
Defendant

By: _____

Jason W. Grams
LAMSON, DUGAN & MURRAY, LLP
10306 Regency Parkway Drive
Omaha, NE 68114
(402) 397-7300
jgrams@ldmlaw.com

GERALD SOLKO, LANE DANIELZUK, KIMBERLY
NEIMAN, SHANNON STUCHLIK, DAVID HUNTER,
ANDREW WARD, BETH BONDERSON, VINCE KNIGHT,
Intervenors

By: _____

David A. Domina
DOMINA LAW GROUP PC LLO
2425 S 144th St.
Omaha, NE 56144-3267
(402) 493-4100
dad@dominalawgroup.com

CONSENT ORDER

In accordance with the foregoing stipulation which is received as the evidence of all parties, IT IS ORDERED, ADJUDGED, AND DECREED:

1. Plaintiffs are awarded declaratory judgment on their First Claim for Relief to this extent: Intervenors had no legal authority to adopt the Voting Protocol or Revised Amended Bylaws described in the Complaint or the Revised Voting Protocol adopted on or about November 29, 2018.

2. Plaintiffs are awarded declaratory judgment on their Fourth Claim for Relief to this extent: The Proposed Amended Bylaws, Voting Protocol, and Revised Voting Protocol are all invalid under the Interlocal Agreement, the Interlocal Cooperation Act, and the Intergovernmental Risk Management Act.

3. Intervenors are entitled to declaratory judgment on their Cross-Claim to this extent: Intervenors acted in good faith and in an effort to ensure that all actions taken would be in accordance with all applicable state or federal laws or regulations, any applicable municipal ordinance, LARM's Interlocal Agreement, LARM's Bylaws, and in a manner in which they reasonably believed to be in or not opposed to the best interests of LARM.

4. Plaintiffs' Second and Third Claims for Relief are dismissed without prejudice.

5. LARM is permanently enjoined from implementing the Proposed Amended Bylaws, Voting Protocol, and Revised Voting Protocol acted upon by the Intervenor in February, March, and November 2018. In all other respects, the temporary injunction entered on November 30, 2018 is dissolved.

6. Each party will pay its own costs and attorney fees.

BY THE COURT this ____ day of September, 2019.

By _____
Hon. Jodi L. Nelson
District Judge

4838-0608-1443, v. 1

CLINE WILLIAMS
WRIGHT JOHNSON & OLDFATHER

To: Lynn Rex, LARM Administrator

From: Andre R. Barry

Re: Legal Advice and Recommendations from James Charlesworth

Date: September 11, 2019

You asked for our firm's advice regarding an email which James Charlesworth sent to all members of the LARM Board of Directors on August 26, 2019. That communication contained various recommendations to the LARM Board and a solicitation for LARM to hire Mr. Charlesworth's company.

Unauthorized Practice of Law

We note that various recommendations in Mr. Charlesworth's letter appear to constitute legal advice. For example, Mr. Charlesworth opines on what he claims are conflicts of interest and the interpretation of LARM's Interlocal Agreement. He advises the LARM Board to re-adopt amendments to LARM's Bylaws. He also advises that the LARM Board "has ultimate authority of LARM" and can amend LARM's Interlocal Agreement and advises on other matters as well. As set forth below, we disagree with Mr. Charlesworth's legal advice. We note that the Rules of the Nebraska Supreme Court generally prohibit the practice of law by non-lawyers, meaning anyone who is not licensed to practice law in Nebraska. It is our understanding that Mr. Charlesworth is not licensed to practice law in Nebraska or any other state. His associate, Peter Simonsen, may be licensed to practice law in another state, but to our knowledge he is also not licensed to practice law in Nebraska.

LARM General Counsel

We disagree with Mr. Charlesworth's advice concerning a need to hire separate "general counsel" to represent LARM. In most matters, there is no conflict of interest between the League and LARM. There are some issues in which separate counsel will be required to represent LARM, such as in connection with your recommendation to dismiss LARM's Executive Director, the dismissal of litigation between you and LARM, and the negotiation of contracts between the League and LARM. In other matters that do not involve an adversity of interest, the Nebraska Rules of Professional Conduct would permit a single attorney or law firm to advise both the League and LARM, which we understand has been done in the past.

Bylaws and Interlocal Agreement

It is not advisable to re-adopt amendments to the Bylaws as Mr. Charlesworth suggests. The amendments the Purported LARM Board voted to adopt in March 2018 were rejected by the Nebraska Department of Insurance and enjoined by the Court. Contrary to Mr. Charlesworth's advice, the LARM Board has no power to modify the Interlocal Agreement. Only the members can do so. Moreover, it would be unwise to immediately go about amending the Interlocal Agreement now, when it was the Interlocal Agreement that saved LARM from being spun off from the League.

We have previously advised you that the LARM Board should review LARM's Bylaws to determine whether any changes should be made to address the instability that has affected LARM and prevent such instability in the future. We reiterate that advice and suggest that the LARM Board appoint a committee to consider and recommend changes to the entire Board.

Renewal Notices

We understand all LARM members have now confirmed their renewals of coverage for one, two, or three years beginning October 1, 2019, a process that was well underway at the time Mr. Charlesworth sent his email.

York Risk Services

Mr. Charlesworth recommends you meet with York Risk Services. We are aware you had done so before Mr. Charlesworth sent his email on August 26, 2019, and that York is working with you to help ensure a smooth transition.

Financial Statements

Mr. Charlesworth advises that the LARM Board should be apprised of LARM's financial statements, if that has not happened already. We are aware that many members of the LARM Board have already reviewed LARM's most recent financial statements and that you have arranged for LARM's auditor and York to make presentations concerning those statements and LARM's financial condition at the LARM Board meeting scheduled for September 18, 2019.

Relationship between the League and LARM

Mr. Charlesworth offers his opinion that the League and LARM are separate entities and should be run as two distinct organizations. We agree that it is important to keep in mind that the League and LARM are legally separate. However, they are also closely linked, not only by mutual interest, but by the Interlocal Agreement.

It was a determination to separate the LARM from the League and a series of decisions to ignore the Interlocal Agreement that led to nearly two years of disputes and litigation. We urge caution before any decision is made to again attempt to sever the close ties that bind the League and LARM.

Solicitation of Business from LARM

Mr. Charlesworth's letter ends with a solicitation of business from LARM. Under the Interlocal Agreement, the decision to retain vendors rests with LARM's Administrator, which is you. We understand that you will exercise that authority in consultation with the LARM Board. Any technical arguments on how to interpret the Interlocal Agreement on this point are irrelevant. While the final decision on whether to retain an operational consultant will be made by you and the Board, we do point out that it is important to consider the costs, risks, and benefits of hiring yet another consultant to provide services to LARM and the importance of maintaining a close relationship between LARM and the League.

4836-1483-6132, v. 1

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Auditor's Report

Financial Statements - Statutory Basis

September 30, 2018 and 2017

ANNUAL STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2018
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 1919 South 40th Street, Ste 212
Lincoln, Nebraska, 68506

Telephone Number 402-742-2600

Fax Number 402-476-4089

Contact Person Mike Nolan

Officers of the Association:

Chair: Gerald Solko

Vice-Chair: Lane Danielzuk

Secretary: To be appointed

Directors or Trustees:

Lane Danielzuk

Kimberly Neiman

Gerald Solko

Andrew Ward

David Hunter

Beth Bonderson

Shannon Stuchlik

LEAGUE ASSOCIATION OF RISK MANAGEMENT

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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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, for the years then ended, in accordance with the basis of accounting described in Note 1.

Lincoln, Nebraska
November 30, 2018

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

September 30, 2018 and 2017

Assets

	<u>2018</u>	<u>2017</u>
Cash:		
Cash on deposit	\$ 1,183,149	2,897,815
Short-term investments	-	-
Total cash	<u>1,183,149</u>	<u>2,897,815</u>
Long-term investments	12,799,616	13,003,832
Accounts receivable	43,335	10,397
Premiums receivable	7,117,227	6,906,824
Interest receivable	59,338	61,793
Reinsurance recoverable on paid losses	<u>1,157,584</u>	<u>141,655</u>
Total assets	<u>\$ 22,360,249</u>	<u>23,022,316</u>

Liabilities and Surplus

Loss reserves	\$ 2,778,170	2,960,320
Loss adjustment expenses	1,304,731	1,190,211
Unearned premium	7,108,947	7,287,099
Taxes payable	84,308	89,631
Other liabilities	98,155	68,361
Funds held under reinsurance treaties	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>11,399,311</u>	<u>11,620,622</u>
Surplus	<u>10,960,938</u>	<u>11,401,694</u>
Total liabilities and surplus	<u>\$ 22,360,249</u>	<u>23,022,316</u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Premiums earned, direct	\$ 8,264,076	8,526,373
Premiums earned, transferred by excess	<u>(2,168,798)</u>	<u>(2,185,673)</u>
Net premiums	6,095,278	6,340,700
Investment income	196,849	141,359
Miscellaneous income	<u>3,593</u>	<u>4,489</u>
Total revenues	<u>6,295,720</u>	<u>6,486,548</u>
Expenses:		
Losses incurred, direct	4,903,052	1,482,708
Losses incurred, transferred by excess	<u>(1,867,399)</u>	<u>210,709</u>
Net losses	3,035,653	1,693,417
Loss expenses incurred	650,898	112,795
Other underwriting expenses incurred	<u>3,049,925</u>	<u>2,551,999</u>
Total expenses	<u>6,736,476</u>	<u>4,358,211</u>
Net income/(loss) - statutory basis	<u>\$ (440,756)</u>	<u>2,128,337</u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Surplus, beginning of period	\$ 11,401,694	9,273,357
Net income/(loss)- statutory basis	(440,756)	2,128,337
Unrealized capital gain	361,155	270,494
Change in non-admitted assets	(361,155)	(270,494)
Dividends	<u>-</u>	<u>-</u>
Surplus, end of period	<u>\$ 10,960,938</u>	<u>11,401,694</u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Premiums collected, net of excess insurance	\$ 5,701,570	6,518,159
Loss and loss adjustment expenses paid	(4,770,110)	(973,807)
Underwriting expenses paid	<u>(3,025,454)</u>	<u>(2,512,416)</u>
Cash from underwriting	(2,093,994)	3,031,936
Investment income	<u>560,459</u>	<u>381,712</u>
Net cash from operations	(1,533,535)	3,413,648
Transfers in:		
Other sources	204,216	-
Transfers out:		
Other applications	<u>(385,347)</u>	<u>(3,752,368)</u>
Net change in cash and short-term investments	(1,714,666)	(338,720)
Cash and short-term investments, beginning of period	<u>2,897,815</u>	<u>3,236,535</u>
Cash and short-term investments, end of period	<u><u>\$ 1,183,149</u></u>	<u><u>2,897,815</u></u>

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements

September 30, 2018 and 2017

(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.

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2018 and 2017

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

(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.

(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 revenues 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, 2018 and 2017. The total member surplus reflected on NLC's financials for LARM were \$1,737,646 (September 30, 2018) and \$1,376,491 (September 30, 2017).

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.

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2018 and 2017

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

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.

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

		Cost		
		Insured or Direct U.S. Government	Uninsured	Total
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
	\$	<u>13,049,616</u>	<u>1,188,881</u>	<u>14,238,497</u>
At September 30, 2017				
Cash on deposit	\$	250,000	2,853,037	3,103,037
Short-term investments		-	-	-
Long-term investments		13,003,832	-	13,003,832
	\$	<u>13,253,832</u>	<u>2,853,037</u>	<u>16,106,869</u>

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

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

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

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2018 and 2017

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

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.

September 30, 2018						
Less Than 12 Months			Greater Than 12 Months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:						
U.S. Governments	\$ -	-	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.

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2018 and 2017

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

	<u>Amortized Cost</u>	<u>Estimated Statutory Fair Value</u>
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	-	-
	<u>\$ 9,299,616</u>	<u>9,153,526</u>

September 30, 2017						
	<u>Less Than 12 Months</u>		<u>Greater Than 12 Months</u>		<u>Total</u>	
	<u>Estimated Fair Value</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Unrealized Losses</u>	<u>Estimated Fair Value</u>	<u>Unrealized Losses</u>
Bonds:						
U.S. Governments	\$ -	-	-	-	-	-
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	7,449,765	54,245	7,449,765	54,245
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	<u>-</u>	<u>-</u>	<u>7,449,765</u>	<u>54,245</u>	<u>7,449,765</u>	<u>54,245</u>
Total temporarily impaired securities	<u>\$ -</u>	<u>-</u>	<u>7,449,765</u>	<u>54,245</u>	<u>7,449,765</u>	<u>54,245</u>

The amortized cost and estimated statutory fair value of bonds at September 30, 2017, 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.

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2018 and 2017

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

	<u>Amortized Cost</u>	<u>Estimated Statutory Fair Value</u>
Due in one year or less	\$ -	-
Due after one year through five years	6,753,832	6,715,485
Due after five years through ten years	750,000	734,280
Due after ten years	-	-
	<u>\$ 7,503,832</u>	<u>7,449,765</u>

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, 2018 and 2017 are temporary and are presented on the following page.

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

September 30, 2018

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Obligations of U.S. Government sponsored enterprises	\$ 9,299,616	-	146,090	9,153,526
Total	<u>\$ 9,299,616</u>	<u>-</u>	<u>146,090</u>	<u>9,153,526</u>

September 30, 2017

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Obligations of U.S. Government sponsored enterprises	\$ 7,503,832	178	54,245	7,449,765
Total	<u>\$ 7,503,832</u>	<u>178</u>	<u>54,245</u>	<u>7,449,765</u>

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2018 and 2017

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

The statement value and estimated fair value of financial instruments at September 30, 2018 and 2017 are as follows:

		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	-

		September 30, 2017				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds		7,503,832	7,449,765	-	7,449,765	-
Cash on deposit (including certificates of deposit)		8,397,815	8,389,228	2,897,815	5,491,413	-
Investment income due and accrued		61,793	61,793	61,793	-	-
Total		15,963,440	15,900,786	2,959,608	12,941,178	-

(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.

	2018	2017
The following is a summary of the transactions with the League:		
Management and administrative services paid to the League of Nebraska Municipalities	\$ 34,075	170,527

The total amount of payables to the League of Nebraska Municipalities was \$0 (September 30, 2018) and \$16,403 (September 30, 2017).

(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 four third-party reinsurers.

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2018 and 2017

(5) Reinsurance recoverables: (Continued)

	2018	2017
Contributions:		
Direct	\$ 8,264,076	8,526,373
Ceded	<u>(2,168,798)</u>	<u>(2,185,673)</u>
Net contributions earned	<u>\$ 6,095,278</u>	<u>6,340,700</u>
Losses:		
Direct	\$ 4,903,052	1,482,708
Ceded	<u>(1,867,399)</u>	<u>210,709</u>
Net losses incurred	<u>\$ 3,035,653</u>	<u>1,693,417</u>

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of \$1,157,584 (September 30, 2018) and \$141,655 (September 30, 2017).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of \$2,405,676 (September 30, 2018), \$2,263,581 (September 30, 2017).

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, 2018 and 2017, 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
\$ 100,000	per loss	Property, Auto Physical Damage
\$ 200,000	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

(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, 2018 and September 30, 2017.

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2018 and 2017

(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:

	<u>2018</u>	<u>2017</u>
Non-admitted assets:		
Accounts receivable over		
90 days past due	\$ -	-
Agents balances receivable over		
90 days past due	-	-
Investment in NLC	1,737,646	1,376,491
	<u>\$ 1,737,646</u>	<u>1,376,491</u>

(9) Commitments and contingencies:

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

(10) Financial statement presentation:

Amounts for September 30, 2017 have been restated in some instances to conform with current statement presentation.

(11) Subsequent events:

The Pool evaluated subsequent events through November 30, 2018. There were no subsequent events that require disclosure and/or adjustments in these financial statements.

See independent auditor's report.

SUPPLEMENTAL INFORMATION

TK&B
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, 2018 and 2017 and our report thereon dated November 30, 2018, 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 30, 2018

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Reconciliation of Unpaid Claim Liabilities

For the years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Unpaid claims and claims adjustment expenses at beginning of period	\$ <u>4,150,531</u>	<u>4,773,487</u>
Incurring claims and claims adjustment expenses:		
Provision for insured events of current policy year	3,900,160	2,639,833
Increase/(decrease) in provision in insured events of prior policy years	<u>(213,609)</u>	<u>(833,621)</u>
Total incurred claims and claims adjustment expenses	<u>3,686,551</u>	<u>1,806,212</u>
Payments:		
Claims and claims adjustment expenses attributable to insured events of the current policy year	2,291,545	1,143,891
Claims and claims adjustment expenses attributable to insured events of prior policy years	<u>1,462,636</u>	<u>1,285,277</u>
Total payments	<u>3,754,181</u>	<u>2,429,168</u>
Total unpaid claims and claims adjustment expenses at end of period	\$ <u><u>4,082,901</u></u>	<u><u>4,150,531</u></u>

See independent auditor's report on supplemental information.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Loss Development Information

September 30, 2018

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, 2018

		Fiscal and Plan Year Ended			
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1. Required contribution and investment revenues -					
fiscal year:					
Written and earned	\$	8,264,076	8,526,373	7,688,166	6,926,492
Ceded		2,168,798	2,185,673	2,260,774	2,026,062
Net earned		6,095,278	6,340,700	5,427,392	4,900,430
Interest income		225,153	163,887	111,568	59,286
2. Unallocated expenses - fiscal year:					
Operating expenses		3,049,925	2,551,999	2,443,815	2,419,847
3. Incurred losses and loss adjustment expenses -					
fiscal year:					
Incurred		5,553,950	1,595,503	3,345,355	(74,061)
Ceded		1,867,399	(210,709)	955,861	(156,580)
Net incurred		3,686,551	1,806,212	2,389,494	82,519
4. Cumulative amounts paid as of:					
End of plan year		2,291,545	1,143,890	921,577	795,609
One year later		-	1,778,779	1,358,090	1,580,076
Two years later		-	-	1,564,121	1,745,523
Three years later		-	-	-	1,851,741
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		3,900,160	2,639,834	2,479,490	2,379,269
One year later		-	2,568,626	1,919,104	2,188,723
Two years later		-	-	1,750,286	2,029,208
Three years later		-	-	-	1,988,621
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		3,900,160	(71,208)	(729,204)	(390,648)

See independent auditor's report on supplemental information.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
8,213,781	6,830,821	6,769,582	7,225,912	7,029,485	6,958,673	6,990,018	8,100,255
2,276,721	2,013,347	1,607,784	1,418,610	1,338,560	1,259,767	1,821,906	1,625,330
5,937,060	4,817,474	5,161,798	5,807,302	5,690,925	5,698,906	5,168,112	6,474,925
68,728	56,360	91,754	133,834	200,551	439,758	502,644	439,792
2,479,946	2,403,301	2,187,851	2,426,068	2,253,799	1,775,552	1,485,066	1,947,195
7,867,921	3,305,167	5,859,212	5,869,860	3,875,393	3,381,941	2,293,732	2,462,669
4,334,998	(882,880)	2,979,727	4,211,222	402,229	321,127	225,006	83,292
3,532,923	4,188,047	2,879,485	1,658,638	3,473,164	3,060,814	2,068,726	2,379,377
1,706,079	1,048,881	1,389,248	1,353,918	1,261,030	1,050,634	1,021,653	774,418
2,676,826	1,755,657	1,977,865	1,707,898	2,142,664	1,814,597	1,712,414	2,085,292
2,801,904	1,940,919	2,345,151	2,127,938	2,374,044	2,584,329	2,041,813	2,448,637
3,013,831	2,106,487	2,485,185	2,487,370	2,443,641	2,454,525	2,366,521	2,562,806
3,124,621	2,186,653	2,619,590	2,655,195	2,677,504	2,740,196	2,435,485	2,809,161
-	2,299,406	2,874,960	2,862,428	2,750,535	2,782,920	2,588,599	2,847,110
-	-	2,982,354	2,918,258	2,885,651	2,786,388	2,590,930	2,870,538
-	-	-	2,998,845	2,923,866	2,786,810	2,590,930	2,873,773
-	-	-	-	2,942,561	2,786,936	2,590,929	2,905,477
-	-	-	-	-	2,811,776	2,590,930	2,905,477
-	-	-	-	-	-	2,590,930	2,905,477
4,492,832	3,515,009	3,511,465	3,594,938	3,511,381	3,166,669	2,863,864	3,107,447
3,494,212	2,775,472	3,147,845	3,332,643	3,309,533	2,807,861	2,972,191	3,292,635
3,250,628	2,541,586	2,962,289	3,485,696	3,228,323	3,221,050	2,922,703	3,288,396
3,353,043	2,531,140	2,887,596	3,339,530	3,165,708	2,900,616	2,783,395	3,208,604
3,284,009	2,551,752	2,996,381	2,985,782	3,232,134	2,855,825	2,682,301	3,016,724
-	2,510,282	3,084,560	3,134,757	3,033,999	2,811,485	2,633,465	2,934,467
-	-	3,103,599	3,034,244	3,145,609	2,787,048	2,603,142	2,926,950
-	-	-	3,089,464	3,043,347	2,787,057	2,590,930	2,900,429
-	-	-	-	3,043,376	2,787,057	2,590,929	2,905,477
-	-	-	-	-	2,857,643	2,590,930	2,905,477
-	-	-	-	-	-	2,590,930	2,905,477
(1,208,823)	(1,004,727)	(407,866)	(505,474)	(468,005)	(309,026)	(272,934)	(201,970)

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Accountant's Compilation Report

Financial Statements - Statutory Basis

June 30, 2019 and 2018

and

September 30, 2018

QUARTERLY STATEMENT
FOR THE PERIOD ENDED JUNE 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 1919 South 40th Street, Ste 212
Lincoln, Nebraska, 68506

Telephone Number 402-742-2600
Fax Number 402-476-4089
Contact Person Mike Nolan

Officers of the Association:

Chair: To be appointed
Vice-Chair: Lane Danielzuk
Secretary: To be appointed

Directors or Trustees:

Lane Danielzuk
Andrew Ward
David Hunter
Beth Bonderson
Shannon Stuchlik

LEAGUE ASSOCIATION OF RISK MANAGEMENT

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Certified Public Accountants

Thomas, Kunc & Black, LLP

Independent Accountant's Compilation Report

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

June 30, 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 June 30, 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 June 30, 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, 2018 Financial Statements

The accompanying September 30, 2018 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 30, 2018, but we have not performed any auditing procedures since that date.

Lincoln, Nebraska
August 15, 2019

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

June 30, 2019 and 2018 and September 30, 2018

	<u>Assets</u>		
	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	September 30, 2018 (Audited)
Cash:			
Cash on deposit	\$ 2,963,801	1,093,510	1,183,149
Short-term investments	2,590,713	747,646	-
Total cash	<u>5,554,514</u>	<u>1,841,156</u>	<u>1,183,149</u>
Long-term investments	11,297,939	13,947,331	12,799,616
Accounts receivable	18,038	14,083	43,335
Premiums receivable	26,443	-	7,117,227
Interest receivable	62,338	41,288	59,338
Reinsurance recoverable on paid losses	<u>808,502</u>	<u>1,190,294</u>	<u>1,157,584</u>
Total assets	<u>\$ 17,767,774</u>	<u>17,034,152</u>	<u>22,360,249</u>
	<u>Liabilities and Surplus</u>		
Loss reserves	\$ 3,425,562	2,677,536	2,778,170
Loss adjustment expenses	1,512,939	1,270,213	1,304,731
Unearned premium	1,870,545	1,839,551	7,108,947
Taxes payable	66,413	63,124	84,308
Other liabilities	141,032	114,877	98,155
Funds held under reinsurance treaties	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>7,041,491</u>	<u>5,990,301</u>	<u>11,399,311</u>
Surplus	<u>10,726,283</u>	<u>11,043,851</u>	<u>10,960,938</u>
Total liabilities and surplus	<u>\$ 17,767,774</u>	<u>17,034,152</u>	<u>22,360,249</u>

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT.

Statements of Income - Statutory Basis

For the periods ended June 30, 2019 and 2018

and for the year ended September 30, 2018

	Nine Months Ended		Year Ended
	June 30,	June 30,	September 30,
	2019	2018	2018
	(Unaudited)	(Unaudited)	(Audited)
Revenues:			
Premiums earned, direct	\$ 6,240,719	6,206,824	8,264,076
Premiums earned, transferred by excess	(1,583,534)	(1,635,121)	(2,168,798)
Net premiums	4,657,185	4,571,703	6,095,278
Investment income	221,693	148,478	196,849
Miscellaneous income	3,123	2,443	3,593
Total revenues	4,882,001	4,722,624	6,295,720
Expenses:			
Losses incurred, direct	3,213,904	4,144,448	4,903,052
Losses incurred, transferred by excess	(1,250,753)	(1,908,274)	(1,867,399)
Net losses	1,963,151	2,236,174	3,035,653
Loss expenses incurred	713,105	452,986	650,898
Other underwriting expenses incurred	2,440,400	2,391,307	3,049,925
Total expenses	5,116,656	5,080,467	6,736,476
Net income/(loss) - statutory basis	\$ (234,655)	(357,843)	(440,756)

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 June 30, 2019 and 2018

and for the year ended September 30, 2018

	Nine Months Ended		Year Ended
	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	September 30, 2018 (Audited)
Surplus, beginning of period	\$ 10,960,938	11,401,694	11,401,694
Net income/(loss)- statutory basis	(234,655)	(357,843)	(440,756)
Unrealized capital gain	-	-	361,155
Change in non-admitted assets	-	-	(361,155)
Dividends	-	-	-
Surplus, end of period	<u>\$ 10,726,283</u>	<u>11,043,851</u>	<u>10,960,938</u>

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Cash Flows - Statutory Basis

For the periods ended June 30, 2019 and 2018

and for the year ended September 30, 2018

	Nine Months Ended		Year Ended
	June 30,	June 30,	September 30,
	2019	2018	2018
	(Unaudited)	(Unaudited)	(Audited)
Premiums collected, net of excess insurance	\$ 6,505,111	6,023,535	5,701,570
Loss and loss adjustment expenses paid	(1,471,574)	(3,940,581)	(4,770,110)
Underwriting expenses paid	(2,415,418)	(2,371,298)	(3,025,454)
Cash from underwriting	2,618,119	(288,344)	(2,093,994)
Investment income	218,693	168,983	560,459
Net cash from operations	2,836,812	(119,361)	(1,533,535)
Transfers in:			
Other sources	1,534,553	-	204,216
Transfers out:			
Other applications	-	(937,298)	(385,347)
Net change in cash and short-term investments	4,371,365	(1,056,659)	(1,714,666)
Cash and short-term investments, beginning of period	1,183,149	2,897,815	2,897,815
Cash and short-term investments, end of period	\$ 5,554,514	1,841,156	1,183,149

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

(1) Summary of significant accounting policies:

(a) Nature of organization:

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

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

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

(b) Basis of presentation:

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

(c) Investment income:

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

(d) Contributions:

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

(e) Unpaid loss and loss adjustment expenses:

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

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

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

(f) Reinsurance:

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

(g) Income taxes:

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

(h) Management estimates:

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

(2) NLC Mutual Insurance Company:

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

Each entity is charged a capitalization fee based on a percentage of premiums. The Pool contributed a total of \$377,664, which is reflected on NLC's financial statements as member surplus. In addition, NLC allocates a portion of their net income to the member surplus each year. As a mutual company, NLC returns earnings that are not needed to pay claims and the expenses of operations to the members in the form of dividends. NLC did not declare any dividends for the years ended September 30, 2018 and 2017. The total member surplus reflected on NLC's financials for LARM were \$1,737,646 (June 30, 2019), \$1,376,491 (June 30, 2018) and \$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.

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

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

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

		Cost		
		Insured or Direct U.S. Government	Uninsured	Total
At	June 30, 2019			
	Cash on deposit	\$ 250,000	2,816,254	3,066,254
	Short-term investments	2,590,713	-	2,590,713
	Long-term investments	11,297,939	-	11,297,939
		<u>\$ 14,138,652</u>	<u>2,816,254</u>	<u>16,954,906</u>
At	June 30, 2018			
	Cash on deposit	\$ 250,000	987,273	1,237,273
	Short-term investments	747,646	-	747,646
	Long-term investments	13,947,331	-	13,947,331
		<u>\$ 14,944,977</u>	<u>987,273</u>	<u>15,932,250</u>
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
		<u>\$ 13,049,616</u>	<u>1,188,881</u>	<u>14,238,497</u>

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

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

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

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

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

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

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

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

June 30, 2019						
Less Than 12 Months		Greater Than 12 Months		Total		
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:						
U.S. Governments	\$ 3,594,989	-	1,070,964	48	4,665,953	48
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	7,493,640	18,968	7,493,640	18,968
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	<u>3,594,989</u>	<u>-</u>	<u>8,564,604</u>	<u>19,016</u>	<u>12,159,593</u>	<u>19,016</u>
Total temporarily impaired securities	\$ <u>3,594,989</u>	<u>-</u>	<u>8,564,604</u>	<u>19,016</u>	<u>12,159,593</u>	<u>19,016</u>

The amortized cost and estimated statutory fair value of bonds at June 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	\$ 3,590,518	3,594,989
Due after one year through five years	6,298,135	6,319,074
Due after five years through ten years	2,250,000	2,245,530
Due after ten years	-	-
	<u>\$ 12,138,653</u>	<u>12,159,593</u>

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

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

June 30, 2018						
Less Than 12 Months		Greater Than 12 Months		Total		
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:						
U.S. Governments	\$ 747,713	-	942,615	3,084	1,690,328	3,084
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	9,106,835	144,797	9,106,835	144,797
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	747,713	-	10,049,450	147,881	10,797,163	147,881
Total temporarily impaired securities	\$ 747,713	-	10,049,450	147,881	10,797,163	147,881

The amortized cost and estimated statutory fair value of bonds at June 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	\$ 747,646	747,713
Due after one year through five years	8,697,331	8,601,252
Due after five years through ten years	1,500,000	1,448,198
Due after ten years	-	-
	\$ 10,944,977	10,797,163

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

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

		September 30, 2018					
		Less Than 12 Months		Greater Than 12 Months		Total	
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:							
U.S. Governments	\$	-	-	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 June 30, 2019 and 2018 and September 30, 2018 are temporary and are presented on the following page.

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

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

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

June 30, 2019

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	\$ 12,138,653	39,956	19,016	12,159,593
Total	<u>\$ 12,138,653</u>	<u>39,956</u>	<u>19,016</u>	<u>12,159,593</u>

June 30, 2018

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	\$ 10,944,977	67	147,881	10,797,163
Total	<u>\$ 10,944,977</u>	<u>67</u>	<u>147,881</u>	<u>10,797,163</u>

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	<u>\$ 9,299,616</u>	<u>-</u>	<u>146,090</u>	<u>9,153,526</u>

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

		June 30, 2019			
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	\$ 12,138,652	12,159,593	-	12,159,593	-
Cash on deposit (including certificates of deposit)	4,713,801	4,708,751	2,963,801	1,744,950	-
Investment income due and accrued	62,338	62,338	62,338	-	-
Total	<u>\$ 16,914,791</u>	<u>16,930,682</u>	<u>3,026,139</u>	<u>13,904,543</u>	<u>-</u>

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

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

		June 30, 2018				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	\$	10,944,977	10,797,163	-	10,797,163	-
Cash on deposit (including certificates of deposit)		4,843,510	4,805,328	1,093,510	3,711,818	-
Investment income due and accrued		41,288	41,288	41,288	-	-
Total	\$	15,829,775	15,643,779	1,134,798	14,508,981	-

		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	-

(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.

		Nine months ended		Year ended
		June 30, 2019	June 30, 2018	September 30, 2018
The following is a summary of the transactions with the League:				
Management and administrative services paid to the League of Nebraska Municipalities	\$	-	163,677	34,075

The total amount of payables to the League of Nebraska Municipalities was \$0 (June 30, 2019), \$588 (June 30, 2018) 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 four third-party reinsurers.

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

(5) Reinsurance recoverables: (Continued)

	June 30, 2019	June 30, 2018	September 30, 2018
Contributions:			
Direct	\$ 6,240,719	6,206,824	8,264,076
Ceded	(1,583,534)	(1,635,121)	(2,168,798)
Net contributions earned	<u>\$ 4,657,185</u>	<u>4,571,703</u>	<u>6,095,278</u>
Losses:			
Direct	\$ 3,213,904	4,144,448	4,903,052
Ceded	(1,250,753)	(1,908,274)	(1,867,399)
Net losses incurred	<u>\$ 1,963,151</u>	<u>2,236,174</u>	<u>3,035,653</u>

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of \$808,502 (June 30, 2019), \$1,190,294 (June 30, 2018) and \$1,157,584 (September 30, 2018).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of \$2,767,428 (June 30, 2019), \$2,871,731 (June 30, 2018) 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 June 30, 2019 and 2018 and September 30, 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
\$ 100,000	per loss	Property, Auto Physical Damage
\$ 200,000	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

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2019 and 2018 (Unaudited) and September 30, 2018 (Audited)

(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 June 30, 2019 and 2018 and September 30, 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:

	June 30, 2019	June 30, 2018	September 30, 2018
Non-admitted assets:			
Accounts receivable over 90 days past due	\$ -	-	-
Agents balances receivable over 90 days past due	-	-	-
Investment in NLC	1,737,646	1,376,491	1,737,646
	<u>\$ 1,737,646</u>	<u>1,376,491</u>	<u>1,737,646</u>

(9) Commitments and contingencies:

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

(10) Financial statement presentation:

Amounts for June 30, 2018 and September 30, 2018 have been restated in some instances to conform with current statement presentation.

(11) Subsequent events:

The Pool evaluated subsequent events through August 15, 2019. There were no subsequent events that require disclosure and/or adjustments in these financial statements.

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

SUPPLEMENTAL INFORMATION



Certified Public Accountants

Thomas, Kunc & Black, LLP

Independent Accountant's Compilation Report
on Supplemental Information

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

The June 30, 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, 2018 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 30, 2018.

Lincoln, Nebraska
August 15, 2019

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Reconciliation of Unpaid Claim Liabilities

For the periods ended June 30, 2019 and 2018

and for the year ended September 30, 2018

	Nine Months Ended		Year Ended
	June 30, 2019 (Unaudited)	June 30, 2018 (Unaudited)	September 30, 2018 (Audited)
Unpaid claims and claims adjustment expenses at beginning of period	\$ 4,082,901	4,150,531	4,150,531
Incurred claims and claims adjustment expenses:			
Provision for insured events of current policy year	2,077,500	2,583,751	3,900,160
Increase/(decrease) in provision in insured events of prior policy years	598,756	105,409	(213,609)
Total incurred claims and claims adjustment expenses	2,676,256	2,689,160	3,686,551
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	511,249	1,594,428	2,291,545
Claims and claims adjustment expenses attributable to insured events of prior policy years	1,309,407	1,297,514	1,462,636
Total payments	1,820,656	2,891,942	3,754,181
Total unpaid claims and claims adjustment expenses at end of period	\$ 4,938,501	3,947,749	4,082,901

See independent accountant's compilation report on supplemental information.

Financial Overview



Overview

- Industry ratio tests
- Ten-year trend graphs

Industry Ratio Tests

- Measure performance using common industry ratios
- Loss reserves to surplus
- Contributions to surplus
- Self-insured retention to surplus
- Loss and LAE to contributions
- Liquid assets to liabilities

Loss Reserves to Surplus

- Shows ability to withstand adverse claim development
- Goal is less than 100% (could be higher for long-tail lines)

Loss reserves as of 9-30-18	4,082,899
Surplus as of 9-30-18	10,960,941
Ratio as of 9-30-18	37.2%

Contributions to Surplus

- Shows flexibility to increase retention, increase membership or return dividends
- Goal is less than 300%

Contributions for 2017-2018	8,264,077
Surplus as of 9-30-18	10,960,941
Ratio as of 9-30-18	75.4%

Self-Insured Retention to Surplus

- Shows ability to withstand large claims
- Goal is less than 25%

Largest Retention for 9-30-18	750,000
Surplus as of 9-30-18	10,960,941
Ratio as of 9-30-18	6.8%

Loss and LAE to Contributions

- Shows profitability; must also be able to cover non-claim expense
- Goal is less than 45%

Loss & LAE Incurred for 2017-2018	3,686,549
Contributions for 2017-2018	8,264,077
Ratio as of 9-30-18	44.6%

Liquid Assets to Liabilities

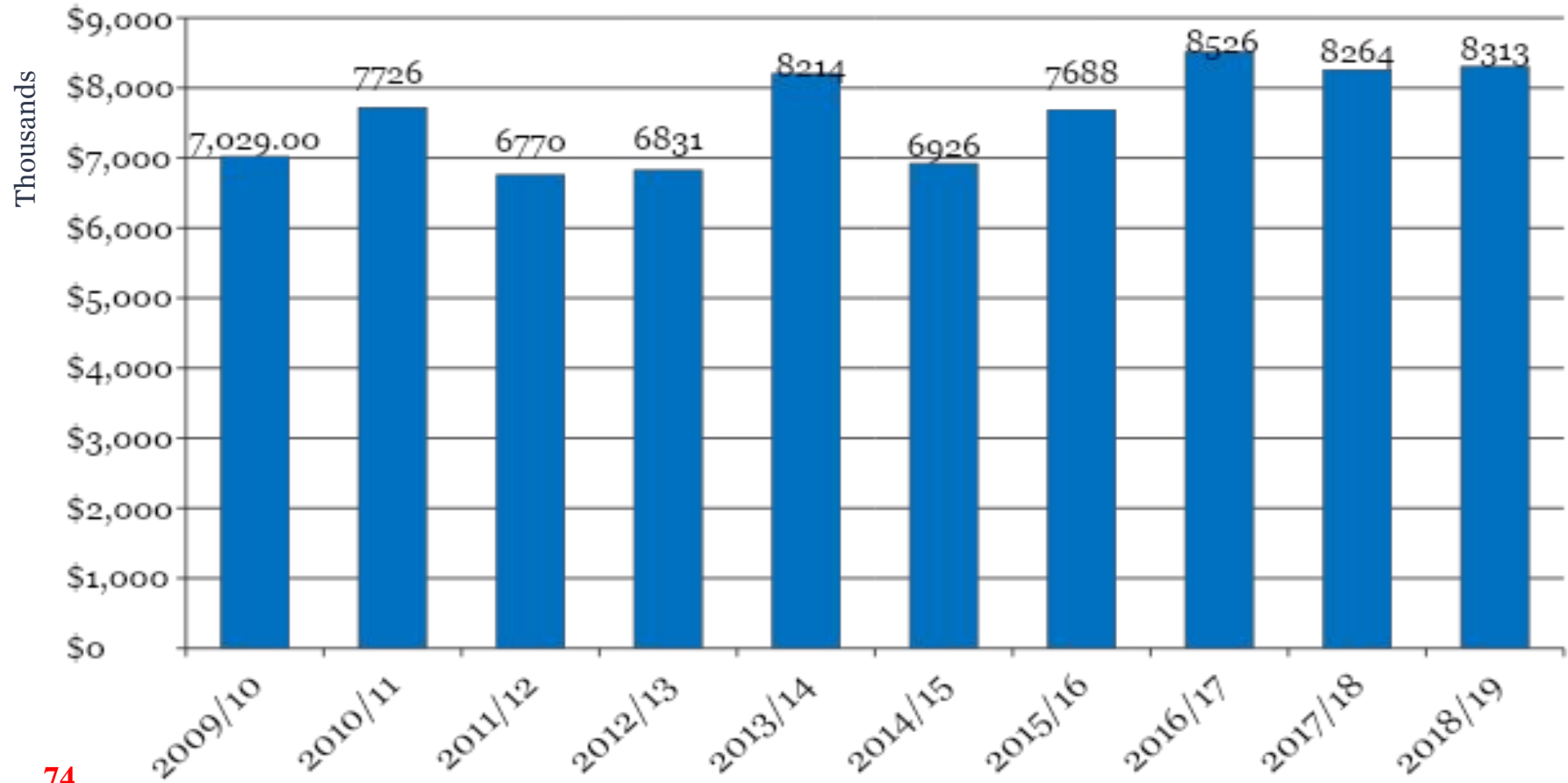
- Shows liquidity needed to pay existing liabilities
- Goal is greater than 100%

Liquid Assets as of 9-30-18	22,360,249
Liabilities as of 9-30-18	11,399,308
Ratio as of 9-30-18	196.2%

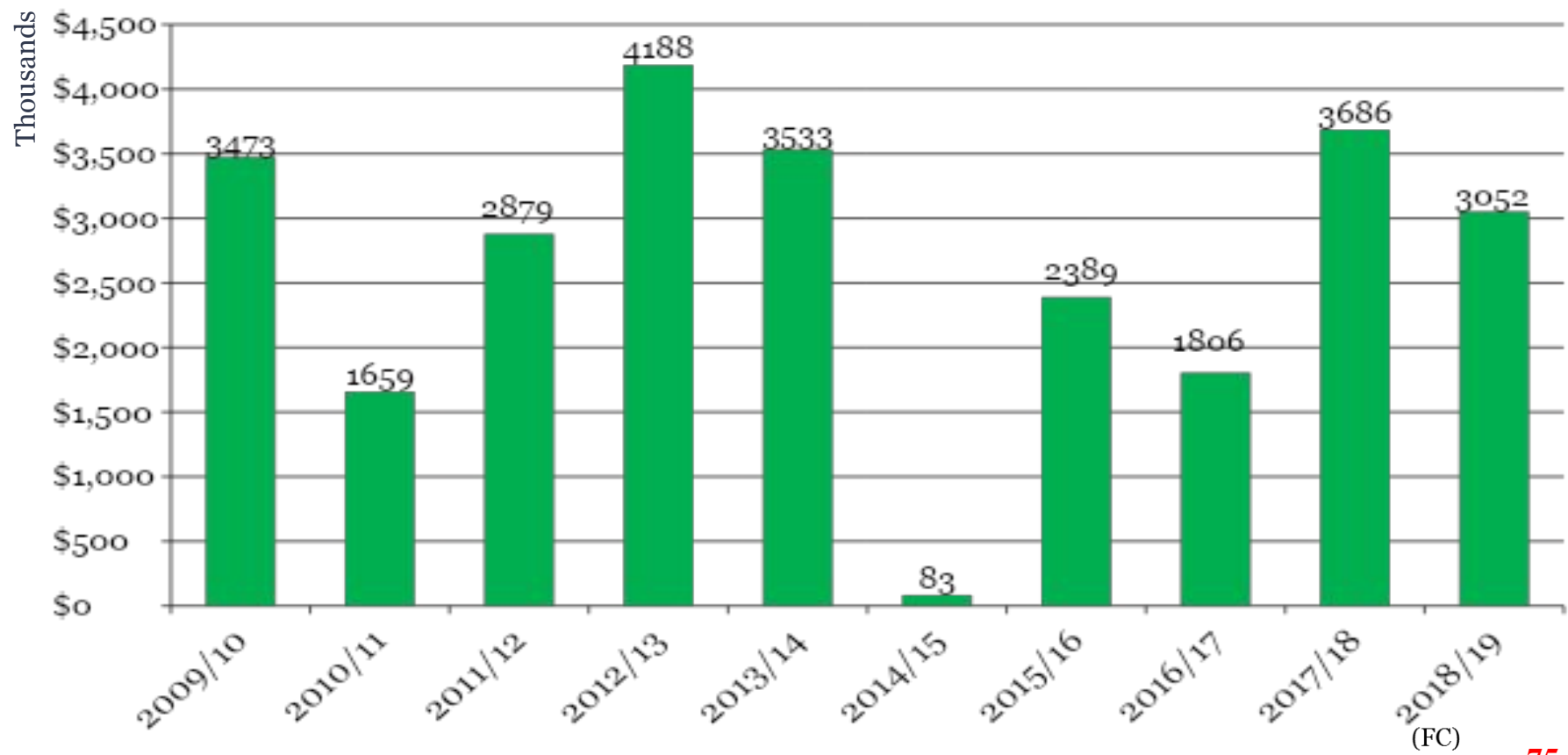
Ten-Year Trend Graphs

- Contributions
- Net Losses
- Net Loss as Percentage of Contribution
- Reinsurance Cost
- Reinsurance Cost as Percentage of Contribution
- Other Expenses
- Other Expenses as Percentage of Contribution
- Year-End Surplus

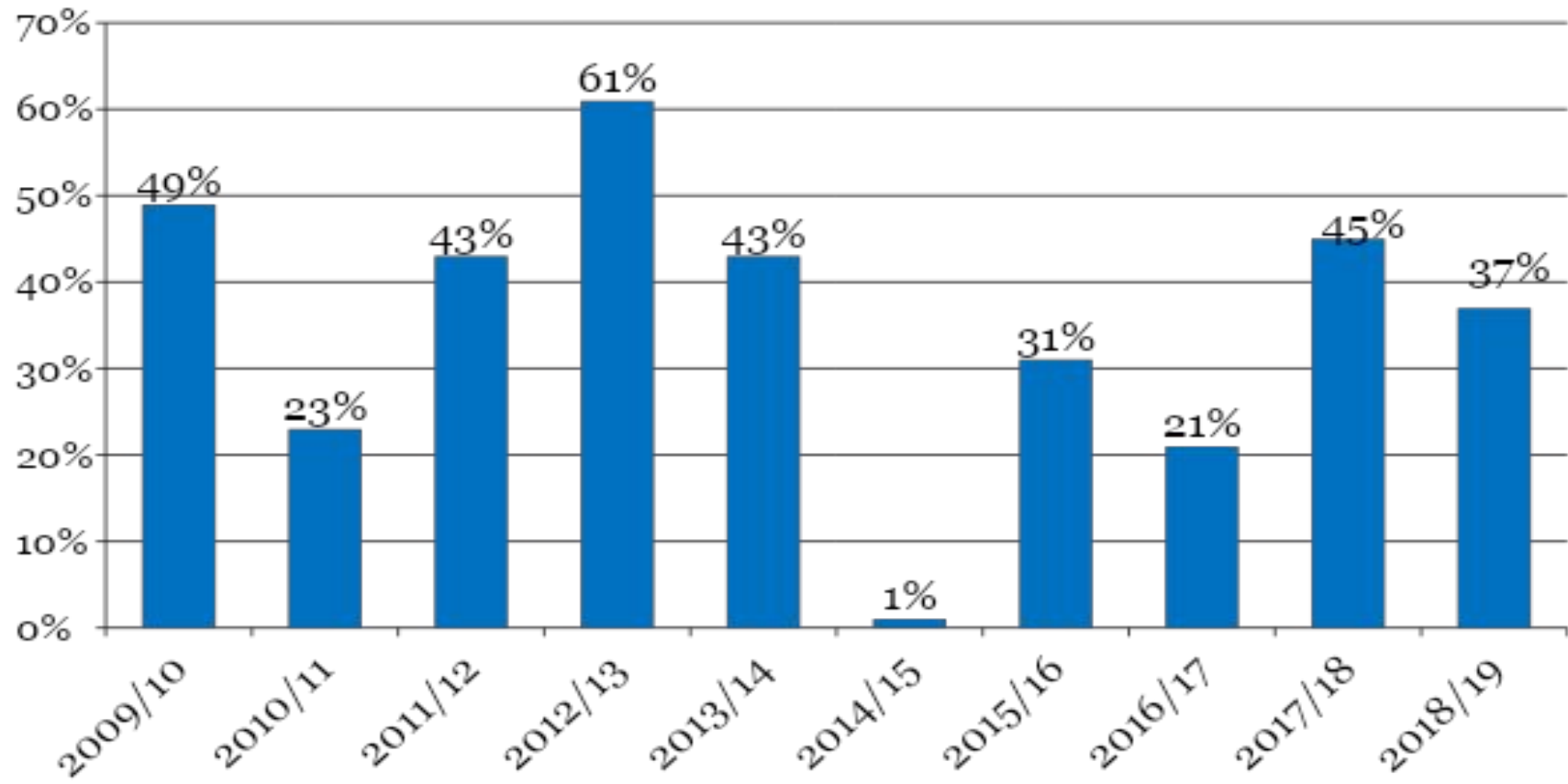
CONTRIBUTIONS



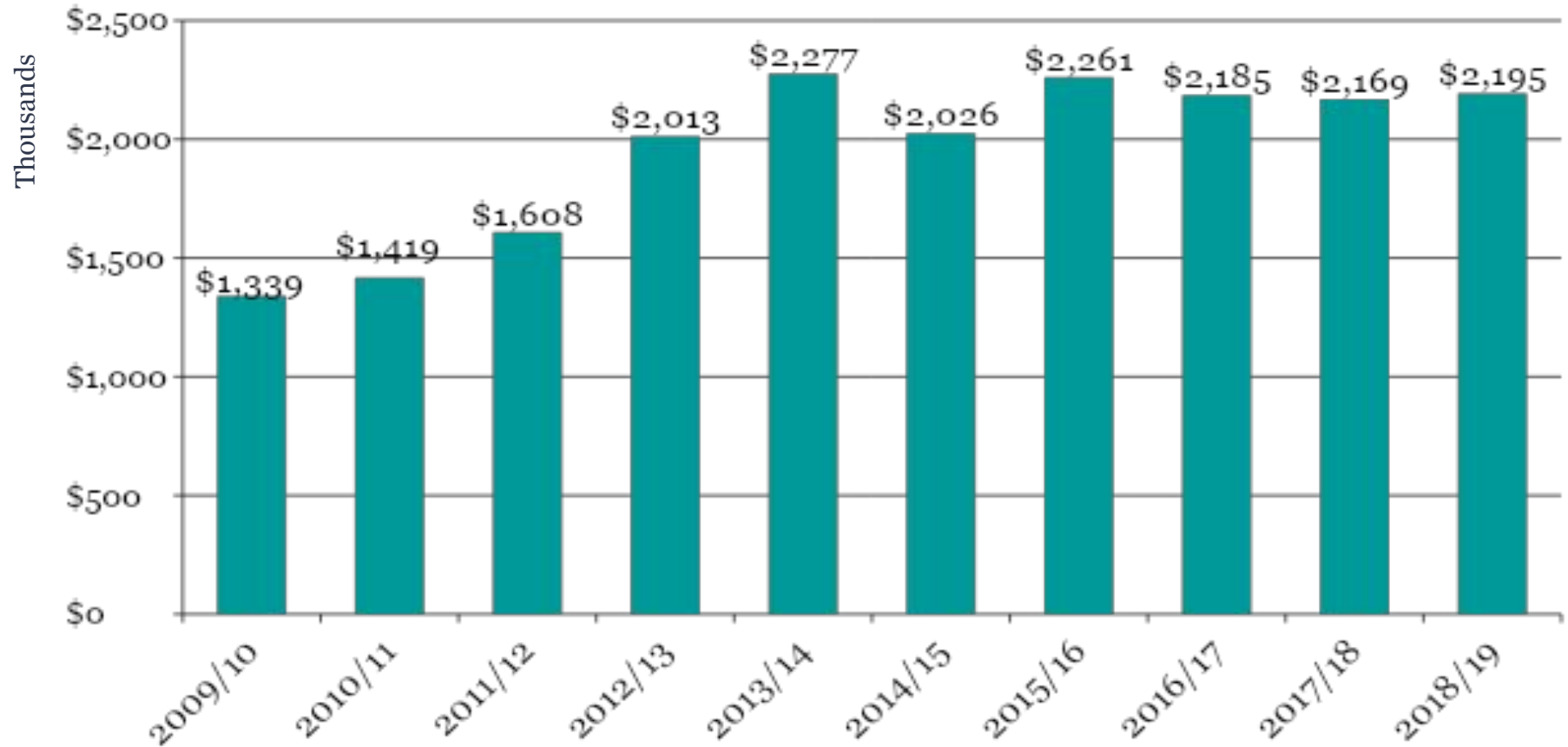
Net Losses



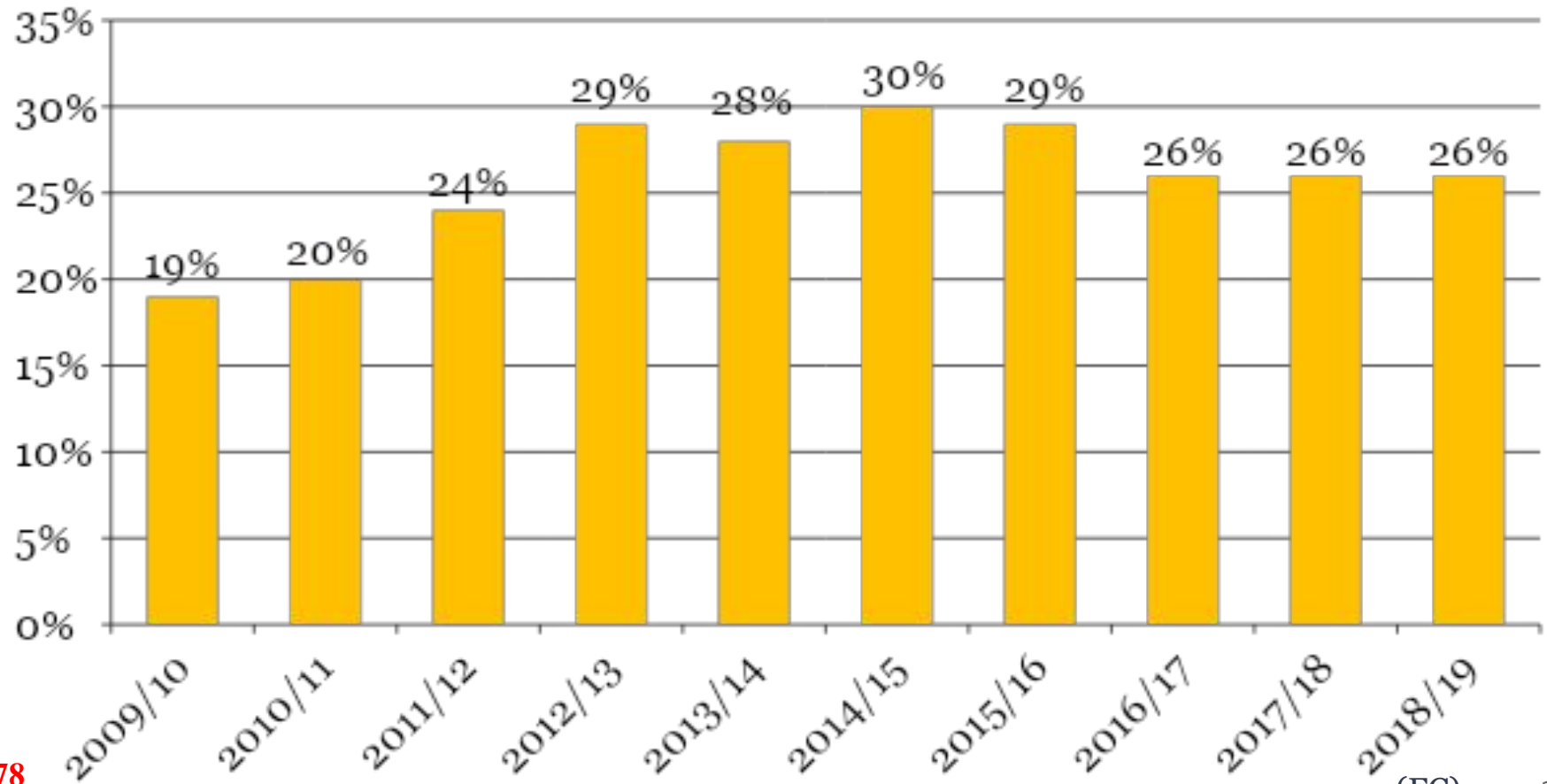
Net Loss as Percentage of Contribution



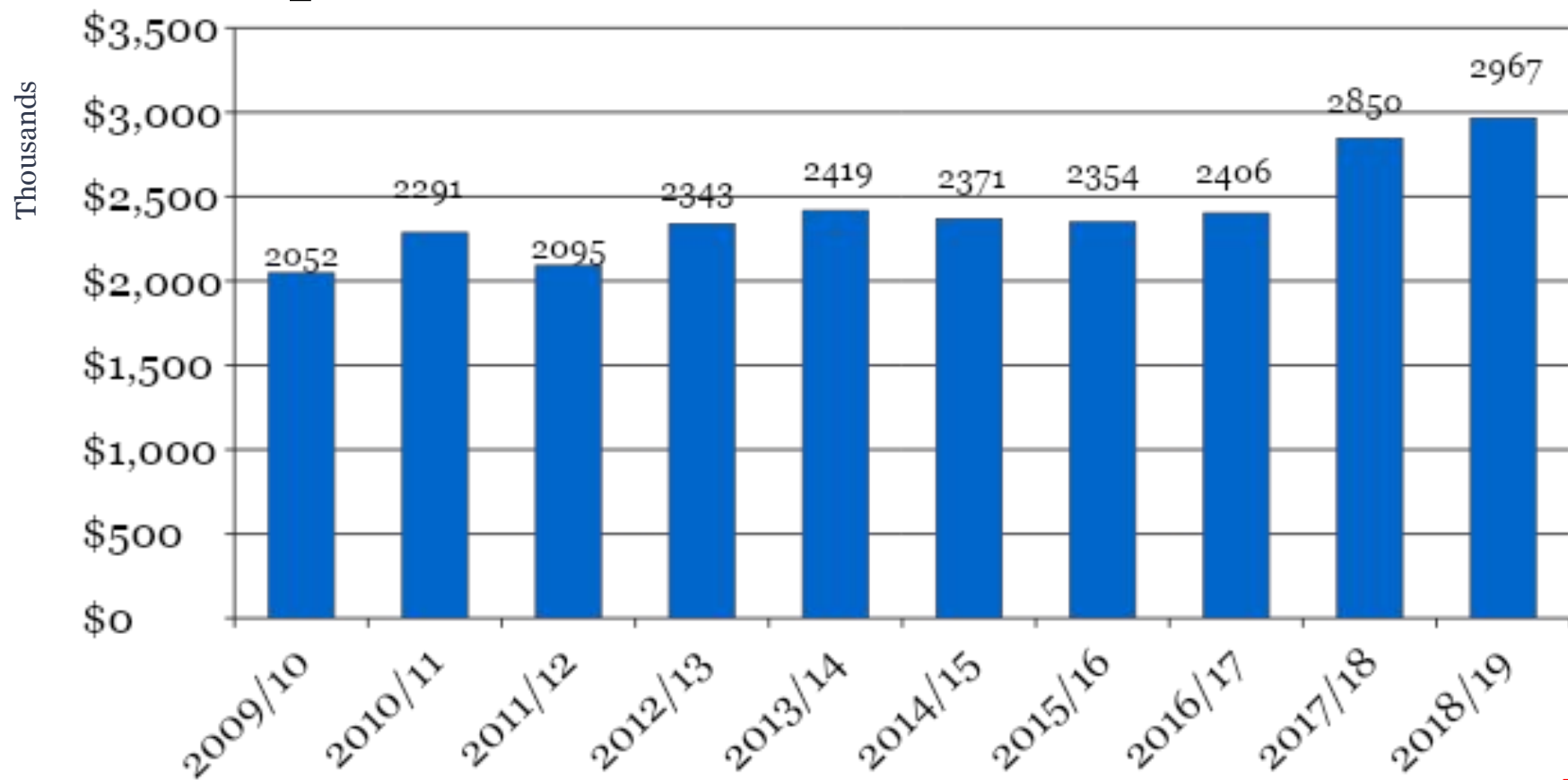
Reinsurance Cost



Reinsurance Cost as Percentage of Contribution

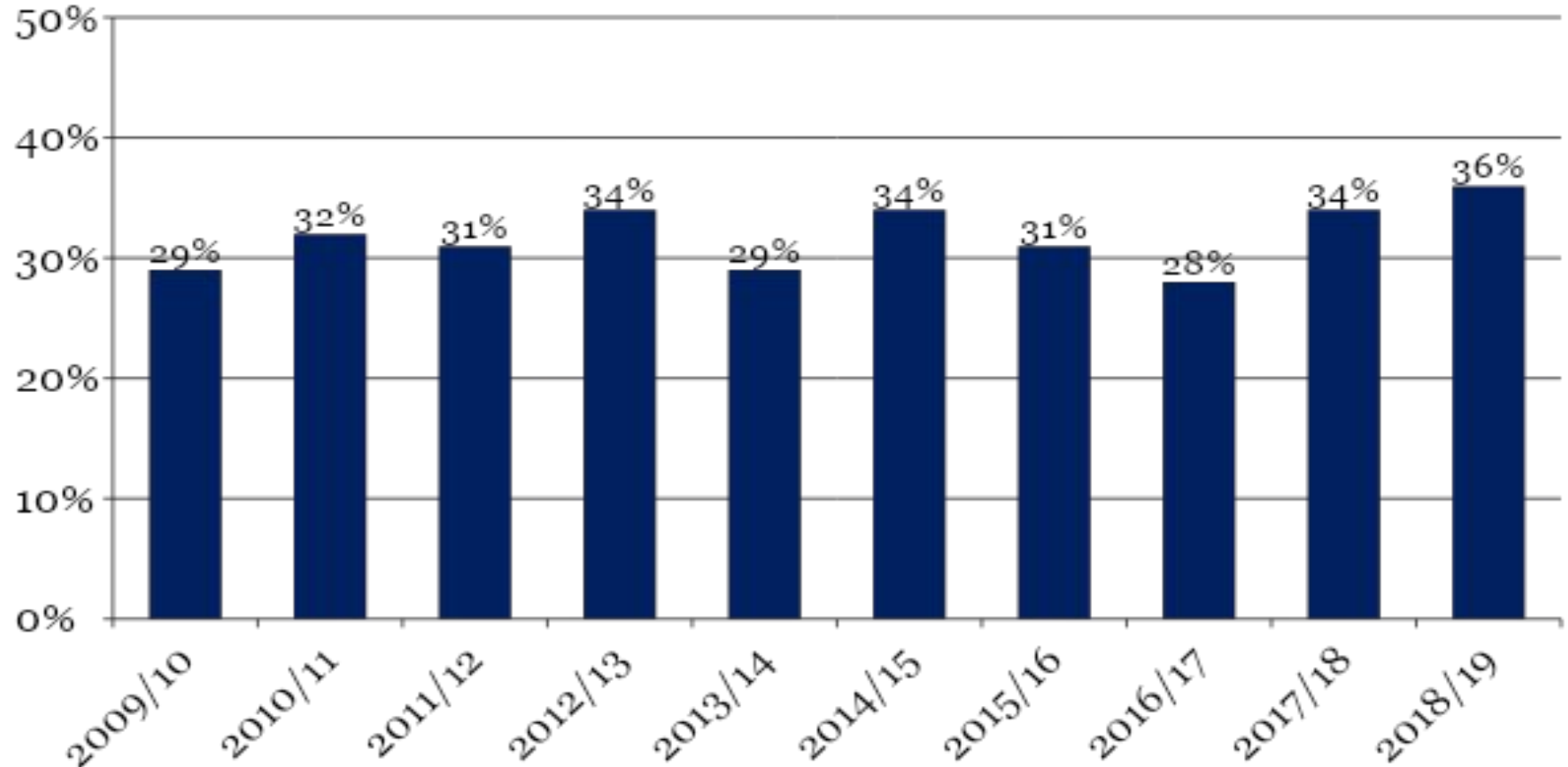


Other Expenses*

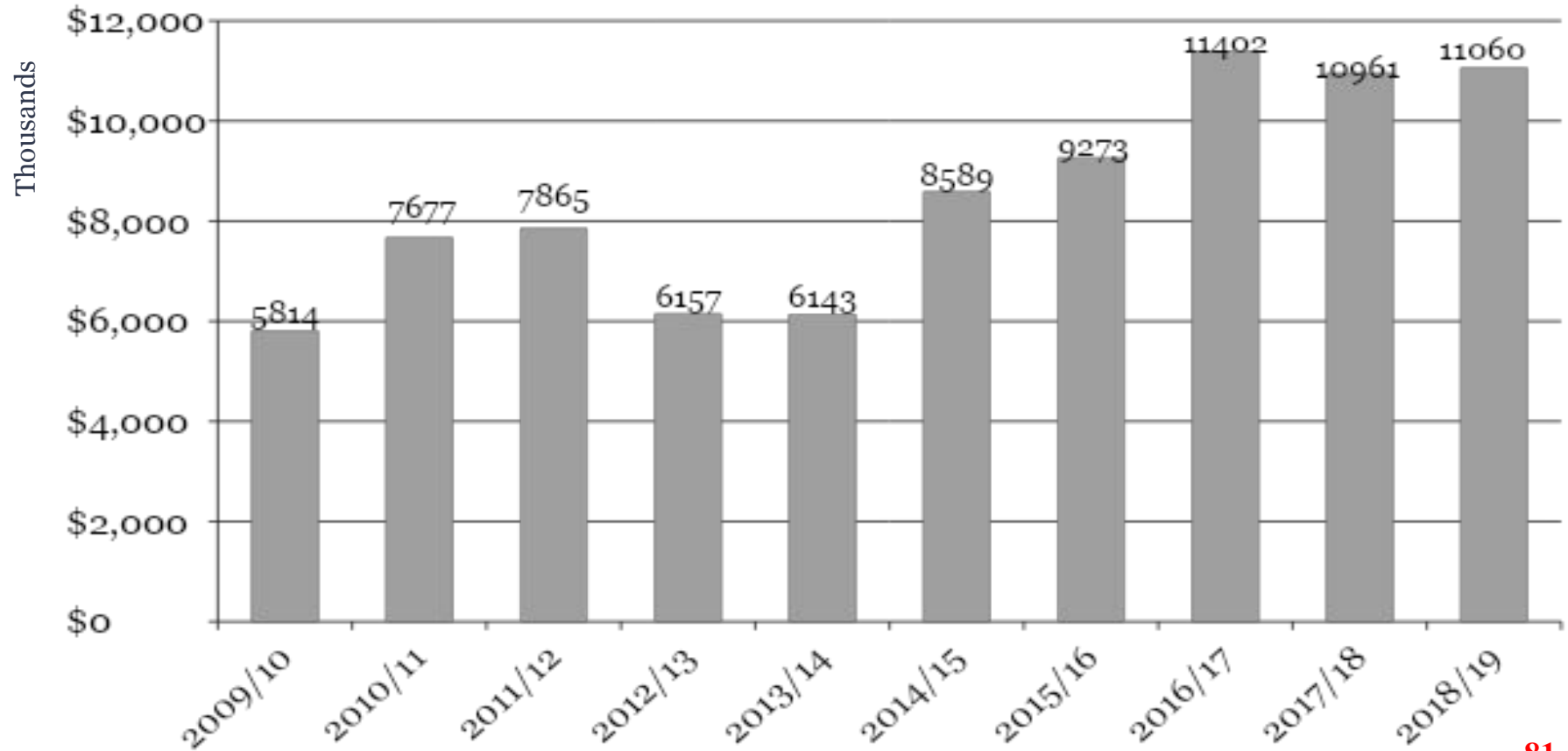


*Net of other income.

Other Expenses as Percentage of Contribution



Year-End Surplus



(FC)

By The Numbers Actuarial Consulting, Inc.

April 25, 2019

Mr. Michael Nolan
League Association of Risk Management
1919 South 40th Street
Suite 212
Lincoln, NE 68506

RE: ESTIMATED ULTIMATE INCURRED LOSSES BASED ON 3/31/19 EXPERIENCE

Dear Mr. Nolan:

This letter provides the estimated ultimate incurred losses based on losses valued as of 3/31/19 for the League Association of Risk Management (LARM). The calculations for workers compensation, other liability, and property are shown in Tables 1 – 6, 7 – 12, and 13 – 16. The combined estimates are shown in Table 17.

As shown below, the estimates increased \$114,438, or 0.3%, since the 9/30/18 report issued 11/28/18 for claims incurred from 10/1/03 to 9/30/18.

COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR ACTUARIAL REPORT ALL COVERAGES (Limited to Specific and Aggregate Retentions)

Policy Period	Current Report (Table 17, Section A)	11/28/18 Report (Table 29, Section A)	Change	Percent Change
10/1/03-04	\$ 2,307,355	\$ 2,307,355	\$ 0	0.0%
10/1/04-05	1,581,728	1,581,728	0	0.0%
10/1/05-06	2,149,952	2,149,952	0	0.0%
10/1/06-07	2,905,478	2,905,477	1	0.0%
10/1/07-08	2,590,930	2,590,930	0	0.0%
10/1/08-09	2,821,543	2,857,643	(36,100)	(1.3%)
10/1/09-10	3,043,376	3,043,376	0	0.0%
10/1/10-11	3,119,763	3,089,464	30,299	1.0%
10/1/11-12	3,186,711	3,103,599	83,112	2.7%
10/1/12-13	2,507,549	2,510,282	(2,733)	(0.1%)
10/1/13-14	3,295,729	3,284,009	11,720	0.4%
10/1/14-15	1,979,049	1,988,621	(9,572)	(0.5%)
10/1/15-16	1,724,837	1,750,286	(25,449)	(1.5%)
10/1/16-17	2,625,042	2,568,626	56,416	2.2%
10/1/17-18	3,906,904	3,900,160	6,744	0.2%
Total	\$39,745,946	\$39,631,508	\$ 114,438	0.3%

Former Purported
LARM Board
Meeting Packet:

E-3

8/8/2019

Mr. Michael Nolan

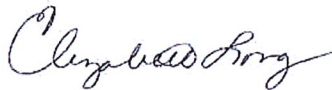
April 25, 2019

Page Two

The current year's losses are less than expected for other liability and property coverages. However, the period is too green to estimate using a development approach. The current year's losses for workers compensation are coming in higher than originally projected. The total incurred losses for 10/1/18-3/31/19 are \$700,689. The projected workers compensation losses for 10/1/18-19 from Section B of Table 7 of the 6/1/18 actuarial premium report are \$1,110,000. This projection is based on payroll in hundreds of \$923,631. The undeveloped six month losses are already much higher than the six month projected losses of \$555,000. It seems likely that the losses for the current year for worker compensation will be materially greater than the original projection, but it is too early to estimate with a high degree of certainty.

The methodology used in this interim review is the same as that detailed in the 11/28/18 report. All qualifications and assumptions in the 11/28/18 report apply to the attached exhibits as well. The estimates contained in this analysis are based on data provided by York Risk Pooling Services, Inc. These data and the associated assumptions should be reviewed for their consistency with the internal records of LARM. Any discrepancy in the completeness, interpretation, or accuracy of the information used may require a revision to this report. Please let me know if you have any questions.

Sincerely,



Elizabeth Long, ACAS, MAAA
Senior Vice President and Consulting Actuary



Lisa Dennison, FCAS, MAAA
President and Consulting Actuary

attachments

Table 1

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED LOSS DEVELOPMENT

A. LOSSES LIMITED TO SPECIFIC RETENTION

Policy Period	Unlimited Incurred Losses as of 3/31/19	Specific Retention	Number of Claims in Excess of Retention	Incurred in Excess of Retention	Limited Incurred Losses as of 3/31/19
10/1/03-04	\$ 1,353,300	\$ 500,000	0	\$ 0	\$ 1,353,300
10/1/04-05	659,855	500,000	0	0	659,855
10/1/05-06	1,942,679	500,000	1	371,544	1,571,135
10/1/06-07	3,664,305	500,000	1	1,568,855	2,095,450
10/1/07-08	3,132,907	500,000	1	1,187,794	1,945,113
10/1/08-09	1,421,317	500,000	0	0	1,421,317
10/1/09-10	1,897,237	500,000	0	0	1,897,237
10/1/10-11	1,907,111	500,000	1	201,507	1,705,604
10/1/11-12	3,077,559	500,000	2	969,017	2,108,542
10/1/12-13	1,765,071	750,000	0	0	1,765,071
10/1/13-14	921,914	750,000	0	0	921,914
10/1/14-15	843,818	750,000	0	0	843,818
10/1/15-16	738,628	750,000	0	0	738,628
10/1/16-17	783,848	750,000	0	0	783,848
10/1/17-18	2,497,526	750,000	1	755,498	1,742,028
Total	\$26,607,075		7	\$ 5,054,215	\$21,552,860

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/19	Age of Policy Period in Months	Incurred Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 1,353,300	186	1.000	\$ 1,353,300
10/1/04-05	659,855	174	1.000	659,855
10/1/05-06	1,571,135	162	1.000	1,571,135
10/1/06-07	2,095,450	150	1.000	2,095,450
10/1/07-08	1,945,113	138	1.000	1,945,113
10/1/08-09	1,421,317	126	1.000	1,421,317
10/1/09-10	1,897,237	114	1.000	1,897,237
10/1/10-11	1,705,604	102	1.000	1,705,604
10/1/11-12	2,108,542	90	1.002	2,112,759
10/1/12-13	1,765,071	78	1.007	1,777,426
10/1/13-14	921,914	66	1.017	937,587
10/1/14-15	843,818	54	1.032	870,820
10/1/15-16	738,628	42	1.049	774,821
10/1/16-17	783,848	30	1.078	844,988
10/1/17-18	1,742,028	18	1.121	1,862,063 *
Total	\$21,552,860			\$21,829,475

Based on Section C of Table 1 of the 11/28/18 actuarial report.

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

Table 2

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

ESTIMATED ULTIMATE INCURRED LOSSES
PAID LOSS DEVELOPMENT

A. LOSSES LIMITED TO SPECIFIC RETENTION

Policy Period	Unlimited Paid Losses as of 3/31/19	Specific Retention	Number of Claims in Excess of Retention	Paid in Excess of Retention	Limited Paid Losses as of 3/31/19
10/1/03-04	\$ 1,353,300	\$ 500,000	0	\$ 0	\$ 1,353,300
10/1/04-05	659,855	500,000	0	0	659,855
10/1/05-06	1,548,244	500,000	0	0	1,548,244
10/1/06-07	3,017,746	500,000	1	922,296	2,095,450
10/1/07-08	3,128,621	500,000	1	1,183,508	1,945,113
10/1/08-09	1,421,317	500,000	0	0	1,421,317
10/1/09-10	1,797,729	500,000	0	0	1,797,729
10/1/10-11	1,837,936	500,000	1	169,133	1,668,803
10/1/11-12	2,040,615	500,000	1	16,288	2,024,327
10/1/12-13	1,649,911	750,000	0	0	1,649,911
10/1/13-14	918,869	750,000	0	0	918,869
10/1/14-15	834,251	750,000	0	0	834,251
10/1/15-16	696,504	750,000	0	0	696,504
10/1/16-17	757,152	750,000	0	0	757,152
10/1/17-18	2,095,843	750,000	1	632,827	1,463,016
Total	\$23,757,893		5	\$ 2,924,052	\$20,833,841

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Paid Losses as of 3/31/19	Age of Policy Period in Months	Paid Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 1,353,300	186	1.000	\$ 1,353,300
10/1/04-05	659,855	174	1.000	659,855
10/1/05-06	1,548,244	162	1.000	1,548,244
10/1/06-07	2,095,450	150	1.000	2,095,450
10/1/07-08	1,945,113	138	1.000	1,945,113
10/1/08-09	1,421,317	126	1.000	1,421,317
10/1/09-10	1,797,729	114	1.005	1,806,718
10/1/10-11	1,668,803	102	1.017	1,697,173
10/1/11-12	2,024,327	90	1.037	2,099,227
10/1/12-13	1,649,911	78	1.068	1,762,105
10/1/13-14	918,869	66	1.105	1,015,350
10/1/14-15	834,251	54	1.143	953,549
10/1/15-16	696,504	42	1.205	839,287
10/1/16-17	757,152	30	1.313	994,141
10/1/17-18	1,463,016	18	1.750	1,997,778 *
Total	\$20,833,841			\$22,188,607

Based on Section C of Table 3 of the 11/28/18 actuarial report.

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

Table 3

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED BORNHUTTER-FERGUSON
(Limited to Specific Retentions)

A. ESTIMATED UNREPORTED LOSSES

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated Unreported Losses
10/1/03-04	\$ 1,353,300	1.000	0.000	\$ 0
10/1/04-05	659,855	1.000	0.000	0
10/1/05-06	1,571,135	1.000	0.000	0
10/1/06-07	2,095,449	1.000	0.000	0
10/1/07-08	1,945,113	1.000	0.000	0
10/1/08-09	1,421,451	1.000	0.000	0
10/1/09-10	1,897,237	1.000	0.000	0
10/1/10-11	1,705,592	1.000	0.000	0
10/1/11-12	2,039,379	1.002	0.002	4,079
10/1/12-13	1,780,212	1.007	0.007	12,461
10/1/13-14	921,914	1.017	0.017	15,673
10/1/14-15	923,647	1.032	0.031	28,633
10/1/15-16	830,506	1.049	0.047	39,034
10/1/16-17	956,524	1.078	0.072	68,870
10/1/17-18	1,946,189	1.121	0.108	210,188
Total	\$22,047,503			\$ 378,938

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Incurred Losses as of 3/31/19	Estimated Unreported Losses	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 1,353,300	\$ 0	\$ 1,353,300
10/1/04-05	659,855	0	659,855
10/1/05-06	1,571,135	0	1,571,135
10/1/06-07	2,095,450	0	2,095,450
10/1/07-08	1,945,113	0	1,945,113
10/1/08-09	1,421,317	0	1,421,317
10/1/09-10	1,897,237	0	1,897,237
10/1/10-11	1,705,604	0	1,705,604
10/1/11-12	2,108,542	4,079	2,112,621
10/1/12-13	1,765,071	12,461	1,777,532
10/1/13-14	921,914	15,673	937,587
10/1/14-15	843,818	28,633	872,451
10/1/15-16	738,628	39,034	777,662
10/1/16-17	783,848	68,870	852,718
10/1/17-18	1,742,028	210,188	1,952,216
Total	\$21,552,860	\$ 378,938	\$21,931,798

* See Section A of Table 7 of the 11/28/18 actuarial report.

Table 4

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

ESTIMATED ULTIMATE INCURRED LOSSES

PAID BORNHUETTER-FERGUSON

(Limited to Specific Retentions)

A. ESTIMATED OUTSTANDING LOSSES

Policy Period	Expected Losses	Paid Loss Development Factor	Expected Ratio Outstanding	Estimated Outstanding Losses
10/1/03-04	\$ 1,353,300	1.000	0.000	\$ 0
10/1/04-05	659,855	1.000	0.000	0
10/1/05-06	1,571,135	1.000	0.000	0
10/1/06-07	2,095,449	1.000	0.000	0
10/1/07-08	1,945,113	1.000	0.000	0
10/1/08-09	1,421,451	1.000	0.000	0
10/1/09-10	1,897,237	1.005	0.005	9,486
10/1/10-11	1,705,592	1.017	0.017	28,995
10/1/11-12	2,039,379	1.037	0.036	73,418
10/1/12-13	1,780,212	1.068	0.064	113,934
10/1/13-14	921,914	1.105	0.095	87,582
10/1/14-15	923,647	1.143	0.125	115,456
10/1/15-16	830,506	1.205	0.170	141,186
10/1/16-17	956,524	1.313	0.238	227,653
10/1/17-18	1,946,189	1.750	0.429	834,915
Total	\$22,047,503			\$ 1,632,625

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Paid Losses as of 3/31/19	Estimated Outstanding Losses	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 1,353,300	\$ 0	\$ 1,353,300
10/1/04-05	659,855	0	659,855
10/1/05-06	1,548,244	0	1,548,244
10/1/06-07	2,095,450	0	2,095,450
10/1/07-08	1,945,113	0	1,945,113
10/1/08-09	1,421,317	0	1,421,317
10/1/09-10	1,797,729	9,486	1,807,215
10/1/10-11	1,668,803	28,995	1,697,798
10/1/11-12	2,024,327	73,418	2,097,745
10/1/12-13	1,649,911	113,934	1,763,845
10/1/13-14	918,869	87,582	1,006,451
10/1/14-15	834,251	115,456	949,707
10/1/15-16	696,504	141,186	837,690
10/1/16-17	757,152	227,653	984,805
10/1/17-18	1,463,016	834,915	2,297,931
Total	\$20,833,841	\$ 1,632,625	\$22,466,466

Table 5

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retentions)

A. SELECTED ULTIMATE LOSSES PRIOR TO AGGREGATE

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Incurred Bornhuetter-Ferguson Method	Paid Bornhuetter-Ferguson Method	Selected Estimated Ultimate Incurred Losses#
10/1/03-04	\$ 1,353,300	\$ 1,353,300	\$ 1,353,300	\$ 1,353,300	\$ 1,353,300
10/1/04-05	659,855	659,855	659,855	659,855	659,855
10/1/05-06	1,571,135	1,548,244	1,571,135	1,548,244	1,571,135 ^
10/1/06-07	2,095,450	2,095,450	2,095,450	2,095,450	2,095,450 ^
10/1/07-08	1,945,113	1,945,113	1,945,113	1,945,113	1,945,113 ^
10/1/08-09	1,421,317	1,421,317	1,421,317	1,421,317	1,421,317 ^
10/1/09-10	1,897,237	1,806,718	1,897,237	1,807,215	1,897,237 ^
10/1/10-11	1,705,604	1,697,173	1,705,604	1,697,798	1,705,604 ^
10/1/11-12	2,112,759	2,099,227 *	2,112,621	2,097,745 *	2,112,690
10/1/12-13	1,777,426	1,762,105 *	1,777,532	1,763,845 *	1,777,479
10/1/13-14	937,587	1,015,350	937,587	1,006,451	921,914 ^
10/1/14-15	870,820	953,549	872,451	949,707	911,632
10/1/15-16	774,821	839,287	777,662	837,690	807,365
10/1/16-17	844,988	994,141	852,718	984,805	919,163
10/1/17-18	1,862,063	1,997,778	1,952,216	2,297,931	1,952,216 <
Total	\$21,829,475	\$22,188,607	\$21,931,798	\$22,466,466	\$22,051,470

B. SELECTED ULTIMATE LOSSES REFLECTING AGGREGATE

Policy Period	Selected Estimated Ultimate Incurred Losses	Aggregate Retention	Selected Estimated Ultimate Net of Aggregate~
10/1/03-04	\$ 1,353,300	\$ 1,850,000	\$ 1,353,300
10/1/04-05	659,855	3,610,000	659,855
10/1/05-06	1,571,135	3,730,000	1,571,135
10/1/06-07	2,095,450	3,960,000	2,095,450
10/1/07-08	1,945,113	3,000,000	1,945,113
10/1/08-10	3,318,554	5,890,000	3,318,554
10/1/10-12	3,818,294	7,237,977	3,818,294
10/1/12-13	1,777,479	4,867,307	1,777,479
10/1/13-14	921,914	4,457,662	921,914
10/1/14-15	911,632	3,344,034	911,632
10/1/15-16	807,365	3,380,928	807,365
10/1/16-17	919,163	2,698,660	919,163
10/1/17-18	1,952,216	2,321,950	1,952,216
Total	\$22,051,470	\$50,348,518	\$22,051,470

Selected the average unless otherwise noted.

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

* Substituted the corresponding incurred method in the average since the paid method is less than incurred losses.

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

~ Aggregate is not expected to be exceeded in any period reviewed.

Table 6

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

ESTIMATED REQUIRED RESERVES FOR 10/1/03-9/30/18 AS OF 3/31/19
(Limited to Specific & Aggregate Retentions)

A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 3/31/19	Paid Losses as of 3/31/19
10/1/03-04	\$ 1,353,300	\$ 1,353,300	\$ 1,353,300
10/1/04-05	659,855	659,855	659,855
10/1/05-06	1,571,135	1,571,135	1,548,244
10/1/06-07	2,095,450	2,095,450	2,095,450
10/1/07-08	1,945,113	1,945,113	1,945,113
10/1/08-09	1,421,317	1,421,317	1,421,317
10/1/09-10	1,897,237	1,897,237	1,797,729
10/1/10-11	1,705,604	1,705,604	1,668,803
10/1/11-12	2,112,690	2,108,542	2,024,327
10/1/12-13	1,777,479	1,765,071	1,649,911
10/1/13-14	921,914	921,914	918,869
10/1/14-15	911,632	843,818	834,251
10/1/15-16	807,365	738,628	696,504
10/1/16-17	919,163	783,848	757,152
10/1/17-18	1,952,216	1,742,028	1,463,016
Total	\$22,051,470	\$21,552,860	\$20,833,841

B. ESTIMATED REQUIRED RESERVES FOR 10/1/03-9/30/18 AS OF 3/31/19

Policy Period	Case Reserves as of 3/31/19	Estimated IBNR as of 3/31/19	Estimated Required Reserves as of 3/31/19
Prior to 10/1/03	(\$ 109) *	\$ 0	(\$ 109)
10/1/03-04	0	0	0
10/1/04-05	0	0	0
10/1/05-06	22,891	0	22,891
10/1/06-07	0	0	0
10/1/07-08	0	0	0
10/1/08-09	0	0	0
10/1/09-10	99,508	0	99,508
10/1/10-11	36,801	0	36,801
10/1/11-12	84,215	4,148	88,363
10/1/12-13	115,160	12,408	127,568
10/1/13-14	3,045	0	3,045
10/1/14-15	9,567	67,814	77,381
10/1/15-16	42,124	68,737	110,861
10/1/16-17	26,696	135,315	162,011
10/1/17-18	279,012	210,188	489,200
Total	\$ 718,910	\$ 498,610	\$ 1,217,520

* Negative case reserves are due to the pro-rating of the ALAE for the excess insurance.
Quota share reinsurance is reflected.

Table 7

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED LOSS DEVELOPMENT

A. LOSSES LIMITED TO SPECIFIC RETENTION

Policy Period	Unlimited Incurred Losses as of 3/31/19	Specific Retention	Number of Claims in Excess of Retention	Incurred in Excess of Retention	Limited Incurred Losses as of 3/31/19
10/1/03-04	\$ 527,948	\$ 250,000	0	\$ 0	\$ 527,948
10/1/04-05	328,444	250,000	0	0	328,444
10/1/05-06	371,326	250,000	0	0	371,326
10/1/06-07	410,242	250,000	0	0	410,242
10/1/07-08	294,344	250,000	0	0	294,344
10/1/08-09	2,375,837	250,000	2	1,384,108 [^]	991,729
10/1/09-10	707,019	300,000	0	0	707,019
10/1/10-11	1,425,642	300,000	1	282,211	1,143,431
10/1/11-12	409,413	300,000	0	0	409,413
10/1/12-13	477,987	300,000	0	0	477,987
10/1/13-14	881,156	400,000	0	0	881,156
10/1/14-15	306,429	300,000	0	0	306,429
10/1/15-16	294,245	300,000	0	0	294,245
10/1/16-17	642,764	300,000	0	0	642,764
10/1/17-18	654,167	300,000	0	0	654,167
Total	\$10,106,963		3	\$ 1,666,319	\$ 8,440,644

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/19	Age of Policy Period in Months	Incurred Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 527,948	186	1.000	\$ 527,948
10/1/04-05	328,444	174	1.000	328,444
10/1/05-06	371,326	162	1.000	371,326
10/1/06-07	410,242	150	1.000	410,242
10/1/07-08	294,344	138	1.000	294,344
10/1/08-09	991,729	126	1.000	991,729
10/1/09-10	707,019	114	1.000	707,019
10/1/10-11	1,143,431	102	1.000	1,143,431
10/1/11-12	409,413	90	1.000	409,413
10/1/12-13	477,987	78	1.000	477,987
10/1/13-14	881,156	66	1.005	885,562
10/1/14-15	306,429	54	1.023	313,477
10/1/15-16	294,245	42	1.049	308,663
10/1/16-17	642,764	30	1.171	752,677
10/1/17-18	654,167	18	1.484	970,784
Total	\$ 8,440,644			\$ 8,893,046

[^] Reflects actual reinsurance recoveries received. See Appendix A, Exhibit II for details.

Based on Section C of Table 11 of the 11/28/18 actuarial report.

Table 8

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

ESTIMATED ULTIMATE INCURRED LOSSES
PAID LOSS DEVELOPMENT

A. LOSSES LIMITED TO SPECIFIC RETENTION

Policy Period	Unlimited Paid Losses as of 3/31/19	Specific Retention	Number of Claims in Excess of Retention	Paid in Excess of Retention	Limited Paid Losses as of 3/31/19
10/1/03-04	\$ 527,948	\$ 250,000	0	\$ 0	\$ 527,948
10/1/04-05	328,444	250,000	0	0	328,444
10/1/05-06	371,326	250,000	0	0	371,326
10/1/06-07	410,242	250,000	0	0	410,242
10/1/07-08	294,344	250,000	0	0	294,344
10/1/08-09	2,375,837	250,000	2	1,384,108 [^]	991,729
10/1/09-10	707,019	300,000	0	0	707,019
10/1/10-11	1,362,599	300,000	1	282,211	1,080,388
10/1/11-12	391,894	300,000	0	0	391,894
10/1/12-13	477,987	300,000	0	0	477,987
10/1/13-14	772,080	400,000	0	0	772,080
10/1/14-15	272,180	300,000	0	0	272,180
10/1/15-16	270,099	300,000	0	0	270,099
10/1/16-17	402,484	300,000	0	0	402,484
10/1/17-18	330,257	300,000	0	0	330,257
Total	\$ 9,294,740		3	\$ 1,666,319	\$ 7,628,421

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Paid Losses as of 3/31/19	Age of Policy Period in Months	Paid Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 527,948	186	1.000	\$ 527,948
10/1/04-05	328,444	174	1.000	328,444
10/1/05-06	371,326	162	1.000	371,326
10/1/06-07	410,242	150	1.000	410,242
10/1/07-08	294,344	138	1.000	294,344
10/1/08-09	991,729	126	1.000	991,729
10/1/09-10	707,019	114	1.000	707,019
10/1/10-11	1,080,388	102	1.000	1,080,388
10/1/11-12	391,894	90	1.000	391,894
10/1/12-13	477,987	78	1.000*	477,987
10/1/13-14	772,080	66	1.075	829,986
10/1/14-15	272,180	54	1.223	332,876
10/1/15-16	270,099	42	1.387	374,627
10/1/16-17	402,484	30	1.713	689,455
10/1/17-18	330,257	18	2.757	910,519
Total	\$ 7,628,421			\$ 8,718,784

[^] Reflects actual reinsurance recoveries received. See Appendix A, Exhibit II for details.

Based on Section C of Table 13 of the 11/28/18 actuarial report.

* Selected a loss development factor of 1.000 since all reported claims are closed, and it is unlikely that additional claims will be reported.

Table 9

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED BORNHUTTER-FERGUSON
(Limited to Specific Retentions)

A. ESTIMATED UNREPORTED LOSSES

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated Unreported Losses
10/1/03-04	\$ 527,948	1.000	0.000	\$ 0
10/1/04-05	328,444	1.000	0.000	0
10/1/05-06	371,326	1.000	0.000	0
10/1/06-07	410,242	1.000	0.000	0
10/1/07-08	294,344	1.000	0.000	0
10/1/08-09	1,027,695	1.000	0.000	0
10/1/09-10	707,019	1.000	0.000	0
10/1/10-11	1,113,144	1.000	0.000	0
10/1/11-12	399,612	1.000	0.000	0
10/1/12-13	477,987	1.000	0.000	0
10/1/13-14	873,823	1.005	0.005	4,369
10/1/14-15	310,930	1.023	0.022	6,840
10/1/15-16	303,556	1.049	0.047	14,267
10/1/16-17	723,316	1.171	0.146	105,604
10/1/17-18	722,739	1.484	0.326	235,613
Total	\$ 8,592,125			\$ 366,693

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Incurred Losses as of 3/31/19	Estimated Unreported Losses	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 527,948	\$ 0	\$ 527,948
10/1/04-05	328,444	0	328,444
10/1/05-06	371,326	0	371,326
10/1/06-07	410,242	0	410,242
10/1/07-08	294,344	0	294,344
10/1/08-09	991,729	0	991,729
10/1/09-10	707,019	0	707,019
10/1/10-11	1,143,431	0	1,143,431
10/1/11-12	409,413	0	409,413
10/1/12-13	477,987	0	477,987
10/1/13-14	881,156	4,369	885,525
10/1/14-15	306,429	6,840	313,269
10/1/15-16	294,245	14,267	308,512
10/1/16-17	642,764	105,604	748,368
10/1/17-18	654,167	235,613	889,780
Total	\$ 8,440,644	\$ 366,693	\$ 8,807,337

* See Section A of Table 17 of the 11/28/18 actuarial report.

Table 10

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

ESTIMATED ULTIMATE INCURRED LOSSES

PAID BORNHUTTER-FERGUSON

(Limited to Specific Retentions)

A. ESTIMATED OUTSTANDING LOSSES

Policy Period	Expected Losses	Paid Loss Development Factor	Expected Ratio Outstanding	Estimated Outstanding Losses
10/1/03-04	\$ 527,948	1.000	0.000	\$ 0
10/1/04-05	328,444	1.000	0.000	0
10/1/05-06	371,326	1.000	0.000	0
10/1/06-07	410,242	1.000	0.000	0
10/1/07-08	294,344	1.000	0.000	0
10/1/08-09	1,027,695	1.000	0.000	0
10/1/09-10	707,019	1.000	0.000	0
10/1/10-11	1,113,144	1.000	0.000	0
10/1/11-12	399,612	1.000	0.000	0
10/1/12-13	477,987	1.000	0.000	0
10/1/13-14	873,823	1.075	0.070	61,168
10/1/14-15	310,930	1.223	0.182	56,589
10/1/15-16	303,556	1.387	0.279	84,692
10/1/16-17	723,316	1.713	0.416	300,899
10/1/17-18	722,739	2.757	0.637	460,385
Total	\$ 8,592,125			\$ 963,733

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Paid Losses as of 3/31/19	Estimated Outstanding Losses	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 527,948	\$ 0	\$ 527,948
10/1/04-05	328,444	0	328,444
10/1/05-06	371,326	0	371,326
10/1/06-07	410,242	0	410,242
10/1/07-08	294,344	0	294,344
10/1/08-09	991,729	0	991,729
10/1/09-10	707,019	0	707,019
10/1/10-11	1,080,388	0	1,080,388
10/1/11-12	391,894	0	391,894
10/1/12-13	477,987	0	477,987
10/1/13-14	772,080	61,168	833,248
10/1/14-15	272,180	56,589	328,769
10/1/15-16	270,099	84,692	354,791
10/1/16-17	402,484	300,899	703,383
10/1/17-18	330,257	460,385	790,642
Total	\$ 7,628,421	\$ 963,733	\$ 8,592,154

Table 11

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retention)

A. SELECTED ULTIMATE LOSSES PRIOR TO AGGREGATE

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Incurred Bornhuetter-Ferguson Method	Paid Bornhuetter-Ferguson Method	Selected Estimated Ultimate Incurred Losses#
10/1/03-04	\$ 527,948	\$ 527,948	\$ 527,948	\$ 527,948	\$ 527,948
10/1/04-05	328,444	328,444	328,444	328,444	328,444
10/1/05-06	371,326	371,326	371,326	371,326	371,326
10/1/06-07	410,242	410,242	410,242	410,242	410,242
10/1/07-08	294,344	294,344	294,344	294,344	294,344
10/1/08-09	991,729	991,729	991,729	991,729	991,729
10/1/09-10	707,019	707,019	707,019	707,019	707,019
10/1/10-11	1,143,431	1,080,388	1,143,431	1,080,388	1,143,431
10/1/11-12	409,413	391,894	409,413	391,894	409,413
10/1/12-13	477,987	477,987	477,987	477,987	477,987
10/1/13-14	885,562	829,986	885,525	833,248	885,544
10/1/14-15	313,477	332,876	313,269	328,769	313,373
10/1/15-16	308,663	374,627	308,512	354,791	308,588
10/1/16-17	752,677	689,455	748,368	703,383	750,523
10/1/17-18	970,784	910,519	889,780	790,642	840,211 <
Total	\$ 8,893,046	\$ 8,718,784	\$ 8,807,337	\$ 8,592,154	\$ 8,760,122

B. SELECTED ULTIMATE LOSSES NET OF AGGREGATE

Policy Period	Selected Estimated Ultimate Incurred Losses	Aggregate Retention	Selected Estimated Ultimate Net of Aggregate
10/1/03-04	\$ 527,948	\$ 2,118,975 ^	\$ 527,948 ~
10/1/04-05	328,444	3,485,141 ^	328,444 ~
10/1/05-06	371,326	3,462,625 ^	371,326 ~
10/1/06-07	410,242		410,242
10/1/07-08	294,344		294,344
10/1/08-09	991,729		991,729
10/1/09-10	707,019		707,019
10/1/10-11	1,143,431		1,143,431
10/1/11-12	409,413		409,413
10/1/12-13	477,987		477,987
10/1/13-14	885,544		885,544
10/1/14-15	313,373		313,373
10/1/15-16	308,588		308,588
10/1/16-17	750,523		750,523
10/1/17-18	840,211		840,211
Total	\$ 8,760,122		\$ 8,760,122

Selected the average of the incurred methods unless otherwise noted.

< Selected the average of the Bornhuetter-Ferguson methods due to the immaturity of the period.

^ Combined liability and property aggregate.

~ Aggregate is not expected to be exceeded.

Table 12

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

ESTIMATED REQUIRED RESERVES FOR 10/1/03-9/30/18 AS OF 3/31/19
(Limited to Specific & Aggregate Retentions)

A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 3/31/19	Paid Losses as of 3/31/19
10/1/03-04	\$ 527,948	\$ 527,948	\$ 527,948
10/1/04-05	328,444	328,444	328,444
10/1/05-06	371,326	371,326	371,326
10/1/06-07	410,242	410,242	410,242
10/1/07-08	294,344	294,344	294,344
10/1/08-09	991,729	991,729	991,729
10/1/09-10	707,019	707,019	707,019
10/1/10-11	1,143,431	1,143,431	1,080,388
10/1/11-12	409,413	409,413	391,894
10/1/12-13	477,987	477,987	477,987
10/1/13-14	885,544	881,156	772,080
10/1/14-15	313,373	306,429	272,180
10/1/15-16	308,588	294,245	270,099
10/1/16-17	750,523	642,764	402,484
10/1/17-18	840,211	654,167	330,257
Total	\$ 8,760,122	\$ 8,440,644	\$ 7,628,421

B. ESTIMATED REQUIRED RESERVES FOR 10/1/03-9/30/18 AS OF 3/31/19

Policy Period	Case Reserves as of 3/31/19	Estimated IBNR as of 3/31/19	Estimated Required Reserves as of 3/31/19
10/1/03-04	\$ 0	\$ 0	\$ 0
10/1/04-05	0	0	0
10/1/05-06	0	0	0
10/1/06-07	0	0	0
10/1/07-08	0	0	0
10/1/08-09	0	0	0
10/1/09-10	0	0	0
10/1/10-11	63,043	0	63,043
10/1/11-12	17,519	0	17,519
10/1/12-13	0	0	0
10/1/13-14	109,076	4,388	113,464
10/1/14-15	34,249	6,944	41,193
10/1/15-16	24,146	14,343	38,489
10/1/16-17	240,280	107,759	348,039
10/1/17-18	323,910	186,044	509,954
Total	\$ 812,223	\$ 319,478	\$ 1,131,701

Table 13

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

ESTIMATED ULTIMATE INCURRED LOSSES
INCURRED LOSS DEVELOPMENT

A. LOSSES LIMITED TO SPECIFIC RETENTION

Policy Period	Unlimited Incurred Losses as of 3/31/19	Specific Retention	Number of Claims in Excess of Retention*	Incurred in Excess of Retention*<	Limited Incurred Losses as of 3/31/19
10/1/03-04	\$ 426,107	\$ 100,000	0	\$ 0	\$ 426,107
10/1/04-05	593,429	100,000	0	0	593,429
10/1/05-06	207,491	100,000	0	0	207,491
10/1/06-07	617,712	100,000	1	217,926	399,786
10/1/07-08	380,001	100,000	1	28,528	351,473
10/1/08-09	697,860	100,000	3	289,363	408,497
10/1/09-10	1,671,688	100,000	5	1,232,568	439,120
10/1/10-11	863,302	100,000 ~	7	592,574	270,728
10/1/11-12	1,702,189	100,000 ~	2	1,037,581	664,608
10/1/12-13	252,083	100,000 ~	0	0	252,083
10/1/13-14	5,730,226	100,000 ~	5	4,241,955 #	1,488,271
10/1/14-15	754,044	100,000 ~	0	0	754,044
10/1/15-16	699,636	100,000 ~	1	90,752	608,884
10/1/16-17	944,028	100,000 ~	0	0	944,028
10/1/17-18	1,524,132	100,000 ~	3	432,035	1,092,097
Total	\$17,063,928		28	\$ 8,163,282	\$ 8,900,646

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/19	Age of Policy Period in Months	Incurred Loss Development Factor>	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 426,107	186	1.000	\$ 426,107
10/1/04-05	593,429	174	1.000	593,429
10/1/05-06	207,491	162	1.000	207,491
10/1/06-07	399,786	150	1.000	399,786
10/1/07-08	351,473	138	1.000	351,473
10/1/08-09	408,497	126	1.000	408,497
10/1/09-10	439,120	114	1.000	439,120
10/1/10-11	270,728	102	1.000	270,728
10/1/11-12	664,608	90	1.000	664,608
10/1/12-13	252,083	78	1.000	252,083
10/1/13-14	1,488,271	66	1.000	1,488,271
10/1/14-15	754,044	54	1.000	754,044
10/1/15-16	608,884	42	1.000	608,884
10/1/16-17	944,028	30	1.012	955,356
10/1/17-18	1,092,097	18	1.051	1,114,477 ^
Total	\$ 8,900,646			\$ 8,934,354

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

< Equals actual reinsurance recovery for 10/1/11-12 and prior. Claims are closed and additional recoveries are not expected.

~ The retention is \$200,000 for wind, hailstorm and catastrophe for 7/1/11-6/30/15 and 7/1/16-6/30/19. The retention is \$300,000 for wind, hailstorm and catastrophe for 7/1/15-16.

Actual reinsurance recovery reflected for claims LARP-8350 and LARP-8378 as no additional recoveries are expected.

> Based on Section C of Table 21 of the 11/28/18 actuarial report.

^ Losses are not developed above the retention.

Table 14

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

ESTIMATED ULTIMATE INCURRED LOSSES
PAID LOSS DEVELOPMENT

A. LOSSES LIMITED TO SPECIFIC RETENTION

Policy Period	Unlimited Paid Losses as of 3/31/19	Specific Retention	Number of Claims in Excess of Retention#	Paid in Excess of Retention#<	Limited Paid Losses as of 3/31/19
10/1/03-04	\$ 426,107	\$ 100,000	0	\$ 0	\$ 426,107
10/1/04-05	593,429	100,000	0	0	593,429
10/1/05-06	207,491	100,000	0	0	207,491
10/1/06-07	617,712	100,000	1	217,926	399,786
10/1/07-08	380,001	100,000	1	28,528	351,473
10/1/08-09	697,860	100,000	3	289,363	408,497
10/1/09-10	1,671,688	100,000	5	1,232,568	439,120
10/1/10-11	863,302	100,000 ~	7	592,574	270,728
10/1/11-12	1,702,189	100,000 ~	2	1,037,581	664,608
10/1/12-13	252,083	100,000 ~	0	0	252,083
10/1/13-14	5,710,839	100,000 ~	5	4,222,568 >	1,488,271
10/1/14-15	754,044	100,000 ~	0	0	754,044
10/1/15-16	699,636	100,000 ~	1	90,752	608,884
10/1/16-17	858,524	100,000 ~	0	0	858,524
10/1/17-18	1,243,741	100,000 ~	3	275,677	968,064
Total	\$16,678,646		28	\$ 7,987,537	\$ 8,691,109

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Paid Losses as of 3/31/19	Age of Policy Period in Months	Paid Loss Development Factor&	Estimated Ultimate Incurred Losses
10/1/03-04	\$ 426,107	186	1.000	\$ 426,107
10/1/04-05	593,429	174	1.000	593,429
10/1/05-06	207,491	162	1.000	207,491
10/1/06-07	399,786	150	1.000	399,786
10/1/07-08	351,473	138	1.000	351,473
10/1/08-09	408,497	126	1.000	408,497
10/1/09-10	439,120	114	1.000	439,120
10/1/10-11	270,728	102	1.000	270,728
10/1/11-12	664,608	90	1.000	664,608
10/1/12-13	252,083	78	1.000	252,083
10/1/13-14	1,488,271	66	1.000	1,488,271
10/1/14-15	754,044	54	1.000*	754,044
10/1/15-16	608,884	42	1.000*	608,884
10/1/16-17	858,524	30	1.090	935,791
10/1/17-18	968,064	18	1.394	1,152,481 ^
Total	\$ 8,691,109			\$ 8,952,793

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

< Equals actual reinsurance recovery for 10/1/11-12 and prior. Claims are closed and additional recoveries are not expected.

~ The retention is \$200,000 for wind, hailstorm and catastrophe for 7/1/11-6/30/15 and 7/1/16-6/30/19. The retention is \$300,000 for wind, hailstorm and catastrophe for 7/1/15-16.

> Actual reinsurance recovery reflected for claims LARP-8350 and LARP-8378 as no additional recoveries are expected.

& Based on Section C of Table 23 of the 11/28/18 actuarial report.

* Selected a loss development factor of 1.000 since all reported claims are closed, and it is unlikely that additional claims will be reported.

^ Losses are not developed above the retention.

Table 15

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retentions)

A. SELECTED ULTIMATE LOSSES PRIOR TO AGGREGATE

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Selected Estimated Ultimate Incurred Losses*
10/1/03-04	\$ 426,107	\$ 426,107	\$ 426,107
10/1/04-05	593,429	593,429	593,429
10/1/05-06	207,491	207,491	207,491
10/1/06-07	399,786	399,786	399,786
10/1/07-08	351,473	351,473	351,473
10/1/08-09	408,497	408,497	408,497
10/1/09-10	439,120	439,120	439,120
10/1/10-11	270,728	270,728	270,728
10/1/11-12	664,608	664,608	664,608
10/1/12-13	252,083	252,083	252,083
10/1/13-14	1,488,271	1,488,271	1,488,271
10/1/14-15	754,044	754,044	754,044
10/1/15-16	608,884	608,884	608,884
10/1/16-17	955,356	935,791	955,356
10/1/17-18	<u>1,114,477</u>	<u>1,152,481</u>	<u>1,114,477</u>
Total	\$ 8,934,354	\$ 8,952,793	\$ 8,934,354

B. SELECTED ULTIMATE LOSSES NET OF RECOVERIES

Policy Period	Selected Estimated Ultimate Incurred Losses	Aggregate Retention	Selected Estimated Ultimate Net of Aggregate~
10/1/03-04	\$ 426,107	\$ 2,118,975 ^	\$ 426,107
10/1/04-05	593,429	3,485,141 ^	593,429
10/1/05-06	207,491	3,462,625 ^	207,491
10/1/06-07	399,786		399,786
10/1/07-08	351,473		351,473
10/1/08-09	408,497		408,497
10/1/09-10	439,120		439,120
10/1/10-11	270,728		270,728
10/1/11-12	664,608		664,608
10/1/12-13	252,083		252,083
10/1/13-14	1,488,271		1,488,271
10/1/14-15	754,044		754,044
10/1/15-16	608,884		608,884
10/1/16-17	955,356		955,356
10/1/17-18	<u>1,114,477</u>		<u>1,114,477</u>
Total	\$ 8,934,354		\$ 8,934,354

* Selected the incurred method unless otherwise noted.

~ Aggregate is not expected to be exceeded.

^ Combined liability and property aggregate.

Table 16

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

ESTIMATED REQUIRED RESERVES FOR 10/1/03-9/30/18 AS OF 3/31/19
(Limited to Specific and Aggregate Retentions)

A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 3/31/19	Paid Losses as of 3/31/19
10/1/03-04	\$ 426,107	\$ 426,107	\$ 426,107
10/1/04-05	593,429	593,429	593,429
10/1/05-06	207,491	207,491	207,491
10/1/06-07	399,786	399,786	399,786
10/1/07-08	351,473	351,473	351,473
10/1/08-09	408,497	408,497	408,497
10/1/09-10	439,120	439,120	439,120
10/1/10-11	270,728	270,728	270,728
10/1/11-12	664,608	664,608	664,608
10/1/12-13	252,083	252,083	252,083
10/1/13-14	1,488,271	1,488,271	1,488,271
10/1/14-15	754,044	754,044	754,044
10/1/15-16	608,884	608,884	608,884
10/1/16-17	955,356	944,028	858,524
10/1/17-18	1,114,477	1,092,097	968,064
Total	\$ 8,934,354	\$ 8,900,646	\$ 8,691,109

B. ESTIMATED REQUIRED RESERVES FOR 10/1/03-9/30/18 AS OF 3/31/19

Policy Period	Case Reserves as of 3/31/19	Estimated IBNR as of 3/31/19	Estimated Required Reserves as of 3/31/19
10/1/03-04	\$ 0	\$ 0	\$ 0
10/1/04-05	0	0	0
10/1/05-06	0	0	0
10/1/06-07	0	0	0
10/1/07-08	0	0	0
10/1/08-09	0	0	0
10/1/09-10	0	0	0
10/1/10-11	0	0	0
10/1/11-12	0	0	0
10/1/12-13	0	0	0
10/1/13-14	0	0	0
10/1/14-15	0	0	0
10/1/15-16	0	0	0
10/1/16-17	85,504	11,328	96,832
10/1/17-18	124,033	22,380	146,413
Total	\$ 209,537	\$ 33,708	\$ 243,245

Table 17

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ALL COVERAGES

ESTIMATED REQUIRED RESERVES FOR 10/1/03-9/30/18 AS OF 3/31/19
(Limited to Specific and Aggregate Retentions)

A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 3/31/19	Paid Losses as of 3/31/19
10/1/03-04	\$ 2,307,355	\$ 2,307,355	\$ 2,307,355
10/1/04-05	1,581,728	1,581,728	1,581,728
10/1/05-06	2,149,952	2,149,952	2,127,061
10/1/06-07	2,905,478	2,905,478	2,905,478
10/1/07-08	2,590,930	2,590,930	2,590,930
10/1/08-09	2,821,543	2,821,543	2,821,543
10/1/09-10	3,043,376	3,043,376	2,943,868
10/1/10-11	3,119,763	3,119,763	3,019,919
10/1/11-12	3,186,711	3,182,563	3,080,829
10/1/12-13	2,507,549	2,495,141	2,379,981
10/1/13-14	3,295,729	3,291,341	3,179,220
10/1/14-15	1,979,049	1,904,291	1,860,475
10/1/15-16	1,724,837	1,641,757	1,575,487
10/1/16-17	2,625,042	2,370,640	2,018,160
10/1/17-18	3,906,904	3,488,292	2,761,337
Total	\$39,745,946	\$38,894,150	\$37,153,371

B. ESTIMATED REQUIRED RESERVES FOR 10/1/03-9/30/18 AS OF 3/31/19

Policy Period	Case Reserves as of 3/31/19	Estimated IBNR as of 3/31/19	Estimated Required Reserves as of 3/31/19
Prior to 10/1/03	(\$ 109)	\$ 0	(\$ 109)
10/1/03-04	0	0	0
10/1/04-05	0	0	0
10/1/05-06	22,891	0	22,891
10/1/06-07	0	0	0
10/1/07-08	0	0	0
10/1/08-09	0	0	0
10/1/09-10	99,508	0	99,508
10/1/10-11	99,844	0	99,844
10/1/11-12	101,734	4,148	105,882
10/1/12-13	115,160	12,408	127,568
10/1/13-14	112,121	4,388	116,509
10/1/14-15	43,816	74,758	118,574
10/1/15-16	66,270	83,080	149,350
10/1/16-17	352,480	254,402	606,882
10/1/17-18	726,955	418,612	1,145,567
Total	\$ 1,740,670	\$ 851,796	\$ 2,592,466

Appendix A, Exhibit I
LEAGUE ASSOCIATION OF RISK MANAGEMENT
WORKERS COMPENSATION
INCURRED LOSSES \$100,000 OR GREATER*

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of								Paid Loss and ALAE as of 3/31/19	Actual Reinsurance Recovery as of 3/31/19			
				9/30/11	9/30/12	9/30/13	9/30/14	9/30/15	9/30/16	9/30/17	9/30/18					
				3/31/19												
10/1/97-98	LARN00464	4/9/98	O	797,153	797,154	797,154	797,154	821,116	821,116	821,116	821,116	821,116	821,116	#	754,066	263,959
10/1/99-00	LARN01042	10/7/99	O	744,675	744,676	744,676	744,676	886,906	886,906	886,905	886,905	886,906	886,905	<	539,318	180,860
	LARN01082	12/2/99	C	368,022	368,022	368,022	368,022	368,022	368,022	368,022	368,022	368,022	368,022	<	368,022	10,522
				1,112,697	1,112,698	1,112,698	1,112,698	1,254,928	1,254,927	1,254,927	1,254,927	1,254,927	1,254,927		907,340	
10/1/03-04	LARN02588	11/11/03	C	285,237	285,237	285,237	285,237	285,237	285,237	285,237	285,237	285,237	285,237	285,237	285,237	
	LARN02736	3/27/04	C	356,505	356,506	356,506	213,964	213,964	213,964	213,964	213,964	213,964	213,964	213,964	213,964	
	LARN02767	4/12/04	C	108,956	108,956	108,956	108,956	108,956	108,956	108,956	108,956	108,956	108,956	108,956	108,956	
				750,698	750,699	750,699	608,157	608,157	608,157	608,157	608,157	608,157	608,157	608,157	608,157	
10/1/04-05	---None---															
10/1/05-06	LARN03895	1/12/06	C	123,556	123,556	123,556	123,556	123,556	123,556	123,556	123,556	123,556	123,556	123,556	123,556	
	LARN04172	6/25/06	C	146,287	146,288	124,943	124,943	124,943	124,943	124,943	124,943	124,943	124,943	124,943	124,943	
	LARN04217	8/1/06	O	737,018	741,019	741,019	741,019	742,019	742,019	871,544	871,544	871,544	871,544	477,109		
				1,006,861	1,010,863	989,518	989,518	990,518	990,518	1,120,043	1,120,043	1,120,043	1,120,043	725,608		
10/1/06-07	LARN04329	10/20/06	C	143,997	143,998	143,998	143,998	126,118	126,118	126,118	126,118	126,118	126,118	126,118	126,118	
	LARN04371	11/14/06	C	299,423	299,424	299,424	299,424	317,136	317,136	317,136	317,136	317,136	317,136	317,136	317,136	
	LARN04846	7/15/07	O	1,207,776	1,407,777	1,407,777	1,407,777	1,408,777	1,420,856	1,420,856	2,068,856	2,068,855	1,422,296		902,102	
				1,651,196	1,851,198	1,851,198	1,851,198	1,852,030	1,864,110	1,864,109	2,512,110	2,512,109	1,865,550			
10/1/07-08	LARN05064	10/30/07	O	1,036,745	1,036,746	1,036,746	1,036,746	1,062,320	1,062,321	1,095,203	1,295,846	1,687,794	1,683,508		607,847	
	LARN05076	11/12/07	C	115,854	115,855	115,855	114,347	114,347	114,347	114,347	114,347	114,347	114,347	114,347	114,347	
	LARN05257	3/27/08	C	239,098	239,098	239,098	239,098	239,098	239,098	239,098	239,098	239,098	239,098	239,098	239,098	
				1,391,697	1,391,700	1,391,700	1,390,191	1,415,765	1,415,766	1,448,649	1,649,291	2,041,240	2,036,953			
10/1/08-09	LARN05752	1/22/09	C	232,159	232,160	241,799	241,799	241,799	241,799	241,799	241,799	241,799	241,799	241,799	241,799	
	LARN05852	4/1/09	C	113,962	113,963	113,963	113,963	106,931	106,931	106,931	106,931	106,931	106,931	106,931	106,931	
	LARN05937	5/30/09	C	212,260	212,260	212,260	212,260	212,260	212,260	212,260	212,260	212,260	212,260	212,260	212,260	
				558,381	558,382	568,021	568,021	560,989	560,989	560,989	560,989	560,989	560,989	560,989	560,989	

* Losses are gross of the reinsurance recovery received.
Specific retention of \$250,000 with a 10% quota share.
< Specific retention of \$250,000 with a 20% quota share.

Appendix A, Exhibit I (Continued)

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

INCURRED LOSSES \$100,000 OR GREATER*
(Net of Non-Excess Recoveries)

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of								Paid Loss and ALAE as of 3/31/19	Actual Reinsurance Recovery as of 3/31/19
				9/30/11	9/30/12	9/30/13	9/30/14	9/30/15	9/30/16	9/30/17	9/30/18	3/31/19	
10/1/09-10	LARN06399	12/15/09	C	212,147	233,148	211,571	211,571	193,639	209,052	206,084	206,084	206,084	206,084
	LARN06532	5/3/10	O	163,398	194,525	163,017	223,425	200,002	295,947	382,089	382,089	382,089	282,581
	LARN06539	5/11/10	C	<	<	285,071	285,071	152,684	152,684	152,684	152,684	152,684	152,684
	LARN06601	6/3/10	N/A	<	<	<	103,345	<	<	<	<	<	<
				375,545	427,673	659,659	823,411	546,325	657,683	740,857	740,857	740,857	641,350
10/1/10-11	LARN06832	10/6/10	N/A	<	145,001	145,001	<	<	<	<	<	<	<
	LARN06841	10/18/10	N/A	<	123,993	123,993	<	<	<	<	<	<	<
	LARN06940	1/19/11	N/A	<	<	<	112,451	<	<	<	<	<	<
	LARN06969	2/8/11	O	<	<	<	<	<	107,560	107,560	107,560	107,560	70,770
	LARN07181	7/20/11	O	220,022	525,235	525,235	525,235	526,235	526,235	459,841	670,006	701,507	669,133
				220,022	794,229	794,229	637,686	526,235	526,235	566,401	777,566	809,079	739,903
10/1/11-12	LARN07298	10/5/11	O		418,369	418,369	908,972	917,675	902,675	902,675	927,896	927,896	516,288
	LARN07423	2/5/12	O		<	161,863	290,503	291,503	350,940	456,503	456,503	1,041,121	456,109
	LARN-7815	5/10/12	N/A		<	106,083	<	<	<	<	<	<	<
	LARN-7609	7/20/12	O		<	<	<	<	<	95,879	133,248	92,924	92,924
				418,369	686,315	1,199,476	1,209,178	1,253,615	1,359,178	1,480,278	2,102,265	1,065,321	
10/1/12-13	LARN-7781	12/6/12	N/A			<	<	153,952	<	<	<	<	<
	LARN-7825	1/18/13	N/A			<	115,661	<	<	<	<	<	<
	LARN-7911	4/10/13	O			<	199,530	200,530	200,166	200,166	335,732	337,916	274,693
	LARN-8107	9/24/13	O			<	<	100,994	100,994	100,994	100,994	100,994	49,058
						315,191	455,475	301,160	301,160	301,160	436,726	438,910	323,751
10/1/13-14	LARN-8232	1/16/14	N/A				<	171,878	<	<	<	<	<
10/1/14-15	LARN-8629	12/27/14	O					<	179,637	179,625	179,625	179,625	176,115
10/1/15-16	LARN-8998	1/23/16	N/A						104,362	<	<	<	<
10/1/16-17	—None—												
10/1/17-18	LARN-9745	11/1/17	O							1,505,499	1,505,498	1,382,827	631,795
	LARN-9944	6/12/18	O							59,368	128,453	80,400	
										1,564,867	1,633,951	1,463,227	
10/1/18-19	LARN-0096	10/24/18	O									143,459	16,951

* Losses are gross of the reinsurance recovery received.
< Less than \$100,000.

Appendix A, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

INCURRED LOSSES \$100,000 OR GREATER*
(Net of Non-Excess Recoveries)

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of									Paid Loss and ALAE as of 3/31/19	Actual Reinsurance Recovery as of 3/31/19
				9/30/11	9/30/12	9/30/13	9/30/14	9/30/15	9/30/16	9/30/17	9/30/18	3/31/19		
10/1/03-04	--- None ---													
10/1/04-05	--- None ---													
10/1/05-06	LARL04250	8/25/06	C	104,327	104,327	104,327	104,327	104,327	104,327	104,327	104,327	104,327	104,327	
10/1/06-07	--- None ---													
10/1/07-08	LARL05297	4/17/08	C	<	<	112,000	102,585	102,585	102,585	102,585	102,585	102,585	102,585	
10/1/08-09	LARL05931	5/30/09	C	1,641,480	1,642,030	1,642,030	1,642,030	1,642,030	1,642,030	1,642,030	1,642,030	1,642,030	1,642,030	1,376,809
	LARL06008	7/7/09	C	259,224	259,224	259,224	259,224	259,224	259,224	259,224	259,224	259,224	259,224	
	LARL06050^	7/31/09	C	<	150,000	331,224	327,182	327,182	327,182	327,182	327,182	327,182	327,182	
				1,900,704	2,051,254	2,232,478	2,228,436	2,228,436	2,228,436	2,228,436	2,228,436	2,228,436	2,228,436	7,299
10/1/09-10	LARL06243	11/16/09	C	<	230,000	270,176	271,136	297,864	303,585	119,448	119,448	119,448	119,448	
	LARL-8205	6/3/10	C	<	<	<	111,417	103,736	103,736	103,736	103,736	103,736	103,736	
	LARL06704	7/24/10	N/A	<	155,000	155,352	<	<	<	<	<	<	<	
	LARL06720	7/31/10	C	<	102,907	102,907	102,907	102,907	102,907	102,907	102,907	102,907	102,907	
					487,907	528,435	485,460	504,506	510,227	326,090	326,090	326,090	326,090	
10/1/10-11	LARL06918^	1/12/11	C	<	<	451,801	610,939	618,875	1,464,938	629,892	629,892	629,892	629,892	248,826
	LARL07022	3/24/11	N/A	<	230,000	<	<	<	<	<	<	<	<	
	LARL-9131	8/13/11	O	<	<	<	<	<	<	<	86,278	116,565	53,522	
	LARL07236	8/22/11	C	<	<	297,614	298,844	184,178	184,178	184,178	184,178	184,178	184,178	
	LARL-7675	9/13/11	N/A	<	<	550,220	551,160	177,792	<	<	<	<	<	
					230,000	1,299,636	1,460,943	980,845	1,649,116	814,070	900,348	930,635	867,592	
10/1/11-12	LARL-7769	1/26/12	N/A		<	150,000	<	<	<	<	<	<	<	
	LARL-7618	6/5/12	C		<	<	140,269	140,269	140,269	140,269	140,269	140,269	140,269	
						150,000	140,269	140,269	140,269	140,269	140,269	140,269	140,269	
10/1/12-13	LARL-8921	11/3/12	C			<	<	<	<	121,282	90,537	90,537	90,537	
	LARL-8261	3/12/13	C			<	<	157,135	158,627	159,957	86,058	86,058	86,058	
								157,135	158,627	281,239	176,595	176,595	176,595	
10/1/13-14	LARL-8131	10/4/13	C				124,714	124,962	123,327	123,327	123,327	123,327	123,327	
	LARL-8539	1/21/14	C				225,856	170,929	170,929	170,929	170,929	170,929	170,929	
							350,370	295,891	294,256	294,256	294,256	294,256	294,256	
10/1/14-15	--- None ---													
10/1/15-16	LARL-9217	7/8/16	C						123,351	118,015	118,015	118,015	118,015	
10/1/16-17	--- None ---													
10/1/17-18	LARL-0006	8/7/18	O								842	180,481	6,178	
10/1/18-19	--- None ---													

* Losses are gross of the reinsurance recovery received.
< Less than \$100,000.
Claim is not excess due to the amount of ALAE for the claim.
^ Multiple claimants. Additional claim numbers apply.

Appendix A, Exhibit III
LEAGUE ASSOCIATION OF RISK MANAGEMENT
PROPERTY
INCURRED LOSSES \$100,000 OR GREATER*

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of									Paid Loss and ALAE as of 3/31/19	Actual Reinsurance Recovery as of 3/31/19
				9/30/11	9/30/12	9/30/13	9/30/14	9/30/15	9/30/16	9/30/17	9/30/18	3/31/19		
10/1/03-04	--- None ---													
10/1/04-05	LARPO3455A1, LARPO3457A1A1, LARPO3458A1#	5/11/05	C	117,095	117,095	117,095	117,095	117,095	117,095	117,095	117,095	117,095	117,095	0
10/1/05-06	--- None ---													
10/1/06-07	LARPO4464A1, LARPO4465A1, LARPO4467A1, LARLO4466A1	12/31/06	C	294,281	317,925	318,010	317,926	317,926	317,926	317,926	317,926	317,926	317,926	217,926
10/1/07-08	--- None ---													
10/1/08-09	LARPO5946A1 through LARPO5948A1# LARPO5982A1, LARPO2983A1#	6/5/09 6/25/09	C C	258,000 173,715	271,933 431,715	271,933 420,564	271,933 420,564	271,933 420,564	271,933 420,564	271,933 420,564	271,933 420,564	271,933 420,564	271,933 420,564	171,498 282,720
10/1/09-10	LARPO6576A1, LARPO6577A1, LARPO6579A1, LARPO6580A1, LARPO6582A1> LARLO6578A1, LARLO6581A1> LARPO6795A1 through LARPO6797A1	5/24/10 5/24/10 9/13/10	C C C	838,408 220,639 290,322	839,537 220,640 281,062	773,731 201,436 232,928	773,731 201,436 232,928	773,731 201,436 232,928	773,731 201,436 232,928	773,731 201,436 232,928	773,731 201,436 232,928	773,731 201,436 232,928	773,731 201,436 232,928	725,061 201,436 222,067
10/1/10-11	LARPO7044A1 LARPO7119A1, LARPO7120A1, LARPO7122A1 through LARPO7124A1#	4/15/11 6/19/11	C C	< <	285,811 290,850	285,811 286,001	285,811 222,562	285,811 222,562	285,811 222,562	285,811 222,562	285,811 222,562	285,811 222,562	285,811 222,562	275,811 212,410
10/1/11-12	LARPO7484A1, LARLO7485A1, LARPO7486A1# LARPO7510A1, LARLO7511A1# LARPP-7549A1, LARPP-7550A1, LARPP-7563A1, LARPP-7564A1, LARPP-7795A1#	4/14/12 5/4/12 6/19/12	C C C	762,000 150,000 1,063,000	654,204 162,153 1,070,979	557,998 126,530 945,306	557,998 126,530 894,473	558,024 126,530 895,473	558,024 126,530 895,473	558,024 126,530 895,473	558,024 126,530 895,473	558,024 126,530 895,473	558,024 126,530 895,473	356,200 0 681,381
10/1/12-13	--- None ---				1,975,000	1,887,337	1,619,925	1,579,001	1,580,027	1,580,027	1,580,027	1,580,027	1,580,027	1,037,581
10/1/13-14	LARP-8210 LARP-8350# LARP-8370# LARP-8402# LARP-8444# LARP-8461	1/7/14 5/11/14 6/4/14 6/14/14 7/9/14 7/22/14	O C C C N/A C				238,045 1,228,440 1,359,875 1,648,161 < 511,078	264,632 1,227,873 1,209,315 1,535,923 108,252 570,790	264,913 1,090,405 1,043,196 2,315,638 < 543,803	288,344 1,090,404 1,043,196 2,504,161 < 543,803	288,344 1,090,404 1,043,195 2,665,581 < 543,803	173,344 1,090,404 1,043,195 2,665,581 < 543,803	153,958 1,090,404 1,043,195 2,665,581 < 543,803	74,567 856,639 ~ 802,587 ~ 1,589,721 443,803 3,767,317

* Losses are gross of the reinsurance recovery received.
Wind and Hail Damage.
> Same occurrence.
< Less than \$100,000.
~ According to York, no additional reinsurance recoveries are expected.

Appendix A, Exhibit III (Continued)

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

INCURRED LOSSES \$100,000 OR GREATER*

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of								Paid Loss and ALAE as of 3/31/19	Actual Reinsurance Recovery as of 3/31/19
				9/30/11	9/30/12	9/30/13	9/30/14	9/30/15	9/30/16	9/30/17	9/30/18	3/31/19	
10/1/14-15	LARP87759#	5/27/15	C					270,893	180,355	180,355	180,355	180,355	0
	LARP-8933#	6/25/15	C					<	112,723	112,723	112,723	112,723	0
								270,893	293,078	293,078	293,078	293,078	0
10/1/15-16	LARP-9467#	7/5/16	C						<	<	290,752	290,752	90,752
10/1/16-17	LARP-9586#	6/13/17	C							121,328	105,790	105,790	0
	LARP-9608#	6/27/17	O							31,461	127,933	133,451	76,386
										152,789	233,723	239,241	182,176
10/1/17-18	LARP-9795	1/14/18	C							287,674	263,754	263,754	0
	LARP-9891#	5/1/18	O							111,153	197,733	102,426	0
	LARP-9967#	6/30/18	O							261,364	278,881	218,963	13,563
	LARP-0004#	8/6/18	O							371,938	389,400	292,960	0
										1,032,129	1,129,768	878,103	13,563

* Losses are gross of the reinsurance recovery received.
Wind and Hail Damage.
< Less than \$100,000.

Appendix A, Exhibit IV

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

INCURRED LOSSES SUBJECT TO \$10,000 RETENTION AFTER EROSION OF AAD

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of							Paid Loss and ALAE as of 3/31/19	Actual Reinsurance Recovery as of 3/31/19
				9/30/13	9/30/14	9/30/15	9/30/16	9/30/17	9/30/18	3/31/19		
10/1/03-04	--- None ---											
10/1/04-05	--- None ---											
10/1/05-06	--- None ---											
10/1/06-07	--- None ---											
10/1/07-08	LARP05450A1, LARP05451A1	6/27/08	C	38,528	38,528	38,528	38,528	38,528	38,528	38,528	38,528	28,528
10/1/08-09	LARP05953A1	6/7/09	C	16,643	16,643	16,643	16,643	16,643	16,643	16,643	16,643	6,643
10/1/09-10	LARP06813A1, LARP06815A1 LARP 06633A1	9/22/10 6/21/10	C C	93,125 11,100	93,125 11,100	93,125 11,100	93,125 11,100	93,125 11,100	93,125 11,100	93,125 11,100	93,125 11,100	82,904 1,100
				104,225	104,225	104,225	104,225	104,225	104,225	104,225	104,225	84,004
10/1/10-11	LARP07083A1 LARP07086A1, LARP07087A1 LARP07094A1	5/20/11 5/21/11 5/30/11	C C C	12,149 13,127 20,528	12,149 13,127 20,528	12,149 13,127 20,528	12,149 13,127 20,528	12,149 13,127 20,528	12,149 13,127 20,528	12,149 13,127 20,528	12,149 13,127 20,528	2,149 3,127 10,528
	LARP07110A1, LARP07107A1 LARP07140A1	6/14/11 6/25/11	C C	55,337 53,212	55,337 53,212	55,337 53,212	55,337 53,212	55,337 53,212	55,337 53,212	55,337 53,212	55,337 53,212	45,337 43,212
				154,353	154,353	154,353	154,353	154,353	154,353	154,353	154,353	104,353
10/1/11-12	--- None ---											
10/1/12-13	--- None ---											
10/1/13-14	--- None ---											
10/1/14-15	--- None ---											
10/1/15-16	--- None ---											
10/1/16-17	--- None ---											
10/1/17-18	--- None ---											

Appendix B, Exhibit I

**COMPARISON OF ESTIMATED ULTIMATE
INCURRED LOSSES TO PRIOR ACTUARIAL REPORT
WORKERS COMPENSATION**
(Limited to Specific and Aggregate Retentions)

Policy Period	Current Analysis (Table 5, Section B)	11/28/18 Report (Table 8, Section A)	Change	Percent Change
10/1/03-04	\$ 1,353,300	\$ 1,353,300	\$ 0	0.0%
10/1/04-05	659,855	659,855	0	0.0%
10/1/05-06	1,571,135	1,571,135	0	0.0%
10/1/06-07	2,095,450	2,095,449	1	0.0%
10/1/07-08	1,945,113	1,945,113	0	0.0%
10/1/08-09	1,421,317	1,421,451	(134)	0.0%
10/1/09-10	1,897,237	1,897,237	0	0.0%
10/1/10-11	1,705,604	1,705,592	12	0.0%
10/1/11-12	2,112,690	2,039,379	73,311	3.6%
10/1/12-13	1,777,479	1,780,212	(2,733)	(0.2%)
10/1/13-14	921,914	921,914	0	0.0%
10/1/14-15	911,632	923,647	(12,015)	(1.3%)
10/1/15-16	807,365	830,506	(23,141)	(2.8%)
10/1/16-17	919,163	956,524	(37,361)	(3.9%)
10/1/17-18	1,952,216	1,946,189	6,027	0.3%
Total	\$22,051,470	\$22,047,503	\$ 3,967	0.0%

Appendix B, Exhibit II

**COMPARISON OF ESTIMATED ULTIMATE
INCURRED LOSSES TO PRIOR ACTUARIAL REPORT
OTHER LIABILITY**
(Limited to Specific and Aggregate Retentions)

Policy Period	Current Analysis (Table 11, Section B)	11/28/18 Report (Table 18, Section A)	Change	Percent Change
10/1/03-04	\$ 527,948	\$ 527,948	\$ 0	0.0%
10/1/04-05	328,444	328,444	0	0.0%
10/1/05-06	371,326	371,326	0	0.0%
10/1/06-07	410,242	410,242	0	0.0%
10/1/07-08	294,344	294,344	0	0.0%
10/1/08-09	991,729	1,027,695	(35,966)	(3.5%)
10/1/09-10	707,019	707,019	0	0.0%
10/1/10-11	1,143,431	1,113,144	30,287	2.7%
10/1/11-12	409,413	399,612	9,801	2.5%
10/1/12-13	477,987	477,987	0	0.0%
10/1/13-14	885,544	873,823	11,721	1.3%
10/1/14-15	313,373	310,930	2,443	0.8%
10/1/15-16	308,588	303,556	5,032	1.7%
10/1/16-17	750,523	723,316	27,207	3.8%
10/1/17-18	840,211	722,739	117,472	16.3%
Total	\$ 8,760,122	\$ 8,592,125	\$ 167,997	2.0%

Appendix B, Exhibit III

**COMPARISON OF ESTIMATED ULTIMATE
INCURRED LOSSES TO PRIOR ACTUARIAL REPORT
PROPERTY**
(Limited to Specific and Aggregate Retentions)

Policy Period	Current Analysis (Table 15, Section B)	11/28/18 Report (Table 26, Section A)	Change	Percent Change
10/1/03-04	\$ 426,107	\$ 426,107	\$ 0	0.0%
10/1/04-05	593,429	593,429	0	0.0%
10/1/05-06	207,491	207,491	0	0.0%
10/1/06-07	399,786	399,786	0	0.0%
10/1/07-08	351,473	351,473	0	0.0%
10/1/08-09	408,497	408,497	0	0.0%
10/1/09-10	439,120	439,120	0	0.0%
10/1/10-11	270,728	270,728	0	0.0%
10/1/11-12	664,608	664,608	0	0.0%
10/1/12-13	252,083	252,083	0	0.0%
10/1/13-14	1,488,271	1,488,272	(1)	0.0%
10/1/14-15	754,044	754,044	0	0.0%
10/1/15-16	608,884	616,224	(7,340)	(1.2%)
10/1/16-17	955,356	888,786	66,570	7.5%
10/1/17-18	1,114,477	1,231,232	(116,755)	(9.5%)
Total	\$ 8,934,354	\$ 8,991,880	(\$ 57,526)	(0.6%)

Elizabeth Long, ACAS, MAAA
SVP and Consulting Actuary
9 Forrest Blend Drive
Titusville, NJ 08560
P:609.474.0508
elong@bynac.com

By The Numbers
Actuarial
Consulting, Inc.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ACTUARIAL REPORT Indicated Premium for 10/1/19-20

7/24/19

Former Purported Bd

E-4

Mtg Packet:

8/8/2019

By The Numbers
Actuarial
Consulting, Inc.

July 24, 2019

Mr. Michael Nolan
League Association of Risk Management
1919 South 40th Street
Suite 212
Lincoln, NE 68506

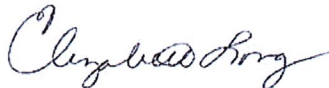
Dear Mr. Nolan:

Enclosed is the actuarial report prepared for the League Association of Risk Management (LARM) at your request. This report calculates the indicated premium for the upcoming 10/1/19-20 policy period.

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

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

Sincerely,



Elizabeth Long, ACAS, MAAA
Senior Vice President and Consulting Actuary



Lisa Dennison, FCAS, MAAA
President and Consulting Actuary

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ACTUARIAL REPORT

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LEAGUE ASSOCIATION OF RISK MANAGEMENT

ACTUARIAL REPORT

PURPOSE

By the Numbers Actuarial Consulting, Inc. (BYNAC) prepared this actuarial report to present a professional analysis of the League Association of Risk Management's (LARM's) indicated workers compensation, other liability, and property premium structure for the upcoming 10/1/19-20 policy period. Other liability includes auto liability, general liability, public officials E&O, and police professional liability lines of business. Property includes auto physical damage, property, inland marine, wind/storm/vandalism, and boiler and machinery lines of business. The basis for the premium analysis is the experience of LARM's members limited to the anticipated specific retentions.

BYNAC is an independent consultant to LARM and provides this report as input to management in its reserve setting process. During the course of the preparation of this report, a draft has been provided to Mr. Michael Nolan, Administrator. BYNAC is available to present the report at LARM's convenience.

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

FINDINGS

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

INDICATED PREMIUM NEED

The indicated premium for 10/1/19-20 for all coverages combined on an undiscounted and discounted for investment income basis is shown below. Indicated premium by coverage is on the following page. York Risk Pooling Services, Inc. (York) provided the discount rate of 1.5% per year. Evaluating the reasonableness of the discount rate is outside the scope of this report.

INDICATED PREMIUM NEED FOR 10/1/19-20 - ALL COVERAGES

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$7,860,000	\$8,550,000	\$9,270,000
Proposed Premium		8,775,000	
Premium Indication	-10.0%	- 2.6%	+ 5.6%
	Discounted for Investment Income at 1.5% per Annum		
	Low	Expected	High
Indicated Premium	\$7,800,000	\$8,480,000	\$9,180,000
Proposed Premium		8,775,000	
Premium Indication	-11.1%	- 3.4%	+ 4.6%

The low and high figures shown are judgmental and are not intended to establish absolute minimums or maximums on the estimates, but rather to depict a reasonable range for the establishment of premium in this particular situation. The indicated premium is the amount that LARM needs to collect from its members to cover expected losses and expenses. The proposed premium is based on the premium LARM expects to collect for 10/1/19-20. The premium

indication is the comparison of the indicated premium and the proposed premium for 10/1/19-20.

As shown, it is expected that LARM's losses and expenses for all coverages combined will be

3.4% less than the proposed premium on a discounted for investment income basis.

INDICATED PREMIUM NEED FOR 10/1/19-20 - WORKERS COMPENSATION

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$2,100,000	\$2,360,000	\$2,620,000
Proposed Premium		2,617,000	
Premium Indication	-19.8%	- 9.8%	+ 0.1%

	Discounted for Investment Income at 1.5% per Annum		
	Low	Expected	High
Indicated Premium	\$2,080,000	\$2,330,000	\$2,590,000
Proposed Premium		2,617,000	
Premium Indication	-20.5%	-11.0%	- 1.0%

INDICATED PREMIUM NEED FOR 10/1/19-20 - OTHER LIABILITY

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$1,780,000	\$1,960,000	\$2,160,000
Proposed Premium		2,031,000	
Premium Indication	-12.4%	- 3.5%	+ 6.4%

	Discounted for Investment Income at 1.5% per Annum		
	Low	Expected	High
Indicated Premium	\$1,760,000	\$1,940,000	\$2,130,000
Proposed Premium		2,031,000	
Premium Indication	-13.3%	- 4.5%	+ 4.9%

INDICATED PREMIUM NEED FOR 10/1/19-20 - PROPERTY

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$3,980,000	\$4,230,000	\$4,490,000
Proposed Premium		4,127,000	
Premium Indication	- 3.6%	+ 2.5%	+ 8.8%

	Discounted for Investment Income at 1.5% per Annum		
	Low	Expected	High
Indicated Premium	\$3,970,000	\$4,210,000	\$4,470,000
Proposed Premium		4,127,000	
Premium Indication	- 3.8%	+ 2.0%	+ 8.3%

ASSUMPTIONS

DEFINITIONS

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

HISTORICAL INFORMATION

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

All data are based on information provided by York. The indicated premium need for the 10/1/19-20 policy period is based on data evaluated as of 3/31/19 and additional information provided through 6/27/19. These data are reviewed for reasonableness and used without audit.

RETENTIONS

LARM's anticipated specific retentions for 10/1/19-20 are \$750,000 for workers compensation, \$300,000 for other liability, and \$150,000 for standard property coverages with a \$400,000

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

PREMIUM INDICATION – WORKERS COMPENSATION

OVERVIEW

LARM's indicated premium for 10/1/19-20 is calculated by adding estimated expenses to projected losses. The basic methodology used to project losses is to develop a pure loss rate for each of the five most recent complete periods. The pure loss rate is the expected dollar of loss per unit of exposure. To project the pure loss rate, the losses of the five most recent periods are developed to their estimated ultimate value and adjusted to a 10/1/19-20 cost level. These adjusted losses are divided by exposure trended to a 10/1/19-20 level to calculate pure loss rates for each period. These pure loss rates are evaluated, and an estimate for the 10/1/19-20 period is selected. Losses are projected by multiplying the selected pure loss rate by the projected exposure for 10/1/19-20.

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

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

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

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

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

INCURRED LOSS DEVELOPMENT

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

In Section A of Table 1, incurred losses are limited to the specific retention. As shown, one claim is reported in excess of \$750,000. Ultimate incurred losses are estimated in Section B by multiplying the limited incurred losses by the loss development factors. For example, limited incurred losses for the 10/1/16-17 period evaluated at \$783,848 on 3/31/19 are estimated to ultimately cost \$844,988 ($\$783,848 \times 1.078$). The loss development factor of 1.078 means that the losses are expected to ultimately cost 7.8% more than incurred losses evaluated on 3/31/19.

PAID LOSS DEVELOPMENT

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

INCURRED BORNHUETTER-FERGUSON

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

The incurred Bornhuetter-Ferguson method involves two calculation steps. In Section A of Table 3, unreported losses are estimated by multiplying the expected losses by the expected percent of unreported losses implied by the incurred loss development factor. Ultimate incurred losses are estimated in Section B by adding the estimated unreported losses to the incurred losses as of 3/31/19.

Table 1

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

ESTIMATED ULTIMATE INCURRED LOSSES

INCURRED LOSS DEVELOPMENT

(Net of Non-Excess Recoveries)

A. LOSSES LIMITED TO \$750,000

Policy Period	Incurred Losses as of 3/31/19	Number of Claims in Excess of \$750,000	Incurred Losses in Excess of \$750,000	Limited Incurred Losses as of 3/31/19
10/1/13-14	\$ 921,914	0	\$ 0	\$ 921,914
10/1/14-15	843,818	0	0	843,818
10/1/15-16	738,628	0	0	738,628
10/1/16-17	783,848	0	0	783,848
10/1/17-18	<u>2,497,526</u>	<u>1</u>	<u>755,498</u>	<u>1,742,028</u>
Total	\$ 5,785,734	1	\$ 755,498	\$ 5,030,236

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/19	Age of Policy Period in Months	Incurred Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/13-14	\$ 921,914	66.0	1.017	\$ 937,587
10/1/14-15	843,818	54.0	1.032	870,820
10/1/15-16	738,628	42.0	1.049	774,821
10/1/16-17	783,848	30.0	1.078	844,988
10/1/17-18	<u>1,742,028</u>	<u>18.0</u>	<u>1.121</u>	<u>1,862,063</u> *
Total	\$ 5,030,236			\$ 5,290,279

Based on Section C of Table 1 of the 11/28/18 actuarial report.

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

Table 2

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

(Net of Non-Excess Recoveries)

A. LOSSES LIMITED TO \$750,000

<u>Policy Period</u>	<u>Paid Losses as of 3/31/19</u>	<u>Number of Claims in Excess of \$750,000</u>	<u>Paid Losses in Excess of \$750,000</u>	<u>Limited Paid Losses as of 3/31/19</u>
10/1/13-14	\$ 918,869	0	\$ 0	\$ 918,869
10/1/14-15	834,251	0	0	834,251
10/1/15-16	696,504	0	0	696,504
10/1/16-17	757,152	0	0	757,152
10/1/17-18	<u>2,095,843</u>	<u>1</u>	<u>632,827</u>	<u>1,463,016</u>
Total	\$ 5,302,619	1	\$ 632,827	\$ 4,669,792

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Limited Paid Losses as of 3/31/19</u>	<u>Age of Policy Period in Months</u>	<u>Paid Loss Development Factor#</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/13-14	\$ 918,869	66.0	1.105	\$ 1,015,350
10/1/14-15	834,251	54.0	1.143	953,549
10/1/15-16	696,504	42.0	1.205	839,287
10/1/16-17	757,152	30.0	1.313	994,141
10/1/17-18	<u>1,463,016</u>	<u>18.0</u>	<u>1.750</u>	<u>1,997,778</u> *
Total	\$ 4,669,792			\$ 5,800,105

Based on Section C of Table 3 of the 11/28/18 actuarial report.

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

Table 3

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

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

A. ESTIMATED UNREPORTED LOSSES

<u>Policy Period</u>	<u>Expected Losses*</u>	<u>Incurred Loss Development Factor</u>	<u>Expected Ratio Unreported</u>	<u>Estimated Unreported Losses</u>
10/1/13-14	\$ 921,914	1.017	0.017	\$ 15,673
10/1/14-15	923,647	1.032	0.031	28,633
10/1/15-16	830,506	1.049	0.047	39,034
10/1/16-17	956,524	1.078	0.072	68,870
10/1/17-18	<u>1,946,189</u>	1.121	0.108	<u>210,188</u>
Total	\$ 5,578,780			\$ 362,398

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Incurred Losses as of 3/31/19</u>	<u>Estimated Unreported Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/13-14	\$ 921,914	\$ 15,673	\$ 937,587
10/1/14-15	843,818	28,633	872,451
10/1/15-16	738,628	39,034	777,662
10/1/16-17	783,848	68,870	852,718
10/1/17-18	<u>1,742,028</u>	<u>210,188</u>	<u>1,952,216</u>
Total	\$ 5,030,236	\$ 362,398	\$ 5,392,634

* See Section A of Table 7 of the 11/28/18 actuarial report.

PAID BORNHUETTER-FERGUSON

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

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES

The results of the methods are compared in Table 5, and the ultimate incurred losses are selected for each period. Incurred losses are selected for 10/1/13-14 since there is only one open claim within the retention. The incurred Bornhuetter-Ferguson method is selected for 10/1/17-18 due to the immaturity of the period. An average is selected for the remaining periods. The selected estimated ultimate incurred losses are illustrated in Figure 1.

COST LEVEL ADJUSTMENT

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

Benefit level change factors quantify increases and decreases in the benefit level attributable to changes in the Nebraska workers compensation law. These factors, shown in Section A of Table 6, are developed from data compiled by the National Council on Compensation Insurance, Inc.

Table 4

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

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

A. ESTIMATED OUTSTANDING LOSSES

<u>Policy Period</u>	<u>Expected Losses</u>	<u>Paid Loss Development Factor</u>	<u>Expected Ratio Outstanding</u>	<u>Estimated Outstanding Losses</u>
10/1/13-14	\$ 921,914	1.105	0.095	\$ 87,582
10/1/14-15	923,647	1.143	0.125	115,456
10/1/15-16	830,506	1.205	0.170	141,186
10/1/16-17	956,524	1.313	0.238	227,653
10/1/17-18	<u>1,946,189</u>	1.750	0.429	<u>834,915</u>
Total	\$ 5,578,780			\$ 1,406,792

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Paid Losses as of 3/31/19</u>	<u>Estimated Outstanding Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/13-14	\$ 918,869	\$ 87,582	\$ 1,006,451
10/1/14-15	834,251	115,456	949,707
10/1/15-16	696,504	141,186	837,690
10/1/16-17	757,152	227,653	984,805
10/1/17-18	<u>1,463,016</u>	<u>834,915</u>	<u>2,297,931</u>
Total	\$ 4,669,792	\$ 1,406,792	\$ 6,076,584

Table 5

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

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

<u>Policy Period</u>	<u>Incurred Loss Development Method</u>	<u>Paid Loss Development Method</u>	<u>Incurred Bornhuetter- Ferguson</u>	<u>Paid Bornhuetter- Ferguson</u>	<u>Selected Estimated Ultimate Incurred Losses#</u>
10/1/13-14	\$ 937,587	\$ 1,015,350	\$ 937,587	\$ 1,006,451	\$ 921,914 ^
10/1/14-15	870,820	953,549	872,451	949,707	911,632
10/1/15-16	774,821	839,287	777,662	837,690	807,365
10/1/16-17	844,988	994,141	852,718	984,805	919,163
10/1/17-18	<u>1,862,063</u>	<u>1,997,778</u>	<u>1,952,216</u>	<u>2,297,931</u>	<u>1,952,216 <</u>
Total	\$ 5,290,279	\$ 5,800,105	\$ 5,392,634	\$ 6,076,584	\$ 5,512,290

Selected the average unless otherwise noted.

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

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

Figure 1

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES

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

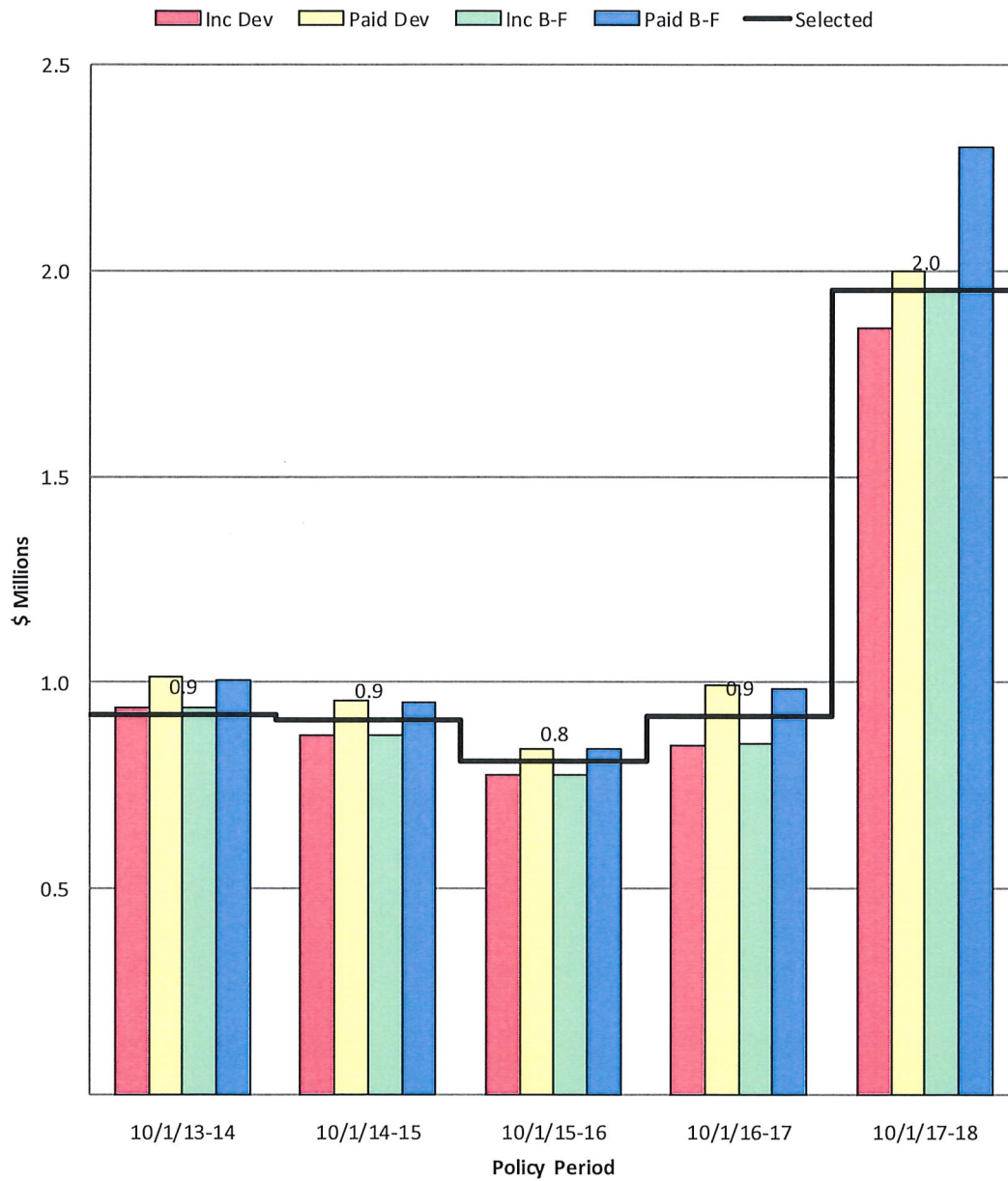


Table 6

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

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

A. LOSSES ADJUSTED TO 10/1/19-20

<u>Policy Period</u>	<u>Estimated Ultimate Incurred Losses</u>	<u>Benefit Level Change Factor*</u>	<u>Loss Trend Factor**</u>	<u>Adjusted Losses#</u>
10/1/13-14	\$ 921,914	1.006	1.211	\$ 1,123,136
10/1/14-15	911,632	1.004	1.206	1,103,826
10/1/15-16	807,365	1.003	1.163	941,782
10/1/16-17	919,163	1.001	1.116	1,026,812
10/1/17-18	<u>1,952,216</u>	1.000	1.075	<u>2,042,382</u>
Total	\$ 5,512,290			\$ 6,237,938

B. PAYROLL ADJUSTED TO 10/1/19-20

<u>Policy Period</u>	<u>Payroll (100)^</u>	<u>Payroll Trend Factor></u>	<u>Adjusted Payroll (100)</u>
10/1/13-14	\$1,199,113	1.153	\$1,382,577
10/1/14-15	806,314	1.129	910,329
10/1/15-16	854,016	1.101	940,272
10/1/16-17	895,287	1.076	963,329
10/1/17-18	<u>817,783</u>	1.051	<u>859,490</u>
Total	\$4,572,513		\$5,055,997

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

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

Losses have not been adjusted above the retention.

^ Provided by York.

> See Section A of Appendix B, Exhibit II.

(NCCI). In this set of factors, the factor of 1.006 for 10/1/13-14 indicates that changes in the workers compensation law have resulted in an increase of 0.6% in benefits since that period. The loss trend factor quantifies changes in average workers compensation claims costs as measured by the NCCI. For example, the factor of 1.211 for 10/1/13-14 indicates that an average loss incurred during that period would cost 21.1% more during the projected period. These factors are calculated in Appendix B, Exhibit I.

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

LOSS PROJECTION

As discussed earlier, the pure loss rate is the expected dollar loss cost per unit of exposure. The adjusted losses are divided by the trended payroll for each period to yield pure loss rates in Section A of Table 7. Each of these pure loss rates is an estimate of the pure loss rate for the projected 10/1/19-20 period. A pure loss rate of \$1.20 per \$100 payroll is selected for the projected period. In other words, it is estimated that LARM will expend on average \$1.20 per \$100 payroll for loss and ALAE. Figure 2 graphically illustrates the selection of the pure loss rate. In Section B, the pure loss rate of \$1.20 is multiplied by the projected payroll in hundreds to forecast workers compensation losses of \$990,000 for 10/1/19-20.

Table 7

LEAGUE ASSOCIATION OF RISK MANAGEMENT**WORKERS COMPENSATION****PROJECTED LOSSES FOR 10/1/19-20**

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

A. PURE LOSS RATES

<u>Policy Period</u>	<u>Adjusted Losses</u>	<u>Adjusted Payroll (100)</u>	<u>Pure Loss Rate per Payroll (100)</u>
10/1/13-14	\$ 1,123,136	\$1,382,577	\$0.81
10/1/14-15	1,103,826	910,329	1.21
10/1/15-16	941,782	940,272	1.00
10/1/16-17	1,026,812	963,329	1.07
10/1/17-18	<u>2,042,382</u>	<u>859,490</u>	2.38
Total	\$ 6,237,938	\$5,055,997	
		Average	\$1.29
		Wtd Average	1.23
		3 Yr Average	1.48
		5 Yr Mid Average	1.09
		Prior*	1.20
		Selected^	1.20

B. PROJECTED LOSSES FOR 10/1/19-20

<u>Level</u>	<u>Pure Loss Rate</u>	<u>Projected Payroll (100)</u>	<u>Projected Losses</u>
Low	\$0.90	\$ 827,008 #	\$ 740,000
Expected	1.20		990,000
High	1.50		1,240,000

* 10/1/18-19 level.

^ Selected the weighted average.

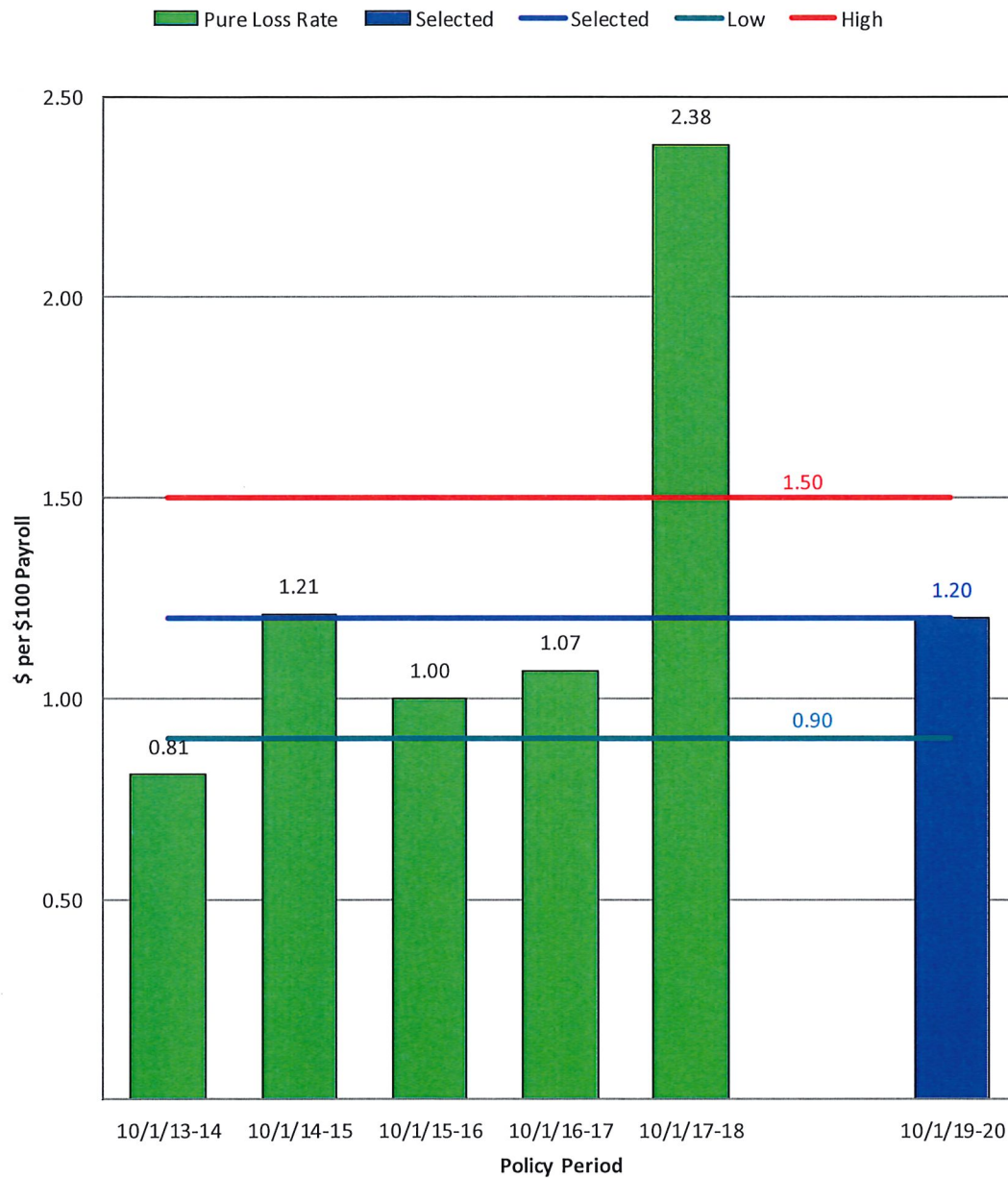
Provided by York.

Figure 2

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

PURE LOSS RATES ADJUSTED TO A 10/1/19-20 COST LEVEL
(Losses Including ALAE Limited to \$750,000)



PREMIUM INDICATION

In Table 8, the indicated premium for 10/1/19-20 for workers compensation is estimated by combining the projected losses and estimated expenses. Sections B and C show estimated fixed and variable expenses for the upcoming period. The premium need undiscounted for investment income is calculated in Section D and compared in Section F to the premium for 10/1/19-20 provided by LARM shown in Section E. As shown in Section F, the indicated premium at the expected level on an undiscounted for investment income basis is 9.8% less than the proposed premium provided by York.

The indicated premium discounted at 1.5% per annum is calculated in Sections G through J. The indicated premium on a discounted for investment income basis is 11.0% less than the premium provided by York.

Table 8

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

PREMIUM INDICATION FOR 10/1/19-20

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$ 740,000	\$ 990,000	\$1,240,000
B.	FIXED EXPENSES*			
				\$1,280,000
C.	VARIABLE EXPENSES*			
				0.037
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$2,100,000	\$2,360,000	\$2,620,000
E.	PROPOSED PREMIUM*			
				\$2,617,000
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	-19.8%	- 9.8%	+ 0.1%
G.	LOSS PRESENT VALUE FACTOR#			
				0.973
H.	PREMIUM PRESENT VALUE FACTOR^			
				0.999
I.	INDICATED PREMIUM DISC. AT 1.5% PER ANNUM [A x G + B]/(H - C)	\$2,080,000	\$2,330,000	\$2,590,000
J.	DISCOUNTED PREMIUM INDICATION AT 1.5% PER ANNUM I/E - 1	-20.5%	-11.0%	- 1.0%

* See Appendix B, Exhibit III.

See Section A of Appendix B, Exhibit IV.

^ See Appendix B, Exhibit V.

PREMIUM INDICATION – OTHER LIABILITY

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

Table 9

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY**

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

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

<u>Policy Period</u>	<u>Incurred Losses as of 3/31/19</u>	<u>Number of Claims in Excess of \$300,000</u>	<u>Incurred Losses in Excess of \$300,000</u>	<u>Limited Incurred Losses as of 3/31/19</u>
10/1/13-14	\$ 881,156	0	\$ 0	\$ 881,156
10/1/14-15	306,429	0	0	306,429
10/1/15-16	294,245	0	0	294,245
10/1/16-17	642,764	0	0	642,764
10/1/17-18	<u>654,167</u>	<u>0</u>	<u>0</u>	<u>654,167</u>
Total	\$2,778,761	0	\$ 0	\$2,778,761

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Limited Incurred Losses as of 3/31/19</u>	<u>Age of Policy Period in Months</u>	<u>Incurred Loss Development Factor#</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/13-14	\$ 881,156	66.0	1.005	\$ 885,562
10/1/14-15	306,429	54.0	1.023	313,477
10/1/15-16	294,245	42.0	1.049	308,663
10/1/16-17	642,764	30.0	1.171	752,677
10/1/17-18	<u>654,167</u>	<u>18.0</u>	<u>1.484</u>	<u>970,784</u>
Total	\$2,778,761			\$3,231,163

Based on Section C of Table 11 of the 11/28/18 actuarial report.

Table 10

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY**

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

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

<u>Policy Period</u>	<u>Paid Losses as of 3/31/19</u>	<u>Number of Claims in Excess of \$300,000</u>	<u>Paid Losses in Excess of \$300,000</u>	<u>Limited Paid Losses as of 3/31/19</u>
10/1/13-14	\$ 772,080	0	\$ 0	\$ 772,080
10/1/14-15	272,180	0	0	272,180
10/1/15-16	270,099	0	0	270,099
10/1/16-17	402,484	0	0	402,484
10/1/17-18	<u>330,257</u>	<u>0</u>	<u>0</u>	<u>330,257</u>
Total	\$2,047,100	0	\$ 0	\$2,047,100

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Limited Paid Losses as of 3/31/19</u>	<u>Age of Policy Period in Months</u>	<u>Paid Loss Development Factor#</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/13-14	\$ 772,080	66.0	1.075	\$ 829,986
10/1/14-15	272,180	54.0	1.223	332,876
10/1/15-16	270,099	42.0	1.387	374,627
10/1/16-17	402,484	30.0	1.713	689,455
10/1/17-18	<u>330,257</u>	<u>18.0</u>	<u>2.757</u>	<u>910,519</u>
Total	\$2,047,100			\$3,137,463

Based on Section C of Table 13 of the 11/28/18 actuarial report.

Table 11

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

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

A. ESTIMATED UNREPORTED LOSSES

<u>Policy Period</u>	<u>Expected Losses*</u>	<u>Incurred Loss Development Factor</u>	<u>Expected Ratio Unreported</u>	<u>Estimated Unreported Losses</u>
10/1/13-14	\$ 873,823	1.005	0.005	\$ 4,369
10/1/14-15	310,930	1.023	0.022	6,840
10/1/15-16	303,556	1.049	0.047	14,267
10/1/16-17	723,316	1.171	0.146	105,604
10/1/17-18	<u>722,739</u>	1.484	0.326	<u>235,613</u>
Total	\$2,934,364			\$ 366,693

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Incurred Losses as of 3/31/19</u>	<u>Estimated Unreported Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/13-14	\$ 881,156	\$ 4,369	\$ 885,525
10/1/14-15	306,429	6,840	313,269
10/1/15-16	294,245	14,267	308,512
10/1/16-17	642,764	105,604	748,368
10/1/17-18	<u>654,167</u>	<u>235,613</u>	<u>889,780</u>
Total	\$2,778,761	\$ 366,693	\$3,145,454

* From Section A of Table 17 of the 11/28/18 actuarial report adjusted to a \$300,000 retention.

Table 12

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

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

A. ESTIMATED OUTSTANDING LOSSES

<u>Policy Period</u>	<u>Expected Losses</u>	<u>Paid Loss Development Factor</u>	<u>Expected Ratio Outstanding</u>	<u>Estimated Outstanding Losses</u>
10/1/13-14	\$ 873,823	1.075	0.070	\$ 61,168
10/1/14-15	310,930	1.223	0.182	56,589
10/1/15-16	303,556	1.387	0.279	84,692
10/1/16-17	723,316	1.713	0.416	300,899
10/1/17-18	<u>722,739</u>	2.757	0.637	<u>460,385</u>
Total	\$2,934,364			\$ 963,733

B. ESTIMATED ULTIMATE INCURRED LOSSES

<u>Policy Period</u>	<u>Paid Losses as of 3/31/19</u>	<u>Estimated Outstanding Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/13-14	\$ 772,080	\$ 61,168	\$ 833,248
10/1/14-15	272,180	56,589	328,769
10/1/15-16	270,099	84,692	354,791
10/1/16-17	402,484	300,899	703,383
10/1/17-18	<u>330,257</u>	<u>460,385</u>	<u>790,642</u>
Total	\$2,047,100	\$ 963,733	\$3,010,833

Table 13

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

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

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Incurred Bornhuetter-Ferguson Method	Paid Bornhuetter-Ferguson Method	Selected Estimated Ultimate Incurred Losses#
10/1/13-14	\$ 885,562	\$ 829,986	\$ 885,525	\$ 833,248	\$ 885,544
10/1/14-15	313,477	332,876	313,269	328,769	313,373
10/1/15-16	308,663	374,627	308,512	354,791	308,588
10/1/16-17	752,677	689,455	748,368	703,383	750,523
10/1/17-18	<u>970,784</u>	<u>910,519</u>	<u>889,780</u>	<u>790,642</u>	<u>840,211</u> ^
Total	\$3,231,163	\$3,137,463	\$3,145,454	\$3,010,833	\$3,098,239

Selected the average of the incurred methods unless otherwise noted.

^ Selected the average of the Bornhuetter-Ferguson methods due to the immaturity of the period.

Figure 3

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

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

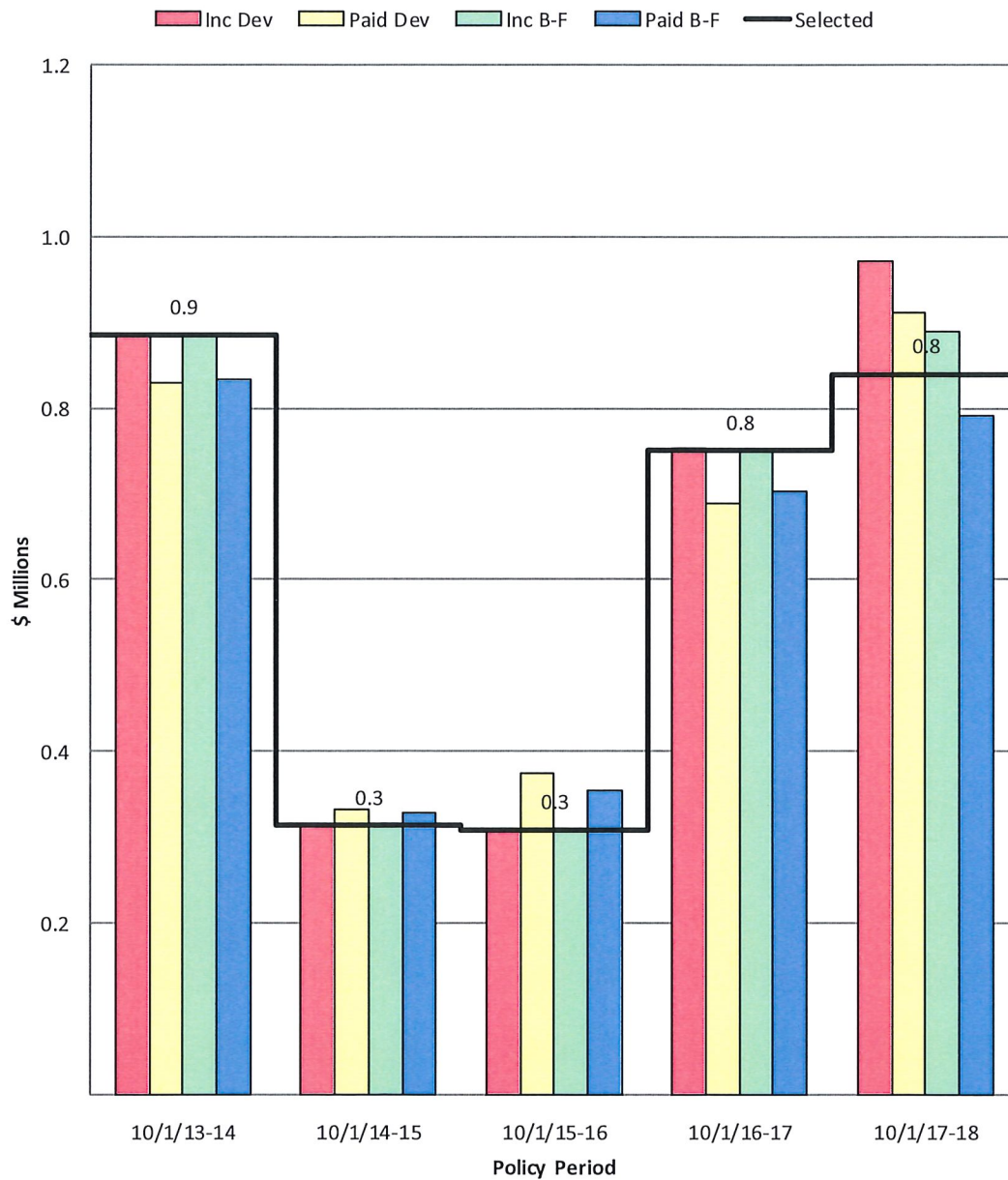


Table 14

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

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

A. LOSSES ADJUSTED TO 10/1/19-20

<u>Policy Period</u>	<u>Estimated Ultimate Incurred Losses</u>	<u>Loss Trend Factor*</u>	<u>Adjusted Losses#</u>
10/1/13-14	\$ 885,544	1.239	\$1,097,189
10/1/14-15	313,373	1.188	372,287
10/1/15-16	308,588	1.137	350,865
10/1/16-17	750,523	1.091	818,821
10/1/17-18	<u>840,211</u>	1.067	<u>896,505</u>
Total	\$3,098,239		\$3,535,667

B. EXPOSURE ADJUSTED TO 10/1/19-20

<u>Policy Period</u>	<u>Expenditures (1000)~</u>	<u>Exposure Trend Factor^</u>	<u>Adjusted Expenditures (1,000)</u>
10/1/13-14	\$ 342,690	1.195	\$ 409,515
10/1/14-15	382,511	1.160	443,713
10/1/15-16	417,535	1.126	470,144
10/1/16-17	430,113	1.093	470,114
10/1/17-18	<u>443,989</u>	1.061	<u>471,072</u>
Total	\$2,016,838		\$2,264,558

* See Section B of Appendix B, Exhibit I.

Losses have not been adjusted above the retention.

~ Provided by York.

^ See Section B of Appendix B, Exhibit II.

Table 15

LEAGUE ASSOCIATION OF RISK MANAGEMENT**OTHER LIABILITY****PROJECTED LOSSES FOR 10/1/19-20**

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

A. PURE LOSS RATES

<u>Policy Period</u>	<u>Adjusted Losses</u>	<u>Adjusted Expenditures (1,000)</u>	<u>Pure Loss Rate per \$1,000 Expenditures</u>
10/1/13-14	\$1,097,189	\$ 409,515	\$2.68
10/1/14-15	372,287	443,713	0.84
10/1/15-16	350,865	470,144	0.75
10/1/16-17	818,821	470,114	1.74
10/1/17-18	<u>896,505</u>	<u>471,072</u>	1.90
Total	\$3,535,667	\$2,264,558	
		Average	\$1.58
		Wtd Average	1.56
		3 Yr Average	1.46
		5 Yr Mid Average	1.49
		Prior*	1.60
		Selected^	1.60

B. PROJECTED LOSSES FOR 10/1/19-20

<u>Level</u>	<u>Pure Loss Rate</u>	<u>Projected Expenditures (1,000)</u>	<u>Projected Losses</u>
Low	\$1.20	\$ 459,017 #	\$ 550,000
Expected	1.60		730,000
High	2.00		920,000

* 10/1/18-19 level.

^ Selected the weighted average.

Provided by York.

Figure 4

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

PURE LOSS RATES ADJUSTED TO A 10/1/19-20 COST LEVEL
(Limited to \$300,000 with Prorated ALAE)

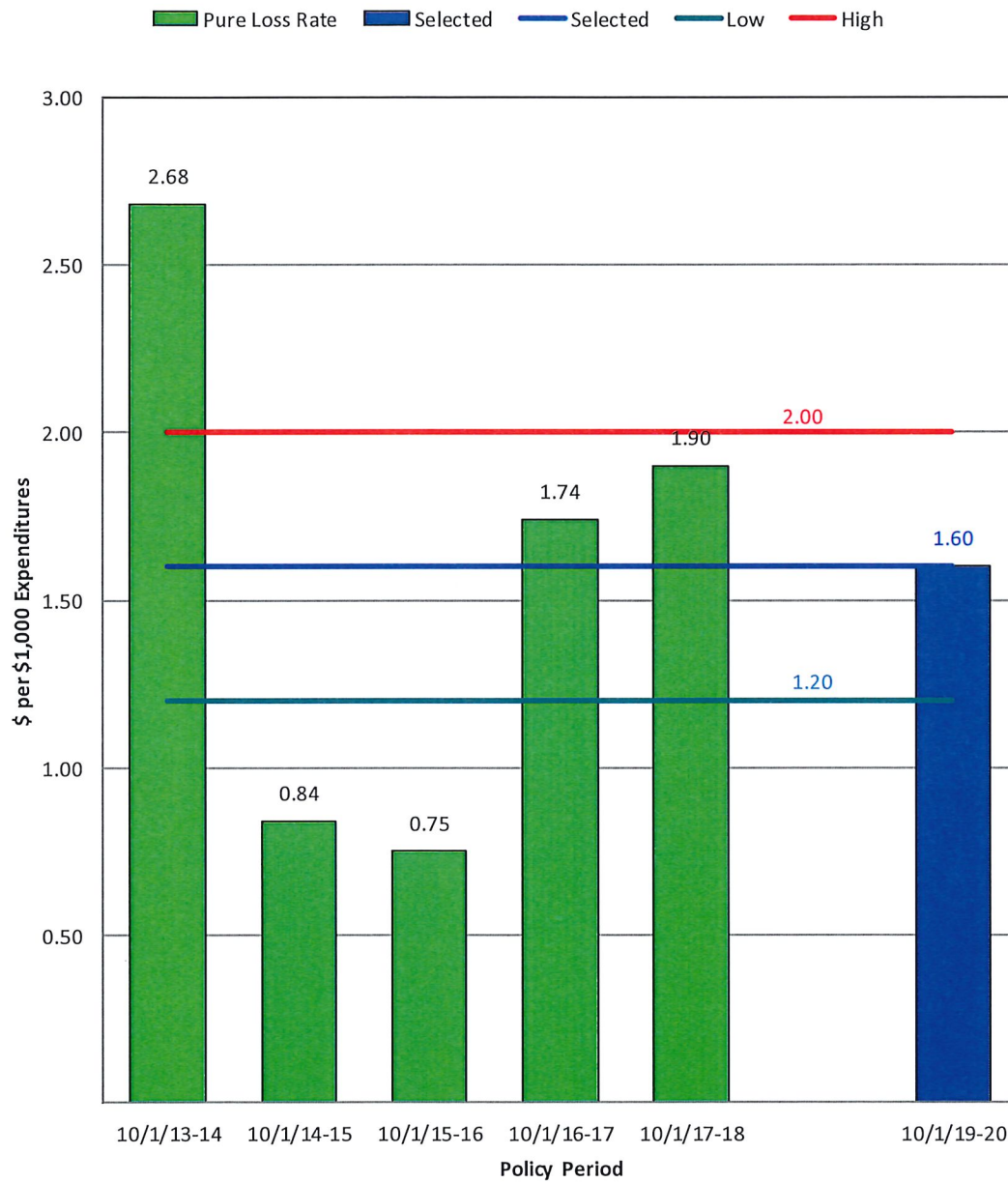


Table 16

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

PREMIUM INDICATION FOR 10/1/19-20

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$ 550,000	\$ 730,000	\$ 920,000
B.	FIXED EXPENSES*			
		\$1,160,000		
C.	VARIABLE EXPENSES*			
		0.037		
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$1,780,000	\$1,960,000	\$2,160,000
E.	PROPOSED PREMIUM*			
		\$2,031,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	-12.4%	- 3.5%	+ 6.4%
G.	LOSS PRESENT VALUE FACTOR#			
		0.965		
H.	PREMIUM PRESENT VALUE FACTOR^			
		0.999		
I.	INDICATED PREMIUM DISC. AT 1.5% PER ANNUM [A x G + B]/(H - C)	\$1,760,000	\$1,940,000	\$2,130,000
J.	DISCOUNTED PREMIUM INDICATION AT 1.5% PER ANNUM I/E - 1	-13.3%	- 4.5%	+ 4.9%

* See Appendix B, Exhibit III.

See Section B of Appendix B, Exhibit IV.

^ See Appendix B, Exhibit V.

PREMIUM INDICATION – PROPERTY

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

Table 17

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

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

Policy Period	Incurred Losses as of 3/31/19	Number of Claims in Excess of Retention	Incurred Losses in Excess of Retention [~]	Limited Incurred Losses as of 3/31/19
10/1/13-14	\$5,730,226	5	\$3,916,328	\$1,813,898
10/1/14-15	754,044	0	0	754,044
10/1/15-16	699,636	0	0	699,636
10/1/16-17	944,028	0	0	944,028
10/1/17-18	<u>1,524,132</u>	<u>2</u>	<u>203,154</u>	<u>1,320,978</u>
Total	\$9,652,066	7	\$4,119,482	\$5,532,584

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/19	Age of Policy Period in Months	Incurred Loss Development Factor [#]	Estimated Ultimate Incurred Losses
10/1/13-14	\$1,813,898	66.0	1.000	\$1,813,898
10/1/14-15	754,044	54.0	1.000	754,044
10/1/15-16	699,636	42.0	1.000	699,636
10/1/16-17	944,028	30.0	1.012	955,356
10/1/17-18	<u>1,320,978</u>	<u>18.0</u>	<u>1.051</u>	<u>1,365,398</u> *
Total	\$5,532,584			\$5,588,332

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

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

[#] Based on Section C of Table 21 of the 11/28/18 actuarial report.

* Losses are not developed above the retention.

Table 18

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY**

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

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

Policy Period	Paid Losses as of 3/31/19	Number of Claims in Excess of Retention	Paid Losses in Excess of Retention~	Limited Paid Losses as of 3/31/19
10/1/13-14	\$5,710,839	5	\$3,896,941	\$1,813,898
10/1/14-15	754,044	0	0	754,044
10/1/15-16	699,636	0	0	699,636
10/1/16-17	858,524	0	0	858,524
10/1/17-18	<u>1,243,741</u>	<u>1</u>	<u>113,754</u>	<u>1,129,987</u>
Total	\$9,266,784	6	\$4,010,695	\$5,256,089

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Paid Losses as of 3/31/19	Age of Policy Period in Months	Paid Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/13-14	\$1,813,898	66.0	1.000	\$1,813,898
10/1/14-15	754,044	54.0	1.000*	754,044
10/1/15-16	699,636	42.0	1.000*	699,636
10/1/16-17	858,524	30.0	1.090	935,791
10/1/17-18	<u>1,129,987</u>	<u>18.0</u>	<u>1.394</u>	<u>1,402,481</u> **
Total	\$5,256,089			\$5,605,850

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

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

Based on Section C of Table 23 of the 11/28/18 actuarial report.

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

** Losses are not developed above the retention.

Table 19

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

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

<u>Policy Period</u>	<u>Incurred Loss Development Method</u>	<u>Paid Loss Development Method</u>	<u>Selected Estimated Ultimate Incurred Losses</u>
10/1/13-14	\$1,813,898	\$1,813,898	\$1,813,898 *
10/1/14-15	754,044	754,044	754,044 *
10/1/15-16	699,636	699,636	699,636 *
10/1/16-17	955,356	935,791	955,356 *
10/1/17-18	<u>1,365,398</u>	<u>1,402,481</u>	<u>1,365,398 *</u>
Total	\$5,588,332	\$5,605,850	\$5,588,332

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

* Selected the incurred method.

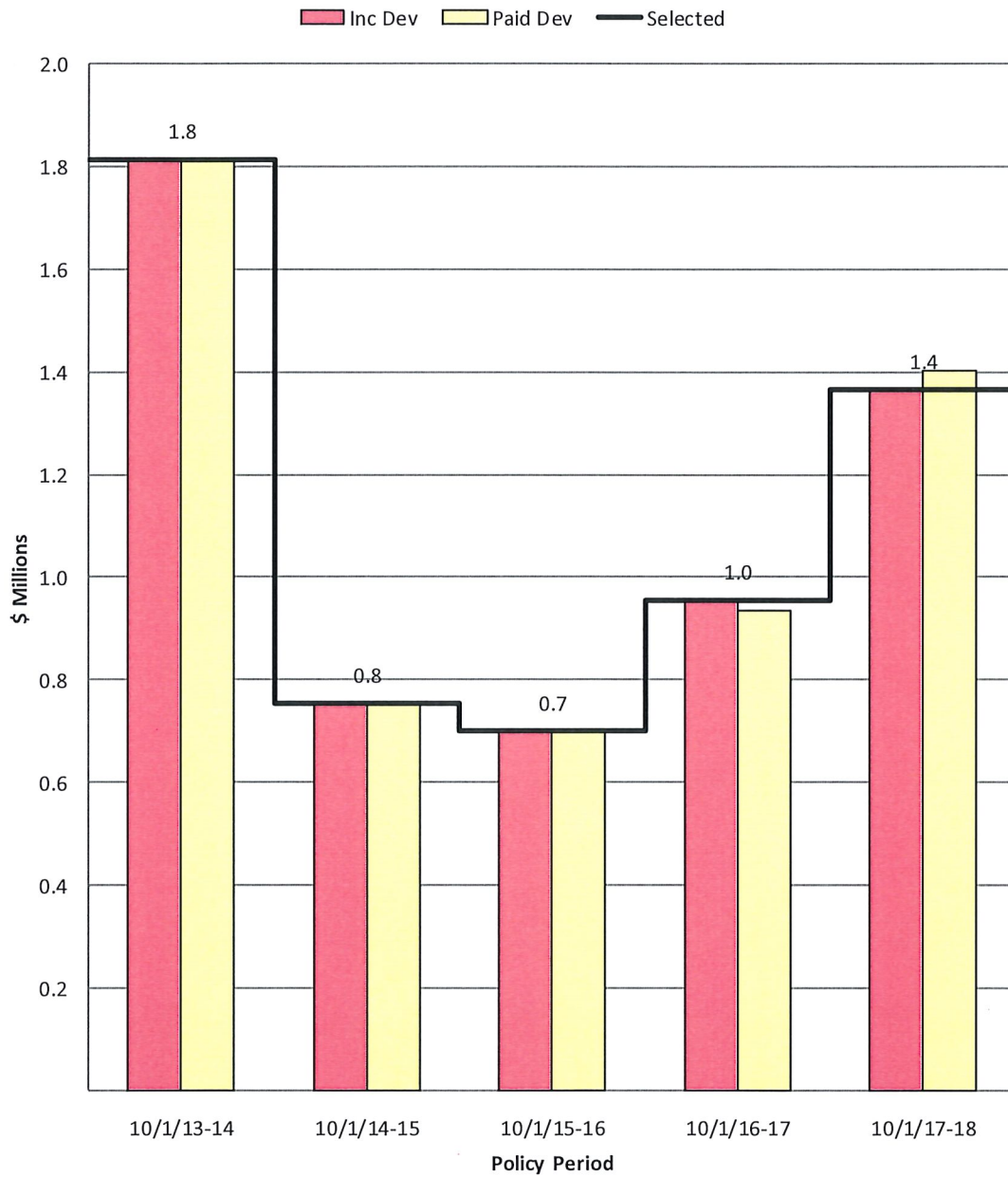
Figure 5

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES

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



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

Table 20

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

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

A. LOSSES ADJUSTED TO 10/1/19-20

<u>Policy Period</u>	<u>Estimated Ultimate Incurred Losses</u>	<u>Loss Trend Factor*</u>	<u>Adjusted Losses#</u>
10/1/13-14	\$1,813,898	1.136	\$1,897,388
10/1/14-15	754,044	1.104	832,465
10/1/15-16	699,636	1.073	738,733
10/1/16-17	955,356	1.053	1,005,990
10/1/17-18	<u>1,365,398</u>	1.050	<u>1,411,168</u>
Total	\$5,588,332		\$5,885,744

B. EXPOSURE ADJUSTED TO 10/1/19-20

<u>Policy Period</u>	<u>Insured Value (100)<</u>	<u>Exposure Trend Factor^</u>	<u>Adjusted Insured Value (100)</u>
10/1/13-14	\$12,283,477	1.126	\$13,831,195
10/1/14-15	11,829,785	1.104	13,060,083
10/1/15-16	12,813,177	1.082	13,863,858
10/1/16-17	13,367,317	1.061	14,182,723
10/1/17-18	<u>13,548,107</u>	1.040	<u>14,090,031</u>
Total	\$63,841,863		\$69,027,890

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

* See Section C of Appendix B, Exhibit I.

Losses have not been adjusted above the retention.

< Provided by York.

^ See Section C of Appendix B, Exhibit II.

Table 21

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

PROJECTED LOSSES FOR 10/1/19-20

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

A. PURE LOSS RATES

Policy Period	Adjusted Losses	Adjusted Insured Value (100)	Pure Loss Rate per \$100 Insured Value
10/1/13-14	\$1,897,388	\$13,831,195	\$0.1372
10/1/14-15	832,465	13,060,083	0.0637
10/1/15-16	738,733	13,863,858	0.0533
10/1/16-17	1,005,990	14,182,723	0.0709
10/1/17-18	1,411,168	14,090,031	0.1002
Total	\$5,885,744	\$69,027,890	
		Average	\$0.0851
		Wtd Average	0.0853
		3 Yr Average	0.0748
		5 Yr Mid Average	0.0783
		Prior*	0.0670
		Selected^	0.0850

B. PROJECTED LOSSES FOR 10/1/19-20

Level	Pure Loss Rate	Projected Insured Value (100)	Projected Losses
Low	\$0.0680	\$13,365,859 #	\$ 910,000
Expected	0.0850		1,140,000
High	0.1030		1,380,000

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

* 10/1/18-19 level. Retention of \$200,000 for wind/hail, \$100,000 for all other.

^ Selected the weighted average.

Provided by York.

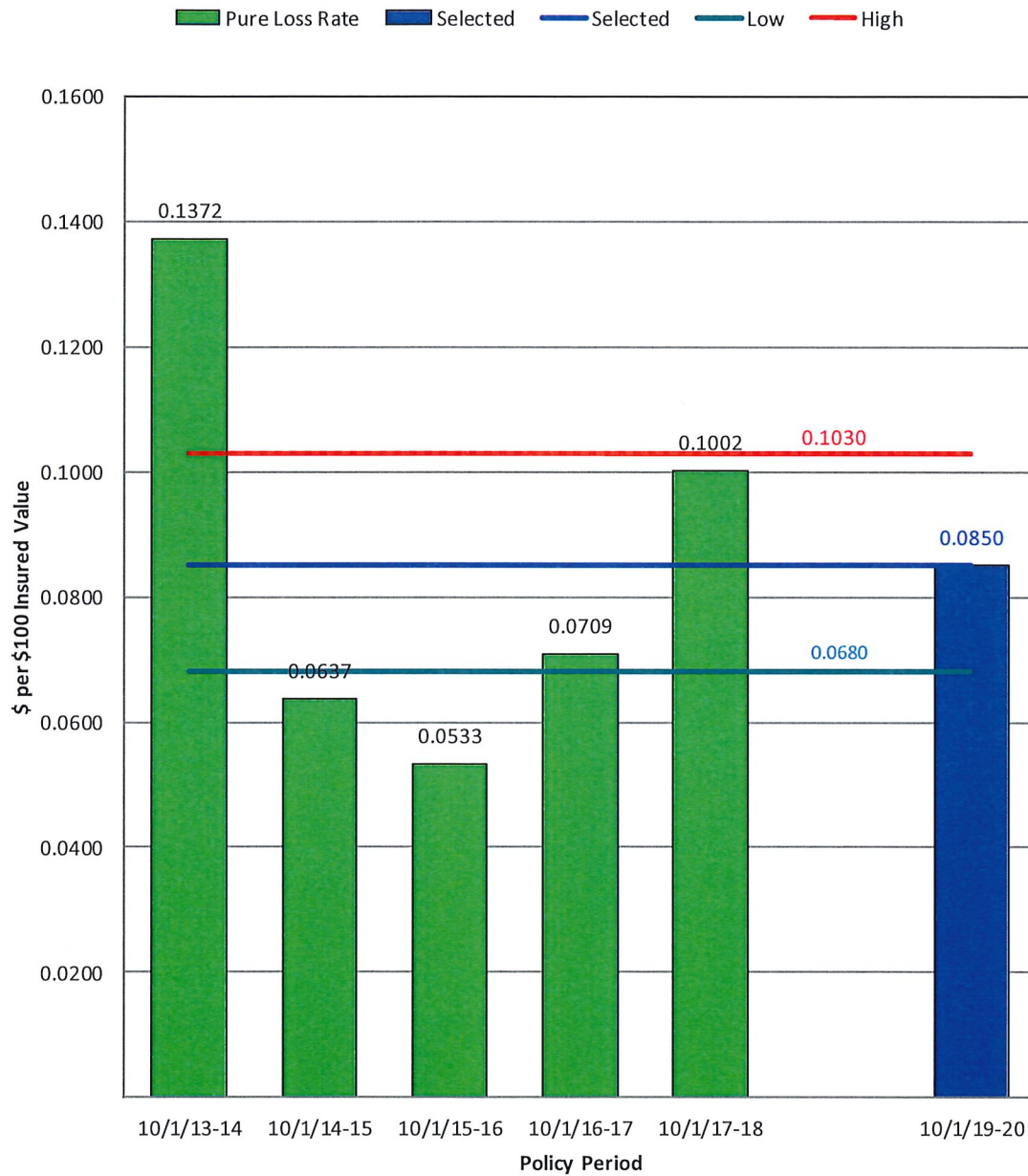
Figure 6

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

PURE LOSS RATES ADJUSTED TO A 10/1/19-20 COST LEVEL

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



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

Table 22

LEAGUE ASSOCIATION OF RISK MANAGEMENT**PROPERTY****PREMIUM INDICATION FOR 10/1/19-20**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION~	\$ 960,000	\$1,200,000	\$1,450,000
B.	FIXED EXPENSES* \$2,870,000			
C.	VARIABLE EXPENSES* 0.037			
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$3,980,000	\$4,230,000	\$4,490,000
E.	PROPOSED PREMIUM* \$4,127,000			
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	- 3.6%	+ 2.5%	+ 8.8%
G.	LOSS PRESENT VALUE FACTOR# 0.983			
H.	PREMIUM PRESENT VALUE FACTOR^ 0.999			
I.	INDICATED PREMIUM DISC. AT 1.5% PER ANNUM [A x G + B]/(H - C)	\$3,970,000	\$4,210,000	\$4,470,000
J.	DISCOUNTED PREMIUM INDICATION AT 1.5% PER ANNUM I/E - 1	- 3.8%	+ 2.0%	+ 8.3%

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

* See Appendix B, Exhibit III.

See Section C of Appendix B, Exhibit IV.

^ See Appendix B, Exhibit V.

COMBINED PREMIUM INDICATION

In Table 23, the indicated premium for 10/1/19-20 for all coverages combined is determined. As shown in Section F, the indicated premium at the expected level on an undiscounted for investment income basis is 2.6% less than the estimated premium provided by LARM.

The indicated premium on a discounted for investment income basis is 3.4% less than the premium provided by LARM.

Table 23

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ALL COVERAGES

PREMIUM INDICATION FOR 10/1/19-20

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$2,250,000	\$2,920,000	\$3,610,000
B.	FIXED EXPENSES			
		\$5,310,000		
C.	VARIABLE EXPENSES			
		0.037		
D.	INDICATED UNDISCOUNTED PREMIUM	\$7,860,000	\$8,550,000	\$9,270,000
E.	PROPOSED PREMIUM			
		\$8,775,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	-10.0%	- 2.6%	+ 5.6%
G.	LOSS PRESENT VALUE FACTOR			
		0.975		
H.	PREMIUM PRESENT VALUE FACTOR			
		0.999		
I.	INDICATED PREMIUM DISC. AT 1.5% PER ANNUM	\$7,800,000	\$8,480,000	\$9,180,000
I.	DISCOUNTED PREMIUM INDICATION AT 1.5% PER ANNUM I/E - 1	-11.1%	- 3.4%	+ 4.6%

QUALIFICATIONS AND LIMITATIONS

The estimates contained in this report depend upon the following:

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

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

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

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

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

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

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

CONSULTATION

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

APPENDIX A

LARGE LOSSES

Appendix A, Exhibit I

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

INCURRED LOSSES \$250,000 OR GREATER
(Net of Non-Excess Recoveries)

Policy Period	Claim Number	Accident Date	St.	Incurred Losses Including ALAE as of							Paid Losses Including ALAE as of
				3/31/13	3/31/14	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	
10/1/13-14	--- None ---										
10/1/14-15	--- None ---										
10/1/15-16	--- None ---										
10/1/16-17	--- None ---										
10/1/17-18	LARN-9745	11/1/17	O						1,505,498	1,505,498	1,382,827
10/1/18-19	--- None ---										

Appendix A, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

INCURRED LOSSES \$200,000 OR GREATER
(Net of Non-Excess Recoveries)

Policy Period	Claim Number	Accident Date	St.	Incurred Losses Including ALAE as of							Paid Losses Including ALAE as of 3/31/19
				3/31/13	3/31/14	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	
10/1/13-14	--- None ---										
10/1/14-15	--- None ---										
10/1/15-16	--- None ---										
10/1/16-17	--- None ---										
10/1/17-18	--- None ---										
10/1/18-19	--- None ---										

Appendix A, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

INCURRED LOSSES \$75,000 OR GREATER**
(Net of Non-Excess Recoveries)

Policy Period	Claim Number	Accident Date	St.	Retention	Incurred Losses Including ALAE as of						Paid Losses Including ALAE as of 3/31/19
					3/31/14	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	
10/1/13-14	LARP-8210	1/7/14	O	150,000	226,760	239,207	264,913	255,345	288,344	173,344	153,958
	LARP-8350#	5/11/14	C	300,000		1,226,914	1,228,136	1,090,405	1,090,404	1,090,404	1,090,404
	LARP-8378#	6/4/14	C	300,000		1,214,489	1,208,689	1,043,196	1,043,196	1,043,195	1,043,195
	LARP-8402#	6/14/14	C	300,000		1,665,160	2,305,083	2,313,724	2,485,648	2,265,581	2,265,581
	LARP-8429#	7/9/14	C	300,000		108,090	89,328	89,328	89,478	89,478	89,478
	LARP-8461	7/22/14	C	150,000		569,166	571,759	543,803	543,803	543,803	543,803
					226,760	5,023,026	5,667,908	5,335,801	5,540,873	5,205,806	5,186,419
10/1/14-15	LARP8775P#	5/27/15	C	300,000			270,978	180,355	180,355	180,355	180,355
	LARP-8933#	6/25/15	C	300,000			121,037	112,723	112,723	112,723	112,723
							392,015	293,078	293,078	293,078	293,078
10/1/15-16	LARP-9467#	7/5/16	O	300,000					296,496	290,752	290,734
10/1/16-17	LARP-9586#	6/13/17	C	300,000					121,427	105,790	105,790
	LARP-9593#	6/16/17	O	300,000						92,994	77,033
	LARP-9608#	6/27/17	O	300,000						133,451	76,386
									121,427	332,235	259,209
10/1/17-18	LARP-9795	1/14/18	C	150,000					234,547	263,754	263,754
	LARP-9891#	5/1/18	O	300,000						197,733	102,426
	LARP-9967#	6/30/18	O	300,000						278,881	218,963
	LARP-0004#	8/6/18	O	300,000						389,400	292,960
									234,547	1,129,768	878,103
10/1/18-19	--- None ---										

~ Wind and hailstorm losses are shown for \$100,000 and greater.

* Losses are gross of the reinsurance recovery received.

Wind and Hail Damage.

^ Excess recovery received is \$856,639. Additional recoveries are not expected.

& Excess recovery received is \$802,588. Additional recoveries are not expected.

Appendix A, Exhibit IV

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

INCURRED LOSSES SUBJECT TO \$10,000 RETENTION AFTER EROSION OF \$400,000 AAD

Policy Period	Claim Number	Accident Date	St.	Retention	Incurred Losses as of						Paid Losses as of 3/31/19
					3/31/14	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	
10/1/13-14	--- None ---										
10/1/14-15	--- None ---										
10/1/15-16	--- None ---										
10/1/16-17	--- None ---										
10/1/17-18	--- None ---										
10/1/18-19	--- None ---										

LEAGUE ASSOCIATION OF RISK MANAGEMENT

APPENDIX B

SUPPORT EXHIBITS

Appendix B, Exhibit I

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ALL COVERAGES

LOSS TREND FACTORS

A. WORKERS COMPENSATION

Policy Period	Indemnity Claim Cost Index#	Indemnity Trend Factor	Medical Claim Cost Index#	Medical Trend Factor	Loss Trend Factor (30% Ind/70% Med)
10/1/13-14	226.5	1.175	359.6	1.227	1.211
10/1/14-15	229.0	1.162	360.1	1.225	1.206
10/1/15-16	234.3	1.136	375.4	1.175	1.163
10/1/16-17	242.9	1.096	392.2	1.125	1.116
10/1/17-18	250.8~	1.061	407.9~	1.081	1.075
10/1/18-19	258.3~	1.030	424.2~	1.040	1.037
10/1/19-20	266.1~	1.000	441.1~	1.000	1.000

B. LIABILITY

Policy Period	Other Bodily Injury Claim Cost Index*	Other Liability Trend Factor	Automobile Bodily Injury Claim Cost Index*	Automobile Liability Trend Factor	Loss Trend Factor (65% OL/35% AL)
10/1/13-14	246.8	1.246	253.3	1.225	1.239
10/1/14-15	258.6	1.189	261.8	1.185	1.188
10/1/15-16	269.9	1.140	274.4	1.131	1.137
10/1/16-17	281.8	1.092	284.6	1.090	1.091
10/1/17-18	288.4	1.067	290.8	1.067	1.067
10/1/18-19	297.2~	1.035	299.8~	1.035	1.035
10/1/19-20	307.6~	1.000	310.3~	1.000	1.000

C. PROPERTY

Policy Period	Auto Physical Damage Claim Cost Index*	Auto Physical Damage Factor	Building & Contents Claim Cost Index*	Building & Contents Factor	Loss Trend Factor (20% APD/80% BC)
10/1/13-14	197.0	1.108	207.8	1.143	1.136
10/1/14-15	200.4	1.089	214.3	1.108	1.104
10/1/15-16	204.0	1.070	221.2	1.074	1.073
10/1/16-17	206.6	1.056	225.8	1.052	1.053
10/1/17-18	209.8	1.040	225.8	1.052	1.050
10/1/18-19	213.9~	1.020	230.6~	1.030	1.028
10/1/19-20	218.2~	1.000	237.5~	1.000	1.000

Source: NCCI State of the Workers Compensation Line Presentation, May, 2018.

~ Estimated by BYNAC.

* Towers Watson Claim Cost Index, November 2018.

Appendix B, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ALL COVERAGES

EXPOSURE TREND FACTORS

A. PAYROLL

Policy Period	Average Hourly Wages for Professional and Business Services*	Exposure Trend Factor
10/1/13-14	24.14	1.153
10/1/14-15	24.65	1.129
10/1/15-16	25.27	1.101
10/1/16-17	25.86	1.076
10/1/17-18	26.49~	1.051
10/1/18-19	27.15~	1.025
10/1/19-20	27.83~	1.000

B. EXPENDITURES

Policy Period	Exposure Trend Factor#
10/1/13-14	1.195
10/1/14-15	1.160
10/1/15-16	1.126
10/1/16-17	1.093
10/1/17-18	1.061
10/1/18-19	1.030
10/1/19-20	1.000

C. INSURED VALUES

Policy Period	Exposure Trend Factor^
10/1/13-14	1.126
10/1/14-15	1.104
10/1/15-16	1.082
10/1/16-17	1.061
10/1/17-18	1.040
10/1/18-19	1.020
10/1/19-20	1.000

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

~ Estimated by BYNAC.

Assumed trend of 3.0% per year.

^ Assumed trend of 2.0% per year.

Appendix B, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ALL COVERAGES

ESTIMATED EXPENSES AND PREMIUM FOR 10/1/19-20

<u>Expense</u>	<u>Workers Compensation</u>	<u>Other Liability</u>	<u>Property</u>	<u>Total</u>
Reinsurance*	\$ 403,000	\$ 474,000	\$1,480,000	\$2,357,000
Other Fixed Expenses#	<u>880,700</u>	<u>683,500</u>	<u>1,388,700</u>	<u>2,952,900</u>
Total Fixed Expenses	\$1,283,700	\$1,157,500	\$2,868,700	\$5,309,900
Variable Expenses	\$ 97,900	\$ 75,900	\$ 154,300	\$ 328,100 3.7%
Total Expenses	\$1,381,600	\$1,233,400	\$3,023,000	\$5,638,000
10/1/19-20 Proposed Premium*	\$2,617,000	\$2,031,000	\$4,127,000	\$8,775,000

* Provided by York.

Total expenses excluding reinsurance of \$3,281,000 provided by York. Variable expenses assumed to be 10.0% of total expenses excluding reinsurance. Allocated to coverage based on estimated premium.

Appendix B, Exhibit IV

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ALL COVERAGES

LOSS PRESENT VALUE FACTORS

A. WORKERS COMPENSATION

<u>Age of Policy Period in in Months</u>	<u>Estimated Cumulative Ratio of Losses Paid[^]</u>	<u>Amount Paid in Prior Interval Discounted at 1.5% per Annum</u>
12	0.440	0.437
24	0.710	0.264
36	0.800	0.087
48	0.860	0.057
60	0.890	0.028
72	0.920	0.028
84	0.950	0.027
96	0.980	0.027
108	0.990	0.009
120	1.000	0.009
Loss Present Value Factor		0.973

B. OTHER LIABILITY

<u>Age of Policy Period in in Months</u>	<u>Estimated Cumulative Ratio of Losses Paid[*]</u>	<u>Amount Paid in Prior Interval Discounted at 1.5% per Annum</u>
12	0.310	0.308
24	0.510	0.196
36	0.690	0.173
48	0.780	0.085
60	0.870	0.084
72	0.960	0.083
84	1.000	0.036
96	1.000	0.000
108	1.000	0.000
Loss Present Value Factor		0.965

C. PROPERTY

<u>Age of Policy Period in in Months</u>	<u>Estimated Cumulative Ratio of Losses Paid[#]</u>	<u>Amount Paid in Prior Interval Discounted at 1.5% per Annum</u>
12	0.560	0.556
24	0.840	0.274
36	0.950	0.106
48	1.000	0.047
Loss Present Value Factor		0.983

[^] From Section B of Table 9 of the 11/28/18 actuarial report.

^{*} From Section B of Table 19 of the 11/28/18 actuarial report.

[#] From Section B of Table 27 of the 11/28/18 actuarial report.

Appendix B, Exhibit V

LEAGUE ASSOCIATION OF RISK MANAGEMENT

ALL COVERAGES

PREMIUM PRESENT VALUE FACTOR

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

* Provided by York.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

APPENDIX C

AVERAGE SEVERITIES

Appendix C, Exhibit I

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

ESTIMATED ULTIMATE CLAIM COUNT
(Excluding Claims Closed without Payment)

<u>Policy Period</u>	<u>Reported Claims as of 3/31/19</u>	<u>Age of Policy Period in Months</u>	<u>Claim Count Development Factor*</u>	<u>Estimated Ultimate Claim Count</u>
10/1/13-14	187	66.0	1.000	187
10/1/14-15	116	54.0	1.000	116
10/1/15-16	131	42.0	1.000	131
10/1/16-17	130	30.0	1.002	130
10/1/17-18	<u>125</u>	18.0	1.006	<u>126</u>
Total	689			690

* Based on Section C of Appendix B, Exhibit I of the 11/28/18 actuarial report.

Appendix C, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

PROJECTED CLAIMS FOR 10/1/19-20
(Excluding Claims Closed without Payment)

A. FREQUENCIES

Policy Period	Estimated Ultimate Claim Count	Adjusted Payroll (100)	Claim Frequency per \$1,000,000 Payroll
10/1/13-14	187	\$1,382,577	1.353
10/1/14-15	116	910,329	1.274
10/1/15-16	131	940,272	1.393
10/1/16-17	130	963,329	1.349
10/1/17-18	126	859,490	1.466
Total	690	\$5,055,997	
		Average	1.367
		Wtd Average	1.365
		3 Yr Average	1.403
		5 Yr Mid Average	1.365
		Prior*	1.450
		Selected^	1.370

B. PROJECTED CLAIMS

Policy Period	Selected Frequency	Projected Payroll (100)	Projected Claims
10/1/19-20	1.370	\$ 827,008	110

* 10/1/18-19 level.

^ Selected the weighted average.

Appendix C, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

AVERAGE SEVERITIES

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

A. LOSS AND CLAIM SUMMARY

Policy Period	Incurred Losses as of 3/31/19	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/19-20	Reported Claims as of 3/31/19	Estimated Ultimate Claim Count
10/1/13-14	\$ 921,914	\$ 921,914	\$1,123,136	187	187
10/1/14-15	843,818	911,632	1,103,826	116	116
10/1/15-16	738,628	807,365	941,782	131	131
10/1/16-17	783,848	919,163	1,026,812	130	130
10/1/17-18	1,742,028	1,952,216	2,042,382	125	126
10/1/19-20		\$ 990,000	\$ 990,000		110

B. AVERAGE SEVERITIES

Policy Period	Incurred as of 3/31/19	Estimated Ultimate Incurred	Adjusted
10/1/13-14	\$ 4,930	\$ 4,930	\$ 6,006
10/1/14-15	7,274	7,859	9,516
10/1/15-16	5,638	6,163	7,189
10/1/16-17	6,030	7,070	7,899
10/1/17-18	13,936	15,494	16,209
10/1/19-20		9,000	9,000

Appendix C, Exhibit IV

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

ESTIMATED ULTIMATE CLAIM COUNT
(Excluding Claims Closed without Payment)

<u>Policy Period</u>	<u>Reported Claims as of 3/31/19</u>	<u>Age of Policy Period in Months</u>	<u>Claim Count Development Factor*</u>	<u>Estimated Ultimate Claim Count</u>
10/1/13-14	131	66.0	1.000	131
10/1/14-15	91	54.0	1.002	91
10/1/15-16	113	42.0	1.009	114
10/1/16-17	116	30.0	1.023	119
10/1/17-18	<u>104</u>	18.0	1.080	<u>112</u>
Total	555			567

* Based on Section C of Appendix B, Exhibit V of the 11/28/18 actuarial report.

Appendix C, Exhibit V

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

PROJECTED CLAIMS FOR 10/1/19-20
(Excluding Claims Closed without Payment)

A. CLAIM FREQUENCIES

Policy Period	Estimated Ultimate Claim Count	Adjusted Expenditures (1,000)	Claim Frequency per \$1,000,000 Expenditures
10/1/13-14	131	\$ 409,515	0.320
10/1/14-15	91	443,713	0.205
10/1/15-16	114	470,144	0.242
10/1/16-17	119	470,114	0.253
10/1/17-18	112	471,072	0.238
Total	567	\$2,264,558	
		Average	0.252
		Wtd Average	0.250
		3 Yr Average	0.244
		5 Yr Mid Average	0.244
		Prior*	0.260
		Selected^	0.250

B. PROJECTED CLAIMS

Policy Period	Selected Claim Frequency	Projected Expenditures (1,000)	Projected Claims
10/1/19-20	0.250	\$ 459,017	110

* 10/1/18-19 level.

^ Selected the weighted average.

Appendix C, Exhibit VI

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

AVERAGE SEVERITIES

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

A. LOSS AND CLAIM SUMMARY

Policy Period	Incurred Losses as of 3/31/19	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/19-20	Reported Claims as of 3/31/19	Estimated Ultimate Claim Count
10/1/13-14	\$ 881,156	\$ 885,544	\$1,097,189	131	131
10/1/14-15	306,429	313,373	372,287	91	91
10/1/15-16	294,245	308,588	350,865	113	114
10/1/16-17	642,764	750,523	818,821	116	119
10/1/17-18	654,167	840,211	896,505	104	112
10/1/19-20		\$ 730,000	\$ 730,000		110

B. AVERAGE SEVERITIES

Policy Period	Incurred as of 3/31/19	Estimated Ultimate Incurred	Adjusted
10/1/13-14	\$ 6,726	\$ 6,760	\$ 8,375
10/1/14-15	3,367	3,444	4,091
10/1/15-16	2,604	2,707	3,078
10/1/16-17	5,541	6,307	6,881
10/1/17-18	6,290	7,502	8,005
10/1/19-20		6,636	6,636

Appendix C, Exhibit VII

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

ESTIMATED ULTIMATE CLAIM COUNT
(Excluding Claims Closed without Payment)

<u>Policy Period</u>	<u>Reported Claims as of 3/31/19</u>	<u>Age of Policy Period in Months</u>	<u>Claim Count Development Factor*</u>	<u>Estimated Ultimate Claim Count</u>
10/1/13-14	89	66.0	1.000	89
10/1/14-15	79	54.0	1.000	79
10/1/15-16	76	42.0	1.000	76
10/1/16-17	108	30.0	1.000	108
10/1/17-18	<u>75</u>	18.0	1.017	<u>76</u>
Total	427			428

* Based on Section C of Appendix B, Exhibit IX of the 11/28/18 actuarial report.

Appendix C, Exhibit VIII

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

PROJECTED CLAIMS FOR 10/1/19-20
(Excluding Claims Closed without Payment)

A. CLAIM FREQUENCIES

Policy Period	Estimated Ultimate Claim Count	Adjusted Insured Value (100)	Claim Frequency per \$1,000,000 Ins. Value
10/1/13-14	89	\$13,831,195	0.064
10/1/14-15	79	13,060,083	0.060
10/1/15-16	76	13,863,858	0.055
10/1/16-17	108	14,182,723	0.076
10/1/17-18	76	14,090,031	0.054
Total	428	\$69,027,890	
		Average	0.062
		Wtd Average	0.062
		3 Yr Average	0.062
		5 Yr Mid Average	0.060
		Prior*	0.065
		Selected^	0.060

B. PROJECTED CLAIMS

Policy Period	Selected Claim Frequency	Projected Insured Value (100)	Projected Claims
10/1/19-20	0.060	\$13,365,859	80

* 10/1/18-19 level.

^ Selected the weighted average.

Appendix C, Exhibit IX

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

AVERAGE SEVERITIES

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

A. LOSS AND CLAIM SUMMARY

Policy Period	Incurred Losses as of 3/31/19	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/19-20	Reported Claims as of 3/31/19	Estimated Ultimate Claim Count
10/1/13-14	\$1,813,898	\$1,813,898	\$1,897,388	89	89
10/1/14-15	754,044	754,044	832,465	79	79
10/1/15-16	699,636	699,636	738,733	76	76
10/1/16-17	944,028	955,356	1,005,990	108	108
10/1/17-18	1,320,978	1,365,398	1,411,168	75	76
10/1/19-20		\$1,140,000	\$1,140,000		80

B. AVERAGE SEVERITIES

Policy Period	Incurred Severity as of 3/31/19	Estimated Ultimate Incurred	Adjusted to 10/1/19-20
10/1/13-14	\$ 20,381	\$ 20,381	\$ 21,319
10/1/14-15	9,545	9,545	10,538
10/1/15-16	9,206	9,206	9,720
10/1/16-17	8,741	8,846	9,315
10/1/17-18	17,613	17,966	18,568
10/1/19-20		14,250	14,250

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

APPENDIX D

LOSS PROJECTION FOR PROPERTY CORRIDOR

Appendix D, Exhibit I

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY- WIND/HAIL LOSSES ONLY

TRENDED LOSSES ABOVE \$300,000
(Unlimited Losses)

Policy Period	Unlimited Incurred Losses as of 3/31/19	Loss Development Factor*	Loss Trend Factor	Trended Losses
10/1/05-06	<u>0</u> 0	1.000	1.405	<u>0</u> 0
10/1/06-07	<u>0</u> 0	1.000	1.349	<u>0</u> 0
10/1/07-08	<u>0</u> 0	1.000	1.303	<u>0</u> 0
10/1/08-09	<u>271,933</u> 271,933	1.000	1.259	<u>342,364</u> 342,364
10/1/09-10	<u>0</u> 0	1.000	1.201	<u>0</u> 0
10/1/10-11	<u>222,562</u> 222,562	1.000	1.178	<u>262,178</u> 262,178
10/1/11-12	558,024	1.000	1.180	658,468
	<u>895,473</u> 1,453,497	1.000	1.180	<u>1,056,658</u> 1,715,126
10/1/12-13	<u>0</u> 0	1.000	1.162	<u>0</u> 0
10/1/13-14	1,090,404	1.000	1.136	1,238,699
	1,043,195	1.000	1.136	1,185,070
	<u>2,265,581</u> 4,399,180	1.000	1.136	<u>2,573,701</u> 4,997,470
10/1/14-15	<u>180,355</u> 180,355	1.000	1.104	<u>199,112</u> 199,112
10/1/15-16	<u>290,752</u> 290,752	1.000	1.073	<u>311,977</u> 311,977
10/1/16-17	<u>0</u> 0	1.012	1.053	<u>0</u> 0
10/1/17-18	197,733	1.034	1.050	214,679
	278,881	1.034	1.050	302,781
	<u>389,400</u> 866,014	1.034	1.050	<u>422,772</u> 940,232

* Equal to the ratio of estimated ultimate incurred losses from Table 19 to limited incurred losses. Prior to 10/1/13-14 the loss development factor is 1.000.

^ Based on Appendix B, Exhibit I. Trend factors prior to 10/1/13-14 are determined in a similar manner.

Appendix D, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY- WIND/HAIL LOSSES ONLY

TRENDED LOSSES BY LAYER & RETENTION

Policy Period	Trended Losses	Trended Losses	
		\$300,000 Excess \$300,000	Excess \$300,000
10/1/05-06	<u>0</u> 0	<u>0</u> 0	<u>0</u> 0
10/1/06-07	<u>0</u> 0	<u>0</u> 0	<u>0</u> 0
10/1/07-08	<u>0</u> 0	<u>0</u> 0	<u>0</u> 0
10/1/08-09	<u>342,364</u> 342,364	<u>42,364</u> 42,364	<u>42,364</u> 42,364
10/1/09-10	<u>0</u> 0	<u>0</u> 0	<u>0</u> 0
10/1/10-11	<u>262,178</u> 262,178	<u>0</u> 0	<u>0</u> 0
10/1/11-12	<u>658,468</u> <u>1,056,658</u> 1,715,126	<u>300,000</u> <u>300,000</u> 600,000	<u>358,468</u> <u>756,658</u> 1,115,126
10/1/12-13	<u>0</u> 0	<u>0</u> 0	<u>0</u> 0
10/1/13-14	<u>1,238,699</u> <u>1,185,070</u> <u>2,573,701</u> 4,997,470	<u>300,000</u> <u>300,000</u> <u>300,000</u> 900,000	<u>938,699</u> <u>885,070</u> <u>2,273,701</u> 4,097,470
10/1/14-15	<u>199,112</u> 199,112	<u>0</u> 0	<u>0</u> 0
10/1/15-16	<u>311,977</u> 311,977	<u>11,977</u> 11,977	<u>11,977</u> 11,977
10/1/16-17	<u>0</u> 0	<u>0</u> 0	<u>0</u> 0
10/1/17-18	<u>214,679</u> <u>302,781</u> <u>422,772</u> 940,232	<u>0</u> <u>2,781</u> <u>122,772</u> 125,553	<u>0</u> <u>2,781</u> <u>122,772</u> 125,553

Appendix D, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY- WIND/HAIL LOSSES ONLY

PROJECTED LOSSES BY LAYER

A. TRENDED LOSS SUMMARY

Policy Period	Trended Losses	Trended Losses	
		Excess \$300,000	\$300,000 Corridor
10/1/05-06	0	0	0
10/1/06-07	0	0	0
10/1/07-08	0	0	0
10/1/08-09	342,364	42,364	42,364
10/1/09-10	0	0	0
10/1/10-11	262,178	0	0
10/1/11-12	1,715,126	1,115,126	300,000
10/1/12-13	0	0	0
10/1/13-14	4,997,470	4,097,470	300,000
10/1/14-15	199,112	0	0
10/1/15-16	311,977	11,977	11,977
10/1/16-17	0	0	0
10/1/17-18	940,232	125,553	125,553
	8,768,459	5,392,490	779,894

B. PROJECTED LOSSES BY LAYER

Policy Period	Exposure Trend Factor*	Projected Losses	
		Excess \$300,000	\$300,000 Corridor
10/1/05-06	1.319	0	0
10/1/06-07	1.294	0	0
10/1/07-08	1.268	0	0
10/1/08-09	1.243	52,658	52,658
10/1/09-10	1.219	0	0
10/1/10-11	1.195	0	0
10/1/11-12	1.172	1,306,928	300,000
10/1/12-13	1.149	0	0
10/1/13-14	1.126	4,613,751	300,000
10/1/14-15	1.104	0	0
10/1/15-16	1.082	12,959	12,959
10/1/16-17	1.061	0	0
10/1/17-18	1.040	130,575	130,575
		6,116,871	796,192
	Average	470,529	61,246
	5 Yr Mid Avg	47,845	47,845
	4 Yr Avg~	35,884	35,884
	Selected	470,000	60,000

* Assumed trend of 2.0% per year.

~ Four most recent periods.

LEAGUE ASSOCIATION OF RISK MANAGEMENT



york.+ sedgwick

Agenda

- Overview York + Sedwick Pooling Services
- LARM Pool Consulting Agreement
- Service Team
- Performance Metrics
- Accounting Services
- Underwriting Services
- Claims Services

Overview York + Sedgwick Pooling Services



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Pool administration is organized with subject matter experts to meet the program management needs of the clients we serve. Core team members are 100% dedicated to pooling and are backed by the depth and breadth of York services nationwide.



Provide Pool Administration Services for 24 Pools.



Our Services are designed to meet and support the goals and objectives of your pool.



york.+ sedgwick

Pool administration services required to run all phases of a successful risk insurance pool.

Services Include:



Program management

Pool member client relations

Underwriting, coverage analysis & design, consultation & program design

Financial management & pool accounting including financial analytics

Litigation & claims management

Claims administration

Technology

Focus on the members & member services

LARM Pool Consulting Agreement

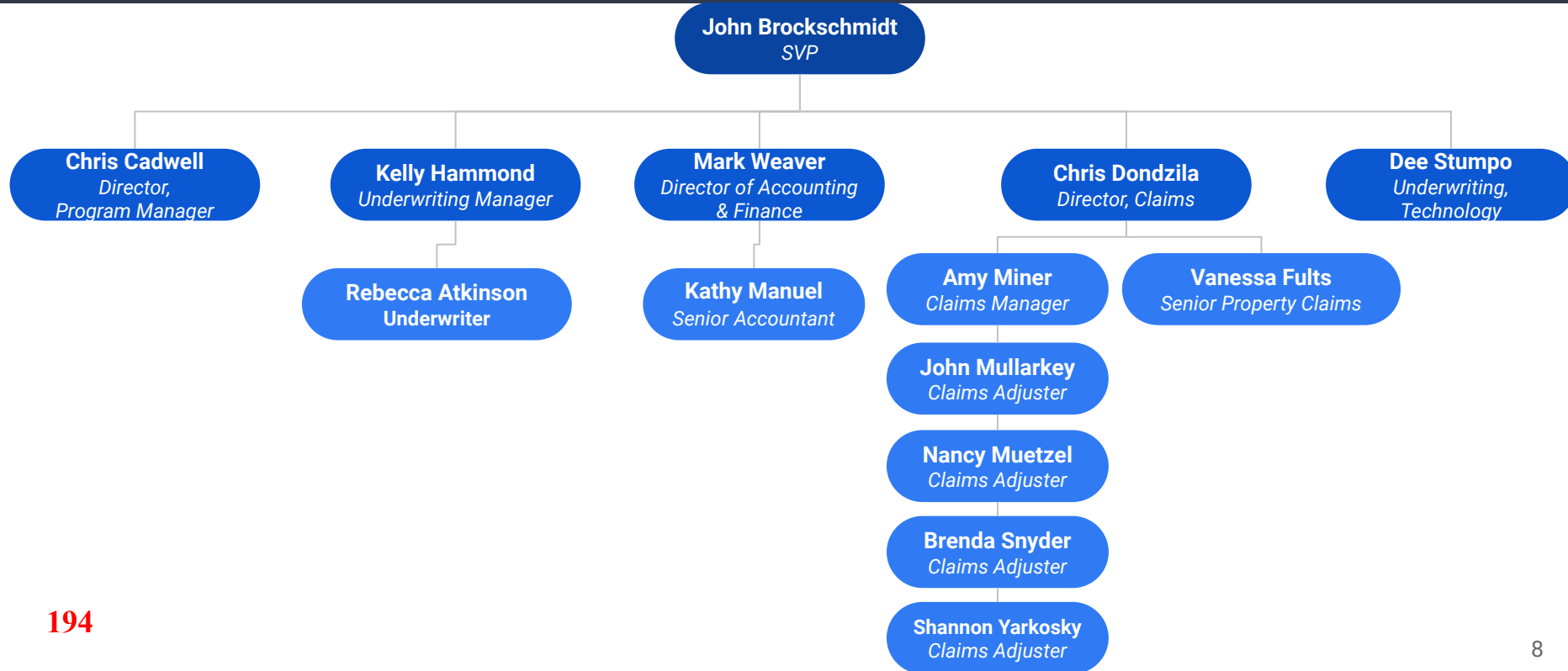


LARM Pool Consulting Agreement

- Accounting & Financial Services
- Actuarial - Work with LARM's Actuary
- Underwriting Services
 - New and Renewal at direction of Executive Director
 - Guidelines - update as requested
 - Management Services - recommendations regarding forms
 - Provide Underwriting system
 - Marketing -recommendations and assist
- Claims
 - Consult act as resource
 - Claim adjustment optional service
 - Provide a Claims system
- Medical Cost Containment Services
- Reinsurance Services
- Program Management / Support

Service Team

York Pooling Overview



Performance Metrics

LEAGUE ASSOCIATION OF RISK MANAGEMENT
PERFORMANCE METRICS



	2012	2018
TOTAL FUND BALANCE	\$7.9M	\$11.0M
CONTRIBUTIONS	\$6.8M	\$8.3M
TOTAL INSURED VALUE	\$794M	\$1.245B
MEMBERS	62	168

98%

MEMBER
 RETENTION RATE
 FOR THE LAST SIX YEARS

\$1.5 MILLION

NEW BUSINESS
 WRITTEN CONTRIBUTIONS
 FOR THE LAST SIX YEARS

Accounting Services

Services Provided by York

- Prepare Financial Statements and Workpapers
- Coordinate DOI and Independent Audits
- Facilitate Actuarial Reserve Analyses and Rate Studies
- Prepare Annual Budget
- Cash Management / Investment Accounting
- Claims and Operating Expenditures
- Billings and Collections
- File Premium Tax Returns
- Document Maintenance and Storage

Key Internal Controls

- Segregation of Duties Surrounding Cash Receipts and Disbursements
- Reconciliation of all General Ledger Accounts
- Approvals of all Payments are Required
- Security Maintained over Check Stock
- Positive Pay Ensures only Uploaded Checks can be Paid
- Independent Audits and Actuarial Reviews

Underwriting Services

Core Service Components

Annual Member Renewal

- Renewal Process and Procedures
- Manage and coordinate updated Member exposures
- Rate and underwrite Member Renewals
- Review Member renewal results

Core Service Components

New Business

- Quotation Process and Procedures
- Entry exposure and coverage Data in system (Clarity)
- Review and evaluate coverages and pricing with Agent and LARM Staff
- Consult with agents/staff on competitive strategies (pricing, differentiators, etc.)
- Provide support to agents and staff at decision meetings

Core Service Components

Underwriting Authority Governed by Underwriting Guidelines

- Coverage election
- Uninsurable risk
- Agency Commissions
- Reinsurance Exceptions
- Deductible Options
- Coverage Prerequisites / Exceptions
- Scheduled Rating Credits / debits beyond UW limits (varies by Line of Coverage)

Core Service Components

Other

- Warehouse underwriting/exposure data on system (Clarity)
- Additional resource for LARM Staff
- Policy Forms and Endorsements and other Member facing/internal materials
- Track, manage, and update reinsurance exposure data
- Support external audits (data and personnel)
- Support marketing strategies and initiatives (calendar, grant, promotional materials)

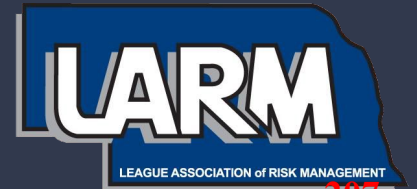
Claims Services



Claims Overview

- Provide Claims System
- Adjust Property & Liability Claims (additional fee)
 - Average about 325 claims per year
 - Adjusters in Johnston, IA
 - Large Property oversight in MI
- Oversight on large workers compensation claims (currently 6)
- Claims Authority
 - LARM Work Comp Adjuster \$15,000 authority then referred
 - York P&C Authority \$100,000 then referred

LARM 2019 – 2020 Budget



LEAGUE ASSOCIATION OF RISK MANAGEMENT
2019/20 Budget

REVENUE DETAIL

Description	2016-2017	2017-2018	2018-2019	2018-2019	2019-2020	Current vs Prior Budget:	
	Actual Revenues	Actual Revenues	Approved Budget	Reprojected Revenues	Proposed Budget	Dollar Incr/(Decr)	Percent Incr/(Decr)
Income							
Gross Earned Contribution	8,526,373	8,264,076	7,996,000	8,313,000	8,775,000	779,000	9.7%
Ceded Premiums	(2,185,673)	(2,168,798)	(2,317,000)	(2,195,000)	(2,358,000)	(41,000)	1.8%
Net Earned Contribution	6,340,700	6,095,278	5,679,000	6,118,000	6,417,000	738,000	13.0%
Investment Income (net of fees)	141,359	196,849	100,000	189,000	100,000	-	-
Other Income	4,488	3,593	5,000	5,000	5,000	-	-
Total Revenue	6,486,547	6,295,720	5,784,000	6,312,000	6,522,000	738,000	12.8%

LEAGUE ASSOCIATION OF RISK MANAGEMENT
2019/20 Budget

EXPENDITURE DETAIL

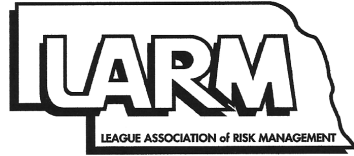
<u>Description</u>	2016-2017	2017-2018	2018-2019	2018-2019	2019-2020	Current vs Prior Budget:	
	Actual	Actual	Approved	Reprojected	Proposed	Dollar	Percent
	Expenditures	Expenditures	Budget	Expenditures	Budget	Incr/(Decr)	Incr/(Decr)
Losses and Loss Expenses							
Losses and Expenses	1,482,707	4,903,052	3,576,000	3,877,000	3,770,000	194,000	5.4%
Loss Adjustment Expense	112,795	650,898	386,000	617,000	407,000	21,000	5.4%
Ceded Losses	210,711	(1,867,399)	(1,192,000)	(1,442,000)	(1,257,000)	(65,000)	5.5%
Net Losses	1,806,213	3,686,551	2,770,000	3,052,000	2,920,000	150,000	5.4%
Underwriting Expenses							
Actuarial Services	29,500	32,138	32,000	32,000	32,000	-	-
Legal & Human Resource Services	61,459	163,613	162,000	296,000	296,000	134,000	82.7%
Lobbying Services	-	9,000	12,000	39,000	48,000	36,000	300.0%
Salary & Wages	587,173	704,432	728,000	728,000	757,000	29,000	4.0%
Employee Benefits	147,417	221,843	234,000	244,000	257,000	23,000	9.8%
Payroll Taxes	46,077	51,899	58,000	58,000	61,000	3,000	5.2%
Retirement Plan	52,180	57,429	66,000	66,000	69,000	3,000	4.5%
Mobile Phone	6,664	9,467	9,000	9,000	11,000	2,000	22.2%
Car & Field	27,479	66,960	61,000	45,000	53,000	(8,000)	(13.1%)
Computer	25,513	60,401	54,000	54,000	34,000	(20,000)	(37.0%)
Telecommunication / Network	18,498	21,512	20,000	20,000	20,000	-	-
Postage	2,531	1,583	2,000	2,000	2,000	-	-
Office Supply & Printing	11,271	17,778	14,000	14,000	14,000	-	-
Dues & Publications	12,296	14,906	13,000	13,000	13,000	-	-
Miscellaneous	-	2,233	1,000	1,000	1,000	-	-
Conferences & Travel	32,475	63,033	50,000	50,000	50,000	-	-
Accounting & Financial Audit	35,400	32,330	47,000	47,000	47,000	-	-
Rent/Remodeling/Office Fixtures	47,968	44,414	35,000	37,000	38,000	3,000	8.6%
Third Party Administration	751,322	751,601	769,000	763,000	770,000	1,000	0.1%
LNM Administrative Fee	170,527	163,676	-	-	-	-	n/a
Advertising / Marketing	18,294	7,287	16,000	16,000	16,000	-	-
Appraisal Services	39,993	38,810	55,000	55,000	55,000	-	-
Loss Control Services	43,503	46,515	59,000	59,000	59,000	-	-
Safety Grant Program	-	36,953	84,000	61,000	84,000	-	-
Agent Administrative Fee	218,981	253,098	251,000	271,000	290,000	39,000	15.5%
Brokerage Services	16,280	40,211	38,000	38,000	38,000	-	-
Department of Insurance Exam.	11,141	652	-	-	14,000	14,000	-
Bank Fees	1,662	954	3,000	2,000	2,000	(1,000)	(33.3%)
Insurance	46,763	50,890	51,000	51,000	51,000	-	-
Taxes & Licenses	89,630	84,307	90,000	90,000	99,000	9,000	10.0%
Total Underwriting Expenses	2,551,997	3,049,925	3,014,000	3,161,000	3,281,000	267,000	8.9%
Total Expenditures	4,358,210	6,736,476	5,784,000	6,213,000	6,201,000	417,000	7.2%
Net Income	2,128,337	(440,756)	-	99,000	321,000	321,000	-

LEAGUE ASSOCIATION OF RISK MANAGEMENT
2019/20 Budget

SURPLUS DETAIL

Description	2016-2017 Actual Surplus	2017-2018 Actual Surplus	2018-2019 Approved Budget	2018-2019 Reprojected Surplus	2019-2020 Proposed Budget
Surplus					
Beginning Surplus	9,273,357	11,401,694	10,960,938	10,960,938	11,059,938
Earned Surplus	2,128,337	(440,756)	-	99,000	321,000
Ending Surplus	<u>11,401,694</u>	<u>10,960,938</u>	<u>10,960,938</u>	<u>11,059,938</u>	<u>11,380,938</u>
 Dividend Program	 -	 -	 -	 -	 -
 Total Surplus	 <u>11,401,694</u>	 <u>10,960,938</u>	 <u>10,960,938</u>	 <u>11,059,938</u>	 <u>11,380,938</u>

League Association of Risk Management



Budget for 2019-2020 Fiscal Year



LEAGUE ASSOCIATION OF RISK MANAGEMENT
2019/20 Draft Budget
September 19, 2019

REVENUE DETAIL

Code	Description	2016-2017	2017-2018	2018-2019	2018-2019	2019-2020	Current vs Prior Budget:	
		Actual	Actual	Approved	Reprojected	Proposed	Dollar	Percent
		Revenues	Revenues	Budget	Revenues	Budget	Incr/(Decr)	Incr/(Decr)
Income								
1	Gross Earned Contribution	8,526,373	8,264,076	7,996,000	8,313,000	8,775,000	779,000	9.7%
2	Ceded Premiums	(2,185,673)	(2,168,798)	(2,317,000)	(2,195,000)	(2,358,000)	(41,000)	1.8%
3	Net Earned Contribution	6,340,700	6,095,278	5,679,000	6,118,000	6,417,000	738,000	13.0%
4	Investment Income (net of fees)	141,359	196,849	100,000	189,000	100,000	-	-
5	Other Income	4,488	3,593	5,000	5,000	5,000	-	-
	Total Revenue	6,486,547	6,295,720	5,784,000	6,312,000	6,522,000	738,000	12.8%

LEAGUE ASSOCIATION OF RISK MANAGEMENT

2019/20 Draft Budget

EXPENDITURE DETAIL

Code	Description	2016-2017	2017-2018	2018-2019	2018-2019	2019-2020	Current vs Prior Budget:	
		Actual Expenditures	Actual Expenditures	Approved Budget	Reprojected Expenditures	Proposed Budget	Dollar Incr/(Decr)	Percent Incr/(Decr)
	Losses and Loss Expenses							
6	Losses and Expenses	1,482,707	4,903,052	3,576,000	3,877,000	3,770,000	194,000	5.4%
7	Loss Adjustment Expense	112,795	650,898	386,000	617,000	407,000	21,000	5.4%
8	Ceded Losses	210,711	(1,867,399)	(1,192,000)	(1,442,000)	(1,257,000)	(65,000)	5.5%
9	Net Losses	<u>1,806,213</u>	<u>3,686,551</u>	<u>2,770,000</u>	<u>3,052,000</u>	<u>2,920,000</u>	<u>150,000</u>	<u>5.4%</u>
	Underwriting Expenses							
10	Actuarial Services	29,500	32,138	32,000	32,000	32,000	-	-
11	Legal & Human Resource Services	61,459	163,613	162,000	296,000	296,000	134,000	82.7%
12	Lobbying Services	-	9,000	12,000	39,000	48,000	36,000	300.0%
13	Salary & Wages	587,173	704,432	728,000	728,000	757,000	29,000	4.0%
14	Employee Benefits	147,417	221,843	234,000	244,000	257,000	23,000	9.8%
15	Payroll Taxes	46,077	51,899	58,000	58,000	61,000	3,000	5.2%
16	Retirement Plan	52,180	57,429	66,000	66,000	69,000	3,000	4.5%
17	Mobile Phone	6,664	9,467	9,000	9,000	11,000	2,000	22.2%
18	Car & Field	27,479	66,960	61,000	45,000	53,000	(8,000)	(13.1%)
19	Computer	25,513	60,401	54,000	54,000	34,000	(20,000)	(37.0%)
20	Telecommunication / Network	18,498	21,512	20,000	20,000	20,000	-	-
21	Postage	2,531	1,583	2,000	2,000	2,000	-	-
22	Office Supply & Printing	11,271	17,778	14,000	14,000	14,000	-	-
23	Dues & Publications	12,296	14,906	13,000	13,000	13,000	-	-
24	Miscellaneous	-	2,233	1,000	1,000	1,000	-	-
25	Conferences & Travel	32,475	63,033	50,000	50,000	50,000	-	-
26	Accounting & Financial Audit	35,400	32,330	47,000	47,000	47,000	-	-
27	Rent/Remodeling/Office Fixtures	47,968	44,414	35,000	37,000	38,000	3,000	8.6%
28	Third Party Administration	751,322	751,601	769,000	763,000	770,000	1,000	0.1%
29	LNM Administrative Fee	170,527	163,676	-	-	-	-	n/a
30	Advertising / Marketing	18,294	7,287	16,000	16,000	16,000	-	-
31	Appraisal Services	39,993	38,810	55,000	55,000	55,000	-	-
32	Loss Control Services	43,503	46,515	59,000	59,000	59,000	-	-
33	Safety Grant Program	-	36,953	84,000	61,000	84,000	-	-
34	Agent Administrative Fee	218,981	253,098	251,000	271,000	290,000	39,000	15.5%
35	Brokerage Services	16,280	40,211	38,000	38,000	38,000	-	-
36	Department of Insurance Exam.	11,141	652	-	-	14,000	14,000	-
37	Bank Fees	1,662	954	3,000	2,000	2,000	(1,000)	(33.3%)
38	Insurance	46,763	50,890	51,000	51,000	51,000	-	-
39	Taxes & Licenses	89,630	84,307	90,000	90,000	99,000	9,000	10.0%
40	Total Underwriting Expenses	<u>2,551,997</u>	<u>3,049,925</u>	<u>3,014,000</u>	<u>3,161,000</u>	<u>3,281,000</u>	<u>267,000</u>	<u>8.9%</u>
	Total Expenditures	<u>4,358,210</u>	<u>6,736,476</u>	<u>5,784,000</u>	<u>6,213,000</u>	<u>6,201,000</u>	<u>417,000</u>	<u>7.2%</u>
41	Net Income	<u>2,128,337</u>	<u>(440,756)</u>	<u>-</u>	<u>99,000</u>	<u>321,000</u>	<u>321,000</u>	<u>-</u>

LEAGUE ASSOCIATION OF RISK MANAGEMENT
2019/20 Draft Budget

SURPLUS DETAIL

Code	Description	2016-2017 Actual Surplus	2017-2018 Actual Surplus	2018-2019 Approved Budget	2018-2019 Reprojected Surplus	2019-2020 Proposed Budget
	Surplus					
42	Beginning Surplus	9,273,357	11,401,694	10,960,938	10,960,938	11,059,938
43	Earned Surplus	2,128,337	(440,756)	-	99,000	321,000
44	Ending Surplus	<u>11,401,694</u>	<u>10,960,938</u>	<u>10,960,938</u>	<u>11,059,938</u>	<u>11,380,938</u>
45	Dividend Program	-	-	-	-	-
	Total Surplus	<u>11,401,694</u>	<u>10,960,938</u>	<u>10,960,938</u>	<u>11,059,938</u>	<u>11,380,938</u>

**League Association of Risk Management
Budget Category Descriptions**

Code #	Category	Description
1	Gross Earned Contribution	Estimated amount of contribution to be collected from members. Property includes a 10% rate increase; all other increases are attributed to increases in members' exposure. Work comp base rates are derived from NCCI loss costs, an industry average. NCCI data confirms a decline in frequency due to better workplace safety, but is offset by an increase in severity due to the cost of improved treatments and technology aimed at providing injured employees with the best available care to get them well and back to work.
2	Ceded Premiums	Estimated premiums paid to reinsurers (including broker fees). Increases over P/Y: Casualty 4%, Property 10%, Workers Comp flat. Includes \$70K Boiler/Machinery and \$60k cyber policy. Also includes \$39k broker fees and \$42k for workers comp audit.
3	Net Earned Contribution	Gross earned contributions less ceded premiums.
4	Investment Income	TPA estimated earnings from funds invested during the fiscal year, net of investment management fees.
5	Other Income	Net income recognized for policies outsourced to reinsurers, less the reinsurer's premium. Flood or crime policies, for example.
6	Losses and Loss Expenses	Total of losses reserved on individual case files. Loss reserves are based on the best estimate of ultimate claim cost. Losses include awards and judgments paid to the plaintiff.
7	Loss Adjustment Expense	Expense associated with losses under Line #6, which includes cost of medical records, expert witness fees, independent medical exams, independent adjuster fees, York claim handling fees, and court costs.
8	Ceded Losses	Loss in excess of self-insured retentions with reinsurers and excess carriers. This amount is expected to be reimbursed to LARM by reinsurers and excess carriers.
9	Net Losses	Losses and expenses, plus loss adjustment expenses, less ceded losses. Actuary estimates, obtained from By the Numbers and reviewed by York, of the actual amount of claims to be paid by LARM. This is the sum of lines 6 through 8.
10	Actuarial Services	Fees for actuarial services provided under contract. Actuarial services include the annual actuarial reserves opinion required by the Department of Insurance, assistance with development of the annual independent audit, quarterly reports to the Department of Insurance, rate analysis report, and other projects as assigned.
11	Legal Assistance	General counsel fees incurred that are not related to a claim. Examples may be advice on management, due process, review of coverage policies, DOI inquiries, and tax issues. This is a rough estimate based on current year projections, the bulk of which has been used to defend against unsolicited litigation brought against LARM and its members; it is difficult to determine when it will end.

**League Association of Risk Management
Budget Category Descriptions**

Code #	Category	Description
12	Lobbying Services	Lobbying fees paid to O'Hara.
13	Salary & Wages	Salary and wages for 8 staff members and 1/2 of IT manager. Includes 4% step plan salary increase.
14	Employee Benefits	Employee benefits for 8 1/2 staff (1/2 IT manager) including health, HSA funding, dental, life and disability, as well as staff continuing education hours.
15	Payroll Taxes	Payroll taxes for staff, normally estimated to be 8% of salary & wages.
16	Retirement Plan	Retirement plan for staff, estimated at 10% of salary & wages once staff members are vested.
17	Mobile Phone	Cell phone equipment and usage charges for staff.
18	Car & Field	All vehicles and their related fuel and maintenance expenses. Purchase of a used 4-wheel drive vehicle is budgeted for 2019/20.
19	Computer	Software/hardware costs, technology service contract, hardware lease, website, etc.
20	Telecommunication / Network	Cost of Internet, cable, and land line phones.
21	Postage	Postage on all meeting packets, promotional calendars, letters, bills, loss control information, etc.
22	Office Supply & Printing	Office supplies for the LARM office including general office supplies, small equipment, board packet materials, copies, professional photos for website and printing of LARM calendar and brochures.
23	Dues & Publications	Membership dues, newspaper renewals, magazine subscriptions, etc.
24	Misc.	Cost of special awards, staff meeting items, claim ex gratis payments, and any other office expenses that do not go in another category.
25	Conferences & Travel	Conference and workshops for staff, NLC, AGRIP and PRIMA, including travel, accommodations, meals, etc. Also includes LARM meetings, Board of Directors mileage, and staff training.
26	Accounting & Audit	Accounting and auditing of filings required by the Department of Insurance, fees related to the independent audit of LARM's financial statements, and any required reports related to that audit. Also includes payroll service fees.
27	Rent, Remodeling, and Office Fixtures	Rent for office space, utilities, copier lease, and office maintenance such as plumbing, refuse collection, and locksmith services.
28	Third Party Administration	Fees paid to York for monthly TPA services. Also included is a 5% incentive payment on new business and \$25K annual large member retention bonus.
29	LNM Administrative Fee	Sponsorship fees previously paid to LONM; 0% budgeted.

**League Association of Risk Management
Budget Category Descriptions**

Code #	Category	Description
30	Advertising/Marketing	Direct advertising costs and enhanced marketing of LARM services to municipalities. Includes distribution of LARM Life (four times per year), ads in trade magazines (NRWA, NMMP, League Directory), design costs for brochures and the LARM calendar, and promotional merchandise.
31	Appraisal Services	Cost of property appraisals and appraisal software.
32	Loss Control Services	Fees related to the police professional training conducted by LLRMI and NIRMA/PATC, Online University, Nebraska Safety Council annual fee, loss control safety marketing materials, membership publications, and claims software.
33	Safety Grant Program	Includes the "Lean on LARM" safety grant program and the new body armor grant (\$500 per member per program).
34	Agent Administrative Fees	Commission paid on agent-produced business.
35	Brokerage Services/Consulting	Consulting fees paid to ICRMS, less Broker Fees which are booked to Ceded Premiums in line 2.
36	Department of Insurance Exam	Department of Insurance Audit. The audit typically occurs every three years, but can occur whenever the Department of Insurance determines. The last audit was for the three years ended 9/30/15.
37	Bank Fees	Fees for checking account services including general operating account and zero-balance claim accounts.
38	Insurance	Premium paid for public officials liability insurance for the LARM Board of Directors and officers, insurance for LARM vehicles, workers' compensation, general liability, inland marine, commercial umbrella, ERISA bond, and employee dishonesty.
39	Taxes, Licenses & Fees	Estimate of premium tax and fees paid to the Nebraska Department of Insurance in compliance with the Intergovernmental Risk Management Act.
40	Total Expenditures	Total of net losses, underwriting expenses, and miscellaneous expenses. Sum of lines 9 through 39.
41	Net Income	Total revenue minus total expenditures.
42	Beginning Surplus	Surplus shown on the financial statement at the beginning of the fiscal year.
43	Earned Surplus	Net income reported on financial statement.
44	Ending Surplus	Beginning surplus plus earned surplus.
45	Dividend Program	Potential member distribution program.
	Total Surplus	Ending surplus minus dividend program.



75 Federal Street, Suite 1250
Boston, MA 02110
Phone: 617-419-2600 Fax: 617-419-2601

INSURANCE BINDER

Please note the coverage terms are listed below, review carefully with the insured. RLA Insurance Intermediaries, LLC disclaims any responsibility for your failure to reconcile with the insured the terms bound below.

Agent: Olivia Rogers
JLT RE (North America), Inc.
PO Box 6345
Carol Stream, IL 60197

Named Insured: League Association of Risk Management
1919 S. 40th
Suite 212
Lincoln, NE 68508

Coverage / LOB: Directors & Officers - Private
Carrier / Insurer: Allied World Surplus Lines Insurance Company
AM Best Rating:
Policy Number: 0310-4109

Policy Period: 11/1/2018 TO: 11/1/2019
12:01 A.M. STANDARD TIME AT THE LOCATION ADDRESS OF THE NAMED INSURED.

Limits of Liability:

D&O	
\$5,000,000	Insuring Agreement A - Management Liability
\$500,000	Insurance Agreement B - Derivative Demand
\$5,000,000	Aggregate limit
E&O	
\$5,000,000	Insuring Agreement A - Professional Liability
\$25,000	Insurance Agreement B - Governmental Claim
2,500	Individuals Insuring Agreement C - Breach Response Services
\$10,000	Insuring Agreement D - Supplemental Privacy
\$5,000,000	Limit of liability for Insuring Agreements C&D are in addition to, not part of, the aggregate limit of liability
EPL	
\$5,000,000	Insuring Agreement A - Employment Practices Liability
\$5,000,000	Insurance Agreement B - Third Party Liability
\$5,000,000	Aggregate
\$5,000,000	Total Aggregate

Deductible / SIR:

	D&O
\$0	each and every claim against Insured Persons
\$10,000	each and every claim against the Company, or for which the Company has indemnified Insured Persons
	E&O
\$35,000	each and every claim, other than an extra-contractual claim
\$100,000	each and every extra-contractual claim
\$5,000	each and every Privacy Wrongful Act under Insuring Agreement C; each and every Public Relations even; network extortion; privacy wrongful act under Insuring Agreement D
	EPL
\$25,000	each and every claim under Insuring Agreements A & B

D&O:

Pending or Prior Date: 11/01/2016

Retro Date: None (Prior acts coverage provided)

E&O and EPL:

Pending or Prior Date: 11/01/2016

Retro Date: None (Prior acts coverage provided)

Endorsements:

1. DO 00014 00 (01/15) - Policyholder Disclosure Statement Under The Terrorism Risk Insurance Act
2. PRO 00039 00 (05/15) - Service of Suit
3. PRO 00016 00 (03/15) - Additional Insureds for Specific Coverage Section(s) (Persons or Entities)
4. PRO 00030 00 (03/15) - Specific Insureds Professional Liability Coverage for Named Services (E&O Only)

Policy Forms:

PRO 00004 00 (03/15) - Professional Risk Transfer Package Policy - General Terms and Conditions
 PRO 00006 00 (03/15) - Professional Risk Transfer Package Policy - Directors and Officers Liability
 PRO 00008 00 (03/15) - Professional Risk Transfer Package Policy - Employment Practices Liability
 PRO 00010 00 (03/15) - Professional Risk Transfer Package Policy - Professional Liability

Extended Reporting Period:

12 months, 100% of annual premium (not including any applicable fees or taxes)
 24 months, 150% of annual premium (not including any applicable fees or taxes)
 36 months, 200% of annual premium (not including any applicable fees or taxes)

Where applicable - all Non-Admitted risks where RLA files taxes - we need all tax documents signed by agent and/or insured within 3 days of binding or agent will be responsible for tax filings.

Premium:	\$37,250.00
Broker Fee - Taxable	\$375.00
Surplus Lines Tax	\$1,128.75

TOTAL:	\$38,753.75
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Taxes Filed By:	RLA
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Commission:	10
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PLEASE SEE ATTACHED BINDER - PLEASE CONFIRM ALL TERMS AND CONDITIONS AS AGREED. ALL BROKER FEES ARE FULLY EARNED AT BINDING. THANK YOU FOR YOUR BUSINESS!

PREMIUM PAYMENT IS DUE WITHIN TWENTY (20) DAYS FROM EFFECTIVE DATE UNLESS OTHERWISE STIPULATED.

AUTHORIZED REPRESENTATIVE

Armando Vilches Broker

TOTAL NUMBER OF PAGES:

INSURED: League Association of Risk Management

DATE ISSUED: Oct 19, 2018

RLA CA License# oG97522

CA Producer License# oF87427

Reference #0310-4109

This policy is issued by a non-admitted insurer, and in the event of the insolvency of such insurer, this policy will not be covered by the Nebraska Property and Liability Insurance Guaranty Association." (Neb. Rev. St. §44-5509)

LARM Liability Reinsurance Renewal

Effective 10/1/2019-20

Liability Reinsurance Overview and Renewal

Since 2014, Great American Insurance Company has been the liability reinsurer for LARM casualty coverages, which include General Liability, Auto Liability, Law Enforcement and Errors & Omissions liability. The retention has been 300K per occurrence with 4.7M of reinsurance coverage above the LARM retention providing total liability limits to 5M. Clash coverage for multiple members arising out of the same occurrence is also provided by GAIC. Total limits of coverages are capped at 15 million limits for the coverages. JLT Re is the broker for LARM.

The 2017/18 expired premiums were 492K and in 2018/19 were 456K based on projected Net Operating Expenditures (NOEs) of \$468,280,132 in 2017/18 and \$434,243,189 in 2018/19. The 2017/18 and 2018/19 rate per 1,000 NOEs was 1.0506.

No losses have been presented to Great American in the past 6 years but one loss (subject to ultimate resolution) may exceed the LARM retention of 300K, hence to date their gross loss ratio with LARM is zero but is subject to change.

The 2019/20 reinsurance renewal rate is 1.0716 of NOEs with a deposit premium of \$468,560 subject to a 75% deposit / minimum at the 300K retention.

A brief synopsis of the past two years with the renewal coverages / terms are shown below:

Terms Conditions	2019/20	2018/19	2017/18
Premiums-Deposit-75% M/D	\$468,560	\$456,216	\$491,975
Rate-NOEs	1.0716 / 438,181,163	1.0506 / 434,243,189	1.0506 / 468,280,132
SIR	\$300,000	\$300,000	\$300,000
Occurrence Limit – Agg. Stop	4.7M X 300K-15 M Total	4.7M X 300K-15 M Total	4.7M X 300K-15 M Total

ICRMS supports that approval is recommended by the LARM Board for the liability reinsurance effective 10/1/2019.

BEAZLEY BREACH RESPONSE

QUOTE

QUOTE ISSUED: 27-August-2019

HCRP
Justin Palmer

RE: Members of League Association of Risk Management
INSURANCE QUOTE: BEAZLEY BREACH RESPONSE

Dear Justin,

We are pleased to offer the following quote for the above captioned account.

This quote is through a non-admitted insurance carrier on whose behalf we are authorized to act. Compliance with applicable laws including filings and payment of taxes and fees is the responsibility of the insured, the insurance agent or insurance broker. If coverage is bound, please advise the license number of the producer making the filing.

This quote is strictly conditioned upon no material change in risk occurring between the date of this letter and the inception date of the proposed policy (including but not limited to any claim or notice of circumstances which may reasonably be expected to give rise to a claim under any policy of which the policy being proposed by this letter is a renewal or replacement). In the event of such change of risk, the Insurer may in its sole discretion, whether or not this offer has already been accepted by the Insured, modify and/or withdraw this offer.

Please be advised that if coverage is bound, premium must be remitted by the due date on the invoice.

Thank you for the opportunity to quote.

Best Regards,
Aryona Rexha
Beazley Group

Plantation Place South, 60 Great Tower Street
London, UK EC3R 5AD
t: +44 207 674 7584
e: Aryona.Rexha@beazley.com

COVERAGE SCHEDULE

LIMITS

Breach Response

Notified Individuals:	1,000,000 but sublimited to a maximum per member as follows; 150,000
Legal, Forensic & PR, Crisis Management:	USD 2,500,000 but sublimited to a maximum per member as follows; USD 500,000

THE BREACH RESPONSE LIMITS ABOVE ARE IN ADDITION TO THE POLICY AGGREGATE LIMIT OF LIABILITY

Policy Aggregate Limit of Liability:	USD 5,000,000 but sublimited to a maximum per member as follows; USD 500,000 with the exception of Freemont and Norfolk which are limited to USD 1,000,000
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Additional Breach Response Costs

Additional Breach Response Costs:	USD 5,000,000 but sublimited to a maximum per member as follows; USD 500,000 with the exception of Freemont and Norfolk which are limited to USD 1,000,000
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First Party Loss

Business Interruption Loss:	
<i>Resulting from Security Breach:</i>	Not included
<i>Resulting from System Failure:</i>	Not included
Dependent Business Loss:	
<i>Resulting from Dependent Security Breach:</i>	Not included
<i>Resulting from Dependent System Failure:</i>	Not included
Cyber Extortion Loss:	USD 5,000,000 but sublimited to a maximum per member as follows; USD 500,000 with the exception of Freemont and Norfolk which are limited to USD 1,000,000
Data Recovery Costs:	Not purchased

Liability

Data & Network Liability:	USD 5,000,000 but sublimited to a maximum per member as follows; USD 500,000 with the exception of Freemont and Norfolk which
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	are limited to USD 1,000,000
Regulatory Defense & Penalties:	USD 5,000,000 but sublimited to a maximum per member as follows; USD 500,000 with the exception of Freemont and Norfolk which are limited to USD 1,000,000
Payment Card Liabilities & Costs:	USD 5,000,000 but sublimited to a maximum per member as follows; USD 500,000 with the exception of Freemont and Norfolk which are limited to USD 1,000,000
Media Liability:	USD 5,000,000 but sublimited to a maximum per member as follows; USD 500,000 with the exception of Freemont and Norfolk which are limited to USD 1,000,000
eCrime	
Fraudulent Instruction:	Not included
Funds Transfer Fraud:	Not included
Telephone Fraud:	Not included
Criminal Reward	
Criminal Reward:	Not included
RETENTIONS	
Breach Response	
Legal, Forensic & PR:	USD 10,000; USD 5,000 for Legal
Each Incident, Claim, or loss:	USD 20,000
PREMIUM	USD 58,500

GENERAL INFORMATION

Quote Effective Until:	01-October-2019
Broker:	Justin Palmer HCRP
Named Insured:	Members of League Association Risk Management
Insurer:	Syndicate 2623/623 at Lloyd's
Underwriter:	Aryona Rexha +44 207 674 7583 Aryona.Rexha@beazley.com

POLICY INFORMATION

Policy Period:	From: 1 st October 2019 To: 1 st October 2020 Both at 12:01 a.m. Local Time at the Named Insured Address
Continuity Date:	1 st July 2017 (policy inception for all new members)
Optional Extension Period:	12 Months
Optional Extension Premium:	100% of the Annual Policy Premium
Waiting Period:	Not applicable
Commission:	20% of the Annual Policy Premium
Policy Form:	Beazley Breach Response (F00653 112017 ed.) with BBR Information Pack

This policy provides coverage, for no additional charge, for loss arising out of "Certified Acts of Terrorism", as that term is defined in The Terrorism Risk Insurance Act of 2002, as amended. See your policy for complete information regarding this coverage.

SUBJECTIVITIES

In accordance with your request for a proposal and based on the information submitted, this quote is provided, subject to receipt, favorable review and written acceptance of the following information:

1. **Signed and dated cyber application on behalf of all members within 30 days of policy inception**
2. **Full responses on the application from all members prior to binding (Please note terms may change if there are material changes prior to binding)**
3. **Further information regarding the loss of personally identifiable information from Elba, Elyria, and Ainsworth as per 2019 application (including the loss incurred and steps taken to minimize recurrence)**

In order to complete the underwriting process, we require that you send us any additional information requested above. We are not required to bind prior to our receipt and underwriting approval of the above information. However, if we do bind coverage prior to such approval, the terms and conditions as indicated could be amended until such receipt and acceptance.

ENDORSEMENTS EFFECTIVE AT INCEPTION

- | | | |
|-----|---------------|---|
| 1. | E06928 042015 | Policyholder Disclosure Notice of Terrorism Insurance Coverage |
| 2. | E10595 112017 | Asbestos, Pollution, and Contamination Exclusion Endorsement |
| 3. | E10602 112018 | War and Civil War Exclusion |
| 4. | NMA 1256 | Nuclear Incident Exclusion Clause- Liability- Direct (Broad) |
| 5. | NMA 1477 | Radioactive Contamination Exclusion Clause- Liability- Direct (Broad) |
| 6. | E8204 032011 | Sanction Limitation and Exclusion Clause |
| 7. | E10596 112017 | Choice of Law and Service of Suit
Note. Choice of Law: New York |
| 8. | E11122012018 | Cap on Losses Arising out of Certified Acts of Terrorism |
| 9. | E06798112017 | Consequential Reputational Loss
Note: sublimit of USD 1,000,000 (limited to USD 50,000 any one member) |
| 10. | E10944122017 | Post Breach Remedial Services Endorsement |
| 11. | Amendatory | HCRP Amendatory Endorsement |
| 12. | E05813112017 | Unprotected Portable Computers and Media Exclusion |
| 13. | E06264012015 | PCI Data Security Standards Endorsement |
| 14. | MANU | Additional Breach Response Limits Endorsement |

LARM 5 YEAR EXCESS WC RENEWAL HISTORY - MIDWEST EMPLOYERS CASUALTY
WITH 2019/20 RENEWAL PREMIUMS

Terms and Conditions	2015/16	2016/17	2017/18	2018/19	2019/20 Renewal
Specific Limit Retention each Accident / Disease	Statutory 750K	Statutory 750K	Statutory 750K	Statutory 750K	Statutory 750K
Employers Liability Limit Retention each Accident / Disease	2M 750K	2M 750K	2M 750K	2M 750K	2M 750K
Aggregate Limit Est. Aggregate Retention	5M 3.380M	5M 2.698M	5M 2.369M	5M 2.150M	5M 3.250M
Deposit Premium Estimated Premium Minimum Premium	\$345,017 \$345,017 \$310,515	\$387,010 \$387,010 \$348,309	\$372,505 \$372,505 \$345,017	\$365,955 \$365,955 \$329,359	\$380,150 \$380,150 \$342,135
Est. annual Payroll Rate per \$100 of payroll	\$75,911,316 \$.4545	\$82,616,870 \$.4681	\$78,162,739 \$.4701	\$76,527,521 \$.4782	\$78,333,071 \$.4853
Terrorism Charge	\$10,351	\$11,610	\$12,417	\$10,979	\$11,405
Special Acceptance Review by MWVECC	<ul style="list-style-type: none"> • Exp. Mods >1.3 • Losses > 100K • Aircraft • Excluded classes 200 employees any one location	Same as expiring	Same as expiring	Same as expiring	Same as expiring



Excess Workers' Compensation Binder

Insurer: Midwest Employers Casualty Company

Insured: League Association of Risk Management

Policy Number: EWC007015

Effective Date: 10/01/2019

Quote Number: 0221522

Expiration Date: 10/01/2020

Named States: Nebraska

Service Company: League Association of Risk Management
1919 S. 40th Street
Suite 212
Lincoln, NE 68506-

Includes the following Endorsements: (see attached)

<u>SPECIFIC:</u>	Specific Limit:	STATUTORY
	Specific Retention:	\$750,000

<u>EMP LIABILITY:</u>	Employers Liability Limit:	\$2,000,000
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<u>AGGREGATE:</u>	Aggregate Limit:	\$5,000,000
	Aggregate Retention (Rate per \$100 of Payroll):	04.1490
	Minimum Aggregate Retention:	\$3,185,000
	Aggregate Loss Limitation:	\$500,000

<u>RATING BASE:</u>	Policy Estimated Payroll:	\$78,333,071
	Policy Estimated Worker Hours:	N/A
	Policy Estimated Per Capita:	N/A
	Policy Manual Premium:	\$3,737,002
	Experience Modification Factor:	1.000000000
	Other Modification Factor:	1.000000000
	Policy Normal Premium:	\$3,737,002
	Rate per \$100 of Payroll:	.4853

<u>PREMIUM:</u>	Total Estimated Policy Premium (including flat charges):	\$380,150
	Policy Minimum Premium:	\$342,135
	Deposit Premium:	\$380,150
	Deposit Flat Charge(s):	N/A
	<u>Total Deposit Due:</u>	\$380,150

Terrorism Risk Insurance Act of 2002: (included in Total Deposit Due above)	\$11,405
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Midwest Employers Casualty

09/04/2019

Date



Endorsement Schedule Binder

Insurer: Midwest Employers Casualty Company

Policy Effective Date: 10/01/2019

Insured: League Association of Risk Management

Policy Expiration Date: 10/01/2020

Policy #: EWC007015

Policy Includes the following Endorsements:

CMB-11	Amendment to Schedule Item 11
CMB-197	Policyholder Disclosure Notice of Terrorism Insurance
GSI-354-EXC	Aircraft Exclusion
CMB-NE	Nebraska

To: Mike Nolan, LARM
From: Mark Nestor, ICRMS
Re: LARM Excess Workers Compensation Renewal
Date: 7/24/2019

The LARM excess workers compensation renewal with MidWest Employers Casualty Insurance, has a 10/1/2019 anniversary date and we have received the 2019/20 renewal rates and premium.

MidWest Employers has been LARM's excess workers compensation carrier for over 15 years as a partner with LARM. In the 2018 policy period, LARM suffered a workers compensation injury, which penetrated the LARM 750K retention within 120 days of the accident to an incurred value of over 1.5M.

MidWest was excellent in their level of service with this claim with LARM and the injured employee.

MidWest developed the LARM 2019/20 excess insurance renewal with just below a 3% increase in the base rate per \$100 of payroll, changing from .4782 to .4853.

The estimated 2019 / 20 renewal premium has increased slightly from the 2018/19 estimated premium of \$365,955 to \$380,150 due to a slight increase in projected LARM payroll and a modest base rate increase due to medical costs.

In addition to the renewal premium LARM has also budgeted for the annual payroll audit. If the 2019/20 payrolls increase beyond the estimated payrolls, the additional premium will be applied at the time of the audit.

The LARM retention of 750K per accident has remained the same as the other terms and conditions of the policy.

ICRMS recommends renewal with MidWest Employers, as they have remained a very good partner with LARM.

If you have any questions, please contact me. A five-year synopsis of the LARM WC history is attached to this memo.

Thank you

D-1

8/8/2019

LARM 2019 / 2020 PROPERTY REINSURANCE RENEWAL

Terms and Conditions	2018/19	2019/20
Broker	JLT Re	JLT Re
Property Treaty Structure -1: Insurance Carriers	Axis and Travelers Treaty One 2.5M X LARM Retention	Great American Insurance Company 100% 2.5M X LARM Retention
Property Treaty Structure - 2 & 3: Insurance Carriers	Travelers – 97.5M x 2.5M Direct Fac - 50M x 100M Terrorism – Hiscox 150M x 10K	Travelers – 97.5M x 2.5M RSUI - 50M x 100M Terrorism – Hiscox 150M x 10K
Total Insurable Values	\$1,318,944,070	\$1,323,015,995
Annual premiums	\$1,206,040 (property premium only)	\$1,344,000 (property premium only)
Rate per \$100 of TIV	.09143 Rate	.10159 Rate
Per Occurrence Limit: \$150,000,000: All Risk Perils, Coverages (subject to policy exclusions) and sub limits - Insureds/Members combined, subject to the following per occurrence and aggregate as noted.	Per Occurrence Limit: \$150,000,000 Occurrence retention: 100K Hail – Windstorm 200K Annual Aggregate 350K - excludes windstorm / hail from agg. 10K Maintenance deductible	Per Occurrence Limit: \$150,000,000 Occurrence retention: 150K Hail – Windstorm 300K / 300K corridor deductible-Annual Aggregate 400K - excludes windstorm / hail from agg. w/ annual agg. recovery limit of 5M 10K Maintenance deductible
Mechanical Breakdown-B&M		
2019/20 Quote 1 Boiler and Machinery Premium – Mutual Boiler	\$102,878 100M Limit -100K Deductible per occurrence	\$69,511 (net) -100M Limit -100K Deductible per occurrence
2019/20 Quote 2 Boiler and Machinery Premium -Travelers Boiler	\$102,878 100M Limit -100K Deductible per occurrence	\$44,113 (net) -75M Limit-100K Deductible per occurrence
Property – B&M Quote 1 Total	\$1,308,918	\$1,413,511
Property – B&M Quote 2 Total	\$1,308,918	\$1,388,113