



**NOTICE  
MEETING OF THE BOARD OF DIRECTORS  
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)  
Wednesday, May 25, 2022, 10:00 a.m. CT/9:00 a.m. MT**

PLEASE TAKE NOTICE that on **Wednesday, May 25, 2022, at 10:00 a.m. CT/9:00 a.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Board of Directors meeting at the Cornhusker Marriot Hotel, Grand Ballroom, B and C, 333 South 13<sup>th</sup> Street, Lincoln, Nebraska.

An agenda of subjects known at this time is included with this notice, and 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. A notice of this meeting with the agenda and other materials are available at this location with a copy of the Open Meetings Act posted. The meeting will also be made available by Zoom via Computer, Smart Device or Telephone-at

<https://us06web.zoom.us/j/87142897526?pwd=MkVQNXPtHWGFKd29RSUJJQVZ4M2hFUT09> or via phone at 346-248-7799. The Meeting ID: 871 4289 7526 and the passcode is 130105

On May 19, 2022, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials also is available for public inspection at 1335 L Street, in Lincoln, Nebraska, and posted with the following links kept continually current: an electronic copy of the agenda, all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- [larmpool.org](http://larmpool.org) and Facebook page- [www.facebook.com/larmne](https://www.facebook.com/larmne).



# **AGENDA**

## **MEETING OF THE BOARD OF DIRECTORS OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)**

**Wednesday, May 25, 2022, 10:00 a.m. CT/9:00 a.m. MT  
Cornhusker Marriott Hotel - Grand Ballroom, B and C  
333 South 13<sup>th</sup> Street, Lincoln, NE**

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 the meeting and at the links below 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.

You also may join the meeting by Zoom via Computer, Smart Device or Telephone

<https://us06web.zoom.us/j/87142897526?pwd=MkVQNXPtHWGFkd29RSUJJQVZ4M2hFUT09>

or via phone at 346-248-7799. The Meeting ID: 871 4289 7526 and the passcode is 130105

*Officials of LARM members and members of the public may 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. 10:00 a.m. CT/9:00 a.m. MT – Hickman Mayor Doug Hanson, Chair of the LARM Board, will call the meeting to order.
- b. Roll call.
- c. Indicate that on May 19, 2022, a 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 with the following links kept continually current: an electronic copy of the agenda and all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- [larmpool.org](http://larmpool.org) and Facebook page- [www.facebook.com/larmne](http://www.facebook.com/larmne)
- d. Inform the public about the location of the Open Meetings Act which is accessible to members of the public and at [www.larmpool.org](http://www.larmpool.org) along with a copy of all reproducible written materials to be discussed at this meeting.
- e. Pledge of Allegiance to the Flag of the United States of America.
- f. Public comment 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 a motion to approve the minutes of the March 1, 2022, Meeting of the LARM Board of Directors.**

***See pages 1-6***

**3. Overview of the following: 1) the role of the LARM Board of Directors regarding Imperial's Claim No. LARL 10696A1 and *Leibhart v. City of Imperial, et. al.*, Case No. D72 CI 220000004, Chase County District Court, Nebraska; and 2) review of LARM's and Sedgwick's claims handling process.**

- Jason Grams, Partner, Lamson Dugan & Murray, LARM's Legal Counsel on Imperial's Claim and Case
- Andrew Finn, Sedgwick Litigation Manager

***See pages 7-113***

**4. Presentation regarding the City of Imperial's appeal of LARM's denial of coverage for a claim made by Dan, Stacy & Brock Leibhart (LARL 10696A1) and their lawsuit against the City of Imperial entitled *Leibhart v. City of Imperial, et. al.*, Case No. D72 CI 220000004, Chase County District Court, Nebraska.**

- Joshua Wendell, McQuillan & Wendell, Legal Counsel for the City of Imperial

**5. Consider a motion to go into closed session to protect the public interest to confer with legal counsel:**

- 1) to discuss Claim No. LARL 10696A1 from the City of Imperial and lawsuit *Leibhart v. City of Imperial, et al.*, Case No. D72 CI 220000004, Chase County District Court, Nebraska;
- 2) to discuss whether to file a declaratory judgment action on the coverage issue to clarify the City of Imperial's rights and duties under the coverage document; and
- 3) to include the following individuals in closed session with the LARM Board of Directors: Dave Bos, Tracy Juranek, Fred Wiebelhaus, Shirley Riley, Jason Grams, Anne Marie O'Brien, Andrew Finn, John Brockschmidt, Chris Cadwell and John Baum.

**6. Consider a motion to accept the quarterly update on LARM investments.**

- Michael Maloney, Senior Portfolio Manager, US Bank
- Craig Dana, Vice President, US Bank

**See pages 114-161**

**7. Consider a motion to accept an NLC Mutual Insurance Company Data Analytics Project Presentation.**

- Ryan Draughn, NLC Mutual Insurance Company
- Mark Snodgrass, NLC Mutual Insurance Company
- Chris McKenna, NLC Mutual Insurance Company

**See pages 162-171**

**8. Consider a motion to accept the quarterly update on LARM financials.**

- Mark Weaver, Director of Financial Reporting, Sedgwick Risk Pooling Services

**See pages 172-221**

**9. Consider a motion to accept a reinsurance renewal update and to set rates to achieve the overall funding targets of \$3,085,000 in contributions for General Liability, \$6,824,000 in contributions for Property, and \$3,213,000 in contributions for Workers Compensation contribution, which would result in an overall total contribution of \$13,122,000 based on review of *By the Numbers Actuarial Consulting's* (BYNAC) "Indicated Premium draft actuarial report for October 1, 2022-2023."**

- Justin Swarbrick, Alliant
- Mark Weaver, Director of Financial Reporting, Sedgwick
- Chris Cadwell, Director of Pool Administration, Sedgwick
- John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick

**See pages 222-299**

**10. Public disclosure of release and settlement agreement between Marvin Reeder and the City of Holdrege and the League Association of Risk Management in consideration of payment of the total sum of \$100,000 to provide release and discharge to the City of**



**Holdrege and the League Association of Risk Management for a workers' compensation claim, in compliance with Nebraska Revised Statute 84-713.**

*· Dave Bos, Executive Director, LARM*

***See pages 300-303***

**11. Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation and to include the following individuals in closed session with the LARM Board of Directors: Dave Bos, Tracy Juranek, Fred Wiebelhaus, Shirley Riley, Trent Sidders, Andrew Finn, John Brockschmidt, Chris Cadwell and John Baum.**

**12. Discuss the date for the next meeting of the LARM Board of Directors.**

*· Lynn Rex, Administrator, LARM*

*· Dave Bos, Executive Director, LARM*

**13. Consider a motion to adjourn.**

**MINUTES**  
**MEETING OF THE BOARD OF DIRECTORS**  
**OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT**  
**Tuesday, March 1, 2022, 1:30 p.m. CT/12:30 p.m. MT**  
**Cornhusker Marriott Hotel – Grand Ballroom, B and C**  
**333 S 13<sup>th</sup> Street, Lincoln NE**

A Meeting of the League Association of Risk Management (LARM) Board of Directors was held March 1, 2021, at 1:30 p.m. CT/12:30 p.m. MT in the Grand Ballroom, B & C at the Cornhusker Marriott Hotel at 333 S 13<sup>th</sup> Street in Lincoln, Nebraska.

(AGENDA ITEM #1) **Call to Order.** At 1:31 p.m. CT, **LARM Board Chair Mayor Doug Hanson**, called the Meeting to order.

The roll call was read with the following voting Board Members present: **LeAnn Brown**, Clerk/Treasurer, City of Oshkosh; **Pam Buethe**, Board Member, Sarpy County SID #29; **Lanette Doane**, Clerk/Treasurer, Village of Ansley; **Mayor Don Groesser**, City of Ralston; **Mayor Doug Hanson**, City of Hickman; **Melissa Harrell**, Administrator/Treasurer, City of Wahoo; **Jo Leyland**, Administrator/Clerk/Treasurer, City of Imperial; **Mayor Josh Moenning**, City of Norfolk; **Tom Ourada**, Administrator, City of Crete; **Sandra Schendt**, Clerk/Treasurer, City of Nelson; **Mayor Joey Spellerberg**, City of Fremont; and **Mayor Deb VanMatre**, City of Gibbon.

At the time of roll call: 12 voting Board Members were present; 2 were absent (**Connie Jo Beck**, Clerk/Deputy Treasurer, City of St. Paul and **Mayor Tony Kaufman**, City of Gering). Ex-officio (non-voting) Board Member **L. Lynn Rex**, Executive Director of the League of Nebraska Municipalities and Administrator of LARM was present; ex-officio (non-voting) Board Member **Mayor Paul Lambert**, City of Plattsmouth, and President of the League of Nebraska Municipalities, was absent.

Other participants included: **LARM** – Dave Bos, Tracy Juranek, Diane Becker, Elizabeth Becker, Fred Wiebelhaus, Randy Peters, Drew Cook, Nate Fox and Clint Simmons; **League of Nebraska Municipalities** – Shirley Riley; **US Bank** – Mike Maloney (via Zoom); **Cline Williams Law Firm** – representing LARM, Trent Sidders; **Alliant** – Justin Swarbrick; **Sedgwick** (LARM's third party administrator) – Chris Cadwell, Kristin Smolek Andrew Finn, Rebecca Atkinson, Mark Weaver and John Baum.

Board Chair Mayor Doug Hanson indicated that on February 23, 2022, a 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 also are available for public inspection at 1335 L Street, in Lincoln, Nebraska, and posted with the following links kept continually current: an electronic copy of the agenda, all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- [larmpool.org](http://larmpool.org) and Facebook page- [www.facebook.com/larmne](https://www.facebook.com/larmne).

Board Chair Mayor Doug Hanson stated 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. The Open Meetings Act was posted in the meeting room and was accessible to members of the public. Chair Mayor 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.

The pledge of allegiance to the United States of America was recited.

Board Chair Mayor Doug Hanson said that public comment 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.

(AGENDA ITEM #2) **Consider a motion as provided in Article 1, Section 1 of LARM's Bylaws to approve LARM Administrator Lynn Rex's recommendation to appoint Chris Rector, City Administrator of Holdrege, to fill the vacancy and serve the unexpired term of former City of Beaver City Clerk/Treasurer Teresa Youngquist on the LARM Board of Directors.** *(Presented by Lynn Rex, Administrator, LARM).* Mayor Deb VanMatre moved, seconded by Lanette Doane to approve LARM Administrator Lynn Rex's recommendation to appoint Chris Rector, City Administrator of Holdrege, to fill the vacancy and serve the unexpired term of former City of Beaver City Clerk/Treasurer Teresa Youngquist on the LARM Board of Directors. Chair Mayor Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. **Motion carried: 12 ayes, 0 nays, 0 abstentions and 3 absent.**

(AGENDA ITEM #3) **Consider a motion to re-elect Doug Hanson, Mayor of Hickman, as Chairperson and Lanette Doane, Clerk-Treasurer of Ansley, as Vice Chairperson for one-year terms as provided in Article V, Section 1 of LARM's Bylaws.** *(Presented by Lynn Rex, Administrator, LARM).* Tom Ourada moved, seconded by Pam Buethe to re-elect Doug Hanson, Mayor of Hickman, as Chairperson and Lanette Doane, Clerk-Treasurer of Ansley, as Vice Chairperson for one-year terms as provided in Article V, Section 1 of LARM's Bylaws. Chair Mayor Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Groesser, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: Doane and Hansen. Absent: Beck and Kaufman. **Motion carried: 11 ayes, 0 nays, 2 abstentions and 2 absent.**

(AGENDA ITEM #4) **Consider a motion to approve the minutes of the December 1, 2021, Meeting of the LARM Board of Directors.** *(Presented by Dave Bos, Executive*

*Director, LARM*). Sandra Schendt moved, seconded by Melissa Harrell to approve the minutes of the December 1, 2021, Meeting of the LARM Board of Directors. Chair Mayor Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. **Motion carried: 13 ayes, 0 nays, 0 abstentions and 2 absent.**

(AGENDA ITEM #5) **Consider a motion to accept the quarterly update on LARM investments.** *(Presented by Mike Maloney, Senior Portfolio Manager, US Bank)*. Mayor Josh Moenning moved, seconded by LeAnn Brown to accept the quarterly update on LARM investments. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. **Motion carried: 13 ayes, 0 nays, 0 abstentions and 2 absent.**

(AGENDA ITEM #6) **Consider a motion accept the quarterly update on LARM financials.** *(Presented by Mark Weaver, Director of Financial Reporting, Sedgwick)*. Jo Leyland moved, seconded by Pam Buethe to accept the quarterly update on LARM financials. Chair Mayor Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. **Motion carried: 13 ayes, 0 nays, 0 abstentions and 2 absent.**

(AGENDA ITEM #7) **Consider a motion accept a report on the current state of the property reinsurance market.** *(Presented by Justin Swarbrick, Alliant)*. Lanette Doane moved, seconded by Mayor Deb VanMatre to accept a report on the current state of the property reinsurance market. Chair Mayor Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. **Motion carried: 13 ayes, 0 nays, 0 abstentions and 2 absent.**

(AGENDA ITEM #8) **Public disclosure of release and settlement agreement between Light of the World Gospel Ministries, Inc. and the Village of Walthill and the League Association of Risk Management in consideration of payment of the total sum of \$500,000 to provide release and discharge to the Village of Walthill and the League Association of Risk Management for a liability claim, in compliance with Nebraska Revised Statute 84-713.** *(Presented by Dave Bos, Executive Director, LARM)*. Jo Leyland moved, seconded by Tom Ourada to accept the public disclosure of release and settlement agreement between Light of the World Gospel Ministries, Inc. and the Village of Walthill and the League Association of Risk Management in consideration of payment of the total sum of \$500,000 to provide release and discharge to the Village of Walthill and the League Association of Risk Management for a liability claim, in compliance with

Nebraska Revised Statute 84-713. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. **Motion carried: 13 ayes, 0 nays, 0 abstentions and 2 absent.**

(AGENDA ITEM #9) **Public disclosure of release and settlement agreement between Traci Hansen and Kurt Hansen and the Village of Wolbach and the League Association of Risk Management in consideration of payment of the total sum of \$225,000 to provide release and discharge to the Village of Wolbach and the League Association of Risk Management for a liability claim, in compliance with Nebraska Revised Statute 84-713.** (Presented by Dave Bos, Executive Director, LARM). Pam Buethe moved, seconded by LeAnn Brown to accept the public disclosure of release and settlement agreement between Traci Hansen and Kurt Hansen and the Village of Wolbach and the League Association of Risk Management in consideration of payment of the total sum of \$225,000 to provide release and discharge to the Village of Wolbach and the League Association of Risk Management for a liability claim, in compliance with Nebraska Revised Statute 84-713. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. **Motion carried: 13 ayes, 0 nays, 0 abstentions and 2 absent.**

(AGENDA ITEM #10) **Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation.** (Presented by Dave Bos, Executive Director, LARM; Trent Sidders, Cline Williams and John Baum, Litigation Claims Manager, Sedgwick). Sandra Schendt moved, seconded by Pam Buethe to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation with the following joining the LARM Board in closed session: Dave Bos, Tracy Juranek, Fred Wiebelhaus, John Baum, Kristin Smolek, Andrew Finn and Trent Sidders. Roll call vote Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. **Motion carried: 13 ayes, 0 nays, 0 abstentions and 2 absent.**

Chair Mayor Doug Hanson repeated the motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation with the following joining the LARM Board in closed session: Dave Bos, Tracy Juranek, Fred Wiebelhaus, John Baum, Kristin Smolek, Andrew Finn and Trent Sidders. As of 2:35 p.m., The Board was in closed session.

At 2:58 p.m., Chair Mayor Doug Hanson restated that the reason the Board went into closed session was to protect the public interest to receive an update regarding open LARM claims and litigation with the following joining the LARM Board in closed session: Dave Bos, Tracy Juranek, Fred Wiebelhaus, John Baum, Kristin Smolek, Andrew Finn and Trent Sidders. He went on to state that there was no action taken in the closed session on this matter and that the Board was now back in open session.

(AGENDA ITEM #11) **Discuss the date for the next meeting of the LARM Board of Directors.** *(Presented by Lynn Rex, Administrator and Dave Bos, Executive Director, LARM).* A 2<sup>nd</sup> quarter in-person meeting was discussed.

(AGENDA ITEM #12) **Motion to adjourn.** At 3:00 p.m., Melissa Harrell moved, seconded by Pam Buethe to adjourn the meeting. Roll call vote. Ayes: Brown, Buethe, Doane, Groesser, Hanson, Harrell, Leyland, Moenning, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck and Kaufman. ***Motion carried: 13 ayes, 0 nays, 0 abstentions and 2 absent.***

Approved on:

ATTEST:

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**Elizabeth Becker**  
Customer Service Representative  
League Association of Risk Management

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





## NOTICE

### MEETING OF THE BOARD OF DIRECTORS OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM) Tuesday, March 1, 2022, 1:30 p.m. CT/12:30 p.m. MT

PLEASE TAKE NOTICE that on **Tuesday, March 1, 2022, at 1:30 p.m. CT/12:30 p.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Board of Directors meeting at the Cornhusker Marriott Hotel, Grand Ballroom, B and C, 333 South 13<sup>th</sup> Street, Lincoln, Nebraska. An agenda of subjects known at this time is included with this notice, and 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. A notice of this meeting with the agenda and other materials are available at this location with a copy of the Open Meetings Act posted. The meeting will also be made available by Zoom via Computer, Smart Device or Telephone-at <https://us06web.zoom.us/j/88050973997?pwd=RTFINUw1eUQyM29LV3FLd3BsVDhPZz09> or via phone at 346-248-7799. The Meeting ID is 880 5097 3997 and the passcode is 615182.

On February 23, 2022, a 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 also are available for public inspection at 1335 L Street, in Lincoln, Nebraska, and posted with the following links kept continually current: an electronic copy of the agenda, all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- [larmpool.org](http://larmpool.org) and Facebook page- [www.facebook.com/larmne](http://www.facebook.com/larmne).



March 18, 2022

City of Imperial, Nebraska  
Attn: Jo Leyland, City Clerk  
740 Court Street  
Imperial, NE 69033

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

RE:    Claim No.                    LARL 10696A1  
      Member:                    City of Imperial  
      Claimant:                  Dan, Stacy & Brock Leibhart  
      Date of Loss:               02/07/2021  
      Lawsuit:                    *Leibhart v. City of Imperial, et al.*, Case No. D72 CI 220000004,  
   Chase County District Court, Nebraska.

Dear Ms. Leyland;

We have been hired as coverage counsel for the League Association of Risk Management Pool ("LARM") of which the City of Imperial ("City") is a member.

Prior to suit being filed, LARM sent a letter to the City dated September 20, 2021 declining coverage for claims asserted by Dan and Stacy Leibhart on behalf of their son, Brock. The City denied medical coverage for Brock's injuries from a one-car accident on February 7, 2021. The City requested coverage for the Leibharts' claim against the City. LARM's analysis determined that the types of claims asserted by the Leibharts were not provided for in the LARM Coverage Document.

The City of Imperial ("City") has now tendered a lawsuit to LARM, asking for a defense and indemnity. The suit is captioned *Daniel and Stacy Leibhart v. City of Imperial, et al.*, Case No. D72 CI 220000004. It was filed in the Chase County District Court of Nebraska on February 2, 2022. The Leibharts' Complaint was generated by the City's prior decision to deny payments to multiple medical providers on behalf of their son, Brock.

After suit was filed, LARM send a second letter to the City dated March 3, 2022 declining coverage. The City has now asked LARM to re-evaluate its coverage position.

**OMAHA**

10306 Regency Parkway Dr  
Omaha, NE 68114  
P: 402-397-7300 | F: 402-397-7824

**DES MOINES**

1045 76th Street | Suite 3000  
West Des Moines, IA 50266  
P: 515-513-5003 | F: 402-397-7824

**LINCOLN**

701 P Street, Suite 301  
Lincoln, NE 68508  
P: 402-475-9400 | F: 402-475-9411

Based upon our review of the Complaint, the LARM Coverage Document, and the Interlocal Cooperation Agreement, LARM respectfully declines to provide the City with a defense and indemnity for the Leibharts' claim and the acts set out in the Complaint. The purpose of this letter is to provide the City with a detailed explanation of LARM's denial of coverage.

The facts set out in the Complaint are as follows: The City was the Plan Administrator for a health insurance policy ("Medical Plan") provided to Mr. Leibhart through his City employment. The City's Medical Plan excluded coverage for illegal acts. The Leibharts' Complaint alleges medical providers determined Brock, a minor, had alcohol in his blood after the accident. The City Board, as the Plan Administrator, voted to decline medical payments to third party treaters who billed the Leibharts for Brock's medical services.

The Complaint against the City alleges breach of contract for failing to pay third parties for treatment and expenses the Leibharts believe to be covered. The Complaint also alleges that the City failed to make a timely determination of coverage in accordance with Medical Plan language, and failed to perform its written duties as Plan Administrator to determine claims. The Complaint also alleges that the City made promises to the Leibharts about payments, upon which they relied, and that the City never notified the Leibharts of its declination as required by the Medical Plan. The allegations against the City arise out of promises allegedly made either orally or in writing.

The LARM Coverage Document does not cover the types of **claims** alleged by Leibharts in their Complaint. At page 25, **SECTION V – LIABILITY COVERAGE AGREEMENTS**, 1. (a) (1) **Coverage**, the Coverage Document states that it will only pay amounts for third party claims that arise out of an **occurrence**.

We will pay those amounts that a member becomes legally obligated to pay as **Damages** because of **Bodily Injury, Property Damage, Personal Injury or Advertising Injury** to which this **Coverage document** applies, arising out of your covered operations ... and caused by an **Occurrence**.

The LARM Coverage Document defines **Occurrence** at page 8, ¶39.

**Occurrence** means an accident, including continuous or repeated exposure to the same general harmful conditions, which results in **Bodily Injury or Property Damage** neither expected nor intended from the standpoint of the Member. Occurrence shall also include an offense committed by the member which results in **Personal Injury or Advertising Injury....**

This clause specifies that the LARM Coverage Document limits its coverage to *accidents*. The Leibharts' allegations against the City are for breach of contract, estoppel, and waiver of oral or written promises. These types of claims are not occurrences as defined within the LARM Coverage Document and therefore they are not covered.

The LARM Coverage Document likewise does not cover the types of **damages** alleged by Leibharts in their Complaint. It states at page 44, Section VII – **SUPPLEMENTARY PAYMENTS, ¶ 4 CLAIMS AND DEFENSE EXPENSES** ¶ a. (3) that LARM has “no duty to defend the Member against any Suit seeking Damages which are not covered by this Coverage Document.” The only damages which the Document agrees to pay are: Bodily Injury, Property Damage, Personal Injury or Advertising Injury. See page 8, ¶39.

Bodily Injury is defined at page 2 ¶ 8. That definition does not include economic injury as a result of indebtedness to third parties, which is the claim made by the Leibharts in their Complaint against the City.

**Bodily injury** means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these.

Personal injury is defined at page 8, ¶40. That definition does not include Leibharts’ economic injury as a result of indebtedness to third parties.

**Personal injury** means harm arising out of one or more of the following offenses:

- a. Libel, slander, defamation of character, mental injury, anguish, shock or humiliation, including harassment, or an invasion of an individuals right of privacy or control over their physical or mental properties.
- b. Improper detention, false arrest, false imprisonment, malicious prosecution, false or improper service of process;
- c. Wrongful entry, eviction or other invasion of the right of privacy or public occupancy;
- d. Violation of rights as protected by civil rights statutes.

Property damage is defined at page 9, ¶45. That definition does not include Leibharts’ economic injury as a result of indebtedness to third parties.

**Property damages** means:

- a. Physical injury to tangible property of others, including all resulting loss of use of that property; or
- b. Loss of use of tangible property of others that is not physically damaged.

Advertising Injury is defined at page 1, that definition does not include Leibharts’ economic injury as a result of indebtedness to third parties.

**Advertising injury** means injury arising out of one or more of the following offense:

- a. Misappropriation of advertising ideas; or
- b. Infringement of copyrighted materials, trade dress, or slogans.



None of these definitions cover purely economic losses incurred as a result of medical debts, which is the type of damages alleged in the Leibhart Complaint. *See Ditter v. State*, No. A-91-1110, 1992 Neb. App. LEXIS 121, at \*6 (Ct. App. June 23, 1992) (economic losses are neither physical bodily injury nor property damage within the meaning of an indemnity policy). Furthermore the Leibharts did not lose tangible property as defined in the Document. Tangible property is an asset that has an actual physical existence, such as real estate or personal property. Medical debt is not tangible property.

The Leibharts' claims are also specifically **excluded** in the LARM Coverage Document. At page 18, Section IV, **GENERAL EXCLUSIONS**, ¶6., the Coverage Document states it does not apply to or provide coverage for:

6. **BREACH OF CONTRACT** meaning Claims for Damages or expenses arising out of or involving:
  - a. Amounts actually or allegedly due under the terms of any contract or agreement; or
  - b. Your failure, refusal, or inability to enter into, renew, or perform any contract or agreement except breach of any employment contract or agreement.

The Leibharts' Complaint alleges the City breached its contractual duties as the Medical Plan Administrator. The Leibharts' claims for estoppel and waiver are also grounded in contract. These allegations arise out of "promises made to Plaintiffs about payment of treatment expenses for Plan participants" and the reliance of the Leibharts on those promises. All of these allegations are excluded by (a) as claims for amounts due under a contract, and (b) as claims for the City's alleged failure to perform its duties as the Plan Administrator pursuant to the contract.

The City's intentional denial of medical bills is also excluded. The LARM Coverage Document language specifically excludes coverage for third party damages from intended or expected acts. At page 18, Section IV, **GENERAL EXCLUSIONS**, ¶20 the Coverage Document states:

**EXPECTED OR INTENDED INJURY OR PROPERTY DAMAGE**  
meaning **Claims For Damages** resulting from **Bodily Injury, Personal Injury, Advertising Injury or Property Damage** expected or intended from the standpoint of the Member....

The City knowingly denied the Leibharts' request for payment of their son's medical bills. This is an intentional act which is excluded from the LARM Coverage Document.

In addition to the previous reasons for denial as set forth above, the Leibharts' allegations are likewise not covered by the LARM Coverage Document **Employee Benefit Liability** clause. That clause at page 39, §5. b. (1) (emphasis added) provides:

- (1) We will pay those amounts that a Member becomes legally obligated to pay as Damages because of any act, error or omission, *to which this Coverage Document applies*, committed by a Member ...in the Administration of Your Employee Benefit Program....

The Coverage Document does not apply to the City's intentional or intended acts, or to the types of damages claimed by the Leibharts, or to third party claims for breach of contract. As such, this clause does not provide additional coverage more extensive than what the Document previously excluded.

This clause also does not apply because the City's denial of medical payments to the Leibharts was not an **Administration** of its employee benefit program as defined by the Coverage Document terms. At page 1, ¶ 1. the Coverage Document defines **Administration** as:

- a. Giving counsel to **Your** employees ... with respect to ... (the) scope of such program.

The City was not giving counsel to the Leibharts about the extent or range of their medical plan. Instead, the City was making a discretionary determination, after careful consideration, to exercise its right as the Plan Administrator to deny the Leibharts' plea for indemnity pursuant to an exclusion in the Medical Plan. This was a judgment by the City Board, which unfortunately is *not* covered by the LARM Coverage Document.

Nonetheless the exclusion clause at page 39, § (2) (a) and (f) of the LARM Coverage Document also excludes the type of Employee Benefit allegation made by the Leibharts in their Complaint.

In addition to those other matters excluded in **Section IV – GENERAL EXCLUSIONS**, the following Additional Exclusions apply:  
Employee Benefit Liability Coverage does not apply to:

- (a) **INJURY OR PROPERTY DAMAGE** ... based upon or arising out of any act, error or omission by a **Member** in the **Administration of Your Employee Benefits Program**; ...
- (f) **PAYMENT OF BENEFITS** meaning any *Claim* made against the *Member* based upon or attributable to the payment of benefits that are lawfully paid or payable to a beneficiary from the funds of *Your Employee Benefit Program (emphasis added)*.

This clause does not provide coverage for claims arising out of an act by a Member in the administration of the Employee Benefit Program, which is the entire basis for the Leibharts'

Complaint. Additionally, the Breach of Contracts exclusion also applies to this benefit to prevent coverage.

In summary, LARM must respectfully deny the City of Imperial's request for a defense and indemnity for any losses or damages incurred as a result of the Leibharts' Complaint. Our careful analysis revealed numerous provisions in the LARM Coverage Document that either do not cover the claims or damages alleged, or that specifically exclude such claims or damages, all for the reasons set forth herein.

By providing the City with this analysis of coverage, LARM does not intend to waive any rights or defenses it may have now or in the future pursuant to language in the Coverage Document, whether set forth herein or not. LARM also reserves its right to amend its claims denial decisions as the lawsuit progresses, or as the law develops, or should additional facts or information come to light. To that end, if any new facts or allegations come to light, please provide them to us so we can reevaluate whether LARM is obligated to provide the City with a defense and/or indemnity for this claim.

Please feel free to contact the undersigned if you have any questions about the information in this letter.

Sincerely,  
LAMSON DUGAN & MURRAY LLP



Anne Marie O'Brien, Partner  
[aobrien@ldmlaw.com](mailto:aobrien@ldmlaw.com)  
FOR THE FIRM

#745660

Liability Coverage Document



Nebraska Municipal Cover™



## LEAGUE ASSOCIATION OF RISK MANAGEMENT LIABILITY COVERAGE DOCUMENT

Various provisions in this ***Liability Coverage Document***, hereinafter ***Coverage Document*** restricts benefits. Read the entire ***Coverage Document*** carefully to determine rights, duties and what benefits are and are not provided.

Throughout this ***Coverage Document***, words and phrases appear in ***bold italics*** and have special meaning. ***You*** and ***Your*** refer to the Named Member shown in the Declarations. ***Member*** means any person or organization qualifying as such under **SECTION III - WHO IS A MEMBER** of this ***Coverage Document***. ***We***, ***Us***, and ***Our*** refer to the Pool providing this ***Coverage Document***.

Other words and phrases that appear in ***Bold Italics*** also have special meaning and are defined in Section I - DEFINITIONS of this ***Coverage Document***. Otherwise, words or phrases used in the Coverage Document shall have the plain, ordinary, and common usage meaning attached to their usage.

The titles of the subsections in this ***Coverage Document*** are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

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### SECTION I – GENERAL DEFINITIONS

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1. ***Administration*** means the following with respect to ***Your Employee Benefit Program***:
  - a. Giving counsel to ***Your*** employees, including their dependents and beneficiaries, with respect to eligibility in, or scope of, such program;
  - b. Handling of records in connection with ***Your Employee Benefit Program***; and
  - c. Effecting or terminating enrollment of any employee provided all such acts are authorized by ***You***.
2. ***Advertising*** means publishing or broadcasting notices to the general public or specific segments of the public. Such publication may be oral or written, but shall not include any notice placed on the Internet or transmitted by electronic communications.
3. ***Advertising Injury*** means injury arising out of one or more of the following offenses:
  - a. Misappropriation of ***advertising*** ideas; or
  - b. Infringement of copyrighted materials, trade dress, or slogans.
4. ***Agreement*** means the Interlocal Agreement executed between ***You*** and the ***Pool***.
5. ***Agreement Period*** means the continuous period since the ***Member*** became a ***Member*** of the ***Pool*** for the particular ***Coverage Agreement*** excluding any periods of time that the ***Member*** did not participate as a ***Member*** of the ***Pool*** for that ***Coverage Agreement***.
6. ***Aircraft*** means any machine designed to travel through the air, including but not limited to, airplanes, balloons, dirigibles, gliders, helicopters, or ultra-lights. ***Aircraft*** does not mean a ***drone***.

7. **Automobile** means:
- A land motor vehicle, trailer or semi-trailer, including any attached machinery or equipment, designed for travel on public roads; or
  - Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. However, **Automobile** does not include **Mobile Equipment**.
8. **Bodily Injury** means bodily injury, sickness, or disease sustained by a person, including death resulting from any of these.
9. **By-Product Material** has the meaning given in the Atomic Energy Act of 1954 or in any law amendatory thereof.
10. **Claim** means a demand received by the **Member** for money, services or property, or the service of **Suit**, or institution of arbitration proceedings against the **Member**.
11. **Completed Operations Hazard** includes **Bodily Injury** and **Property Damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to **You**. Operations include materials, parts, or equipment furnished in connection therewith.
- Operations shall be deemed completed at the earliest of the following times:
    - When all operations to be performed by or on **Your** behalf under a contract have been completed;
    - When all operations to be performed by or on **Your** behalf at the site of the operations have been completed; or
    - When the portion of the work out of which the **Bodily Injury** or **Property Damage** arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for **You** as a part of the same projectOperations which may require further service or maintenance work or correction, repair, or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.
  - The **Completed Operations Hazard** does not include **Bodily Injury** or **Property Damage** arising out of:
    - Operations in connection with the transportation of property, unless the **Bodily Injury** or **Property Damage** arises out of a condition in or on an **Automobile**, **Watercraft**, or **Mobile Equipment** created by the loading or unloading thereof; or
    - The existence of tools, uninstalled equipment, or abandoned or unused materials.
12. **Coverage Agreement** means the individual Liability Coverage Agreements included in **Section V – LIABILITY COVERAGE AGREEMENTS** of this **Coverage Document**.

**13. Coverage Document** means the document of liability coverage offered to the **Members** by the **Pool** and includes the following:

- Section I - GENERAL DEFINITIONS
- Section II - CONDITIONS
- Section III - WHO IS A MEMBER
- Section IV - GENERAL EXCLUSIONS
- Section V - LIABILITY COVERAGE AGREEMENTS
- Section VI - COORDINATION OF LIMITS OF LIABILITY
- Section VII - SUPPLEMENTARY PAYMENTS
- Section VIII - OPERATIONS NOT INCLUDED

including all current and subsequent endorsements thereto.

**14. Coverage Territory** means anywhere in the world, provided that the original **Suit** for **Damages** is brought within the United States of America, except that **Coverage Territory**, for purposes of **SECTION V – LIABILITY COVERAGE AGREEMENTS, 2. AUTOMOBILE LIABILITY, (a) Legal Liability For Third Party Claims**, shall be limited to the United States of America, its territories or possessions, or Canada.

**15. Covered Contract:**

**a. Means:**

- (1) A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to **You** or temporarily occupied by **You** with permission of the owner is not a **Covered Contract**;
- (2) An elevator maintenance contract;
- (3) A sidetrack contract;
- (4) An easement or license, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- (5) An Interlocal contract entered into under the Nebraska Interlocal Cooperation Act, NEB. REV. STAT. § 13-801, *et. seq.*;
- (6) A Lease under which **You** lease equipment from another party;
- (7) Mutual aid contracts or other written agreements between governmental entities for police, fire, EMS, civil defense, public works, utility services, and similar governmental functions and services;
- (8) That part of any other contract pertaining to **Your** business under which **You** assume the **Tort Liability** of another party to pay for **Bodily Injury** or **Property Damage** to a third person or organization.

**b. A Covered Contract** does not include that part of any contract:

- (1) That indemnifies a railroad for **Bodily Injury** or **Property Damage** arising out of construction or demolition operations within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass, or crossing;

- (2) That indemnifies an architect, engineer, or surveyor, for injury or damage arising out of:
- (a) Preparing, approving or failing to prepare or approve, maps, plats, drawings, opinions, reports, surveys, field orders, change orders, designs, or specifications; and
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
  - (c) Under which the **Member** if an architect, engineer, or surveyor, assumes liability for an injury or damage arising out of the **Member's** rendering or failure to render professional services, including those listed in (b) (1) above and supervisory, inspection, architectural or engineering activities.

**16. Covered Operations** means all operations of a **Member** except those listed in **SECTION VIII - OPERATIONS NOT INCLUDED** unless specifically endorsed hereon.

**17. Covered Pollution Cost or Expense:**

- a. Means any cost or expense arising out of any request, demand, order or any **Claim** or **Suit** by or on behalf of a governmental authority demanding that **You** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **Pollutants**.

- b. Does not mean:

- (1) Any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants**:
- (a) Before the **Pollutants**, or any property in which the **Pollutants** are contained, are moved from the place where they are accepted by the **Member** for movement into or onto a covered **Automobile**; or
  - (b) After the **Pollutants**, or any property in which the **Pollutants** are contained, are moved from a covered **Automobile** to the place where they are finally delivered, disposed of or abandoned by the **Member**.

This does not apply to accidents that occur away from premises **You** own or rent with respect to **Pollutants** not in or upon a covered **Automobile** if:

- (a) The **Pollutants**, or any property in which the **Pollutants** are contained, are upset, overturned or damaged as a result of the maintenance or use of a covered **Automobile**; and
  - (b) The discharge, dispersal, seepage, migration, release or escape of the **Pollutants** is caused directly by such upset, overturn or damage.
- (2) **Bodily Injury** or **Property Damage** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** that are, or that are contained in any property that is:
- (a) Being transported or towed by, handled or handled for movement into, onto or from a covered **Automobile**;
  - (b) Otherwise in the course of transit by **You** or on **Your** behalf; or
  - (c) Being stored, disposed of, treated or processed in or upon a covered **Automobile**;

if **Your** liability for such **Damages** or expenses is incurred by **Your** assumption of liability in any contract or agreement.

- 18. Criminal Proceeding** means the criminal prosecution of a **Member** commenced by the filing with the court of an information or an indictment, alleging that the **Member** had, during the **Agreement Period**, and within the **Coverage Territory**, committed one or more crimes. Any such prosecution shall be considered a single **Criminal Proceeding**, notwithstanding the fact that the prosecution may involve multiple incidents, multiple counts or charges, and/or multiple trials and/or multiple appellate proceedings.
- 19. Damages** means monetary compensation for one who has been injured.
- 20. Deceased Human Body** includes the ashes after cremation.
- 21. Drone** means a remote controlled and unmanned aerial vehicle.
- 22. Electronic Data** means information, facts or programs stored as or on, created or used on, or transmitted to or from computer or mobile electronic device, software including systems and applications, software, applications, hard or floppy disks, cloud-based storage, flash-based memory, CD ROMs, ZIP disks, SD cards, micro SD cards, tapes, drives, cells, data processing devices or any other media or data which is saved to or accessible from the internet, worldwide web, or digital repositories of any kind and which are used with computers, mobile electronic device, or other electronically controlled equipment.
- 23. Eligible Person** means any person who sustains **Bodily Injury** while **Occupying** an **Automobile**, provided such person **Occupying** is with the permission of the **Member**. Persons in the custody of the **Member** arising out of the **Member's Law Enforcement Operations** are not **Eligible Persons**.
- 24. Employee Benefit Program** means a formal program of employee benefits maintained in connection with **Your Covered Operations** and includes, but is not limited to, Group Life Insurance, Group Accident or Health Insurance, Pension Plans, Employee Stock Subscription Plans, Unemployment Insurance, Social Security and Disability Benefits, Deferred Compensation and Pension Plans.
- 25. Employment Practices Wrongful Act** means any of the following actual or alleged practices directed against **You** or any of **Your** employees, former employees, or any applicant for employment with **You** and for which remedy is sought under any federal, state or local statutory or common law regarding:
- a. Wrongful refusal to employ an applicant for employment;
  - b. Wrongful failure to promote an employee, or wrongful deprivation of career opportunity;
  - c. Wrongful demotion, evaluation, reassignment, supervision, failure to grant tenure, or discipline;
  - d. Wrongful termination of employment, including retaliatory or constructive discharge;
  - e. Employment related misrepresentation, breach of an employment contract, or breach of an implied employment contract;
  - f. Harassment, coercion, discrimination or humiliation as a consequence of race, color, creed, national origin, marital status, medical condition, gender, age, physical appearance, physical and/or mental impairments, pregnancy, sexual orientation or sexual preference;

**g. Sexual Harassment;**

- h.** Oral or written publication of material that slanders, defames or libels an employee or violates or invades an employee's right of privacy; or
- i.** Violation of rights as protected by civil rights statutes.

**26. Fireworks** means any composition or device designed to produce a visible or audible affect by combustion, deflagration, or detonation and includes but is not limited to firecrackers, incendiaries and pyrotechnics, and all aerial or ground displays. **Fireworks** do not include toy caps, party poppers, highway flares, railroad fuses, and distress signals; smoke candles and emergency signal devices.

**27. Fungi** mean any type or form of fungus, including mold or mildew and any micotoxins, spores, scents or by-products produced or released by **Fungi**.

**28. Hired Automobile** means an **Automobile** not owned by **You** which is used by contract by or on behalf of, or lent to **You**, but does not include **Automobiles** owned by or registered in the name of:

- a.** An officer, director, elected or appointed official, or any member of **Your** boards or commissions; or
- b.** **Your employee** or agent who is granted an operating allowance of any sort for the use of such **Automobile**.

**29. Joint Venture** under this **Coverage Document** shall mean a relationship by which **You** and one or more other persons, organizations, or legal entities combine their labor, finances or other resources, property, or resources for mutual benefit in a single undertaking for either a definite period or on a continuing basis.

**30. Law Enforcement Operations** means the specific and unique duties and responsibilities of law enforcement officers in the course of their employment with **Your** law enforcement department or agency.

**31. Loading or Unloading** means the handling of persons or property:

- a.** From the place of origin for movement into or onto an **Automobile** or **Watercraft**;
  - b.** In or on an **Automobile** or **Watercraft**; or
  - c.** Being moved from an **Automobile** or **Watercraft** to the place of destination by the **Member**;
- but **Loading or Unloading** does not include the movement of persons or property by means of a mechanical device, other than a hand truck, that is not attached to the **Automobile** or **Watercraft**.

**32. Medical Services** means:

- a.** The furnishing or dispensing of drugs;
- b.** The furnishing or dispensing of medical, dental or surgical supplies or appliances;
- c.** The rendering of or failure to render medical, surgical, dental, x-ray or nursing service or treatment, including the related furnishing of food or beverages;
- d.** Any health service or treatment, or autopsies, organ donations or other similar procedures; or
- e.** Ambulance service and medical treatment by paramedics and first responders.

**33. *Member*** has the meaning stated in **SECTION III – WHO IS A MEMBER.**

**34. *Mobile Equipment*** means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts, and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises owned by or rented to the ***Member*** and not licensed for highway use;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - (1) Power cranes, shovels, loaders, diggers, or drills; or
  - (2) Road construction or resurfacing equipment such as graders, scrapers, or rollers;
- e. Vehicles not described in **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - (1) Air compressors, pumps, and generators including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or
  - (2) Cherry pickers or similar devices used to raise or lower workers;
- f. Vehicles not described in **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the types of Permanently Attached Equipment described in **g.**, **h.** and **i.** are not ***Mobile Equipment*** but will be considered ***Automobiles***:

- g. Equipment designed primarily for:
  - (1) Snow removal;
  - (2) Road maintenance, but not construction or resurfacing; and
  - (3) Firefighting.
- h. Cherry pickers and similar devices mounted on ***Automobile*** or truck chassis and used to raise or lower workers; and
- i. Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.

**35. *Nuclear Facility*** means:

- a. Any ***Nuclear Reactor***;
- b. Any equipment or device designed or used for:
  - (1) Separating the isotopes of uranium or plutonium,
  - (2) Processing or utilizing ***Spent Fuel***, or
  - (3) Handling, processing, or packaging ***Nuclear Waste***; or
- c. Any equipment or device used for the processing, fabricating, or alloying of ***Special Nuclear Material***, if at any time the total amount of such material in ***Your*** custody at the premises where



such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof or more than 250 grams of uranium 235; or

- d. Any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of **Nuclear Waste**, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

**36. Nuclear Reactor** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

**37. Nuclear Waste** means any material:

- a. To be recycled, reconditioned or reclaimed;
- b. Containing **Byproduct Material** other than the tailings or **Nuclear Wastes** produced by the extraction or concentration of uranium or thorium from any ore processed for its **Source Material** content; or
- c. Resulting from the operation by any person or organization of any **Nuclear Facility**.

**38. Occupying** means in, upon, or getting in, on, out, or off.

**39. Occurrence** means an accident, including continuous or repeated exposure to the same general harmful conditions, which results in **Bodily Injury** or **Property Damage** neither expected nor intended from the standpoint of the **Member**. **Occurrence** shall also include an offense committed by the **Member** which results in **Personal Injury** or **Advertising Injury** and any intentional act by the **Member** which results in **Bodily Injury**, **Personal Injury** or **Property Damage** if such injury arises solely from the use of reasonable force for the purpose of protecting persons or property. With respect to **Personal Injury** or **Advertising Injury**, all **Damages** arising out of a single offense, interrelated offenses, or a series of related offenses shall be deemed to arise out of one **Occurrence**.

**40. Personal Injury** means harm arising out of one or more of the following offenses:

- a. Libel, slander, defamation of character, mental injury, anguish, shock or humiliation, including harassment, or an invasion of an individual's right of privacy or control over their physical or mental properties.
- b. Improper detention, false arrest, false imprisonment, malicious prosecution, false or improper service of process;
- c. Wrongful entry, eviction or other invasion of the right of privacy or public occupancy;
- d. Violation of rights as protected by civil rights statutes;

**41. Pollutants** means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste, but does not include chlorine used for the treatment of water at swimming pools, water treatment plants, or sewage treatment plants. Waste includes materials to be recycled, reconditioned, or reclaimed; and also any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products, noise, **Fungi** or bacteria, lead or lead compounds or lead contained in any materials, and electric or magnetic or electromagnetic field radiation.

**42. Pool** means the League Association of Risk Management.

- 43. Pool Year** means the period beginning when **You** first elect any coverage under the **Agreement** until the end of the **Pool Year**, October 1<sup>st</sup> at 12:01AM, thereafter for periods of twelve months each beginning October 1<sup>st</sup> at 12:01AM and ending October 1<sup>st</sup> at 12:01AM.
- 44. Products Hazard** includes **Bodily Injury** and **Property Damage** arising out of **Your Products** or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs away from premises owned by or rented to **you** and after physical possession of such products has been relinquished to others.
- 45. Property Damage** means:
- a. Physical injury to tangible property of others, including all resulting loss of use of that property, or
  - b. Loss or loss of use of tangible property of others that is not physically damaged.
- 46. Public Officials Wrongful Act** means any of the following:
- a. Actual or alleged errors;
  - b. Misfeasance, malfeasance, or nonfeasance;
  - c. Misstatement or misleading statement; or
  - d. Act, omission, neglect, or breach of duty by a **Member**, in the discharge of their duties for **You**.
- 47. Ride-Along** means allowing a civilian to accompany a police officer, fire fighter, paramedic, or other emergency responder in a **Member's** vehicle for purposes of observing the work of the emergency responder.
- 48. Sexual Abuse** means any actual, attempted or alleged criminal sexual conduct toward a person by another person, or persons acting in concert, which causes physical and/or mental injury. **Sexual Abuse** includes sexual molestation, sexual assault, sexual exploitation, or sexual injury. **Sexual Abuse** does not include **Sexual Harassment**.
- 49. Sexual Harassment** means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature toward a person by another person, or persons acting in concert, which causes physical and/or mental injuries. Sexual Harassment includes:
- a. The above conduct when submission to or rejection of such conduct is made explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or
  - b. The above conduct when such conduct has the purpose or effect or unreasonably interfering with a person's work performance or creating an intimidating, hostile, or offensive work environment.
- 50. Source Material** has the meaning given in the Atomic Energy Act of 1954 or in any law amendatory thereof.
- 51. Special Nuclear Material** has the meaning given in the Atomic Energy Act of 1954 or in any law amendatory thereof.
- 52. Spent Fuel** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **Nuclear Reactor**.

- 53. *Suit*** means a proceeding before a judicial court of law and does not include a proceeding before an administrative agency. However, ***Suit*** shall include responding to a proceeding filed with the Equal Employment Opportunity Commission, the Nebraska Work Force Commission Civil Rights Division, or any federal, state or local commission created to enforce anti-discrimination in employment laws.
- 54. *Terrorism*** means activities against persons, organizations or property of any nature:
- a. That involves the following or preparation for the following:
    - (1) Use or threat of force or violence; or
    - (2) Commission or threat of a dangerous act; or
    - (3) Commission or threat of an act that interferes with or disrupts an electronic communication, information, or mechanical system; and
  - b. When one or more of the following applies:
    - (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
    - (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express or express opposition to a philosophy or ideology.
- 55. *Tort Liability*** means a liability that would be imposed by law in the absence of a contract or agreement.
- 56. *Watercraft*** means a vehicle designed to transport persons or property in or on water.
- 57. *Your Products*** means goods or products manufactured, sold, handled, or distributed by ***you*** or by others trading in ***your*** name, including any container thereof (other than an ***Automobile***, ***Watercraft***, or ***Mobile Equipment***), but ***Your Products*** shall not include a vending machine or any property other than such container rented to or located for use of others but not sold.

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## SECTION II – CONDITIONS

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### 1. ACTION AGAINST US

- a. **We** will have no liability hereunder nor shall action be taken against **Us** unless, as a condition precedent thereto, **You** have fully complied, and continue to fully comply with all of the terms of this **Coverage Document** and the **Agreement**, nor until the amount of the **Member's** obligation to pay shall have been finally determined either by judgment against the **Member** after actual trial or by written agreement of the **Member**, the claimant and the **Pool**.

The **Member** shall not assign, transfer, or pledge all or any portion of the **Member's** rights or interests under this **Coverage Document**, and **We** shall not be liable to any person claiming any such rights by virtue of any reported assignment, transfer, or pledge thereof. **Our** denial of a defense shall not relieve the **Member** from complying with the provisions of this paragraph. Further, any such assignment, transfer, or pledge shall relieve **Us** of all duties, obligations and coverage provided under this **Coverage Document** to the **Member** with respect to the **Claim** or **Suit** in which the rights were assigned, transferred, or pledged.

- b. Any person or organization or legal representative of any person or organization thereof who has secured judgment or settlement shall thereafter be entitled to recover to the extent of the coverage afforded by this **Coverage Document**. No person or organization shall have any right under this **Coverage Document** to join the **Pool** as a party to any action against the **Member** to determine the **Member's** liability, nor shall the **Pool** be impleaded by the **Member** or its legal representative. Bankruptcy or insolvency of the **Member** or of the **Member's** estate shall not relieve the **Pool** of any of its obligations hereunder.

### 2. APPLICABILITY OF INSURANCE LAWS

Pursuant to § 44-4315 of the Intergovernmental Risk Management Act (NEB. REV. STAT. §§ 44-4301 to 44-4339), the **Pool** shall not be considered an insurance company or insurer under the laws of Nebraska and this **Coverage Document** and the coverage provided thereby shall not constitute insurance or the conduct of an insurance business.

### 3. ASSIGNMENT

Assignment of interest under this **Coverage Document** shall not bind the **Pool** unless and until the **Pool's** consent is endorsed thereon.

### 4. CHANGES

It is agreed that the Board of Directors of the **Pool** shall have the right to amend, change, or revise the coverages, limits, terms, and exclusions provided in this **Coverage Document** as needed during the **Agreement Period** to maintain the fiscal soundness of the **Pool**. In the event the Board of Directors of the **Pool** determines to change or revise any coverage, term, exclusion, or limit of liability provided by this **Coverage Document**, **it** shall cause written notice of the change or revision to be given to **You** stating in the notice the effective date which, if necessary to satisfy or comply with reinsurer requirements, may be prior to sending the written notice of change or revision.

### 5. COMPLIANCE

If any provision of this **Coverage Document** is determined by an appropriate governing body to be prohibited, illegal or void by any law controlling its construction, the provision shall be deemed to be modified or amended to comply with the minimum requirements of the law. The invalidity of any

provision does not invalidate the remainder of this **Coverage Document**. If any benefit provided for in this **Coverage Document** is similarly determined to not comply with the required benefits of any statutory law, this **Coverage Document** is amended to provide the minimum benefit required by such law.

## 6. ERRORS OR OMISSIONS

Any unintentional error or omission made by the **Member** in making reports shall not void or impair the coverage hereunder, provided the **Member** reports such error or omission as soon as reasonably possible after discovery.

## 7. EXPOSURE SUMMARY

Any unintentional error or omission made by the **Member** in completing the exposure summary shall not void or impair the coverage afforded by this **Coverage Document**, provided that the **Member** reports to the **Pool** such error or omission as soon as reasonably possible after discovery, and the **Member** pays appropriate cumulative contributions for the exposure.

## 8. FINANCIAL RESPONSIBILITY LAWS

- a. When this **Coverage Document** is certified as proof of financial responsibility for the future under the provisions of any **Automobile** or motor vehicle financial responsibility law, such coverage as is provided by this **Coverage Document** for **Bodily Injury** liability or for **Property Damage** liability shall comply with the provisions of such law as required by such law. The **Member** agrees to reimburse the **Pool** for any payment made by the **Pool** which the **Pool** would not have been obligated to make under the terms of this **Coverage Document** except for the agreement contained in this paragraph.
- b. If under the provisions of an **Automobile** or motor vehicle financial responsibility law or a motor vehicle compulsory insurance law or any similar law of any state or province, a nonresident is required to maintain insurance with respect to the operation or use of an **Automobile** in such state or province and such insurance requirements are greater than the coverage provided by this **Coverage Document**, the limits of the **Pool's** liability and the kinds of coverage afforded by this **Coverage Document** the **Agreement** shall be as set forth in such law, in lieu of the coverage otherwise provided by this **Coverage Document**, but only to the extent required by such law and only with respect to the operation or use of an **Automobile** in such state or province, provided that the coverage under this provision shall be reduced to the extent that there is other valid and collectible insurance under this or any other **Automobile** or motor vehicle insurance policy. In no event shall any person be entitled to receive duplicate payments for the same elements of loss.

## 9. INSPECTION AND AUDIT

- a. The **Pool** has the right but not the duty to inspect **Your** property and operations at any time. Neither the **Pool's** right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for **Your** benefit or others to determine or warrant that such property or operations are safe or healthful or are in compliance with any law, rule, regulation, code or standard.
- b. The **Pool** has the right but not the duty to examine and audit **Your** books and all records, including personnel documentation, at any time during the **Agreement Period** and extensions thereof and within three years after the final termination of this **Coverage Document** as far as they relate to the subject matter of the **Agreement**.

## 10. INTERLOCKING CLAUSE

In the event of an **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful act** involving this **Coverage Document** and/or any **Coverage Document** of **ours** of which this **Coverage Document** is a renewal or a replacement, the **Coverage Document** terms, limits and conditions in effect at the time that the **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful Act** is alleged to have first occurred shall apply, not the **Coverage Document** terms, limits and conditions applicable at the time that the **Claim** for the **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful Act** is first made to **Us**.

## 11. LIBERALIZATION

If **We** revise this edition of the **Coverage Document** to provide broader benefits without an additional contribution charge, **We** will automatically provide these broader benefits as of the day the revision is effective, subject, however, to all of the terms of this **Coverage Document** and the **Agreement**.

## 12. MEMBER'S DUTIES IN THE EVENT OF AN OCCURRENCE, EMPLOYMENT PRACTICES WRONGFUL ACT, PUBLIC OFFICIALS WRONGFUL ACT, CLAIM, OR SUIT

- a. **You** must notify **Us** in writing as soon as practicable of any **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful Act** that may result in a **Claim** or **Suit**. To the extent possible, notice should include reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the injured and available witnesses. Knowledge or notice of an **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful Act** by **Your** agent, servant, or employee shall not constitute knowledge or notice to **You**, unless **We** shall have received notice from **Your** agent, servant, or employee. **Your** inadvertent failure to notify **Us** of any **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful Act** of which **You** have knowledge shall not invalidate the coverage afforded by this **Coverage Document**. Neither the **Pool**, its authorized agents, nor anyone else may waive this notice provision.
- b. If a **Claim** is made or **Suit** is brought against any **Member**, **You** shall immediately forward to **Us** every demand, notice, summons, complaint or other process received. Failure to immediately forward such documents to **Us** shall be a material breach of **Your** duties under this **Coverage Document** and may result in forfeiture of coverage for that **Claim** or **Suit**.
- c. Notice to the **Pool** should be sent to League Association of Risk Management as designated in the Declarations.
- d. The **Member** shall cooperate with **Us** and give any and all information as may reasonably be required and, upon **Our** request, assist in making settlement, in the conduct of **Suits**, and in enforcing any right of contribution or indemnity against any person or organization who may be liable to **You** for injury or **Damages** with respect to which coverage is afforded under this **Coverage Document**.
- e. The **Member** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.
- f. The **Member** shall not without the **Pool's** written consent voluntarily make any payment, assume any obligation, admit any liability, settle any **Claim** or **Suit** or incur any expense other than for first aid to others at the time of an accident.
- g. It shall be understood that the **Member** shall not take any action whatsoever, subsequent to an **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful Act, Claim, or Suit** that could increase the liability exposure of or jeopardize the **Pool** in any way.



- h. When an **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful Act** occurs, the **Member** shall give notice thereof to the proper police authority if the **Occurrence, Employment Practices Wrongful Act, or Public Officials Wrongful Act** involves a violation of the law.
- i. Failure of the **Member** to comply with the requirements of paragraphs (d), (e), (f) (g) and (h) shall be a material breach of the duties of the **Member** under this **Coverage Document** and will result in forfeiture of coverage for that **Claim** or **Suit**.

### 13. NON-DISCLOSURE OR MISREPRESENTATION

This **Coverage Document** has been issued based upon **Our** reliance on representations made by **You** in applying for this **Coverage Document**. Non-disclosure or misrepresentation of any material fact may entitle **Us** to void this **Coverage Document** and relieve **Us** of any obligation hereunder.

### 14. NON-WAIVER OF IMMUNITY

The issuance of this **Coverage Document** shall not be deemed a waiver of any statutory or common-law immunities that may apply. The assertion of any governmental immunity defense will be at **Our** discretion.

### 15. OTHER COVERAGE

If other valid and collectible insurance is available to the **Member** for a **Claim We** cover under this **Coverage Document**, **Our** obligations are limited as follows:

- a. This coverage is primary except when Paragraph c. below applies. If this coverage is primary, **Our** obligations are not affected unless any other insurance is also primary. Then, **We** will share with all that other insurance by the method described in Paragraph b. below.
- b. Method of Sharing: If all of the other insurance permits contribution by equal shares, **We** will follow his method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of coverage or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, **We** will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of coverage to the total applicable limits of coverage of all insurers.
- c. This coverage is excess over any other insurance available to the **Member** that covers a **Claim, Suit, loss or Damages** that is also covered by this **Coverage Document** and **We** will pay only **Our** share of the amount of the loss or **Damages**, if any, that exceeds the sum of:
  - (1) The total amount that all such other insurance would pay for the loss or **Damages** in the absence of this **Coverage Document**; and
  - (2) The total of all deductible and self-insured amounts under all that other insurance.

**We** will share the remaining loss or **Damages**, if any, with any other insurance that is not described in this **OTHER COVERAGE** provision and was not bought specifically to apply in excess of this **Coverage Document**.
- d. The **Pool** will have no duty to defend any **Claim** or **Suit** when its coverage is excess and one or more primary insurers have a duty to defend the **Member**. However, the **Pool** has the right but not the obligation to become associated with the defense or control of a **Claim** or **Suit** which involves or is likely to involve coverage under this **Coverage Document**.



## 16. POOL'S RIGHTS AND DUTIES IN THE EVENT OF A CLAIM OR SUIT

- a. The **Pool** shall have the right and the duty to defend any **Suit** against the **Member** seeking **Damages** on account of such liability as is covered in this **Coverage Document** and as designated in the Declarations, even if the allegations of the **Suit** are groundless, false, or fraudulent.
- b. **We** shall conduct the defense of any **Claim** in the **Member's** name and recover in their name for their benefit any **Claim** for **Damages** or otherwise against any third party and **We** shall have full discretion in the handling of any **Claim**.
- c. The **Pool** shall have the right to control the litigation and select defense counsel. In the event that there is a conflict of interest between the **Pool** and **You**, the **Pool** shall retain its contractual right to select defense counsel and control the defense of the **Suit**, without waiving its right to pay only those **Damages** which are covered under the terms of this **Coverage Document** and as designated in the Declarations.
- d. The **Pool** has the right but not the duty to appeal any judgment.
- e. The **Pool** may make such investigation and settlement of any **Claim** or **Suit** it deems expedient, but the **Pool** shall not be obligated to pay any **Claim** or judgment or to defend any **Suit** or to pay any amounts specified in **SECTION VII – SUPPLEMENTARY PAYMENTS** after the **Pool** has paid or offered to pay the applicable limit of the **Pool's** liability.

## 17. SEVERABILITY OF INTEREST

Except with respect to the Limits of Liability and any rights or duties specifically assigned in this **Coverage Document** to **You**, this **Coverage Document** applies as if each **Member** were the only **Member** and separately to each **Member** against whom a **Claim** is made or a **Suit** is brought.

## 18. SUBROGATION

In the event of any payment under this **Coverage Document**, the **Pool** shall be subrogated to all of the **Member's** rights of recovery thereof against any person or organization, and the **Member** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Member** shall do nothing after loss to prejudice such rights.

## 19. TORT CLAIMS ACT

Notwithstanding any other provision in this **Coverage Document**, the liability of the **Pool** shall be construed in accordance with the Political Subdivisions Tort Claims Act, NEB. REV. STAT. §§ 13-901 to 13-928. Any **Claim** against the **Member** shall be invalid unless filed in accordance with said Act and is subject to all limits of liability provided by the Act.

The ***Pool's*** liability for ***Damages*** for such person or organization is limited to the lesser of the limit of liability shown on the Declarations or the limits of recovery provided for in the Nebraska Political Subdivisions Tort Claims Act, NEB. REV. STAT. §§ 13-901 to 13-928.

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## SECTION III – WHO IS A MEMBER

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**Member** means:

1. **You**, including **Your** governing body, Boards, Commissions, or Councils;
2. While acting on **Your** behalf or in **Your** interest, any past, present or future:
  - a. Member of **Your** Governing Body, Boards, Commissions, Authority, or Councils;
  - b. Elected or appointed official;
  - c. Employee acting within the scope of their employment;
  - d. Volunteer or student who performs a service for **You** at **Your** request; or
  - e. Volunteer Fire Company, volunteer ambulance service or other volunteer emergency services entity.
3. Any elected or appointed official, Board, Commission, Authority, or Council Member, Employee or Volunteer with respect to any **Automobile** owned by such person while acting within the scope of their duties for **You**;
4. Any organization, other than a **Joint Venture**, which **You** acquire or form and over which **You** maintain ownership or majority ownership interest;
5. Anyone else while using, with **Your** permission, any **Automobile** owned, hired or borrowed by **You** except the owner or anyone else from whom **You** hire or borrow such vehicle.

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## SECTION IV– GENERAL EXCLUSIONS

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Unless otherwise stated in the specific Coverage Agreements included in **SECTION V – LIABILITY COVERAGE AGREEMENTS**, or by endorsement to this **Coverage Document**, the coverage provided in this **Coverage Document** does not apply to or provide coverage for:

1. **AIRCRAFT** meaning **Claims** for **Damages** arising out of the ownership, maintenance, operation, use, loading, unloading or entrustment to others of any **Aircraft** owned or operated by or rented or loaned to the **Member**.
2. **AIRPORT** meaning **Claims** for **Damages** arising out of the ownership, maintenance, operation, or use of any airport.
3. **ASBESTOS** meaning **Claims** for **Damages** or expenses arising out of:
  - a. Inhaling, ingesting or physical exposure to asbestos or goods or products containing asbestos;
  - b. The use of asbestos in construction or manufacturing any good, product or structure;
  - c. The removal of asbestos from any good, product or structure;
  - d. The manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos; or
  - e. Investigation or defense of any loss, injury or damage at any cost, fine or penalty or for any expense of **Claim** or **Suit** related to any of the above.
4. **BID SPECIFICATIONS** meaning **Damages** and expenses arising out of or involving:
  - a. Bids on public projects or contracts; or
  - b. Faulty preparation of bid specifications or plans.
5. **BOND ACTIVITIES** meaning **Damages** and expenses in connection with the issuance, purchase, offering, sale, administering, diminution of value, yield income, or failure to comply with any obligation or guarantees on any type of security, bond, or debenture.
6. **BREACH OF CONTRACT** meaning **Claims** for **Damages** or expenses arising out of or involving:
  - a. Amounts actually or allegedly due under the terms of any contract or agreement; or
  - b. **Your** failure, refusal, or inability to enter into, renew, or perform any contract or agreement except breach of any employment contract or agreement.
7. **BUNGEE JUMPING** meaning **Claims** for **Damages** asserted by any person including, but not limited to, participants, performers, volunteers, set-up crew, security personnel, mechanics, stewards, officials, attendants, spectators, crane operators, or drivers:
  - a. Practicing for or participating in any bungee jumping activities: or
  - b. Arising out of the ownership, maintenance or operation of any bungee jumping equipment owned by, leased to, or otherwise in the care, custody, and control of the **Member**.

8. **CONTRACTUAL LIABILITY** meaning **Claims** for **Damages**, fines, civil penalties, or attorneys' fees for which the **Member** is obligated to pay by reason of the assumption of liability under any ordinance, resolution, or contract.

**This exclusion does not apply to liability:**

- a. The **Member** would have in absence of the contract; or
- b. For **Bodily Injury** or **Property Damage** assumed in a contract that is a **Covered Contract**, provided the **Bodily Injury** or **Property Damage** occurs after the execution of the contract. Solely for the purpose of liability assumed in a **Covered Contract**, reasonable attorneys' fees and litigation expenses incurred by or for a party other than the **Member** are deemed to be **Damages** because of **Bodily Injury** or **Property Damage**, provided:
  - (1) Liability to such party for, or the cost of, that party's defense has also been assumed in the same **Covered Contract**; and
  - (2) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which **Damages** to which this **Coverage Document** applies are alleged.

In no event shall there be coverage for liability assumed under a **Covered Contract** if the **Claim** for **Damages**, fines, civil penalties, or attorneys' fees is otherwise excluded from coverage under this **Coverage Document**.

9. **CRIMINAL ACTS** meaning **Claims** for **Damages** and expenses arising out of or involving any criminal act or the willful violation of a penal statute or ordinance committed by the **Member** or with the **Member's** consent or knowledge. This exclusion shall not apply until it has been judicially established in fact that the **Member** did commit such criminal act or willful violation.

10. **DAM, WATER RESERVOIR, or LEVEE** meaning **Claims** for **Damages** or expenses arising out of the construction, ownership, maintenance or use of any dam, water reservoir or levee, including collapse, flooding, cracking, settling, seepage, under seepage, spilling, subsidence, landslide, earth movement, rupture, bursting, breach, failure, or structural defect in connection thereto.

11. **DAMAGE TO PROPERTY** meaning **Claims** for **Property Damage** to:

- a. Property **You** own;
- b. That particular part of real property on which **You** or any contractors or subcontractors working directly or indirectly on **Your** behalf are performing operations, if the **Property Damage** arises out of those operations; or
- c. Property of others that is in **Your** care, custody, or control.

12. **DAMAGE TO YOUR PRODUCTS** meaning **Claims** for **Property Damage** to **Your Products** arising out of such products or any part of such products.

13. **DEFECTIVE PRODUCT** meaning **Claims** for **Damages** claimed for or due to the withdrawal, inspection, repair, replacement, or loss of use of **Your Products** or work completed by or for **You** or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein.

14. **DRONE** meaning **Claims** for **Damages** arising out of the ownership, maintenance, operation, use, loading, unloading or entrustment to others of any **Drone** owned or operated by or rented or loaned to the **Member**.
15. **ELECTRONIC DATA** meaning **Claims** for **Damages** or expenses based on the loss of, destruction, disappearance, disclosure or corruption of **Electronic Data**.
16. **EMINENT DOMAIN** meaning any **Claim** made against the **Member** for **Damages** which result from condemnation, inverse condemnation, adverse possession, dedication by adverse use, or other taking of private property for public use.
17. **EMPLOYER'S LIABILITY** meaning **Claims** for **Damages** arising out of **Bodily Injury** or **Personal Injury** to:
- a. **Your** employee arising out of and in the course of employment by **You** or while performing duties related to the conduct of **Your** operations; or
  - b. The spouse, child, parent, brother or sister of that employee as a consequence of that employee's **Bodily Injury** or **Personal Injury**.
- This exclusion applies whether **You** may be liable as an employer or in any other capacity and to any obligation to share **Damages** with or repay someone else who must pay **Damages** because of the **Bodily Injury** or **Personal Injury**.
- This exclusion does not apply to **Bodily Injury** or **Personal Injury** to one of **Your** employees caused by a fellow employee while such employee is acting within the scope of their duties for **You**.
18. **ENVIRONMENTAL IMPAIRMENT LIABILITY (EIL)** meaning **Claims** for **Damages** arising out of any negligent, reckless, or intentional acts and/or omissions resulting in damage to the environment.
19. **ERISA** meaning the failure of the **Member**, or their fiduciary, trustee, fiscal agent or insurer, to perform any of their obligations, or fulfill and guarantees, with respect to the Employee Retirement Income Security Act of 1974 (ERISA) including subsequent amendments, or any similar federal, state or local law or regulation.
20. **EXPECTED OR INTENDED INJURY OR PROPERTY DAMAGE** meaning **Claims** for **Damages** resulting from **Bodily Injury**, **Personal Injury**, **Advertising Injury** or **Property Damage** expected or intended from the standpoint of the **Member**. This exclusion does not apply to **Bodily Injury**, **Personal Injury**, **Advertising Injury** or **Property Damage** resulting from the **Member's** use of reasonable force to protect persons or property.
21. **FAILURE TO SUPPLY SERVICE** meaning **Claims** for **Damages** or expenses resulting from:
- a. **Your** failure to adequately procure, produce, process, service or transport gas, oil, water, electricity or steam, unless such failure results from accidental damage to tangible property owned or used by **You** for such purposes; or
  - b. **Your** failure to supply sewer or garbage service or **Your** failure to supply sufficient sewer or garbage service to meet demand.
22. **FIDUCIARY CAPACITY** meaning any **Claim** made against the **Member** based upon or attributable to the **Member** gaining any profit or advantage to which the member was not legally entitled, including remuneration paid in violation of law.



**23. FINES, FEES, CHARGES, OR PENALTIES** meaning:

- a. Fines or penalties imposed by law or **Damages** for which insurance or liability coverage is prohibited by public policy, statute or common law;
- b. Fines, charges, or penalties related to allegations of violations of state or federal law including, but not limited to, those imposed for violations of public records laws or open meetings law;
- c. Fines, or penalties imposed under the Internal Revenue Code or any similar state or local law;
- d. Estimates of probable costs or cost estimates being exceeded;
- e. The calculation of any hook-up charges;
- f. Any tapping fees;
- g. Any impact fees; or
- h. Any other fine, fee, or charge.

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

**25. FLOODING** meaning **Claims** for **Damages** or expenses arising out of or caused by overflow or flooding of water or sewage including, but not limited to:

- a. The overflow of lakes, rivers or streams;
- b. Overflow from sewage treatment facilities; or
- c. Groundwater accumulation.

**26. FUND, APPROPRIATIONS, OR GRANT ACTIVITIES** meaning **Damages** in connection with any allegations of the **Member's** misuse of, failure to apply for, or return of any federal, state, local, or private: monies, funds, appropriations, grants, gifts, loans, or tuition, including sums representing restitution or disgorgement of sums wrongfully paid, received by, or retained by a **Member**.

**27. KNOWING VIOLATION OF RIGHTS OF ANOTHER** meaning **Advertising Injury** or **Personal Injury** caused by or at the direction of the **Member** with the knowledge that the act would violate the rights of another and would inflict **Advertising Injury** or **Personal Injury**.

**28. LEAD** meaning **Claims** for **Damages** arising out of, resulting from, caused by or contributed to by:

- a. The toxic or pathological properties of lead, lead compounds, or leads contained in any materials;
- b. The abatement, mitigation, removal, or disposal of lead, lead compounds or lead contained in any materials; or
- c. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with (a) or (b) above.

**29. LIQUOR LIABILITY** meaning **Claims** for **Damages** resulting from or arising out of:

- a. Causing or contributing to a person's intoxication;

- b. Furnishing alcoholic drinks to a person under the legal drinking age;
- c. Any statute, ordinance or regulation or law relating to selling, giving, distributing or using alcoholic drinks;
- d. Manufacturing, selling, distributing, serving or furnishing of alcoholic drinks; or
- e. Beer gardens.

**30. MEDICAL SERVICES** meaning the rendering of or failure to render **Medical Services**. However, this exclusion shall not apply to **Claims** for **Damages** or expenses arising out of a **Member** rendering or failing to render incidental **Medical Services** or first aid, at the scene of an accident or injury, by any **Member** not regularly engaged in the medical profession.

**31. MOBILE EQUIPMENT** meaning **Claims** for **Damages** arising out of the use of **Mobile Equipment** in, or while in practice or preparation for, a prearranged racing, speed, or demolition contest, or in any stunting activity.

**32. POLLUTION** meaning:

- a. **Claims** for **Damages** arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants**:
  - (1) At, on, in or from any premises, site or location which is or was at any time owned or occupied by **You** or rented or loaned to **You**; or
  - (2) At, on, in or from any premises, site or location which is or was at any time used by or for **You** or others for the handling, storage, disposal, processing or treatment of **Waste**;
  - (3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as **Waste** by or for **You** or any person or organization for whom **You** may be legally responsible.
  - (4) At or from any premises, site or location on which **You** or any contractors or subcontractors working directly or indirectly on **Your** behalf are performing operations:
    - (a) If the **Pollutants** are brought on or to the premises, site or location in connection with such operations by the contractor, subcontractor or **You**;
    - (b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **Pollutants**; or
    - (c) Which arises from exposure included within the **Completed Operations Hazard**.
  - (5) Caused by or resulting from the ownership, maintenance or use of an **Automobile**.

Paragraphs a. (1) and a. (4) do not apply to injury arising out of heat, smoke or fumes from a hostile fire, meaning one which becomes uncontrollable or breaks out from where it was intended to be.

Paragraph a. (4) (a) of this exclusion shall not apply to any **Claim** or **Suit** for **Damages** which resulted from a **Sudden Event** that takes place during the **Agreement Period** and within the **Agreement Territory**, and which was caused by an actual, alleged, or threatened discharge, dispersal, release, or escape of **Pollutants**.

For purposes of this exclusion only, **Sudden Event** shall mean a **Pollution Accident** where the pollution resulting therefrom and the injury resulting from such pollution all occur within 45 days following the **Pollution Accident**. A related series of **Accidents** shall be deemed to be a single

event. In the case of a related series of **Pollution Accidents**, the **Sudden Event** shall be deemed to have taken place when the first **Pollution Accident** in the related series of such **Pollution Accidents** took place.

For purposes of this exclusion only, **Pollution Accident** shall mean an abrupt discharge, dispersal, release, or escape of **Pollutants** neither expected nor intended from the standpoint of the **Member**.

Subject to the provisions in this **Agreement** concerning limits of liability applicable to each **Occurrence** under **SECTION V – LIABILITY COVERAGE AGREEMENTS** and the limits of liability for each **Occurrence** stated in the **Declarations** for **Sudden Events** involving **Pollutants**, the total liability of the **Pool** for all **Damages** resulting from **Bodily Injury**, **Property Damage**, or **Personal Injury** within the **Sudden Event** exception described above, regardless of the number of **Sudden Events**, shall not exceed the limits of liability stated in the **Declarations** for the applicable **Pool Year** as aggregate for **SECTION V – LIABILITY COVERAGE AGREEMENTS**.

b. Any loss, cost or expense arising out of any:

- (1) Request, demand or order that **You** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **Pollutants**; or
- (2) **Claim** or **Suit** by or on behalf of a governmental authority for **Damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **Pollutants**.

**33. PUNITIVE OR EXEMPLARY DAMAGES:** In no event shall there be coverage for liability to indemnify another for punitive or exemplary **Damages** of any kind or nature.

**34. SEWER** meaning **Claims** for **Damages** arising out of the backup of water or sewage in or from storm sewers, sanitary sewers, drains or other parts of a sewage or water system regardless of how caused.

**35. SEXUAL ABUSE** meaning any **Claim** made against the **Member** arising out of or resulting from **Sexual Abuse** by the **Member**.

**36. TAX ACTIVITIES** meaning:

- a. Any tax assessment, tax fine, tax fee, or tax adjustment;
- b. The collection, refund, disbursement or application of any taxes;
- c. The failure to anticipate any tax revenue shortfalls; or
- d. Taxes imposed under the Internal Revenue Code or any similar state or local law.

**37. TERRORISM** meaning **Claims** for **Damages** arising directly or indirectly out of acts of **Terrorism**, including action in hindering or defending against an actual or expected incident of **Terrorism**. All such **Damages** are excluded regardless of any other cause or event that contributes concurrently or in any sequence to such **Damages**.

**38. VOLUNTEER FIREFIGHTERS** meaning **Claims** for **Damages** for **Bodily Injury** to any volunteer firefighter while in the course and scope of his or her duties as such.

**39. WAR** meaning **Claims** for **Damages** due to or resulting from war, whether or not declared hostile or warlike action in time of peace or war, civil war, insurrection, revolution, rebellion, acts of military

force, or to any act or condition incident to any of the foregoing. This exclusion also extends to an act by government authority in hindering, combating or defending against an action otherwise identified in this exclusion or an actual impending or expected attack by:

- a. Any government or sovereign power (de facto or de jure) or by any military, navel, or air forces;
- b. Military, navel or air forces; or
- c. An agent of such government, power, authority or forces.

**40. WORKERS' COMPENSATION** meaning **Claims** for **Damages** arising out of any obligation for which **You** or any carrier as **Your** its insurer may be held liable under the workers' compensation, unemployment compensation, or disability benefits laws, or under any similar laws; nor any **Claims** or **Suits** for **Damages** to volunteers, elected officials, or appointed officials if **You** provided coverage to the volunteer, elected official, or appointed official under the above laws.

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## SECTION V – LIABILITY COVERAGE AGREEMENTS

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### 1. GENERAL LIABILITY

#### a. Legal Liability For Third Party Claims

##### (1) Coverage

**We** will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of **Bodily Injury, Property Damage, Personal Injury or Advertising Injury** to which this **Coverage Document** applies, arising out of **Your Covered Operations**, including the **Completed Operations Hazard** and the **Products Hazard**, and caused by an **Occurrence**. The **Occurrence** must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

##### (2) Exclusions

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Legal Liability For Third Party Claims** Coverage does not apply to:

(a) **LAW ENFORCEMENT OPERATIONS** meaning **Claims** or **Suits** for **Damages** because of **Bodily Injury, Personal Injury, or Property Damage** arising out of **Law Enforcement Operations** as defined in this **Coverage Document**.

(b) **AUTOMOBILE OR WATERCRAFT** meaning **Claims** or **Suits** for **Damages** because of **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any **Automobile** or **Watercraft** owned or operated by, or rented or loaned to, any **Member**. Use includes operation and **Loading or Unloading**. However, this exclusion does not apply to **Watercraft** while ashore on premises **You** own or rent, or **Watercraft** that are less than 26 feet in length and not used to carry persons or property for a charge.

##### (3) Limits of Liability

The limit designated in the Declarations applicable to this **Legal Liability For Third Party Claims** Coverage is the most **We** will pay for the sum of all **Damages** because of all **Bodily Injury, Property Damage, Personal Injury** and **Advertising Injury** arising out of any one **Occurrence**.

##### (4) Deductible

**Our** obligation to pay **Damages** applies only to the amount of **Damages** in any one **Occurrence** that is in excess of the deductible amount stated in the Declarations. The deductible amount stated shall also apply towards **4. CLAIM AND DEFENSE EXPENSES** in **SECTION VII - SUPPLEMENTARY PAYMENTS** if payment is made to any claimant or compromise settlement is reached for such **Damages**. The terms of this **Coverage Document**, including those with respect to **Our** right and duty to defend any **Suits** against a **Member** and their **DUTIES IN THE EVENT OF A CLAIM OR SUIT** in **SECTION II – CONDITIONS** apply irrespective of the application of the deductible amount. **We** may pay any part or all of the deductible amount to effect settlement of any **Claim** or **Suit** and, upon notification of the action taken, **You** shall reimburse **Us** within 30 days or less for such part of the deductible as paid by **Us**.

**b. Good Samaritan**

**(1) Coverage**

**We** will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of **Bodily Injury** or **Personal Injury**, to which this **Coverage Document** applies, arising out of actions which are included under any Good Samaritan Statutes and are caused by an **Occurrence**. The **Occurrence** must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

**(2) Exclusions**

No Additional Exclusions apply to this **Good Samaritan** Coverage.

**(3) Limits of Liability**

The limit designated in the Declarations applicable to this **Good Samaritan** Coverage is the most **We** will pay for the sum of all **Damages** because of all **Bodily Injury** and **Personal Injury** arising out of any one **Occurrence**.

**c. Medical Payments – Other Than Automobile**

**(1) Coverage**

**We** will pay medical expenses described below for **Bodily Injury** caused by an **Occurrence** on premises **You** own or rent, on ways next to premises **You** own or rent, or because of **Your Covered Operations**, other than ownership, maintenance or use of an **Automobile**, provided that:

- (a)** The **Occurrence** takes place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**;
- (b)** The expenses are incurred and reported to **Us** within one year from the date of the **Occurrence**; and
- (c)** The injured person submits to examination at **Our** expense, by physicians of **Our** choice, as often as **We** reasonably require.

Any payment will not constitute an admission of liability by any person, **Member** or **Us**.

Medical expenses means reasonable expenses for:

- (a)** First aid administered at the time of the **Occurrence**;
- (b)** Necessary medical, surgical, chiropractic, x-ray and dental services, including prosthetic devices; and
- (c)** Necessary ambulance, hospital, professional nursing and funeral services.

**(2) Exclusions**

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Medical Payments – Other Than Automobile** Coverage does not apply to:

**(a) We** will not pay medical expenses for **Bodily Injury**:

- 1) Arising out of operations, other than maintenance and repair of **Your** premises, performed for **You** by independent contractors;



- 2) To the **Member**, to any tenant or other person regularly residing on **Your** premises; or to any employee of any of the foregoing if the **Bodily Injury** arises out of and in the course of their employment;
- 3) To any other tenant if the **Bodily Injury** occurs on that part of the premises rented from **You** or to any employee of such a tenant if the **Bodily Injury** occurs on the tenant's part of **Your** premises and arises out of and in the course of employment for the tenant;
- 4) To any person while engaged in maintenance or repair of **Your** premises or alteration, demolition or new construction at such premises;
- 5) To any person practicing for, instructing or participating in any physical training, sport, athletic activity or contest, whether on a formal or informal basis;
- 6) To, or on behalf of, any inmates or prisoners; or
- 7) That is excluded under **1. GENERAL LIABILITY, a. Legal Liability For Third Party Claims**, above.

**(3) Limits of Liability**

The limit designated in the Declarations applicable to this **Medical Expenses – Other Than Automobile** Coverage is the most **We** will pay for the sum of all medical expenses because of all **Bodily Injury** to any one person arising out of any one **Occurrence**.

**d. Medical Malpractice**

**(1) Coverage**

**We** will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of **Bodily Injury** or **Personal Injury** to which this **Coverage Document** applies, arising out of **Medical Services** and caused by an **Occurrence** which takes place during the conduct of **Your Covered Operations**, after the retroactive date shown in the Declarations, and prior to the end of the **Agreement Period**.

**(2) Exclusions**

**(a) SECTION IV – GENERAL EXCLUSIONS, 1. AIRCRAFT**, does not apply to **Bodily Injury** that arises at an airport or while on board an **Aircraft**, which is on the ground, from rendering or failure to render:

- 1) Incidental **Medical Services** or first aid (including transportation) at the scene of an accident or injury by any **Member** not regularly engaged in the medical profession; or
- 2) **Medical Services** (including transportation) by emergency medical technicians, paramedics, nurses, and aides employed by **Your** emergency medical service, if any, while in the course and scope of their employment as such.

**(b) SECTION IV – GENERAL EXCLUSIONS, 29. MEDICAL SERVICES**, does not apply to this **Medical Malpractice** Coverage.

**(c)** In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Medical Malpractice** Coverage does not apply to:

- 1) **MEDICAL SERVICES FOR OTHERS** meaning the **Member's** performance of or **failure** to perform **Medical Services** which are not conducted on **Your** behalf or in **Your** interest.

(3) Limits of Liability

The limit designated in the Declarations applicable to this **Medical Malpractice** Coverage is the most **We** will pay for the sum of all **Damages** because of all **Bodily Injury** and **Personal Injury** arising out of any one **Occurrence**.

(4) Deductible

**Our** obligation to pay **Damages** applies only to the amount of **Damages** in any one **Occurrence** that is in excess of the deductible amount stated in the Declarations. The deductible amount stated shall also apply towards **4. CLAIM AND DEFENSE EXPENSES** in **SECTION VII - SUPPLEMENTARY PAYMENTS** if payment is made to any claimant or compromise settlement is reached for such **Damages**. The terms of this **Coverage Document**, including those with respect to **Our** right and duty to defend any **Suits** against a **Member** and their **DUTIES IN THE EVENT OF A CLAIM OR SUIT** in **SECTION II – CONDITIONS** apply irrespective of the application of the deductible amount. **We** may pay any part or all of the deductible amount to effect settlement of any **Claim** or **Suit** and, upon notification of the action taken, **You** shall reimburse **Us** within 30 days or less for such part of the deductible as paid by **Us**.

e. **Cemetery Professional Liability**

(1) Coverage

**We** will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of errors or omissions, to which this **Coverage Document** applies, arising out of:

- (a) Embalming, handling, disposing, burial, disinterment or removal of any **Deceased Human Body**;
- (b) Conduct of any memorial service by the **Member** whether or not a **Deceased Human Body** present;
- (c) Destruction of or interference with the right of burial of a **Deceased Human Body**; or
- (d) Damage to or destruction of urns, caskets, linings or fittings, casket cases, crypts, vaults, or mausoleums used for the burial of a **Deceased Human Body** which is in the **Member's** care or custody but is not owned by the **Member**.

The errors or omissions must take place during the conduct of **Your Covered Operations**, after the retroactive date shown in the Declarations, and prior to the end of the **Agreement Period**.

(2) Exclusions

No Additional Exclusions apply to this **Cemetery Professional Liability** Coverage

(3) Limits of Liability

The limit designated in the Declarations applicable to this **Cemetery Professional Liability** Coverage is the most **We** will pay for the sum of all **Damages** because of an error or omission or series of related errors or omissions.

## 2. AUTOMOBILE LIABILITY

### a. Legal Liability For Third Party Automobile Claims

#### (1) Coverage

**We** will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of **Bodily Injury** or **Property Damage** to which this **Coverage Document** applies, caused by an **Occurrence which** results from the ownership, maintenance or use of an **Automobile** in the conduct of **Your Covered Operations**. The **Occurrence** must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

#### (2) Exclusions

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage Agreement.

**Legal Liability For Third Party Automobile Claims** Coverage does not apply to:

- (a) Any person while employed in or otherwise engaged in duties in connection with an automobile business, other than an automobile business operated by the **Member**.
- (b) **HANDLING OF PERSONS OR PROPERTY** meaning **Bodily Injury** or **Property Damage** resulting from the handling of persons or property:
  - 1) Before they or it are moved from the place of origin for movement into or onto an **Automobile**; or
  - 2) After they or it are moved from an **Automobile** to the place of destination by the **Member**.
- (c) **MOVEMENT OF PERSONS OR PROPERTY BY MECHANICAL DEVICE** meaning **Bodily Injury** or **Property Damage** resulting from the moving of persons or property by a mechanical device (other than a hand truck) unless the device is attached to an **Automobile**.
- (d) **RACING** meaning **Bodily Injury** or **Property Damage** resulting from the use of an automobile in any professional or organized racing or demolition contest or stunting activity, while practicing for such contest or activity, or while the **Automobile** is being prepared for such contest or activity.

#### (3) Limits of Liability

The limit designated in the Declarations for this **Legal Liability For Third Party Automobile Claims** Coverage is the most **We** will pay for the sum of all **Damages** because of all **Bodily Injury** and **Property Damage** in any one **Occurrence**.

### b. Deductible

**Our** obligation to pay **Damages** applies only to the amount of **Damages** in any one **Occurrence** that is in excess of the deductible amount stated in the Declarations. The deductible amount stated shall also apply towards **4. CLAIM AND DEFENSE EXPENSES** in **SECTION VII - SUPPLEMENTARY PAYMENTS** if payment is made to any claimant or compromise settlement is reached for such **Damages**. The terms of this **Coverage Document**, including those with respect to **Our** right and duty to defend any **Suits** against a **Member** and their **DUTIES IN THE EVENT OF A CLAIM OR SUIT** in **SECTION II – CONDITIONS** apply irrespective of the application of the deductible amount. **We** may pay any part or all of the deductible amount to

effect settlement of any **Claim** or **Suit** and, upon notification of the action taken, **You** shall reimburse **Us** within 30 days or less for such part of the deductible as paid by **Us**.

**c. Covered Pollution Cost Or Expense For Automobiles**

**(1) Coverage**

**We** will pay those amounts that **You** become legally obligated to pay as a **Covered Pollution Cost or Expense**, to which this **Coverage Document** applies, caused by an **Occurrence** and resulting from the **Member's** ownership, maintenance or use of an **Automobile**. However, **We** will only pay for the **Covered Pollution Cost or Expense** if there is **Bodily Injury** or **Property Damage**, to which this **Coverage Document** applies that is caused by the same **Occurrence**.

**(2) Exclusions**

No Additional Exclusions apply to this **Covered Pollution Cost Or Expense For Automobiles** Coverage.

**(3) Limits of Liability**

The limit designated in the Declarations applicable to this **Covered Pollution Cost Or Expense For Automobiles** Coverage is the most **We** will pay for the sum of all **Damages** because of all **Bodily Injury** or **Property Damage** arising out of any one **Occurrence** and is included in, and not in addition to, the limit designated in the Declarations for Legal Liability For Third Party Automobile **Claims**.

**d. Medical Payments – Automobile**

**(1) Coverage**

**(a) We** will pay reasonable expenses incurred for necessary medical expenses and funeral services to:

- 1) A **Member** who sustains **Bodily Injury** caused by an **Occurrence** while **Occupying** an **Automobile**;
- 2) A **Member**, while a pedestrian, when struck by any **Automobile**; or
- 3) Anyone else who sustains **Bodily Injury** caused by an **Occurrence** while **Occupying** an **Automobile** owned by **You**, provided that:
  - a) The expenses are incurred and reported to **Us** within one year from the date of the **Occurrence**; and
  - b) The injured person submits to examination at **Our** expense, by physicians of **Our** choice, as often as **We** reasonably require.

Any payment will not constitute an admission of liability by any person, **Member** or **Us**.

**(b) Reasonable expenses** means expenses for:

- 1) First aid administered at the time of the **Occurrence**; and
- 2) Necessary medical, surgical, chiropractic, x-ray and dental services, including prosthetic devices, and necessary ambulance, hospital, professional nursing and funeral services rendered within three years from the date of the **Occurrence**.

**(2) Exclusions**

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the

following Additional Exclusions also apply to this Coverage.

**Medical Payments – Automobile** does not apply to:

(a) **We** will not pay for:

- 1) **Bodily Injury** caused by an **Occurrence** which does not take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**;
- 2) **Bodily Injury** sustained by a **Member** while occupying a vehicle located for use as a residence or premises;
- 3) **Bodily Injury** to any employee, except volunteer fire fighters and volunteer workers not entitled to workers compensation benefits, arising out of and in the course of employment by **You**;
- 4) **Bodily Injury** to anyone using a vehicle without a reasonable belief that the person is entitled to do so.

(3) Limits of Liability

(a) Regardless of the number of **Automobiles, Claims** made, or vehicles involved in an **Occurrence**, the most **We** will pay for medical expenses for any one person is \$5,000 unless a different limit of liability is stated in the Declarations for the applicable **Pool Year**. In no event will **We** pay more than \$5,000 for funeral services.

- 1) Any amounts otherwise payable for expenses under this **Medical Expenses – Automobile** Coverage shall be reduced by any amounts paid or payable for the same expenses under any other Coverage provided by this **Coverage Document**.
- 2) No payment will be made unless the injured person or that person's legal representative agrees in writing that such payment shall be applied to, and **We** shall receive credit toward, any judgment that person may ultimately obtain against the **Member** and payable by **Us** on behalf of a **Member** under **2. AUTOMOBILE LIABILITY, a. Legal Liability For Third Party Automobile Claims**.
- 3) Payments under this Coverage shall be only for **Medical Services** rendered within 180 days of the date of the **Occurrence**.

(4) Additional Conditions

In addition to those other matters included in **SECTION II – CONDITIONS**, the following Additional Conditions apply to this Coverage.

**ELIGIBLE PERSON**

No person or entity other than the **Eligible Person** or his or her heirs or legal guardian shall have any **Claim** against **Us** under this Coverage.

(5) Other Coverage

If there is other insurance or coverage that is not provided by **Us**, but which cover the same expenses for medical expenses or funeral services of any injured person, **We** shall pay only the proportionate share that **Our** limit of liability bears to the total of all such coverage. In addition, any coverage provided by **Us** for a covered **Automobile** not owned by **You**, shall be both proportionate and excess over any other such coverage

**e. Uninsured And Underinsured Motorists**

(1) Coverage

**We** will pay those amounts that a **Member** is legally entitled to recover as **Damages** from the owner or driver of an **Uninsured Automobile** or **Underinsured Automobile**. The **Damages** must result from **Bodily Injury** sustained by the **Member** and caused by an **Occurrence**. The owner's or driver's liability for those **Damages** must result from the ownership, maintenance or use of an **Uninsured Automobile** or **Underinsured Automobile**. Use includes operating the **Automobile** as well as getting into or out of, or being in or on the **Automobile**. The **Occurrence** must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

(2) Exclusions

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Uninsured And Underinsured Motorists** Coverage does not apply to:

- (a) Any **Claims** for **Damages** settled without **Our** written consent.
- (b) **We** will not pay for **Damages** resulting from any **Uninsured Automobile** or **Underinsured Automobile** which is:
  - 1) Owned by, furnished to, or available for the regular use of a **Member** or any resident of **Member's** household;
  - 2) Covered under a policy, which is self-insured under NEB. REV. STAT. §§ 60-562 to 60-564 or is self-insured within the meaning of the Automobile or motor vehicle financial responsibility law of any other state in which the Automobile is registered or any federal law which requires maintenance of financial responsibility;
  - 3) Located and used as a residence or premises and not as an **Automobile**.
- (c) With respect to any **Uninsured Automobile** or **Underinsured Automobile**, **We** shall not cover any **Bodily Injury** of a **Member**:
  - 1) While **Occupying** an **Automobile** owned by, but not insured by, the **Member**;
  - 2) While **Occupying** an **Automobile** which is used as a public or livery conveyance and which is not insured as such;
  - 3) Through being struck by an **Automobile** owned by a **Member** or a spouse or relative residing with the **Member**; and
  - 4) With respect to which the applicable statute of limitations has expired on the **Member's Claim** against the uninsured or underinsured motorist.



### (3) Limits of Liability

- (a) The limit designated in the Declarations applicable to this **Uninsured and Underinsured Motorists** Coverage is the most **We** will pay for the sum of all **Claims** for **Damages** a **Member** is legally entitled to recover from the owner or operator of an **Uninsured Automobile** arising out of any one **Occurrence**.

The limit designated in the Declarations will be reduced by:

- 1) All amounts paid by or for the owner or operator of the **Uninsured Automobile** or **Underinsured Automobile** or anyone else responsible. This includes all amounts paid under any section of this **Coverage Document** or any other **Automobile** policy, and
  - 2) All amounts payable under any workers compensation law, disability benefits law, or similar law, or any **Automobile** medical payments or personal injury protection coverage.
- (b) Regardless of the number of **Automobiles** involved, persons covered, **Claims** made, vehicles or premiums shown on the policy, or premiums paid, the limit of liability for **Uninsured and Underinsured Motorists** Coverage for two or more **Automobiles** insured under the same policy or separate policies shall not be added together, combined, or stacked to determine the limit of insurance coverage available to an injured person for any one accident except that:
- 1) In the event a **Member** is entitled to **Uninsured and Underinsured Motorists** coverage under more than one policy of **Automobile** liability insurance, the maximum amount a **Member** may recover shall not exceed the highest limit of any one such policy.
  - 2) In the event of **Bodily Injury** of a **Member** while **Occupying** an **Automobile** not owned by the **Member**, payment shall be made in the following order of priority, subject to the limitations in subsection (a) of this section:
    - a) The **Uninsured and Underinsured Motorists** coverage on the occupied **Automobile** is primary; and
    - b) If such primary coverage is exhausted, other **Uninsured and Underinsured Motorists** coverage available to the **Member** is excess.
- (c) When multiple policies apply, payment shall be made in the following order of priority, subject to the limit of liability for each applicable policy:
- 1) A policy covering an **Automobile** occupied by the injured person at the time of the accident;
  - 2) A policy covering an **Automobile** which causes **Bodily Injury** of the **Member** while a pedestrian; and
  - 3) A policy covering an **Automobile** not involved in the accident with respect to which the injured person is a **Member**.

With respect only to **Uninsured and Underinsured Motorists Coverage Agreement**, the following additional provisions apply:

(4) Additional Definitions

(a) **Underinsured Automobile:**

- 1) An **Automobile** with respect to the ownership, operation, maintenance, or use of which there is bodily injury liability insurance or a bond applicable at the time of the accident and the amount of the insurance or bond is less than or has been reduced by payments to persons, other than an insured, injured in the accident to less than the damages for bodily injury, sickness, disease, or death sustained by the insured. **Underinsured Automobile** shall not include an **Uninsured Automobile**.
- 2) Does not mean an **Automobile** that is lawfully self-insured, an **Automobile** owned by any federal, state or local government or agency, or an **Automobile** owned by **You**.

(b) **Uninsured Automobile** shall mean an **Automobile** with respect to the ownership, operation, maintenance, or use of which:

- 1) There is no bodily injury insurance or bond applicable at the time of the accident;
  - 2) There is bodily injury liability insurance or a bond applicable at the time of the accident but the insurer writing such insurance or bond (a) denies cover or (b) is or becomes insolvent as described in section 44-2403 within four years after the time of the accident which occurred while the named Insured's uninsured motorist coverage was in effect;
  - 3) The owner or operator is unknown and bodily injury, sickness, disease, or death of an insured results from actual physical contact between such **Automobile** and the insured or an **Automobile** occupied by the Insured; or
  - 4) The owner or operator is unknown and bodily injury, sickness, disease, or death of an insured is caused by such **Automobile** without actual physical contact between such **Automobile** and the Insured or an **Automobile** occupied by the Insured if (a) the accident has been reported, as required by law, to the proper law enforcement authorities and (b) the facts of the accident can be corroborated by competent evidence provided by an Independent and disinterested person and not by the Insured or any person occupying the insured **Automobile**.
- (c) Does not mean an **Automobile** that is lawfully self-insured, an **Automobile** owned by any federal, state or local government or agency, or any **Automobile** which is owned by the **Member**.

(5) Additional Conditions

In addition to those other matters included in **SECTION II – CONDITIONS**, the following Additional Conditions apply to this Coverage.

- (a) The **Member** shall provide prompt written notice to the **Pool** of any tentative agreement to settle with and any judgment against any person who may be legally liable for any injuries if such settlement or judgment affects the rights of the **Pool**.
- (b) If a tentative agreement to settle has been reached with the owner or operator of an **Underinsured Automobile**, the **Member** shall provide prompt written notice including written documentation of lost wages, medical bills, and written authorization to obtain reports from all employers and medical providers.
- (c) Within thirty days of receipt of such notice, the **Pool** may substitute its payment to the **Member** for the tentative settlement amount. The **Pool** shall then be subrogated to the

**Member's** right of recovery to the extent of such payment and any settlement under the underinsured motorist coverage.

- (d) If a **Suit** is filed, **You** must promptly send **Us** copies of the legal papers. If a **Member** sues a person believed responsible for the **Occurrence** without **Our** consent, **We** are not bound by any resulting judgment.
- (e) The right to coverage and the amount payable will be decided by agreement between the **Member** and the **Pool**. If the **Pool** and the **Member** disagree whether the **Member** is legally entitled to recover **damages** from the owner or operator of an **Uninsured Automobile** or an **Underinsured Automobile** or do not agree as to the amount of the **Damages** that are recoverable by that **Member**, either party may make a written demand for arbitration. However, both parties must agree to arbitration. In the event the parties agree to arbitrate, each party will select an arbitrator and the two arbitrators will select a third. If the selected arbitrators cannot agree within thirty days on the selection of a third arbitrator, either party may request that selection be made by a judge or a court having jurisdiction. Each party will pay the expenses it incurs and bear the expense of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county in which the **Member** is located. Local rules of law as to arbitration procedure and evidence will apply. The decision agreed to by two of the arbitrators will be binding.

### 3. LAW ENFORCEMENT LIABILITY

#### a. Legal Liability For Third Party Law Enforcement Liability Claims

##### (1) Coverage

**We** will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of **Bodily Injury, Property Damage, Personal Injury** or **Advertising Injury** to which this **Coverage Document** applies, arising out of your **Law Enforcement Operations** and caused by an **Occurrence**. The **Occurrence** must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

All **Claims** arising out of (1) a riot or insurrection; (2) a civil disturbance resulting in an official proclamation of a state of emergency; (3) a temporary curfew; or (4) martial law shall be deemed to constitute one **Occurrence**.

##### (2) Exclusions

- (a) **SECTION IV– GENERAL EXCLUSIONS, 1. AIRCRAFT** and **2. AIRPORT**, do not apply to **Law Enforcement Operations** of any **Member**.
- (b) **SECTION IV – GENERAL EXCLUSIONS, 10. DAM, WATER RESERVOIR, OR LEVEE** does not apply to **Law Enforcement Operations** of any **Member**.
- (c) In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Legal Liability For Third Party Law Enforcement Liability Claims** Coverage does not apply to:

- 1) **AUTOMOBILE OR WATERCRAFT** meaning **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance, use or entrustment to others of any **Automobile** or **watercraft** owned or operated by, or rented or loaned to, any **Member**. Use includes operation and **Loading or Unloading**. However, this exclusion does not

apply to **watercraft** while ashore on premises **You** own or rent, or **watercraft** that are less than 26 feet in length and not used to carry persons or property for a charge.

- 2) **COMMUNICABLE DISEASE** meaning **Bodily Injury** or **Personal Injury** arising out of the actual or alleged transmission of any communicable disease.
- 3) **MEDICAL PAYMENTS** meaning expenses for any **Medical Services** provided to, or on behalf of, any inmates or prisoners.

(3) Limits of Liability

Regardless of the number of **Members** under this **Coverage Document**, persons or organizations who sustain **Bodily Injury**, **Property Damage**, **Personal Injury**, or **Advertising Injury**, or **Claims** made or **Suits** brought on account of **Bodily Injury**, **Property Damage**, **Personal Injury**, or **Advertising Injury**, the **Pool's** liability for the applicable **Pool Year** is limited as follows:

- (a) The most **We** will pay for the sum of all **Damages** because of all **Bodily Injury**, **Property Damage**, **Personal Injury** or **Advertising Injury** in any one **Occurrence** and arising out of **Your Law Enforcement Operations** is the limit designated in the Declarations for Legal Liability For Law Enforcement **Claims**;
- (b) With respect to the **Member's** liability arising out of any **Joint Venture** to which this coverage applies, **We** shall not be liable for an amount greater than the pro rata share of any **Damages** based on the number of participants in the **Joint Venture**, unless the **Member's** liability is contractually expressed otherwise in the **Joint Venture** agreement; and
- (c) Subject to the above provisions applicable to each **Occurrence**, **Our** total liability for **Damages** because of all **Bodily Injury**, **Property Damage**, **Personal Injury**, or **Advertising Injury** for all **Occurrences** that take place during the **Pool Year**, shall not exceed the limit of liability stated in the Declarations for the applicable **Pool Year** as aggregate.

(4) Deductible

**Our** obligation to pay **Damages** applies only to the amount of **Damages** in any one **Occurrence** that is in excess of the deductible amount stated in the Declarations. The deductible amount stated shall also apply towards **4. CLAIM AND DEFENSE EXPENSES in SECTION VII - SUPPLEMENTARY PAYMENTS** if payment is made to any claimant or compromise settlement is reached for such **Damages**. The terms of this **Coverage Document**, including those with respect to **Our** right and duty to defend any **Suits** against a **Member** and their **DUTIES IN THE EVENT OF A CLAIM OR SUIT in SECTION II – CONDITIONS** apply irrespective of the application of the deductible amount. **We** may pay any part or all of the deductible amount to effect settlement of any **Claim** or **Suit** and, upon notification of the action taken, **You** shall reimburse **Us** within 30 days or less for such part of the deductible as paid by **Us**.

#### 4. PUBLIC OFFICIALS LIABILITY

##### a. Public Officials Wrongful Acts

###### (1) Coverage

We will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of a **Public Officials Wrongful Act** rendered in the discharge of duties on **Your** behalf. The **Public Officials Wrongful Act** must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

###### (2) Exclusions

(a) **SECTION IV– GENERAL EXCLUSIONS, 2. AIRPORT**, does not apply to any **Member** Airport Board or Commission endorsed hereon.

(b) In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Public Officials Wrongful Acts** Coverage does not apply to:

- 1) **DAMAGE TO OR LOSS OF PROPERTY** meaning any **Claim** made against the **Member** based upon or attributable to the loss of, criminal abstraction of, damage to, or destruction of any tangible property or the loss of use of such property by reason of the foregoing resulting from or attributable to a **Public Officials Wrongful Act**.
- 2) **INTENTIONAL ACTS** meaning any **Claim** made against the **Member** for any **Damages**, which result from a **Public Officials Wrongful Act** committed by a **Member** intentionally and with knowledge of wrongdoing;
- 3) **VALUATION OF PROPERTY** meaning any **Claim** made against the **Member** for any **Damages** arising out of valuation of property based upon the Member's exercise of or failure to exercise its Land Use Regulatory Powers, including but not limited to zoning and subdivision regulations.
- 4) **PROFESSIONAL SERVICES FOR OTHERS** meaning any **Claim** made against the **Member** arising from activities of any attorney-at-law, medical personnel, architect, engineer, or accountant in the course and scope of their professional duties; however, notwithstanding the foregoing, the **Member** shall be protected under the terms of this **Coverage Document** as to any **Claims** made against them solely as public officials or as employees of the **Member**.
- 5) **INSURANCE** meaning any **Claim** made against the **Member** arising from a **Member's** failure to purchase insurance coverage.
- 6) **PRIOR ACTS** meaning any **Claim** made against the **Member** arising from a **Public Officials Wrongful Act** or an **Employment Practices Wrongful Act** which first occurred before the Retroactive Date, if any, shown on the Declarations; or to a **Public Officials Wrongful Act** or an **Employment Practices Wrongful Act** which first occurred after the Retroactive Date, if any, shown on the Declarations if such **Public Officials Wrongful Act** or **Employment Practices Wrongful Act** was reported to a previous carrier or if the **Member** had knowledge of the **Public Officials Wrongful Act** or **Employment Practices Wrongful Act** prior to the **Agreement** period.
- 7) **CONTRACTS** meaning any **Claim** made against the **Member** arising from procurement of goods or services, construction contracts, architectural or engineering contracts, or the process of bidding or awarding contracts.



### (3) Limits of Liability

Regardless of the number of (1) **Members** under this **Coverage Document**, (2) persons or organizations who sustain **Damages** payable under this **Coverage Document**, or (3) **Claims** made or **Suits** brought during the applicable **Pool Year**, **Our** liability is limited as follows:

- (a) The most **We** will pay for the sum of all **Damages** because of each **Public Officials Wrongful Act** arising out of **Your Covered Operations** is the limit designated in the Declarations for **Public Officials Wrongful Acts**;
- (b) The most **We** will pay for the sum of all **Damages** because of a **Public Officials Wrongful Act** or series of related **Public Officials Wrongful Acts** by a **Member** is the limit designated in the Declarations for **Public Officials Wrongful Acts**.
- (c) With respect to the **Member's** liability arising out of any **Joint Venture** to which this coverage applies, **We** shall not be liable for an amount greater than the pro rata share of any **Damages** based on the number of participants in the **Joint Venture**, unless the **Member's** liability is contractually expressed otherwise in the **Joint Venture** agreement; and
- (d) Subject to the above provisions applicable to each **Public Officials Wrongful Act**, **Our total** liability for **Damages** because of all **Public Officials Wrongful Acts** that take place during the **Pool Year**, shall not exceed the limit of liability stated in the Declarations for the applicable **Pool Year** as aggregate.

### (4) Deductible

**Our** obligation to pay **Damages** applies only to the amount of **Damages** in any one **Public Officials Wrongful Act** that is in excess of the deductible amount stated in the Declarations. The deductible amount stated shall also apply towards **4. CLAIM AND DEFENSE EXPENSES** in **SECTION VII - SUPPLEMENTARY PAYMENTS** if payment is made to any claimant or compromise settlement is reached for such **Damages**. The terms of this **Coverage Document**, including those with respect to **Our** right and duty to defend any **Suits** against a **Member** and their **DUTIES IN THE EVENT OF A CLAIM OR SUIT** in **SECTION II – CONDITIONS** apply irrespective of the application of the deductible amount. **We** may pay any part or all of the deductible amount to effect settlement of any **Claim** or **Suit** and, upon notification of the action taken, **You** shall reimburse **Us** within 30 days or less for such part of the deductible as paid by **Us**.

## 5. EMPLOYMENT PRACTICES LIABILITY

### a. Employment Practices Wrongful Acts

#### (1) Coverage

**We** will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of an **Employment Practices Wrongful Act** rendered in discharging duties on **Your** behalf. The **Employment Practices Wrongful Act** must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

#### (2) Exclusions

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Employment Practices Wrongful Acts** Coverage does not apply to:



**INJURY OR PROPERTY DAMAGE** meaning *Bodily Injury, Personal Injury* or *Property Damage* based upon or arising out of an *Employment Practices Wrongful Act*.

**(3) Limits of Liability**

The most **We** will pay for the sum of all **Damages** because of an *Employment Practices Wrongful Act* or series of related *Employment Practices Wrongful Acts* by a **Member** is the limit designated in the Declarations for *Employment Practices Wrongful Acts*.

For the purpose of determining the **Pool's** limit of liability, all **Claims** and **Damages** arising out of a single *Employment Practices Wrongful Act*, interrelated *Employment Practices Wrongful Acts*, or a series of related *Employment Practices Wrongful Acts* by one or more **Members** shall be considered a single *Employment Practices Wrongful Act*.

**(4) Deductible**

**Our** obligation to pay **Damages** applies only to the amount of **Damages** in any one *Employment Practices Wrongful Act* that is in excess of the deductible amount stated in the Declarations. The deductible amount stated shall also apply towards **4. CLAIM AND DEFENSE EXPENSES** in **SECTION VII - SUPPLEMENTARY PAYMENTS** if payment is made to any claimant or compromise settlement is reached for such **Damages**. The terms of this **Coverage Document**, including those with respect to **Our** right and duty to defend any **Suits** against a **Member** and their **DUTIES IN THE EVENT OF A CLAIM OR SUIT** in **SECTION II – CONDITIONS** apply irrespective of the application of the deductible amount. **We** may pay any part or all of the deductible amount to effect settlement of any **Claim** or **Suit** and, upon notification of the action taken, **You** shall reimburse **Us** within 30 days or less for such part of the deductible as paid by **Us**.

**b. Employee Benefit Liability**

**(1) Coverage**

**We** will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of any act, error or omission, to which this **Coverage Document** applies, committed by a **Member**, or any other person for whose acts the **Member** is legally liable, in the **Administration of Your Employee Benefit Program**. The act, error or omission must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

**(2) Exclusions**

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Employee Benefit Liability** Coverage does not apply to:

- (a) INJURY OR PROPERTY DAMAGE** meaning *Bodily Injury, Personal Injury* or *Property Damage* based upon or arising out of any act, error or omission by a **Member** in the **Administration of Your Employee Benefit Program**;
- (b) INVESTMENT PERFORMANCE** meaning the failure of any investment or savings program to perform as represented by the **Member**; and
- (c) INVESTMENT ADVICE** meaning advice given to **Your** employee to participate or not to participate in **Your** investment or savings programs;

(d) **HANDLING INVESTMENTS** meaning any **Claim** made against the **Member** based upon or attributable to the providing, handling, investment of funds or payment of benefits under **Your Employee Benefit Program**.

(e) **INSUFFICIENCY OF FUNDS** meaning any **Claim** made against the **Member** based upon or attributable to an insufficiency of funds to meet any obligations under any plan included in **Your Employee Benefit Program**.

(f) **PAYMENT OF BENEFITS** meaning any **Claim** made against the **Member** based upon or attributable to the payment of benefits that are lawfully paid or payable to a beneficiary from the funds of **Your Employee Benefit Program**.

(3) Limits of Liability

The limit designated in the Declarations applicable to this **Employee Benefit Liability Coverage** is the most **We** will pay for the sum of all **Damages** claimed by any one employee based upon or arising out of any act, error or omission or series of related acts, errors or omissions.

c. **Employment Expense**

(1) Coverage

**We** will pay back wages, fringe benefits, educational expenses, overtime or similar **Damages** recoverable under any federal, state or local statutes, rules, ordinances or regulations provided they arise out of, or are related to, **Your** refusal to employ, termination of employment, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination. Such action by **You** must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.

(2) Exclusions

No Additional Exclusions apply to this **Employment Expense Coverage**

(3) Limits of Liability

The limit designated in the Declarations applicable to this **Employment Expense Coverage** is the most **We** will pay for the sum of all **Damages** to any one person. Notwithstanding the foregoing, the **Pool** shall pay as **Damages** 50% of back salary or back wages, not to exceed a maximum payment by the **Pool** of \$25,000, for **Members** participating in the **Pool** for **SECTION V – LIABILITY COVERAGE AGREEMENTS – 5. EMPLOYMENT PRACTICES LIABILITY**. Such payment shall be subject to the terms and conditions applicable to **SECTION V – LIABILITY COVERAGE AGREEMENTS**.

6. **NON-MONETARY RELIEF DEFENSE EXPENSE**

a. Coverage

With respect to **Claims** not seeking **Damages**, and to which this **Coverage Document** would otherwise apply, **We** will pay those expenses that **We** incur in defending the **Member** against non-monetary demands or actions against them which may seek provisional remedies, relief or redress. However, **We** will not pay any cost or attorney's fees assessed against the **Member**.

(1) Exclusions

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

## NON-MONETARY RELIEF

**We** will not pay for expenses related to any **Suit**, demand or action:

- (a) Against the **Member** by, about or from any federal, state or local governmental entity or any commission, department unit or organization of any federal, state or local governmental entity or agency other than **Claims** or **Suits** filed with the Equal Employment Opportunity Commission, the Nebraska Equal Opportunity Commission, or any state or local commission created to enforce anti-discrimination in employment laws, unless otherwise excluded by this **Coverage Document**;
- (b) Resulting from the **Member's** failure to comply with or qualify for any provision of the National Flood Insurance Act of 1968 or any law amendatory thereof;
- (c) Requesting defense of criminal prosecutions or proceedings; or
- (d) Relative to election contests; actions for temporary or permanent injunctions or declaratory relief or judgments; actions to enforce or invalidate ordinances, city charter provisions, or code provisions; actions specifically to enforce or invalidate contracts with the **Member** or between the **Member** and others; actions by government agencies against the **Member** to require compliance with applicable law or regulation; and actions by any person seeking exemption from applicable ordinances or regulations of the **Member**.

### (2) Limits of Liability

- (a) The most **We** will pay for the sum of all expenses we incur in any one non-monetary demand or action is the limit designated in the Declarations applicable to this **Non-Monetary Relief Defense Expense**, subject to reimbursement by the **Member**, when **We** request, equivalent to 15% of **Our** payment.
- (b) The most **We** will pay for the sum of all such expenses in any one **Pool Year** shall not exceed the limit of liability stated in the Declarations as the **Pool Year** aggregate.

## 7. REIMBURSEMENT OF CRIMINAL DEFENSE EXPENSES

### a. Coverage

Notwithstanding any exclusions in this **Coverage Document**, the **Pool** shall reimburse any **Member**, where allowed by law, for reasonable attorneys' fees; and reasonable and necessary costs, excluding loss of income, when incurred in defense of any **Criminal Proceeding** arising out of what otherwise would be within the course and scope of the **Member's duties** or employment by **You**.

### (1) Exclusions

**SECTION IV – GENERAL EXCLUSIONS** does not apply to this Coverage.

(2) Limits of Liability

The limit of liability of the **Pool** for each **Criminal Proceeding** shall not exceed \$10,000, regardless of the number of **Members** that may be defendants in the **Criminal Proceeding**.

(3) Deductible

Any deductible under this **Coverage Document** shall not apply to this additional coverage for reimbursement for expenses incurred in **Criminal Proceedings**.

(4) Conditions

When a **Member** is one of two or more defendants represented by the same attorney or law firm, payment shall be limited to the **Member's** proportionate share of the total of the reasonable attorneys' fees and the reasonable and necessary costs paid.

In the event there are multiple **Members as** defendants in the same **Criminal Proceeding**, payment or reimbursement shall be limited or divided between the **Members** according to each **Member's** proportionate share of the total of all reasonable attorneys' fees and reasonable and necessary costs paid.

Reimbursement shall be made only if the **Member** is exonerated by a court of law from all charges or all charges are subsequently withdrawn or dismissed without any admission of guilt.

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## SECTION VI – COORDINATION OF LIMITS OF LIABILITY

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No person may recover under more than one Coverage Agreement included in **SECTION V – LIABILITY COVERAGE AGREEMENTS** for the same ***Bodily Injury, Property Damage, Personal Injury, Advertising Injury, Covered Pollution Cost or Expense, Occurrence, Public Officials Wrongful Act, Employment Practices Wrongful Act, Claim, Suit, or Damages.***

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## SECTION VII – SUPPLEMENTARY PAYMENTS

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### 1. APPEAL BONDS

**We** will pay the cost of appeal bonds for **Our** appeal of any judgment awarded in or pursuant to a **Suit** or proceeding that **We** defend.

### 2. BAIL BONDS

**We** will pay the cost of bail bonds that are required because of accidents or violations of traffic laws, but only if the accidents or violations result from the use of a vehicle to which **SECTION V- 2. AUTOMOBILE LIABILITY**. **We** have no obligation to furnish such bonds.

### 3. BONDS TO RELEASE PROPERTY

With respect to any **Suit** that **We** defend, **We** will pay the cost of any required bond to release property that is being used to secure a legal obligation in such **Suit**. **We** have no obligation to furnish such bonds.

### 4. CLAIM AND DEFENSE EXPENSES

a. With respect to all Coverage except: **Medical Expenses – Other Than Automobile; Medical Expenses – Automobile; Injunctive Relief Defense Expense**, and **Reimbursement of Criminal Expenses**:

- (1) **We** will pay all expenses that **We** incur in payment of any **Claim**; and
- (2) **We** have the right and duty to defend the **Member** against any **Suit** seeking **Damages**, even if the allegations of the **Claim** are groundless, false or fraudulent. **We** will pay all expenses that **We** incur in such defense and any costs taxed against the **Member** in the **Suit**.
- (3) However, **We** have no duty to defend the **Member** against any **Suit** seeking **Damages** which are not covered by this **Coverage Document**.
- (4) **We** have the right, but not the obligation, to appeal any judgment against the **Member**. If **We** appeal, **We** will pay all expenses incurred in such appeal.

b. If **We** defend a **Member** against a **Suit** and an indemnitee of the **Member** is also named as a party to the **Suit**, **We** will defend that indemnitee if all of the following conditions are met:

- (1) The **Suit** against the indemnitee seeks **Damages** for which the **Member** had assumed the liability of the indemnitee in a contract or agreement prior to the suit being filed;
- (2) The obligation to defend, or the cost of the defense of that indemnitee, had also been assumed by the **Member** in the same contract or agreement of indemnification;
- (3) This **Coverage Document** applies to such liability assumed by the **Member**;
- (4) The allegations in the **Suit** and the information **We** know about the circumstances leading to the suit are such that no conflict appears to exist between the **Member's** interests and the interests of the indemnitee;
- (5) The indemnitee and the **Member** provide **Us** with a timely written request to conduct and control the defense of that indemnitee against such **Suit** and the indemnitee and the **Member** agree that **We** can assign the same counsel to defend the **Member** and the indemnitee; and
- (6) The indemnitee agrees in writing to:



(a) Comply with **12. MEMBERS DUTIES IN THE EVENT OF A CLAIM OR SUIT** in **SECTION II - CONDITIONS**; and

(b) Notify any insurer whose coverage is available to the indemnitee and cooperate with **Us** to coordinate benefits with such insurer.

Provided all of the above conditions are met, **We** will pay expenses incurred by **Us** in the defense of that indemnitee, necessary litigation expenses incurred by **Us** and necessary litigation expenses incurred by the indemnitee at **Our** request. Such payments will not be deemed to be **Damages** and will not reduce any Coverage Limit of Liability.

**Our** obligation to defend the **Member's** indemnitee and to pay expenses ends when **We** have exhausted the applicable Coverage Limit of Liability in the payment of judgments or settlements or the conditions set forth above are no longer met.

## **5. MEMBER EXPENSES**

**We** will pay the reasonable expenses, including actual loss of wages or salary, incurred by the **Member**, at **Our** request, in assisting **Us** in the investigation or defense of any **Claim**. The limit designated in the Declarations applicable to this benefit is the most **We** will pay for all such expenses arising out of any one **Claim**.

## **6. POST JUDGMENT INTEREST**

**We** will pay all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable benefit limit. This payment is in addition to, and not included in, any Coverage Limit of Liability.

## **7. PREJUDGMENT INTEREST**

**We** will pay prejudgment interest awarded against the **Member** on that part of the judgment **We** pay. If **We** make an offer to pay the applicable benefit limit, **We** will not pay any prejudgment interest based on that period of time after the offer. This payment is in addition to, and not included in, any Coverage Limit of Liability.

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## SECTION VIII – OPERATIONS NOT INCLUDED

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This **Coverage Document** does not apply to the ownership, maintenance, operation or use of any:

1. Educational system;
2. Electric utility system;
3. Hospital, hospice, home for the aged, nursing home, convalescent home, rehabilitation facility, or similar medical care facility other than a medical clinic;
4. Housing agencies;
5. Operation of any amusement devices;
6. Medical clinic;
7. Natural gas transmission systems or a gas utility system;
8. Nuclear facilities;
9. Railroad;
10. Skateboard facilities;
11. Ski lifts, ski tows or ski runs;
12. **Automobiles**, midget motorized vehicles, all-terrain vehicles or motorcycles engaged in racing or stunting activities;
13. Animal contests, exhibitions or events;
14. Carnivals, circuses or fairs;
15. Demolition derbies;
16. Dunking booths;
17. Firefighter water fights;
18. Haunted houses;
19. Horse racing, dog racing or any other animal racing;
20. Hot air balloon activities;
21. Operation of any local, county, state or national gaming program;
22. Operation of any public livery;
23. Rodeos; or
24. Truck or tractor pulls including, but not limited to, garden tractors, all-terrain vehicles or pedal tractors or any similar type of activity or event.
25. **Ride-Alongs** or **Ride-Along** programs.

# ***McQuillan & Wendell, P.C., L.L.O.***

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Via email to: L. Lynn Rex at [LynnR@lonm.org](mailto:LynnR@lonm.org)

May 9, 2022

League Association of Risk Management

RE: City of Imperial - LARM coverage denial appeal  
Our File No.: 3952.2201

Dear Ms. Rex and LARM representatives:

Our firm represents the City of Imperial. Currently Imperial is in receipt of a decision from LARM in which Imperial is informed that LARM will not provide coverage regarding litigation that the City is currently engaged in regarding health insurance benefits for injuries sustained to an Imperial employee's dependent child. The purpose of this letter is to provide an outline of the City's position of why coverage should be provided to Imperial as provided in the insurance agreement between Imperial and LARM.

## I. Operative Facts

1. The City of Imperial is a city of the second class, as defined by applicable Nebraska law, existing in Chase County, Nebraska.
2. The City of Imperial, Nebraska ("Imperial" hereinafter), is a member of the League Association of Risk Management (LARM) and has been always a member of LARM at the times applicable to this appeal.
3. LARM provides insurance coverage to Imperial.
4. Some of the insurance coverage provided by LARM to Imperial is provided in the Liability Coverage Document dated October 1, 2021.
5. Imperial operates a health insurance pool wherein the City permitted Imperial employees to participate in a health insurance pool which provided health insurance benefits to Imperial employees.
6. An Imperial employee Daniel Liebhart elected to participate in the health insurance pool operated by Imperial.
7. Daniel Liebhart elected coverage for himself and his dependent child Brock Liebhart prior to February 7, 2021.

8. On February 7, 2021, Brock Liebhart was injured in a motor vehicle accident. The motor vehicle accident involved only the vehicle being operated by Brock Liebhart.
9. Brock Liebhart was transported to various hospitals and treated by various physicians in Nebraska and Colorado. The exact nature of the treatment provided to Brock Liebhart is not known to Imperial on the date of this letter.
10. The exact cost of the medical services provided to Brock Liebhart are unknown to Imperial on the date of this letter.
11. Following demand by Daniel Liebhart on behalf of Brock Liebhart the City Council of Imperial adopted a resolution which denied medical benefits for the medical services provided to Brock Liebhart.
12. Daniel Liebhart has filed a lawsuit against Imperial as well as the third party administrator of the Imperial health plan seeking to require Imperial to pay for the medical services provided to Brock Liebhart.
13. The lawsuit by Daniel and Stacy Liebhart is pending in the District Court of Chase County, Nebraska, as Case No. CI22-4.
14. The Imperial has requested that LARM provide a defense to the costs of litigation incurred by Imperial.
15. Imperial has received information that LARM has denied coverage of the costs of defense of the Leibhart litigation.
16. Imperial has received information that LARM is of the opinion that LARM has no obligation to defend the Leibhart litigation on behalf of Imperial or to indemnify Imperial in the event a judgment is entered against Imperial.
17. Imperial has given LARM notice of intent to appeal the decision by LARM that the Leibhart litigation defense costs and potential indemnification.

II. Argumentation: LARM's obligations to Imperial include employment practices wrongful acts

The LARM obligations to Imperial include an obligation to pay "Damages" because of an "Employment Practices Wrongful Act". A subsection of the "employment Practices Liability" section of the LARM agreement includes coverage for "Administration" of "Your Employee Benefit Program. The following definitions apply, as provided in the LARM coverage document:

- "Administration" includes but is not limited to:
  - o Handling the records in connection with "Your Employee Benefit Program"

- "Employee Benefit Plan" means a formal program of employee benefits maintained in connection with "Your Covered Operations" an includes, but is not limited to, Group Life Insurance, Group Accident or Health Insurance, Pension Plans, Employee Stock Subscription Plans, Unemployment Insurance, Social Security and Disability Benefits, Deferred Compensation and Pension Plans

To begin the analysis of the language, there can be little doubt that the Imperial employee health insurance program that was offered to all employees and their dependents was a "Employee Benefit Plan" as defined in the LARM coverage document. Paragraph 5 of the Leibhart complaint alleges that the Imperial Employee Benefit Plan was created and administered for the benefit of employees of the City of Imperial. As such the "Employee Benefit Plan" coverage of the LARM coverage document is triggered. The LARM obligation to Imperial includes paying for all amounts Imperial is legally obligated to pay as damages because of any act, error or omission committed by Imperial or any other person for whose acts Imperial is legally liable in administration of the employee benefit program. "Administration" includes but is not limited to handling of records in connection with the Employee Benefit Plan. The handling of records may have been committed by Imperial or any other person for whose acts Imperial may be legally liable.

In the Liebhart complaint, there are multiple allegations regarding records in connection with the Imperial employee health insurance program. The Complaint makes multiple allegations that Imperial and/or Imperial's third party administrator failed to make or deliver notices and other records. Allegations recording records are included in Paragraphs 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35 of the Leibhart Complaint.

The term "handling" is not defined in the LARM coverage instrument. As such it is necessary to look to ordinary language to determine what "handling" refers to when interpreting the LARM coverage instrument. The base word of "handling" is "handle". The definition of "handle" includes "to have overall responsibility for supervising or directing". Source: <https://www.merriam-webster.com/dictionary/handle>, last accessed May 9, 2022. In this case there is no doubt that the City was responsible for the program. The City's role in the Employee Benefit Program was as administrator. The City had overall responsibility for the "administration" of the program. The City

League Association of Risk Management  
Our File No.: 3952.2201  
May 9, 2022  
Page Four

did outsource some responsibility to the third party administrator. Imperial had ultimate responsibility of the benefits as the program administrator. It was Imperial who had to take final action to determine that the injuries sustained to Brock Liebhart were not covered under the Imperial Employee Benefit Plan.

The Liebhart complaint is saturated with allegations that the Imperial did not properly "handle" records. Imperial makes no admission regarding the allegations of the complaint. None is necessary for the purpose of adjudicating this dispute with LARM regarding the coverage obligations of LARM to Imperial.

Furthermore the "handling" of the Imperial Employee Benefit Program would include nearly every aspect of the benefit plan. Imperial had overall responsibility for the Imperial Employee Benefit Plan. Every action or inaction by Imperial alleged in the Liebhart complaint regarding the Imperial Employee Benefit Plan is part of the administration of the plan.

The Liebhart complaint further alleges that Imperial has waived any ability to deny coverage for the health costs associated with the injuries to Brock Liebhart due to the City's alleged flaws in the handling of documents and information. Such allegations are contained in Paragraph 53 of the Liebhart complaint. Such all allegation must be construed as a claim relating to the "Administration" of the "Employee Benefit Program".

Finally, none of the exclusions provided in the Employee Benefit Liability coverage section of the LARM coverage document apply to this situation. The only potential exclusion is in subsection (f) which excludes claims made against a member based on or attributable to the payment of benefits that a lawfully paid or payable to a beneficiary from the funds of the Imperial Employee Benefit Program. The Liebhart litigation does not trigger this exclusion as the benefits are not payable to Brock Liebhart or Daniel or Stacy Liebhart. Instead, the allegations are that Imperial failed to pay persons other than the beneficiary in the Liebhart Complaint from the Imperial Employee Benefit Fund. The exclusion language does not operate as the Liebhart suit is not based on a failure to pay Daniel or Stacey Liebhart or Brock Liebhart.



III. Argumentation: Vague language must be interpreted in favor of Imperial

IV.

I am mindful that the appeal to the LARM board will be decided by non-lawyers. As such I have purposefully avoided extensive discussion of caselaw and focused on the definitions provided in the LARM coverage document as well as applicable ordinary language definitions in the foregoing section. The language in the definitions and in the coverage instrument is rather imprecise with respect to the Liebhart litigation. It is a principle of law that all ambiguity or "grey area" in the LARM coverage instrument be interpreted in favor of Imperial.

Insurance obligations are interpreted with the laws of contracts.

A court construes insurance contracts like other contracts, according to the meaning of the terms that the parties have used.

State Farm Fire & Cas. Co. v. TFG Enterprises, LLC, 308 Neb. 460, 465, 954 N.W.2d 899, 903-04 (2021)

A principle of contract interpretation is that if language is ambiguous then it must be construed against the drafter and in favor of the other party.

When an insurance contract can fairly be interpreted in more than one way, there is ambiguity to be resolved by the court as a matter of law. *[citations omitted]* An ambiguous insurance contract will be construed in favor of the insured, but ambiguity will not be read into insuring language which is plain and unambiguous in order to construe it against the preparer of the contract.

Am. Fam. Ins. Grp. v. Hemenway, 254 Neb. 134, 141, 575 N.W.2d 143, 148 (1998)

If any alternative interpretations are put forward by LARM or any legal counsel or administrator for LARM regarding the language of the LARM coverage instruments, then there could be an ambiguity in the language. An ambiguity exists when there is more than one possible interpretation of the contract language. If any alternative interpretations are put forward regarding the language by LARM or its agents, then two interpretations could

League Association of Risk Management  
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May 9, 2022  
Page Six

exist. Any Court interpreting the dispute between Imperial and LARM will have to construe any ambiguity in favor of Imperial and against LARM.

For the foregoing reasons, Imperial requests that the LARM organization take the steps necessary to reverse the denial of benefits and to provide the insurance coverage required under LARM's obligations to Imperial.

Respectfully,

*/s/ Joshua J. Wendell*  
of McQuillan & Wendell, P.C., L.L.O.

JJW:mr  
5wz-la



Please forward ASAP to:  
LARM  
League Association of Risk Management  
1335 L. St. Ste 200  
Lincoln, NE 68508

Phone: (402) 742-2600  
Fax: (402) 476-4089  
customerservice@larmpool.org

## Liability Loss Notice

### MEMBER

MEMBER NAME:

City of Imperial

CONTACT NAME:

Jo Leyland

PHONE:

308-882-4368

### LOSS

DATE OF LOSS: July 2021

TIME OF LOSS:

DEPARTMENT: Employee Health Plan

HAS THIS LOSS BEEN PREVIOUSLY REPORTED? ☐ YES ☒ NO

DATE:

TO WHOM:

LOCATION OF ACCIDENT (INCLUDE CITY & STATE):

Imperial, Nebraska

DESCRIPTION OF ACCIDENT (INCLUDE WEATHER CONDITIONS AND OTHER OBSERVATIONS OR CONTRIBUTING FACTORS):

See Attached

### CLAIMANT NOTIFICATION OF LOSS TO CITY/ VILLAGE:

☐ NONE

☐ AT TIME OF LOSS

☐ ORAL NOTICE OF LOSS TO:

☐ WRITTEN NOTICE HAS BEEN PROVIDED TO CITY / VILLAGE AS SPECIFIED IN THE POLITICAL SUBDIVISION TORT CLAIMS ACT (NE REV. STAT. § 13-905)

**\*\* ATTACH COPY OF ALL AVAILABLE DOCUMENTS, I.E. POLICE REPORT, ACCIDENT INVESTIGATION REPORTS, CLAIMANT NOTICE.**

### CLAIMANT INFORMATION

NAME AND ADDRESS OF CLAIMANT(S):

1: David Dudley Attorney

2:

3:

1: 402-475-1075

PHONE: 2:

3:

OTHER PHONE: 1:

2:

3:

### \* BODILY INJURY LOSS \*

DESCRIBE INJURY (IS CLAIMANT A MINOR? ☐ YES ☐ NO):

WAS MEDICAL TREATMENT PROVIDED? ☐ YES ☐ NO

CLINIC/HOSPITAL: \_\_\_\_\_

PHONE: \_\_\_\_\_

### \* PROPERTY DAMAGE LOSS \*

DESCRIBE DAMAGED PROPERTY:

ESTIMATE OF LOSS: \$ \_\_\_\_\_

CONTACT PERSON TO VIEW DAMAGED PROPERTY:

NAME: \_\_\_\_\_

PHONE: \_\_\_\_\_

### WITNESSES

NAME & ADDRESS

MEMBER/EMPLOYEE

BUSINESS PHONE

HOME PHONE

☐ YES ☐ NO

☐ YES ☐ NO

MEMBER COMMENTS / CONCERNS / SPECIAL INSTRUCTIONS (ATTACH A SEPARATE SHEET IF NECESSARY):

REPORTED BY: Jo Leyland

DATE: 09/07/2021

SIGNATURE:

MEMBER EMAIL: jol@imperial-ne.com

DATE: 09/07/2021

## McMurray, Tabitha

---

**From:** Jo Leyland <jol@imperial-ne.com>  
**Sent:** Wednesday, September 8, 2021 10:19 AM  
**To:** Miner, Amy  
**Subject:** RE: question re claim submitted  
**Attachments:** Leibhart Claim.pdf

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.**

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Good Morning Amy

I have attached two letters that were received from the attorney representing our employee Daniel Leibhart in the referenced insurance matter. I believe it also may be important to mention a few additional concerns that prompted the City to hire outside counsel. The spinal injury to Brock Leibhart resulted in his confinement to a wheelchair and claims over \$1.5 million, with ongoing treatment. The City Council has a fiduciary responsibility to all employees and felt that expert professional advice was needed to resolve this issue. Our plan allows the stop-loss carrier the opportunity to independently review the claims and make the decision to approve or deny payment. This poses a large threat of liability to the plan as well. The Council was very concerned that if they did not follow proper procedures, there could be additional liability to the plan and the City. I am happy to answer any other questions you might have. I understand it is a complicated issue.

**JO LEYLAND**  
**ADMINISTRATOR/CLERK/TREASURER**  
**CITY OF IMPERIAL**  
**P.O. BOX 637**  
**IMPERIAL, NE 69033**  
**308-882-4368**  
**308-882-4367 - FAX**

**From:** Miner, Amy <Amy.Miner@Sedgwick.com>  
**Sent:** Wednesday, September 8, 2021 8:48 AM  
**To:** Jo Leyland <jol@imperial-ne.com>  
**Subject:** question re claim submitted

Hello:

We have received the Liability Loss Notice regarding the dispute about benefits for the employee's son. I need a few more details for purposes of setting up the claim file.  
Would it be possible to forward a document identifying the employee's son?  
For example, a copy of a letter submitted by the employee's attorney discussing the dispute?

We appreciate your help!

**Amy Miner, Esq.**  
**Sr. Manager, P&C Claims | Sedgwick**  
5701 Greendale Road | Johnston, IA 50131 |



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---

**From:** Tracy Juranek <[Tracy.Juranek@larmpool.org](mailto:Tracy.Juranek@larmpool.org)>  
**Sent:** Tuesday, September 7, 2021 10:44:02 PM (UTC+00:00) Monrovia, Reykjavik  
**To:** Akers, Marjie <[Marjie.Akers@Sedgwick.com](mailto:Marjie.Akers@Sedgwick.com)>  
**Cc:** Fred Wiebelhaus <[Fred.Wiebelhaus@larmpool.org](mailto:Fred.Wiebelhaus@larmpool.org)>; Dave Bos <[Dave.Bos@larmpool.org](mailto:Dave.Bos@larmpool.org)>  
**Subject:** Fwd: Fax Message NO.0942

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.**

---

This goes with the imperial claim

Get [Outlook for iOS](#)

---

**From:** [copier@larmpool.org](mailto:copier@larmpool.org) <[copier@larmpool.org](mailto:copier@larmpool.org)>  
**Sent:** Tuesday, September 7, 2021 4:17:44 PM  
**To:** Larm Fax <[Larm-Fax@larmpool.org](mailto:Larm-Fax@larmpool.org)>  
**Subject:** Fax Message NO.0942

This E-mail was sent from "RNP5838791589E6" (MP C3004ex).

Queries to: [copier@larmpool.org](mailto:copier@larmpool.org)

---

Any personal data acquired, processed or shared by us will be lawfully processed in line with applicable data protection legislation. If you have any questions regarding how we process personal data refer to our Privacy Notice <https://www.sedgwick.com/global-privacy-policy>. Any communication including this email and files/attachments transmitted with it are confidential and are intended solely for the use of the individual or entity to whom they are

addressed. If this message has been sent to you in error, you must not copy, distribute or disclose of the information it contains and you must notify us immediately (contact is within the privacy policy) and delete the message from your system.



The City of Imperial provides a partially-self-funded health insurance benefit for all of our employees. We contract with a third-party administrator to review claims and make insurance payments on behalf of the City. We also have a re-insurance carrier that provides specific coverage over \$25,000 per employee and we also have an aggregate stop-loss.

In February 2021, the son of one of our employees was involved in a serious one-car accident and was severely injured. Unfortunately, the 16-year-old young man was driving under the influence of alcohol and the claims for his accident were denied based on a clause in our plan documents that excludes coverage under conditions where there is illegal activity, whether incarcerated or not, whether charged or not.

The family of the injured teenager hired an attorney, and ultimately filed an appeal with the plan. The City Council is the body that assessed the merits of the appeal and upheld the decision of the third-party administrator to deny payment of the claims. The plan allows for another appeal by the employee if they choose to bring additional information to the Plan Administrator (City Council), but I have not yet heard whether or not they intend to do so.

The City Attorney did not have the expertise to deal with the insurance plan arena, so the City Council engaged the services of David Dudley in Lincoln to help represent the City in this matter.

It was my understanding that there was some coverage available to help represent the City in this matter. I have submitted a liability loss notice form. Please feel free to give me a call if there is anything that is unclear or you need additional information.



Jo Leyland

Administrator/Clerk/Treasurer

City of Imperial, Nebraska



## KEATING O'GARA LAW

Gary J. Nedved  
Paul J. Peter  
Anne E. Winner  
Jefferson Downing  
Gary L. Young  
Joel D. Nelson

Joel Bacon  
Thomas P. McCarty  
Tara L. Gardner-Williams  
Christopher T. Gruber  
Brenna M. Grasz  
Braden W. Storer

**OF COUNSEL:**  
Donald R. Stading

**EMERITI:**  
Con M. Keating  
Robert M. O'Gara

April 2, 2021

VIA CERTIFIED MAIL

Tracking No.: 7019 1640 001 1933 1732

Jo Leyland  
City Clerk, City of Imperial  
740 Court Street  
Imperial, NE 69033

RE: Leibhart Family; February 7, 2021 accident; City of Imperial Employee Benefit Plan

Dear Ms. Leyland:

Please accept this letter in your capacity as City Administrator for the City of Imperial as plan sponsor of its employee benefit plan as well as your role as City Clerk for purposes of Neb. Rev. Stat. §17-714 governing claims for amounts payable by a city of the second class. I represent Stacy and Daniel Leibhart who are participants in the benefit plan. Their son Brock is also a dependent participant in the plan. The Leibharts' group number is E46 and Mr. Leibhart's employee ID number is E46000007.

Please contact me, or have your legal counsel contact me, to let me know who the plan administrator is. Please also provide a copy of all policies, interpretations, practices, and procedures established and maintained by the plan administrator that apply to consideration of the Leibharts' claims.

As you know, Brock was seriously injured in a February 7, 2021 one-vehicle accident during treacherous winter weather driving conditions. The Leibharts have incurred hundreds of thousands of dollars in treatment expense to date with providers including Chase County Community Hospital, Swedish Medical Center, Craig Hospital, iCare Ambulance, Regional West Emergency Medical Services, and Airlink. They have paid over \$161,000.00 in personal funds toward those treatment costs already. Significant treatment is ongoing. Given the nature of Brock's injuries he will likely require treatment for the foreseeable future.

The Leibharts have heard or seen some suggestions that the plan may be thinking about denying benefits. To my knowledge there has been no adverse benefit determination at this point; no notification of an adverse benefit determination has been sent to the Leibharts at the time I am

Keating, O'Gara, Nedved & Peter, PC, LLO  
P.O. Box 82248 • Lincoln, Nebraska 68501-2248

Phone: 402.475.8230 • Toll Free: 888.234.0621 • Fax: 402.475.8328 • [www.keatinglaw.com](http://www.keatinglaw.com)

writing this letter. It is our hope that the plan administrator is still in the process of its initial determination about coverage. In that spirit we ask that the plan administrator begin paying all related treatment expense February 7, 2021 to the present and pay for Brock's ongoing care consistent with the plan document.

It is the Leibharts' understanding that an exclusion from coverage based on illegal acts may be under review. That exclusion is found on page 38 of the plan document in my possession (effective date 04/01/17). To the extent the plan administrator is reviewing that language, please consider the following.

The plan's stated purpose "is to protect eligible Employees and their Dependents against certain health expenses and to help defray the financial effects arising from Injury or Sickness." (4/17 plan document page 3). Stacy and Dan Leibhart are financially responsible for their minor child's treatment and they very much need to be protected against the huge expense currently hanging over their heads. Providing family plan coverage means agreeing to pay claims for all members of the family including adolescents who may be expected to engage in – and who are no doubt actuarially rated in part based on – irresponsible activities resulting in injuries.

The exclusion in question states that

"Coverage is not available from the Plan for charges arising from care, supplies, treatment and/or services:

....

**Illegal Acts.** That arise from or are caused during the commission of an illegal act for which the participant could be incarcerated for any period of time. It is not necessary for an arrest to occur, charges to be filed, incarceration to occur, or a conviction to be had for this Exclusion to apply ..."

(4/17 plan document, pages 37-38). Under the plain language of this exclusion, denial would have to be based on evidence that the illegal act connected to the injury or illness was one "for which *the participant* could be *incarcerated* for any period of time." The question is not whether a generic plan member could have been arrested. The question is whether "the participant" could have been "incarcerated." The exact language of the plan and exclusion is critical to analyzing coverage. *Heimer v. Companion Life Ins. Co.*, 2016 WL 10932755 (U.S.D.C. W.D. Mich. 2016).

The participant here is Brock Leibhart who was sixteen years old at the time of the accident. He has no criminal or juvenile court record.

To the extent the plan administrator is analyzing this exclusion as a potential basis for denial of benefits, we ask that the administrator explain in writing the following:

1. What evidence supports the idea that a sixteen-year-old child with no prior criminal or juvenile court record could be "incarcerated" by a Court in Chase County for any offense potentially committed by Brock on 02/07/21?

2. Is the administrator aware of any real world example of a sixteen-year-old child with no record being "incarcerated" for any potential offense committed by Brock?
3. Isn't the language of the exclusion intended to cover significant criminal acts by adults, not unlawful acts by teenagers that would result in probation or other rehabilitation through juvenile court proceedings?

We do not believe the Leibharts will have had a fair initial evaluation of their claims unless these questions are thoroughly analyzed, researched, and addressed. It is our position that whatever potential offense *may* have contributed to Brock's one-vehicle accident could not constitute an illegal act for which Brock could be incarcerated.

As stated by the Nebraska Supreme Court in the case *In re interest of A.M.H.*, 233 Neb. 610, 613-14, 447 N.W.2d 40, 43 (1989): "juvenile offenders are not similarly situated to adult offenders inasmuch as an **institutional placement of a minor is not to be equated with the incarceration of an adult offender.**" (Emphasis supplied).

The Supreme Court went on to explain in the *A.M.H.* case: "The purpose of our statutes relating to the handling of youthful offenders is, as in other states having juvenile court systems, the education, treatment and rehabilitation of the child, rather than retributive punishment." *A.M.H.*, 233 Neb. at 614, 447 N.W.2d at 43, quoting *Smith v. State*, 44 S.W.2d 941, 944-45 (Tex. Civ. App. 1969). The concept of "incarceration" does not apply to Brock Leibhart and therefore the exclusion premised on incarcerable offenses does not apply.

Please also note that we use the word "may" advisedly in the paragraph above about any connection between an illegal act and the accident. Whether the illegal act caused the injury is another important question the administrator would need to address.

The illegal acts exclusion in the plan document attempts to carve out from coverage injury or illness "[t]hat arise from or are caused during the commission of any illegal act [.]". The "during" language would suggest the exclusion is broader than injury or illness caused by the illegal activity. But at least one court has found a similar attempt to exclude from coverage injuries or sickness "contracted while the Participant committed or attempted to commit a felony or misdemeanor" to be overly broad. *Watkins vs. M Class Mining Health Protection Plan*, 148 N.E.3d 621, 439 Ill.Dec. 568 (2020). The reviewing court in that Illinois case held, that despite the broad "while" language, denial would require "a showing of a causal nexus between the illegal activity and the injuries for which the benefits are claimed." 148 N.E.3d at 640, 439 Ill.Dec. at 587.

We think the same analysis would apply here and that injury occurring "during" an illegal act is not enough to deny coverage. To the extent the plan administrator is considering the illegal acts exclusion as a reason not to pay benefits, we ask that the administrator provide an explanation of the evidence showing that any possible incarcerable offense by Brock proximately caused his injuries. My understanding is that the roads around Imperial were snowy and difficult to safely



Leyland  
4/2/21  
Page 4

navigate at the time of the accident. These were conditions in which anyone in any condition could lose control and have the kind of accident Brock unfortunately experienced.

It is our hope that the plan administrator will complete its initial assessment of these claims and make payments for the past treatment and on a continuing basis. I look forward to hearing from the appropriate representative of the plan administrator and to receiving the requested information.

Yours very truly,



Joel D. Nelson  
For the Firm  
[jdnl@keatinglaw.com](mailto:jdnl@keatinglaw.com)

JDN/jr

cc: Stacy & Dan Leibhart  
Midlands Choice (via certified mail: P.O. Box 5809, Troy, Michigan 48007-5809)

# KEATING | O'GARA

Gary J. Nedved

Paul J. Peter

Anne E. Winner

Jefferson Downing

Gary L. Young

Joel D. Nelson

Joel Bacon

Thomas P. McCarty

Tara L. Gardner-Williams

Christopher T. Gruber

Brenna M. Grasz

Braden W. Storer

OF COUNSEL:

Donald R. Stading

EMERITI:

Con M. Keating

Robert M. O'Gara

July 28, 2021

VIA CERTIFIED MAIL

Jo Leyland

City Clerk, City of Imperial

740 Court Street

Imperial, NE 69033

Tracking No.: 70182290000032544490

Cypress Benefit Administrators (LHS), LLC

c/o Cogency Global Inc.

5601 S. 59<sup>th</sup> Street, Ste. C

Lincoln, NE 68516

Tracking No.: 70182290000032544476

Cypress Benefit Administrators (LHS), LLC

P.O. Box 7020

Appleton, WI 54912-7020

Fax: 920-968-4616

Tracking No.: 70182290000032544483

Lucent Health

c/o Cogency Global Inc.

5601 S. 59<sup>th</sup> Street, Ste. C

Lincoln, NE 68516

Tracking No.: 70190700000070366396

RE: Leibhart Family; February 7, 2021 accident; City of Imperial Employee Benefit Plan  
Group #E46  
Employee ID #E46000007

Dear Ms. Leyland and Other Interested Parties:

As you know from previous correspondence, I represent the Leibhart family regarding the unpaid treatment expense for catastrophic injury to Brock Leibhart. Enclosed is a copy of the April 2, 2021 letter previously sent to Ms. Leyland and Midlands Choice. In that letter, I stated my clients' understanding that there had been no notification of an adverse benefit determination. That remains true, despite my repeated follow-up communications to you and your representatives.

Page 45 of the plan document in my possession (effective date 04/01/2017) sets forth nine categories of information the plan is required to provide to a member if an adverse determination has been made. It appears to me that at least five of those categories of information would apply to any denial of payment for Brock's treatment, and possibly more. The Explanation of Benefit (EOB) forms sent to the Leibharts to date, enclosed with this letter, do not provide the information required of an adverse benefit determination.

Keating, O'Gara, Nedved & Peter, PC, LLO

P.O. Box 82248 • Lincoln NE 68501-2248

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Leyland, et al.  
Re: Leibhart Family  
7/28/21  
Page 2

To the extent the plan may be attempting to rely on silence, verbal comments by a nurse case manager, and/or routine claim forms as constituting a denial, please be aware we would view the plan taking that position as wrong and indeed the epitome of bad faith treatment of its members. **To the extent the plan may be taking such a position, please be aware that the Leibharts hereby appeal and request a formal review of any and all adverse benefit determinations the plan and/or its claims administrator claim to have taken.** In addition to the EOB forms sent to the Leibharts, we are also enclosing copies of the bills the Leibharts have received.

The participating employee's name is Daniel Leibhart. His dependent child member is Brock Leibhart. Daniel's social security number is [REDACTED]. Brock's social security number is [REDACTED]. The group name and identification number are provided at the top of this letter. The facts and theories supporting the claim for benefits are that Brock was catastrophically injured in a covered event on February 7, 2021, and we are aware of no good faith basis for an attempt to deny or exclude benefits. See my April 2, 2021 letter. The reason for our disagreement with the handling of the claim is that no payments have been made for the treatment Brock has required because of the covered event, and the lack of payment and communications, including provision of information to which the Leibharts are entitled, has been in breach of the covenant of good faith and fair dealing inherent in all contracts. The Leibharts have designated this law firm as their authorized representative to act on their behalf. Also enclosed with this letter is a copy of our representation agreement with dollar amounts redacted.

Again, nothing in this letter may be construed as an admission by the Leibharts that the plan has ever denied their claims or that the plan has made a valid adverse determination. **But to the extent the lack of action and communication by the plan and/or its agents puts the Leibhart family in even more of a bind, we are providing this provisional Notice of Appeal to preserve all of their rights and recourse.**

Finally, I am sending a copy of this letter to David Dudley of the Baylor Evnen Law Firm as it is my understanding Mr. Dudley is now representing the City of Imperial with respect to this dispute. I will await communication from Mr. Dudley and we repeat our request for all documentation requested in the April 2, 2021 letter.

Yours very truly,



Joel D. Nelson  
For the Firm  
[jdn@keatinglaw.com](mailto:jdn@keatinglaw.com)

Encls.

cc: David Dudley  
Stacy & Dan Leibhart



1335 L. Street, Suite 200  
Lincoln, NE 68508  
Phone: (402) 742-2600  
Fax: (402) 476-4089  
www.larmpool.org

September 20, 2021

City of Imperial  
C/O: Jo Leyland, City Administrator  
740 Court Street  
Imperial, NE 69033

Certified Mail  
Return Receipt Requested

RE: Claim No.: LARL10696A1  
Member: City of Imperial  
Claimant: Brock Leibhart  
Date of Loss: 02/07/21  
Certificate No.: 224

We are handling the above captioned matter on behalf of the League Association of Risk Management Pool ("LARM"), of which the City of Imperial is a member. We acknowledge notice of a potential claim that may be made by Brock Leibhart and his family arising out of the denial of benefits under your Partially Self Funded Health Insurance Benefit plan.

We have reviewed the claim, the Certificate issued by LARM to the City of Imperial, which bears Certificate No. 224, and the Legal Defense and Claim Payment Agreement ("LDCPA"). Based on our review of these documents, LARM must respectfully deny both defense and indemnity coverage to the City of Imperial. Our decision to deny coverage is based on the provisions of the LDCPA discussed below.

The only potentially applicable benefit to review is the Employee Benefit Liability, which provides:

## **SECTION V – LIABILITY COVERAGE AGREEMENTS**

\* \* \*

### **5. EMPLOYMENT PRACTICES LIABILITY**

\* \* \*

#### **b. Employee Benefit Liability**

##### **(1) Coverage**

*We will pay those amounts that a **Member** becomes legally obligated to pay as **Damages** because of any act, error or omission, to which this **Coverage Document** applies, committed by a **Member**, or any other person for whose acts the **Member** is legally liable, in the **Administration of Your Employee Benefit Program**. The act, error or omission must take place after the retroactive date shown in the Declarations and prior to the end of the **Agreement Period**.*

## **(2) Exclusions**

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Employee Benefit Liability** Coverage does not apply to:

- (a) **INJURY OR PROPERTY DAMAGE** meaning *Bodily Injury, Personal Injury* or *Property Damage* based upon or arising out of any act, error or omission by a *Member* in the *Administration* of *Your Employee Benefit Program*;
- (b) **INVESTMENT PERFORMANCE** meaning the failure of any investment or savings program to perform as represented by the *Member*; and
- (c) **INVESTMENT ADVICE** meaning advice given to *Your* employee to participate or not to participate in *Your* investment or savings programs;
- (d) **HANDLING INVESTMENTS** meaning any *Claim* made against the *Member* based upon or attributable to the providing, handling, investment of funds or payment of benefits under *Your Employee Benefit Program*.
- (e) **INSUFFICIENCY OF FUNDS** meaning any *Claim* made against the *Member* based upon or attributable to an insufficiency of funds to meet any obligations under any plan included in *Your Employee Benefit Program*.
- (f) **PAYMENT OF BENEFITS** meaning any *Claim* made against the *Member* based upon or attributable to the payment of benefits that are lawfully paid or payable to a beneficiary from the funds of *Your Employee Benefit Program*.

The relevant terms to review of *Administration* and *Your Employee Benefit Program* are defined by the LDCPA as follows:

### **SECTION I – GENERAL DEFINITIONS**

- 1. *Administration* means the following with respect to *Your Employee Benefit Program*:
  - a. Giving counsel to *Your* employees, including their dependents and beneficiaries, with respect to eligibility in, or scope of, such program;
  - b. Handling of records in connection with *Your Employee Benefit Program*; and
  - c. Effecting or terminating enrollment of any employee provided all such acts are authorized by *You*.

\* \* \*



1335 L. Street, Suite 200  
Lincoln, NE 68508  
Phone: (402) 742-2600  
Fax: (402) 476-4089  
[www.larmpool.org](http://www.larmpool.org)

24. ***Employee Benefit Program*** means a formal program of employee benefits maintained in connection with ***Your Covered Operations*** and includes, but is not limited to, Group Life Insurance, Group Accident or Health Insurance, Pension Plans, Employee Stock Subscription Plans, Unemployment Insurance, Social Security and Disability Benefits, Deferred Compensation and Pension Plans.

The claim that may be made by Brock Leibhart and his family for denial of benefits does not meet the definition of ***Administration*** as defined above. Therefore, there is no grant of coverage under the LDCPA.

Even if there was a grant of coverage, which we deny, coverage is excluded under (2)(f) Payment of Benefits above as well as the following general exclusion:

#### **SECTION IV – GENERAL EXCLUSIONS**

Unless otherwise stated in the specific Coverage Agreements included in **SECTION V – LIABILITY COVERAGE AGREEMENTS**, or by endorsement to this ***Coverage Document***, the coverage provided in this ***Coverage Document*** does not apply to or provide coverage for:

\* \* \*

**6. BREACH OF CONTRACT** meaning ***Claims*** for ***Damages*** or expenses arising out of or involving:

- a. Amounts actually or allegedly due under the terms of any contract or agreement; or
- b. ***Your*** failure, refusal, or inability to enter into, renew, or perform any contract or agreement except breach of any employment contract or agreement.

Based on the foregoing provisions of the LDCPA, we advise you that LARM denies coverage, and thereby declines to provide a defense or indemnity to the City of Imperial with respect to the claims made by Brock Leibhart and his family for the denial of benefits.

LARMS' decision to deny coverage has been made after thoughtful consideration of the facts and information presented to date prior to any suit being filed. We reserve the right to review any actual lawsuit or amendments to any lawsuit to make a separate determination as to whether LARM is obligated to provide a defense and/or indemnity with respect to this potential claim.

Sincerely,

John P. Baum  
Litigation Claims Manager  
LARM





Please forward ASAP to:

LARM  
League Association of Risk Management  
1335 L. St. Ste 200  
Lincoln, NE 68508

Phone: (402) 742-2600  
Fax: (402) 476-4089  
customerservice@larmpool.org

## Liability Loss Notice

### MEMBER

MEMBER NAME: City of Imperial	CONTACT NAME: Jo Leyland	PHONE: 308-882-4368
----------------------------------	-----------------------------	------------------------

### LOSS

DATE OF LOSS: 02/07/2021	TIME OF LOSS:	DEPARTMENT:
HAS THIS LOSS BEEN PREVIOUSLY REPORTED? <input type="checkbox"/> YES <input type="checkbox"/> NO	DATE:	TO WHOM:
LOCATION OF ACCIDENT (INCLUDE CITY & STATE):		

DESCRIPTION OF ACCIDENT (INCLUDE WEATHER CONDITIONS AND OTHER OBSERVATIONS OR CONTRIBUTING FACTORS):

This was not actually an accident, but an employee has filed suit against the city and our self-funded health plan for what they perceive as errors in our administration of the plan.

### CLAIMANT NOTIFICATION OF LOSS TO CITY/ VILLAGE:

- ☐ NONE  
☐ AT TIME OF LOSS  
☐ ORAL NOTICE OF LOSS TO:  
☐ WRITTEN NOTICE HAS BEEN PROVIDED TO CITY / VILLAGE AS SPECIFIED IN THE POLITICAL SUBDIVISION TORT CLAIMS ACT (NE REV. STAT. § 13-905)

**\*\* ATTACH COPY OF ALL AVAILABLE DOCUMENTS, I.E. POLICE REPORT, ACCIDENT INVESTIGATION REPORTS, CLAIMANT NOTICE.**

### CLAIMANT INFORMATION

NAME AND ADDRESS OF CLAIMANT(S):

1: Dan and Stacy Leibhart Imperial, NE 69033

2:

3:

1:  
PHONE: 2:  
3:

1:  
OTHER PHONE: 2:  
3:

### \* BODILY INJURY LOSS \*

DESCRIBE INJURY (IS CLAIMANT A MINOR? ☐ YES ☐ NO):

WAS MEDICAL TREATMENT PROVIDED? ☐ YES ☐ NO

CLINIC/HOSPITAL:

PHONE:

### \* PROPERTY DAMAGE LOSS \*

DESCRIBE DAMAGED PROPERTY:

ESTIMATE OF LOSS: \$

CONTACT PERSON TO VIEW DAMAGED PROPERTY:

NAME:

PHONE:

### WITNESSES

NAME & ADDRESS	MEMBER/EMPLOYEE	BUSINESS PHONE	HOME PHONE
----------------	-----------------	----------------	------------

☐ YES ☐ NO

☐ YES ☐ NO

MEMBER COMMENTS / CONCERNS / SPECIAL INSTRUCTIONS (ATTACH A SEPARATE SHEET IF NECESSARY):

This is a situation involving a third-party administrator and their responsibilities as well as a stop loss carrier and broker that was advising the city.

REPORTED BY: Jo Leyland

DATE:

SIGNATURE

MEMBER EMAIL: jol@imperial-ne.com

DATE: 02/10/2022



**IN THE DISTRICT COURT OF CHASE COUNTY, NEBRASKA**

DANIEL LEIBHART and	)	Case No. CI 22- _____
STACY LEIBHART,	)	
	)	
Plaintiffs,	)	
	)	
vs.	)	<b>COMPLAINT AND</b>
	)	<b>PRAECIPE</b>
CITY OF IMPERIAL, NEBRASKA,	)	
CYPRESS BENEFIT	)	
ADMINISTRATORS (LHS), LLC,	)	
LUCENT HEALTH CARE	)	
MANAGEMENT, LLC and	)	
LUCENT HEALTH SOLUTIONS,	)	
LLC,	)	
	)	
Defendants.		

COME NOW Plaintiffs Daniel and Stacy Leibhart who state as follows for their causes of action and theories of recovery against the Defendants.

1. The Plaintiffs are residents of Chase County, Nebraska. They are the parents of Brock Leibhart who was born on July 9, 2004.
2. Defendant City of Imperial is a city of the second class located in Chase County, Nebraska.
3. Defendant Cypress Benefit Administrators (LHS), LLC (hereafter "Cypress") is a Delaware limited liability company currently headquartered in Tennessee. At the time of the events described in this Complaint, Defendant Cypress may have been principally based in Wisconsin. At all relevant times Cypress has had a Nebraska registered agent in Lancaster County, Nebraska.
4. Defendants Lucent Healthcare Management, LLC and Lucent Health Solutions (hereafter collectively "Lucent Entities") are Delaware limited liability companies currently headquartered in Tennessee. At all relevant times Defendant Lucent Entities have had a Nebraska registered agent in Lancaster County, Nebraska.

5. Jurisdiction and venue are proper in this Court because the main contract at issue in this case is the City of Imperial Employee Benefit Plan (hereafter "Plan") created and administered for the benefit of employees of the City of Imperial, including Plaintiff Daniel Leibhart, the majority of whom live in Chase County and whose employment and related benefits were negotiated and agreed to in Chase County.

6. On February 7, 2021, Plaintiff Daniel Leibhart was an employee participant in the Plan. Brock Leibhart was a dependent of his father Daniel Leibhart. Brock was eligible for benefits and enrolled under the Plan.

7. The Plan's stated purpose at all relevant times has been "to protect eligible Employees and their Dependents against certain health expenses and to help defray the financial effects arising from Injury or Sickness."

8. At all times Brock Leibhart was enrolled under the Plan, the Plan was contractually obligated to pay his healthcare treatment costs as covered by the Plan.

9. Brock Leibhart's ability to participate in the Plan and receive benefits under the Plan was given by Defendant City of Imperial in consideration and exchange for Plaintiff Daniel Leibhart's providing work, skills, and services to and for the benefit of the City of Imperial and its residents pursuant to a negotiated pay and benefits package. The Plaintiffs have at all relevant times performed any and all requirements and responsibilities under the Plan.

10. On February 7, 2021, Brock Leibhart, then 16 years old, was badly injured in a one-vehicle motor vehicle accident. Brock sustained catastrophic T10-11 spinal cord injury.

11. Brock Leibhart's blood drawn during the course of his initial treatment for his injuries indicated the presence of alcohol in his blood at that time. No juvenile court or other judicial proceedings were filed arising from the February 7, 2021 accident.

12. Brock Leibhart's one-vehicle accident occurred in winter weather conditions making driving hazardous for all motorists in the area at the time.

13. The Plaintiffs provided Brock Leibhart's Plan coverage information to his treatment providers so that treatment services and supplies would be paid under the Plan. Brock Leibhart's treatment

providers have timely and properly submitted claims for payment under the Plan.

14. The Plan has failed to pay for treatment, services, and supplies that were reasonable and necessary because of Brock Leibhart's injuries sustained in the February 7, 2021 accident.

15. A nurse case manager working on behalf of one or more of the Defendants told Stacy Leibhart it was her understanding that benefits may be denied under the Plan because of a Current Procedural Terminology (CPT) code related to alcohol. Plaintiff Stacy Leibhart requested a written explanation of any denial. No written explanation for such a denial was ever provided to the Plaintiffs.

16. The Plaintiffs received explanation of benefit (EOB) forms from "Lucent Health" in Appleton, Wisconsin, which included the words "plan exclusion" under the "Reason Code Description." These EOB forms did not state that they were denials of benefits. Rather, they were boiler-plate forms.

17. The EOB forms included an "Additional Information" section advising the Plaintiffs of steps they could take "if your claim has been denied in full or in part, and you disagree with the denial ..." That "Additional Information" language was standard on EOB forms from "Lucent Health" including on forms describing payment of benefits under the Plan. It was not language reserved or specifically used for claims being denied.

18. The EOB forms contained boiler-plate references to rights under ERISA despite ERISA not applying to the Plan.

19. The EOB forms did not constitute adverse benefit determinations as defined in the Plan.

20. At all relevant times Defendant City of Imperial was the Plan administrator as defined in the Plan documents.

21. At all relevant times the Plan administrator was required to inform the Plaintiffs and other Plan participants about any adverse benefit determination in writing or electronically, including the following information:

- "A reference to the specific portion or portions of the Plan Document upon which a denial is based."
- "Specific reason or reasons for a denial."
- "A description of the Plan's review procedures and the time limits applicable to the procedures."

- “A statement that the Claimant is entitled to receive, upon request, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant’s claim for benefits.”
- “Any rule, guideline, protocol or similar criterion that was relied upon in making the determination (or a statement that it was relied upon and that a copy will be provided to the Claimant upon request).”

22. None of the Defendants ever provided Plaintiffs with a notice of adverse benefit determination as required in the Plan documents.

23. The Plan required the Plan administrator to notify the Plaintiffs of an adverse benefit determination within fifteen or thirty days, or other “reasonable period of time,” after proper submission of a claim by a health care provider or the Plaintiffs.

24. Brock Leibhart began receiving continuous or regular treatment for his injuries effective February 7, 2021. His treatment providers properly submitted claims on a regular basis. The Defendants did not provide any adverse benefit determinations within a “reasonable period of time” of claims being submitted.

25. In the absence of written notification of an adverse benefit determination, the Plaintiffs did their best to communicate with treatment providers about the uncertainty of payment under the Plan. The Plaintiffs or other family members have made payments to providers of over \$150,000.00.

26. On April 2, 2021, counsel for the Plaintiffs sent a letter to the City Clerk for the City of Imperial. A true and correct copy of that letter is attached to this Complaint as Attachment “A” and incorporated herein by reference. That letter was received by the City Clerk. In the April 2, 2021 letter, the Plaintiffs through their counsel requested certain documents the Plan administrator was required to provide to a participant who had an adverse benefit determination made against him or her. No documents were provided to Plaintiffs and their counsel in response to the April 2, 2021 letter. No notice of adverse benefit determination was provided to the Plaintiffs or their counsel in response to the letter.

27. On July 28, 2021, the Plaintiffs through their counsel wrote to the City Clerk for the City of Imperial, Cypress, and one or more of

the Lucent Entities. A true and correct copy of that letter is attached to this Complaint as Attachment "B" and incorporated herein by reference. That letter was received by the Defendants. In that letter, the Plaintiffs through their counsel pointed out that there had been no adverse determination of benefits, and again requested information that the Plan was required to provide to the Plaintiffs in the event of an adverse determination. Given the lack of any explanation or information from the Defendants, the Plaintiffs through their counsel also notified the Defendants that they were provisionally asking for a review of any adverse determination of benefits the Defendants claimed to have previously made. The Defendants provided no documents or notice of adverse determination in response to the July 28, 2021 letter.

28. The first written response of any kind to the Plaintiffs' requests for documents and information from the Defendants was an August 27, 2021 letter from counsel for Defendant City of Imperial. None of the previously requested documents were provided by the Defendants.

29. The Plaintiffs and their counsel first learned through the August 27, 2021 letter that Defendant Cypress purported to have made an adverse benefit determination at some point in the past.

30. Based on information and belief, Defendant Cypress could not and cannot make an adverse benefit determination under the Plan. At all relevant times, the Plan stated that the Defendant City of Imperial as Plan administrator "solely" makes decisions on payment of claims unless the Plan administrator had specifically delegated certain duties and responsibilities. Despite repeated requests, the Defendants have never provided any evidence to the Plaintiffs that the City of Imperial designated to Cypress, the Lucent Entities or anyone else the responsibility to make decisions on payment of claims. The Plaintiffs have been required to file this lawsuit to determine if any such documentation exists.

31. Based on information and belief, Defendant Cypress's sole role with respect to the Plan was as a "third-party administrator" "which provides customer service and claims payment services only," and which was retained "to provide certain claims processing and other technical services."

32. On September 9, 2021, the Plaintiffs through their counsel sent a letter to the City Clerk for the City of Imperial, Defendant

Cypress and at least one of the Lucent Entities. A true and correct copy of that letter is attached to this Complaint as Attachment "C" and incorporated herein by reference. That letter was received by the Defendants. In that letter, the Plaintiffs through their counsel again requested the documents that the Defendants were required to provide to the Plaintiffs in the event of an adverse benefit determination. The Plaintiffs pointed out Defendant Cypress's inability to make an adverse benefit determination unless Defendant City of Imperial had specifically delegated that power. The Plaintiffs asked for a review of any denial the Defendants claimed had previously been made in the past.

33. On December 17, 2021, the Plaintiffs through their counsel received a notice from counsel for Defendant City of Imperial that the treatment expense for Brock Leibhart's catastrophic injuries sustained in the February 7, 2021 accident would not be paid under the Plan.

34. The Defendants have never provided to the Plaintiffs the documents the Defendants are required to provide to the Plaintiffs in the event of an adverse benefit determination.

35. The Defendants have never provided to the Plaintiffs evidence that Defendant City of Imperial properly delegated to Defendant Cypress, Defendant Lucent Entities or anyone else the City's responsibility to make benefit determinations.

36. The Plaintiffs are responsible for the treatment expenses of their minor son, Brock Leibhart. To date, those expenses total at least \$964,000.00. The Plaintiffs have done their best to communicate with providers about the continuing uncertainty of payment under the Plan and asked for forbearance or forgiveness of debt from the providers. The Plaintiffs do not have the ability to pay the outstanding treatment expense for their son.

37. To the extent one or more of the Defendants have refused to pay Brock Leibhart's treatment expense because of an illegal acts exclusion of the Plan, that exclusion was unknown to the Plaintiffs until after Brock's February 7, 2021 accident. It is the Plaintiffs' understanding that exclusion was or may have been unknown to representatives of Defendant City of Imperial as well.

38. The Plaintiffs have complied with all contractual, statutory or other requirements precedent to filing this lawsuit.



### **BREACH OF CONTRACT (CITY OF IMPERIAL)**

39. The Plaintiffs and Defendant City of Imperial were parties to the contract and agreement set forth in the Plan.

40. By the terms of the Plan, Defendant City of Imperial was obligated to pay treatment expense for Plan participant Brock Leibhart arising from his February 7, 2021 accident and injuries.

41. Defendant City of Imperial breached the contract and agreement with the Plaintiffs by:

- a. Failing to pay covered treatment expenses;
- b. Failing to make a timely determination on payment of benefits as required under the Plan;
- c. Failing to exercise its duties and responsibilities as Plan administrator and instead allowing Cypress as third-party administrator, or other persons or entities, to dictate to the City of Imperial what should and should not happen with the Plaintiffs' claims; and
- d. Erroneously failing to make payment based on an illegal acts exclusion in the Plan.

42. Defendant City of Imperial's breach of the contract and agreement with the Plaintiffs has proximately caused damages to the Plaintiffs at or in excess of \$964,000.00.

### **TORTIOUS INTERFERENCE WITH A BUSINESS RELATIONSHIP OR EXPECTANCY (CYPRESS, LUCENT ENTITIES)**

43. Based on knowledge and belief, Defendants Cypress and/or Lucent Entities:

- a. Knew of the valid business relationship or expectancy between the Plaintiffs and Defendant City of Imperial under the Plan;
- b. Interfered with the relationship or expectancy between the Plaintiffs and Defendant City of Imperial in one or more of the following ways:
  - i. Directing or advising Defendant City of Imperial not to pay for Brock Leibhart's treatment;
  - ii. Assuming and/or usurping the power and

responsibilities of Defendant City of Imperial as Plan administrator regarding determination of benefits and payment of claims;

- iii. Failing to provide necessary and required information to the Plaintiffs despite repeated requests for information and documents owed to the Plaintiffs under the Plan;
  - iv. Creating confusion and uncertainty by repeatedly failing to follow the Plan requirements for notification to the Plaintiffs and provision of information and documents to the Plaintiffs;
  - v. Directing or advising Defendant City of Imperial to deny payments based on an illegal acts exclusion in the Plan; and
  - vi. Attempting to deprive the Plaintiffs of their rights under the Plan by withholding essential information about the claims and review process.
- c. The interference with the relationship or expectancy was intentional; and
  - d. The interference with the relationship or expectancy was unjustified, including the interference not being a proper function of, or in the scope of the proper duties of, a third-party administrator.

44. The tortious interference of Defendants Cypress and/or Lucent Entities has proximately caused damages to the Plaintiffs at or in excess of \$964,000.00.

45. Defendant Cypress and Lucent Entities have, or may have, conspired to tortiously interfere in the Plaintiffs' relationship or expectancy with Defendant City of Imperial.

#### **ESTOPPEL (ALL DEFENDANTS)**

46. Defendant City of Imperial made certain promises to the Plaintiffs about payment of treatment expense for Plan participants including dependents like Brock Leibhart.

47. The Plaintiffs reasonably relied on the promises made by the City of Imperial through the Plan, and the Plaintiffs had no reasonable basis to think or suspect benefits would be denied for

treatment of catastrophic injuries to their sixteen year old son arising from the type of accident that was entirely foreseeable to the Defendants, is regrettably not uncommon for families with teenagers, and which no reasonable health plan participant would contemplate not being covered by a standard plan or policy.

48. The Plaintiffs relied to their detriment on the promises made by the City of Imperial. Had Defendant City of Imperial, or other Defendants connected to the Plan made the Plaintiffs aware that expense arising from the type of accident suffered by Brock Leibhart would not be covered, Plaintiffs could have and would have made other arrangements for better coverage.

49. Plaintiffs' detrimental reliance on promises by Defendant City of Imperial and the actions by one or more of the Defendants to refuse to pay expenses for Brock Leibhart's treatment has proximately caused the Plaintiffs damages including at or in excess of \$964,000.00.

#### **WAIVER AND ESTOPPEL (ALL DEFENDANTS)**

50. The Plan obligated Defendant City of Imperial as Plan administrator to notify the Plaintiffs of an adverse benefit determination within fifteen days, thirty days, or other "reasonable period of time" after proper submission of a claim.

51. Defendants have never notified Plaintiffs of an adverse benefit determination as required by the Plan.

52. The earliest Defendant City of Imperial notified Plaintiffs of a benefit determination made by it was August 27, 2021, which was over six months after Brock Leibhart's injuries and the initial submissions of claims to Defendants.

53. Defendants' collective actions in refusing to timely provide any intended adverse benefit determination should be deemed a waiver of the right to deny claims under the Plan, de facto acceptance of the claim, and the Defendants should be estopped from their continuing refusal to pay.

#### **PUBLIC POLICY**

54. Enforcement of an illegal acts exclusion under the Plan so that no benefits are paid for Brock Leibhart's treatment for his

catastrophic injuries would be unconscionable and therefore void as against the public policy of the State of Nebraska, including but not limited to for the following reasons:

- a. The respective bargaining positions of the Plaintiffs as opposed to one or more of the Defendants;
- b. The lack of information provided by one or more of the Defendants to the Plaintiffs that what the Plaintiffs believed to be standard health coverage was in fact substandard;
- c. Breach by one or more of the Defendants of essential terms of the Plan, as set forth previously in this Complaint;
- d. Manifest unfairness and inequity to individuals such as the Plaintiffs who, through no fault of their own, and through a series of events regrettably not uncommon for families with teenagers, are faced with financial ruin; and
- e. Enforcement of an overly-broad illegal acts exclusion on the facts of this case would be injurious to the public and against the public good.

55. The Plaintiffs are entitled to attorney fees and costs from one or more of the Defendants given the Defendants' actions have required the Plaintiffs to file this lawsuit and that Defendants collectively were obligated to provide benefits and services similar or identical to health insurance for purposes of Nebraska Revised Statutes Section 44-359.

WHEREFORE, Plaintiffs Daniel and Stacy Leibhart respectfully request judgment in their favor as set forth above, interest on amounts obtained, fees, costs and all other relief allowed under law or in equity.

DATED this 7th day of February, 2022.

DANIEL LEIBHART and  
STACY LEIBHART, Plaintiffs

BY: 

Joel D. Nelson, #21310  
Keating, O'Gara, Nedved &  
Peter, PC, LLO  
200 S. 21<sup>st</sup> Street, Suite 400  
PO Box 82248  
Lincoln, NE 68501-2248  
Telephone: (402) 475-8230  
Facsimile: (402) 475-8328  
[jdnelson@keatinglaw.com](mailto:jdnelson@keatinglaw.com)

**PRAECIPE**

TO THE CLERK OF SAID COURT:

Please issue summonses, endorsed for service upon Defendants and return according to law.

The Defendants will be served by certified mail at:

City of Imperial  
Jo Leyland, City Clerk  
740 Court Street  
Imperial, NE 69033


Cypress Benefit Administrators (LHS), LLC  
c/o Cogency Global Inc.  
5601 S. 59<sup>th</sup> Street, Suite C  
Lincoln, NE 68516

Lucent Health Care Management, LLC  
c/o Cogency Global Inc.  
5601 S. 59<sup>th</sup> Street, Suite C  
Lincoln, NE 68516

Lucent Health Solutions, LLC  
c/o Cogency Global Inc.  
5601 S. 59<sup>th</sup> Street, Suite C  
Lincoln, NE 68516

Please return the summonses to the attention of Joel D. Nelson of Keating, O'Gara, Nedved & Peter, P.C., L.L.O., PO Box 82248, Lincoln, Nebraska 68501-2248.

DATED this 7th day of February, 2022.

  
\_\_\_\_\_  
Joel D. Nelson





## KEATING O'GARA LAW

Gary J. Nedved  
Paul J. Peter  
Anne E. Winner  
Jefferson Downing  
Gary L. Young  
Joel D. Nelson

Joel Bacon  
Thomas P. McCarty  
Tara L. Gardner-Williams  
Christopher T. Gruber  
Brenna M. Grasz  
Braden W. Storer

**OF COUNSEL:**  
Donald R. Stading  
  
**EMERITI:**  
Con M. Keating  
Robert M. O'Gara

April 2, 2021

**VIA CERTIFIED MAIL**

**Tracking No.: 7019 1640 001 1933 1732**

Jo Leyland  
City Clerk, City of Imperial  
740 Court Street  
Imperial, NE 69033

**RE: Leibhart Family; February 7, 2021 accident; City of Imperial Employee Benefit Plan**

Dear Ms. Leyland:

Please accept this letter in your capacity as City Administrator for the City of Imperial as plan sponsor of its employee benefit plan as well as your role as City Clerk for purposes of Neb. Rev. Stat. §17-714 governing claims for amounts payable by a city of the second class. I represent Stacy and Daniel Leibhart who are participants in the benefit plan. Their son Brock is also a dependent participant in the plan. The Leibharts' group number is E46 and Mr. Leibhart's employee ID number is E

Please contact me, or have your legal counsel contact me, to let me know who the plan administrator is. Please also provide a copy of all policies, interpretations, practices, and procedures established and maintained by the plan administrator that apply to consideration of the Leibharts' claims.

As you know, Brock was seriously injured in a February 7, 2021 one-vehicle accident during treacherous winter weather driving conditions. The Leibharts have incurred hundreds of thousands of dollars in treatment expense to date with providers including Chase County Community Hospital, Swedish Medical Center, Craig Hospital, iCare Ambulance, Regional West Emergency Medical Services, and Airlink. They have paid over \$161,000.00 in personal funds toward those treatment costs already. Significant treatment is ongoing. Given the nature of Brock's injuries he will likely require treatment for the foreseeable future.

The Leibharts have heard or seen some suggestions that the plan may be thinking about denying benefits. To my knowledge there has been no adverse benefit determination at this point; no notification of an adverse benefit determination has been sent to the Leibharts at the time I am

Keating, O'Gara, Nedved & Peter, PC, LLO  
P.O. Box 82248 • Lincoln, Nebraska 68501-2248  
Phone: 402.475.8230 • Toll Free: 888.234.0621 • Fax: 402.475.8328 • [www.keatinglaw.com](http://www.keatinglaw.com)

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writing this letter. It is our hope that the plan administrator is still in the process of its initial determination about coverage. In that spirit we ask that the plan administrator begin paying all related treatment expense February 7, 2021 to the present and pay for Brock's ongoing care consistent with the plan document.

It is the Leibharts' understanding that an exclusion from coverage based on illegal acts may be under review. That exclusion is found on page 38 of the plan document in my possession (effective date 04/01/17). To the extent the plan administrator is reviewing that language, please consider the following.

The plan's stated purpose "is to protect eligible Employees and their Dependents against certain health expenses and to help defray the financial effects arising from Injury or Sickness." (4/17 plan document page 3). Stacy and Dan Leibhart are financially responsible for their minor child's treatment and they very much need to be protected against the huge expense currently hanging over their heads. Providing family plan coverage means agreeing to pay claims for all members of the family including adolescents who may be expected to engage in – and who are no doubt actuarially rated in part based on – irresponsible activities resulting in injuries.

The exclusion in question states that

"Coverage is not available from the Plan for charges arising from care, supplies, treatment and/or services:

...

**Illegal Acts.** That arise from or are caused during the commission of an illegal act for which the participant could be incarcerated for any period of time. It is not necessary for an arrest to occur, charges to be filed, incarceration to occur, or a conviction to be had for this Exclusion to apply ..."

(4/17 plan document, pages 37-38). Under the plain language of this exclusion, denial would have to be based on evidence that the illegal act connected to the injury or illness was one "for which the participant could be incarcerated for any period of time." The question is not whether a generic plan member could have been arrested. The question is whether "the participant" could have been "incarcerated." The exact language of the plan and exclusion is critical to analyzing coverage. *Heimer v. Companion Life Ins. Co.*, 2016 WL 10932755 (U.S.D.C. W.D. Mich. 2016).

The participant here is Brock Leibhart who was sixteen years old at the time of the accident. He has no criminal or juvenile court record.

To the extent the plan administrator is analyzing this exclusion as a potential basis for denial of benefits, we ask that the administrator explain in writing the following:

1. What evidence supports the idea that a sixteen-year-old child with no prior criminal or juvenile court record could be "incarcerated" by a Court in Chase County for any offense potentially committed by Brock on 02/07/21?

2. Is the administrator aware of any real world example of a sixteen-year-old child with no record being "incarcerated" for any potential offense committed by Brock?
3. Isn't the language of the exclusion intended to cover significant criminal acts by adults, not unlawful acts by teenagers that would result in probation or other rehabilitation through juvenile court proceedings?

We do not believe the Leibharts will have had a fair initial evaluation of their claims unless these questions are thoroughly analyzed, researched, and addressed. It is our position that whatever potential offense *may* have contributed to Brock's one-vehicle accident could not constitute an illegal act for which Brock could be incarcerated.

As stated by the Nebraska Supreme Court in the case *In re interest of A.M.H.*, 233 Neb. 610, 613-14, 447 N.W.2d 40, 43 (1989): "juvenile offenders are not similarly situated to adult offenders inasmuch as an institutional placement of a minor is not to be equated with the incarceration of an adult offender." (Emphasis supplied).

The Supreme Court went on to explain in the *A.M.H.* case: "The purpose of our statutes relating to the handling of youthful offenders is, as in other states having juvenile court systems, the education, treatment and rehabilitation of the child, rather than retributive punishment." *A.M.H.*, 233 Neb. at 614, 447 N.W.2d at 43, quoting *Smith v. State*, 44 S.W.2d 941, 944-45 (Tex. Civ. App. 1969). The concept of "incarceration" does not apply to Brock Leibhart and therefore the exclusion premised on incarcerable offenses does not apply.

Please also note that we use the word "may" advisedly in the paragraph above about any connection between an illegal act and the accident. Whether the illegal act caused the injury is another important question the administrator would need to address.

The illegal acts exclusion in the plan document attempts to carve out from coverage injury or illness "[t]hat arise from or are caused during the commission of any illegal act [.]". The "during" language would suggest the exclusion is broader than injury or illness caused by the illegal activity. But at least one court has found a similar attempt to exclude from coverage injuries or sickness "contracted while the Participant committed or attempted to commit a felony or misdemeanor" to be overly broad. *Watkins vs. M Class Mining Health Protection Plan*, 148 N.E.3d 621, 439 Ill.Dec. 568 (2020). The reviewing court in that Illinois case held, that despite the broad "while" language, denial would require "a showing of a causal nexus between the illegal activity and the injuries for which the benefits are claimed." 148 N.E.3d at 640, 439 Ill.Dec. at 587.

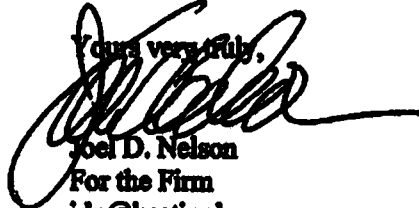
We think the same analysis would apply here and that injury occurring "during" an illegal act is not enough to deny coverage. To the extent the plan administrator is considering the illegal acts exclusion as a reason not to pay benefits, we ask that the administrator provide an explanation of the evidence showing that any possible incarcerable offense by Brock proximately caused his injuries. My understanding is that the roads around Imperial were snowy and difficult to safely

Leyland  
4/2/21  
Page 4

navigate at the time of the accident. These were conditions in which anyone in any condition could lose control and have the kind of accident Brock unfortunately experienced.

It is our hope that the plan administrator will complete its initial assessment of these claims and make payments for the past treatment and on a continuing basis. I look forward to hearing from the appropriate representative of the plan administrator and to receiving the requested information.

Yours very truly,



Joel D. Nelson  
For the Firm  
[jdnl@keatinglaw.com](mailto:jdnl@keatinglaw.com)

JDN/jr

cc: Stacy & Dan Leibhart  
Midlands Choice (via certified mail: P.O. Box 5809, Troy, Michigan 48007-5809)

**KEATING | O'GARA**

Gary J. Nedved  
Paul J. Peter  
Anne E. Winner  
Jefferson Downing  
Gary L. Young  
Joel D. Nelson

Joel Bacon  
Thomas P. McCarty  
Tara L. Gardner-Williams  
Christopher T. Gruber  
Brenna M. Grasz  
Braden W. Storer

OF COUNSEL  
Donald R. Stading

EMERITI  
Con M. Keating  
Robert M. O'Gara

July 28, 2021

**VIA CERTIFIED MAIL**

Jo Leyland  
City Clerk, City of Imperial  
740 Court Street  
Imperial, NE 69033  
Tracking No.: 70182290000032544490

Cypress Benefit Administrators (LHS), LLC  
c/o Cogency Global Inc.  
5601 S. 59<sup>th</sup> Street, Ste. C  
Lincoln, NE 68516  
Tracking No.: 70182290000032544476

Cypress Benefit Administrators (LHS), LLC  
P.O. Box 7020  
Appleton, WI 54912-7020  
Fax: 920-968-4616  
Tracking No.: 70182290000032544483

Lucent Health  
c/o Cogency Global Inc.  
5601 S. 59<sup>th</sup> Street, Ste. C  
Lincoln, NE 68516  
Tracking No.: 70190700000070366396

RE: Leibhart Family; February 7, 2021 accident; City of Imperial Employee Benefit Plan  
Group #E46  
Employee ID #

Dear Ms. Leyland and Other Interested Parties:

As you know from previous correspondence, I represent the Leibhart family regarding the unpaid treatment expense for catastrophic injury to Brock Leibhart. Enclosed is a copy of the April 2, 2021 letter previously sent to Ms. Leyland and Midlands Choice. In that letter, I stated my clients' understanding that there had been no notification of an adverse benefit determination. That remains true, despite my repeated follow-up communications to you and your representatives.

Page 45 of the plan document in my possession (effective date 04/01/2017) sets forth nine categories of information the plan is required to provide to a member if an adverse determination has been made. It appears to me that at least five of those categories of information would apply to any denial of payment for Brock's treatment, and possibly more. The Explanation of Benefit (EOB) forms sent to the Leibharts to date, enclosed with this letter, do not provide the information required of an adverse benefit determination.

Leyland, et al.  
Re: Leibhart Family  
7/28/21  
Page 2

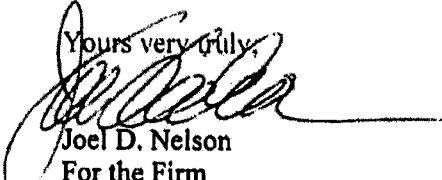
To the extent the plan may be attempting to rely on silence, verbal comments by a nurse case manager, and/or routine claim forms as constituting a denial, please be aware we would view the plan taking that position as wrong and indeed the epitome of bad faith treatment of its members. To the extent the plan may be taking such a position, please be aware that the Leibharts hereby appeal and request a formal review of any and all adverse benefit determinations the plan and/or its claims administrator claim to have taken. In addition to the EOB forms sent to the Leibharts, we are also enclosing copies of the bills the Leibharts have received.

The participating employee's name is Daniel Leibhart. His dependent child member is Brock Leibhart. Daniel's social security number is . Brock's social security number is . The group name and identification number are provided at the top of this letter. The facts and theories supporting the claim for benefits are that Brock was catastrophically injured in a covered event on February 7, 2021, and we are aware of no good faith basis for an attempt to deny or exclude benefits. See my April 2, 2021 letter. The reason for our disagreement with the handling of the claim is that no payments have been made for the treatment Brock has required because of the covered event, and the lack of payment and communications, including provision of information to which the Leibharts are entitled, has been in breach of the covenant of good faith and fair dealing inherent in all contracts. The Leibharts have designated this law firm as their authorized representative to act on their behalf. Also enclosed with this letter is a copy of our representation agreement with dollar amounts redacted.

Again, nothing in this letter may be construed as an admission by the Leibharts that the plan has ever denied their claims or that the plan has made a valid adverse determination. But to the extent the lack of action and communication by the plan and/or its agents puts the Leibhart family in even more of a bind, we are providing this provisional Notice of Appeal to preserve all of their rights and recourse.

Finally, I am sending a copy of this letter to David Dudley of the Baylor Evnen Law Firm as it is my understanding Mr. Dudley is now representing the City of Imperial with respect to this dispute. I will await communication from Mr. Dudley and we repeat our request for all documentation requested in the April 2, 2021 letter.

Yours very truly,

  
Joel D. Nelson  
For the Firm  
[jdn@keatinglaw.com](mailto:jdn@keatinglaw.com)

Encls.

cc: David Dudley  
Stacy & Dan Leibhart



## KEATING | O'GARA

Gary J. Nedved  
Paul J. Peter  
Anne E. Winner  
Jefferson Downing  
Gary L. Young  
Joel D. Nelson

Joel Bacon  
Thomas P. McCarty  
Tara L. Gardner-Williams  
Brenna M. Giesz  
Braden W. Storer

EMERITI:  
Con M. Keating  
Robert M. O'Gara

September 9, 2021

### VIA CERTIFIED MAIL

Jo Leyland  
City Clerk, City of Imperial  
740 Court Street  
Imperial, NE 69033  
Tracking No.: 70182290000032544667

Cypress Benefit Administrators (LHS), LLC  
c/o Cogency Global Inc.  
5601 S. 59<sup>th</sup> Street, Ste. C  
Lincoln, NE 68516  
Tracking No.: 70182290000032544674

Cypress Benefit Administrators (LHS), LLC  
P.O. Box 7020  
Appleton, WI 54912-7020  
Via fax: 920-968-4616  
Tracking No.: 70182290000032544681

Lucent Health  
c/o Cogency Global Inc.  
5601 S. 59<sup>th</sup> Street, Ste. C  
Lincoln, NE 68516  
Tracking No.: 70182290000032544698

David Dudley  
Baylor Evnen  
1248 O Street, Ste. 600  
Lincoln, NE 68508  
Via e-mail: [ddudley@baylorevnen.com](mailto:ddudley@baylorevnen.com)

RE: Leibhart Family; February 7, 2021 accident; City of Imperial Employee Benefit Plan  
Group #E46  
Employee ID #

Dear Ms. Leyland and Other Interested Parties:

In response to David Dudley's August 27, 2021 letter, the Leibharts hereby request that the City of Imperial review and reverse any determination of non-coverage for Brock Leibhart's significant injuries and medical expense. Thank you to Mr. Dudley for that 08/27/2021 correspondence, though we obviously disagree with its conclusion. Mr. Dudley's letter was the first written response we have received despite having first written to the plan administrator on April 2, 2021.

Leyland, et al.  
Re: Leibhart Family  
September 9, 2021  
Page 2

Please see my letter of July 28, 2021, an additional copy of which is attached to this letter and incorporated herein, for the information required of us according to page 46 of the City of Imperial Employee Benefit Plan (effective 04/01/17).

Now that the plan has, in the form of Mr. Dudley's 08/27/2021 letter, stated that benefits are being denied based on the illegal acts exclusion, I refer you to my 04/02/2021 letter, also attached hereto, for our position on why that exclusion cannot be applied to the Leibharts' situation. I will not repeat the points made in that earlier letter. But we do ask you to consider the potential effects of the current denial if taken to their logical conclusion. Would a member trespassing on someone else's property while hunting be denied coverage if he or she became seriously injured while doing so? Would a member participating in a political protest that obstructs traffic or violates a curfew be denied benefits if that member suffered a heart attack while so doing?

To the extent the answer to these hypothetical questions is that incarceration seems unlikely in those scenarios, the same is equally or more true of a juvenile with no criminal record who may have drunk alcohol before being involved in a one-vehicle accident during a blizzard. There is no objective, extrinsic evidence to support a denial of benefits to Brock Leibhart and his family. The information being used against them is derived solely from treatment records and speculation.

Equally or potentially more importantly, we do not think benefits can be denied at this point. We interpret the 08/27/2021 letter as the very first notice of adverse benefit determination and we think it is too late to have any effect on the plan's obligation to pay. To the extent Cypress Benefit Administrators claims it was somehow involved in an adverse benefit determination at an earlier point in time, we hereby demand to be provided with a copy of all documentation supporting that contention.

Page 4 of the plan states that the plan administrator is the City of Imperial. On that same page, Cypress Benefit Administrators is identified as the third-party administrator. On page 6 of the plan, adverse benefit determination is defined, and below that definition is a definition of explanation of benefits that includes this statement: "An Explanation of Benefits may serve as an Adverse Benefit Determination." More on this later.

On page 22 of the plan, the following definition appears:

"Third Party Administrator" shall mean the claims administrator which provides customer service and claims payment services only and does not assume any financial risk or obligation with respect to those claims.

Leyland, et al.  
Re: Leibhart Family  
September 9, 2021  
Page 3

Please note there is nothing in the description of Third Party Administrator stating or even implying that the TPA has the power to make an adverse benefit determination. The TPA is "only" to provide customer service and claims *payment* services. Cypress has entirely failed to provide any customer service to the Leibharts and has obviously failed to provide payment services for them.

Pages 40 to 42 of the plan state that the plan administrator (the City) "solely" makes decisions on payment of claims unless the plan administrator has specifically delegated certain duties to the third-party administrator in this regard. Please send us all documentation showing the City ever delegated any responsibility for payment or non-payment decision-making to Cypress. Any such delegation was required to be in writing according to page 40 of the plan.

Page 44 of the plan requires that any adverse benefit determination must be made in writing or electronically by the plan administrator and that the plan administrator "shall notify the Claimant" of that determination. Page 45 of the plan lists nine categories of information that the plan administrator "shall" provide to the claimant if the plan administrator is notifying the claimant of an adverse benefit determination. Those nine categories of information include:

- "A reference to the specific portion or portions of the Plan Document upon which a denial is based."
- "Specific reason or reasons for a denial."
- "A description of the Plan's review procedures and the time limits applicable to the procedures."
- "A statement that the Claimant is entitled to receive, upon request, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits."
- "Any rule, guideline, protocol or similar criterion that was relied upon in making the determination (or a statement that it was relied upon and that a copy will be provided to the Claimant upon request)."

Collectively, these provisions mean that any adverse benefit determination must be done by the plan administrator only and done in a very specific way, with specific information provided to the member so that the member understands the denial of benefits and knows how to protect his or her rights to appeal that determination. While an EOB form could conceivably serve as a notice of adverse benefit determination, that could only happen if the EOB contained the information required on page 45 referred to above. Please note that inclusion of that information as part of an adverse benefit determination is not optional; the language is that "the Plan Administrator *shall* provide a Claimant with a notice ... containing the following information[.]"

Leyland, et al.  
Re: Leibhart Family  
September 9, 2021  
Page 4

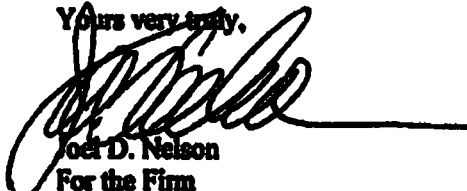
To the extent the plan has been influenced by communications or information from Cypress to the effect that Cypress previously made an adverse benefit determination, we hereby demand all such communications and information provided to the plan by Cypress. Again, we demand a copy of all documents by which the plan delegated claims decision authority to Cypress.

To the extent Cypress is claiming that it made an adverse benefit determination, did it simultaneously communicate to the Leibharts the specific reason for the denial, a reference to the specific portion of the plan document upon which the denial was based, and a description of the plan's review procedures and the time limits applicable to the procedures? If Cypress is now, in hindsight, claiming that an EOB form or perhaps a telephone call from a nurse case manager was an adverse benefit determination, but Cypress intentionally withheld from the Leibharts necessary information about their rights to an appeal, we ask the City whether that is the type of behavior it will allow its third-party administrator to try to get away with.

In the absence of an actual adverse benefit determination, the Leibharts for months have been communicating with providers and letting those providers know that they were trying to work out whatever the insurance questions or problems might be. They have paid over \$160,000.00 in personal funds in reliance on an understanding that there had been no adverse benefit determination and an initial determination of coverage was still in play. The Leibharts have relied to their detriment on the absence of an adverse benefit determination and the justifiable hope that the initial determination would be made in favor of paying for Brock's care. We believe the plan is thereby estopped from making an adverse benefit determination half a year after Brock's injury and beginning of his course of care.

We look forward to receipt of all the documents requested in this letter as well as our previous letters to you. We look forward to the plan's reconsideration and reversal of the proposed denial.

Yours very truly,



Joel D. Nelson  
For the Firm  
[jdnl@keatinglaw.com](mailto:jdnl@keatinglaw.com)

Encls.

cc: Stacy & Dan Leibhart



1335 L. Street, Suite 200  
Lincoln, NE 68508  
Phone: (402) 742-2600  
Fax: (402) 476-4089  
www.larmpool.org

March 3, 2022

City of Imperial  
C/O: Jo Leyland, City Clerk  
740 Court Street  
Imperial, NE 69033

Certified Mail  
Return Receipt Requested

RE: Claim No.: LARL10696A1  
Member: City of Imperial  
Claimants: Daniel, Stacy & Brock Leibhart  
Date of Loss: 02/07/21  
Certificate No.: 224

We are handling the above captioned matter on behalf of the League Association of Risk Management Pool ("LARM"), of which the City of Imperial is a member. We had previously acknowledged notice of a potential claim of Brock Leibhart and his family arising out of the denial of payment of benefits under your Partially Self Funded Health Insurance Benefit plan. On October 5, 2021, we advised that there would not be coverage but encouraged you to forward any actual suit papers if filed for an additional review.

We now acknowledge receipt of the Original Complaint filed in the Chase County District Court by Daniel & Stacy Leibhart against the City of Imperial and several other non-city Defendants. A review of the complaint alleges several breach of contract theories for the denial of payment of benefits under your Partially Self Funded Health Insurance Benefit plan.

We have again reviewed the claim, the Certificate issued by LARM to the City of Imperial, which bears Certificate No. 224, and the Liability Coverage Document. Based on our review of these documents, LARM must respectfully deny both defense and indemnity coverage to the City of Imperial. Our decision to deny coverage is based on the provisions of the LIABILITY COVERAGE DOCUMENT discussed below.

With respect to benefits, we would first direct your attention to **SECTION VII – SUPPLEMENTARY PAYMENTS** of the Liability Coverage Document which provides, in pertinent part, as follows:

\* \* \*

#### 4. CLAIM AND DEFENSE EXPENSES

- a. With respect to all Coverage except: **Medical Expenses – Other Than Automobile; Medical Expenses – Automobile; Injunctive Relief Defense Expense, and Reimbursement of Criminal Expenses:**

- (1) *We* will pay all expenses that *We* incur in payment of any ***Claim***; and
- (2) *We* have the right and duty to defend the ***Member*** against any ***Suit*** seeking ***Damages***, even if the allegations of the ***Claim*** are groundless, false or fraudulent.

*We* will pay all expenses that *We* incur in such defense and any costs taxed against the *Member* in the *Suit*.

- (3) However, *We* have no duty to defend the *Member* against any *Suit* seeking *Damages* which are not covered by this *Coverage Document* (emphasis added).

\* \* \*

Thus, there must be coverage for there to be a duty to defend this suit. The only potentially applicable benefit to review under **SECTION V – LIABILITY COVERAGE AGREEMENTS** is the Employee Benefit Liability, which provides:

\* \* \*

## **5. EMPLOYMENT PRACTICES LIABILITY**

\* \* \*

### **b. Employee Benefit Liability**

#### **(1) Coverage**

*We* will pay those amounts that a *Member* becomes legally obligated to pay as *Damages* because of any act, error or omission, to which this *Coverage Document* applies, committed by a *Member*, or any other person for whose acts the *Member* is legally liable, in the *Administration* of *Your Employee Benefit Program*. The act, error or omission must take place after the retroactive date shown in the Declarations and prior to the end of the *Agreement Period*.

#### **(2) Exclusions**

In addition to those other matters excluded in **SECTION IV – GENERAL EXCLUSIONS**, the following Additional Exclusions also apply to this Coverage.

**Employee Benefit Liability** Coverage does not apply to:

- (a) **INJURY OR PROPERTY DAMAGE** meaning *Bodily Injury*, *Personal Injury* or *Property Damage* based upon or arising out of any act, error or omission by a *Member* in the *Administration* of *Your Employee Benefit Program*;
- (b) **INVESTMENT PERFORMANCE** meaning the failure of any investment or savings program to perform as represented by the *Member*; and
- (c) **INVESTMENT ADVICE** meaning advice given to *Your* employee to participate or not to participate in *Your* investment or savings programs;
- (d) **HANDLING INVESTMENTS** meaning any *Claim* made against the *Member* based upon or attributable to the providing, handling, investment of funds or payment of benefits under *Your Employee Benefit Program*.





1335 L. Street, Suite 200  
Lincoln, NE 68508  
Phone: (402) 742-2600  
Fax: (402) 476-4089  
[www.larmpool.org](http://www.larmpool.org)

- (e) **INSUFFICIENCY OF FUNDS** meaning any *Claim* made against the *Member* based upon or attributable to an insufficiency of funds to meet any obligations under any plan included in *Your Employee Benefit Program*.
- (f) **PAYMENT OF BENEFITS** meaning any *Claim* made against the *Member* based upon or attributable to the payment of benefits that are lawfully paid or payable to a beneficiary from the funds of *Your Employee Benefit Program* (**emphasis added**).

The relevant terms to review of *Administration* and *Your Employee Benefit Program* are defined in **SECTION I – GENERAL DEFINITION** of the Liability Coverage Document as follows:

- 1. *Administration* means the following with respect to *Your Employee Benefit Program*:
  - a. Giving counsel to *Your* employees, including their dependents and beneficiaries, with respect to eligibility in, or scope of, such program;
  - b. Handling of records in connection with *Your Employee Benefit Program*; and
  - c. Effecting or terminating enrollment of any employee provided all such acts are authorized by *You*.

\* \* \*

- 24. *Employee Benefit Program* means a formal program of employee benefits maintained in connection with *Your Covered Operations* and includes, but is not limited to, Group Life Insurance, Group Accident or Health Insurance, Pension Plans, Employee Stock Subscription Plans, Unemployment Insurance, Social Security and Disability Benefits, Deferred Compensation and Pension Plans.

The claim being made by Brock Leibhart and his family for the denial of payment of benefits does not meet the definition of *Administration* as defined above. Therefore, there is no grant of coverage under the Liability Coverage Agreement.

Even if there was a grant of coverage, which we deny, coverage is excluded under (2)(f) Payment of Benefits above as we well as the following general exclusions of **SECTION IV – GENERAL EXCLUSIONS**:

Unless otherwise stated in the specific Coverage Agreements included in **SECTION V – LIABILITY COVERAGE AGREEMENTS**, or by endorsement to this *Coverage Document*, the coverage provided in this *Coverage Document* does not apply to or provide coverage for:

\* \* \*

**6. BREACH OF CONTRACT** meaning *Claims* for *Damages* or expenses arising out of or involving:

- a. Amounts actually or allegedly due under the terms of any contract or agreement; or
- b. *Your* failure, refusal, or inability to enter into, renew, or perform any contract or agreement except breach of any employment contract or agreement.

\* \* \*

**22. FIDUCIARY CAPACITY** meaning any *Claim* made against the *Member* based upon or attributable to the *Member* gaining any profit or advantage to which the member was not legally entitled, including remuneration paid in violation of law.

Based on the foregoing provisions of the Liability Coverage Document, we advise you that LARM denies coverage, and thereby declines to provide a defense or indemnity to the City of Imperial with respect to the claims made by Brock Leibhart and his family for the denial of payment of benefits.

LARMS' decision to deny coverage has been made after thoughtful consideration of the facts and information presented to date and the Original Complaint. We reserve the right to review any amendments to any lawsuit to make a separate determination as to whether LARM is obligated to provide a defense and/or indemnity with respect to this potential claim.

Sincerely,

John P. Baum  
Litigation Claims Manager  
LARM



1335 L. Street, Suite 200  
Lincoln, NE 68508  
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Fax: (402) 476-4089  
[www.larmpool.org](http://www.larmpool.org)

# *McQuillan & Wendell, P.C., L.L.O.*

MICHAEL J. McQUILLAN

JOSHUA J. WENDELL

201 East Second Street, Suite B  
P.O. Box 478  
Ogallala, NE 69153-0478  
(308) 284-4058  
FAX (308) 284-6420  
Email [info@mcquillanlaw.com](mailto:info@mcquillanlaw.com)

JAMES M. McQUILLAN  
of Counsel

March 16, 2022

League Association of Risk Management  
1335 L St. Ste. 200  
Lincoln, NE 68508

RE: City of Imperial, Nebraska - notice of appeal of denial  
Our File No.: 3952.2201

Dear LARM Staff:

Our firm serves as City Attorney for the City of Imperial, Nebraska ("City" hereinafter). Recently the City submitted notice of a lawsuit naming the City of Imperial. The lawsuit is currently pending in the District Court of Chase County, Nebraska as Case No.: CI22-4. The case number for LARM is LARL190696A1. A copy of the complaint and other relevant information was submitted to LARM and the City requested that LARM provide a defense of the suit.

The City is in receipt of a letter dated March 3, 2022 from LARM signed by John P. Baum. Said letter informed the City of Imperial that LARM was taking the position that there was no coverage due to the City for either indemnification or defense of the lawsuit referenced in the first paragraph of this letter. The City disagrees with the decision of LARM that no coverage is due to the City from the existing insurance agreements with LARM.

This letter is intended as a notice of appeal the determinations made by LARM and communicated in the Marc 3, 2022, letter reevaluated. It is the City's understanding that the determinations articulated by Mr. Baum may be appealed to the LARM board. The City is hereby requesting that the matter be scheduled for hearing before the LARM board at its next regular meeting.

On behalf of the City, I am requesting that LARM inform the City when the appeal to the LARM board will be scheduled. It is anticipated by the City that on the scheduled date of the hearing City representatives would be able to address the LARM board regarding the City's position. It is also anticipated that prior to the meeting the City would be able to submit a brief outlining the coverage required under the City's insurance agreements with



League Association of Risk Management  
Our File No.: 3952.2201  
March 16, 2022  
Page Two

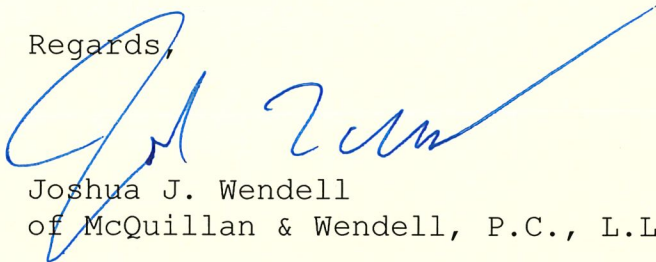
LARM as well as relevant law regarding interpretation of insurance agreements.

I am requesting that LARM respond to this letter as follows:

1. That LARM acknowledge receipt of this letter.
2. That LARM acknowledges that this letter initiated all appeal process(es) which may be applicable to the denial of the City's claim for defense of the lawsuit described in the first Paragraph of this letter, other than the City's right to litigate this claim.
3. That LARM provide a copy of any procedure manual(s) or other documents which will govern or provide rules for how the appeal process will be handled or how the hearing will be conducted.
4. That LARM set a date for the City's appeal to be heard before the LARM board which is charged with adjudication of the City's appeal.
5. That LARM acknowledge that the City will submit a brief prior to the hearing and set a date for submission of a brief of the City's position which will be distributed to board members prior to the hearing date.

If you have any questions or concerns about this letter or the appeal of the denial of coverage which this letter is intended to be notice of, I invite you to give me a call.

Regards,



Joshua J. Wendell  
of McQuillan & Wendell, P.C., L.L.O.

pc: City of Imperial

JJW:mr  
3wz-larm



1335 L Street, Suite 200  
Lincoln, NE 68508  
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[www.larmpool.org](http://www.larmpool.org)

March 24, 2022

Joshua J. Wendell  
McQuillan & Wendell, P.C., L.L.O.  
PO Box 478  
Ogallala, NE 69153-0478

RE: City of Imperial, Nebraska – Notice of Appeal of Denial

Dear Mr. Wendell:

As Administrator of the League Association of Risk Management (LARM), I am hereby acknowledging receipt of your letter of March 16, 2022, which is the City of Imperial's "notice of appeal of denial"; the case number for LARM is LARL190696A1.

LARM acknowledges that your letter of March 16, 2022, initiated all appeal process(es) which may be applicable to the denial of the City's claim for defense of the lawsuit described in your letter, other than the City's right to litigate this claim.

Attached are a copy of LARM's Bylaws and "*Agreement for the Establishment and Operation of the League Association of Risk Management Under the Intergovernmental Risk Management Act and the Interlocal Cooperation Act State of Nebraska.*" LARM tentatively has set May 25, 2022, as the date for the City's appeal to be heard before the LARM Board of Directors which is charged with adjudication of the City's appeal. Meetings of the LARM Board of Directors are conducted pursuant to the provisions of the Open Meetings Act.

The City of Imperial may submit a brief or relevant materials to Dave Bos, LARM Executive Director, no later than May 9, 2022. LARM will distribute these materials to those serving on the LARM Board of Directors prior to the hearing date. Such materials would be considered public records under Chapter 84, Article 7.

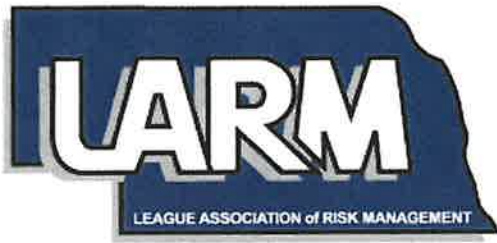
Please feel free to email me if you have any questions or concerns about the appeal process.

Sincerely,

L. Lynn Rex  
Administrator of LARM  
Executive Director of the League of Nebraska Municipalities

cc: Hickman Mayor Doug Hanson, LARM Board Chair  
Dave Bos, LARM Executive Director  
Jo Leyland, City Administrator/Clerk/Treasurer of Imperial





1335 L Street, Suite 200  
Lincoln, NE 68508  
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[www.larmpool.org](http://www.larmpool.org)

Jo Leyland, Clerk  
City of Imperial  
740 Court Street  
Imperial, NE 69033

RE: Claim No. LARL 10696A1  
Member: City of Imperial  
Lawsuit: *Leibhart v. City of Imperial, et al.*, Case No. D72 CI 220000004,  
Chase County District Court, Nebraska.

Dear Ms. Leyland:

The purpose of this letter is to address an issue related to the upcoming LARM Board of Directors Meeting in Lincoln, Nebraska on May 25, 2022. An agenda item for this meeting will be the City of Imperial's appeal of LARM's denial of coverage for a claim made by Dan, Stacy & Brock Leibhart and their lawsuit against the City of Imperial. This lawsuit was filed in Chase County Court, Nebraska entitled *Leibhart v. City of Imperial, et al.*, Case No. D72 CI 220000004.

The Board will be deciding the City of Imperial's appeal for coverage of claim LARL 10696A1 at the meeting. We believe a conflict of interest has arisen relating to your membership on the LARM Board, your employment for the City of Imperial, and your position as a possible witness in the above-captioned lawsuit. As a member of the LARM Board, you may necessarily be asked to choose between the interests of LARM or the interests of your employer, the City of Imperial, when deciding on coverage for the lawsuit. We believe this puts you in an untenable position.

Each LARM Board Member owes fiduciary duties, including a duty of loyalty, to LARM. This includes the obligation to act solely in the best interests of LARM when serving as a Board Member. This duty is found in the common law of the State of Nebraska, and also in the Bylaws of LARM.

**Section 8** of the LARM Interlocal Agreement states that the Board shall:

8.17.2. Take all necessary precautions to safeguard the assets of LARM; and exercise fiduciary duties concerning those assets and the overall operations of LARM.

In addition, **Section VII, Section 1** of the LARM Bylaws states:

A conflict of interest exists when the personal interests of a member of the LARM Board of Directors . . . may affect the ability of the LARM Board member . . . to act in the best interest of LARM and its participating members. A conflict of interest can be considered to exist when the actions or activities of a LARM Board member . . . involve:

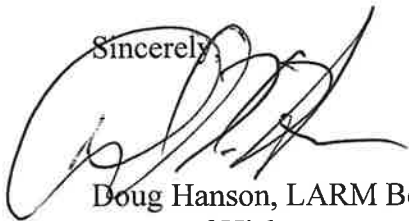
1.2 Adverse Interest. An adverse or potentially adverse effect on the fiduciary, underwriting, coverage, claims management, client defense and service interests of LARM and its participating members.

1.5 Favoritism. Any circumstances that may give rise to reasonable questions of possible favoritism, self-dealing or undue influence for coverages . . . may be a conflict of interest. . . . All such conflicts should be avoided, if possible. The member of the LARM Board . . . should be sensitive to the appearance of conflicts of interest, even if no actual conflict exists. . . .

LARM continues to appreciate your service on the Board and your active participation in deciding difficult subjects that arise. Your contributions to the LARM Board are well-recognized by all. However, your position with the City of Imperial creates an actual or implied conflict of interest within the definitions of the Bylaws because of the adverse or potentially adverse effect it places on the interests of LARM and its members and because you will be asked as a Board member at the May meeting to determine coverages for your employer, the City of Imperial. For example, if LARM's counsel provides legal advice to the Board regarding this claim during a closed session you attend, you would be unable to fulfill your fiduciary duty of loyalty to LARM of not waiving the attorney-client privilege, while at the same time fulfilling your duty of loyalty to your employer, the City of Imperial, by informing it of any information you learned.

Accordingly, we respectfully request that you to abstain from any vote, and absent yourself from any closed session wherein the Board discusses the merits of the City of Imperial's appeal for coverage of claim LARL 10696A1. Please know that LARM is making this request pursuant to the written Bylaws that govern us all. We truly appreciate your service on our Board. We are solely motivated in this request by our own, and your, obligations to faithfully perform our fiduciary duties. We want to ensure that all of us act in good faith with prudence and respect to the Bylaws and ideals of LARM and the beneficiaries of the pool.

Sincerely,

A handwritten signature in black ink, appearing to read 'Doug Hanson', written over the word 'Sincerely,'.

Doug Hanson, LARM Board Chair  
Mayor of Hickman

Enc. Bylaws approved 5-28-20



# League Association of Risk Management

May 25, 2022

U.S. Bank Institutional Asset Management

Investment products and services are:

NOT A DEPOSIT

NOT FDIC INSURED

MAY LOSE VALUE

NOT BANK GUARANTEED

NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY



# Your U.S. Bank Team



**Michael T. Maloney**

Senior Portfolio Manager  
Institutional Asset Management  
563-663-2640

[Michael.Maloney@usbank.com](mailto:Michael.Maloney@usbank.com)

**Craig A. Dana**

Vice President  
Relationship Manager  
Institutional Trust & Custody  
515-245-6257

[Craig.Dana@usbank.com](mailto:Craig.Dana@usbank.com)



# Table of Contents

- Page 4 – League Association of Risk Management
  - Performance
  - Fixed Income Overview
  - Fixed Income Analysis
  - Holdings
- Page 11 – Investment Policy
- Page 15 – Market Outlook & Disclosures

Account: XXXXXXXXX9800

**Selected Period Performance**

	Market Value	1 Month	3 Months	Year to Date (4 Months)	1 Year	3 Years	5 Years	Inception to Date 11/01/2014
Total Portfolio Gross of Fees	17,221,271	-.78	-3.04	-3.85	-4.34	-.66	.19	.32
Total Portfolio Net of Fees	17,221,271	-.78	-3.06	-3.89	-4.46	-.80	.05	.18
Total Fixed Income	16,288,020	-.85	-3.33	-4.33	-4.97	-.84	.14	.33
Gov/Agency Bonds	16,052,856	-.84	-3.32	-4.33	-4.96	-.83	.15	
BBARC 1-5 Year US Treasury Index		-.85	-3.28	-4.19	-4.94	.53	.89	.94
Taxable Fixed Other	235,164	-.98	-3.76	-4.49	-5.69	-.83		
Total Cash and Equivalents	933,252	.00	.00	.01	.01	.44	.64	.45
FTSE 1 Month Treasury Bill Index		.01	.02	.03	.06	.63	1.03	.74
FTSE 6 Month Treasury Bill Index		.04	.07	.08	.11	.83	1.18	.88
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Investment products and services are:

NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY



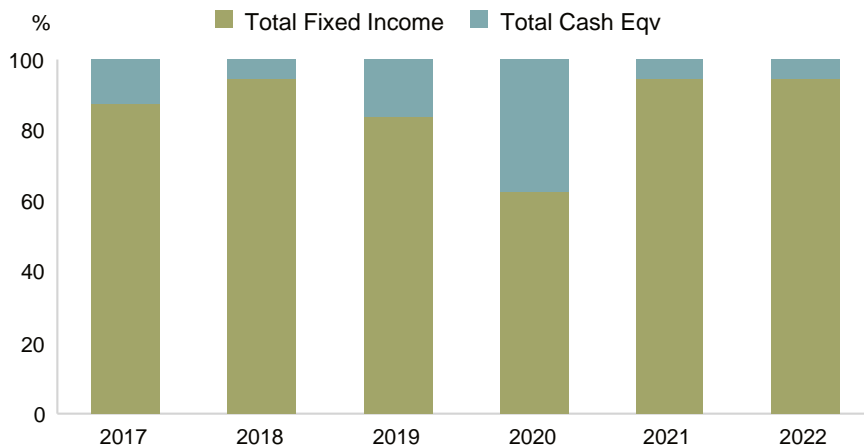
Account: XXXXXXXXX9800

**History of Asset Growth Graphs**

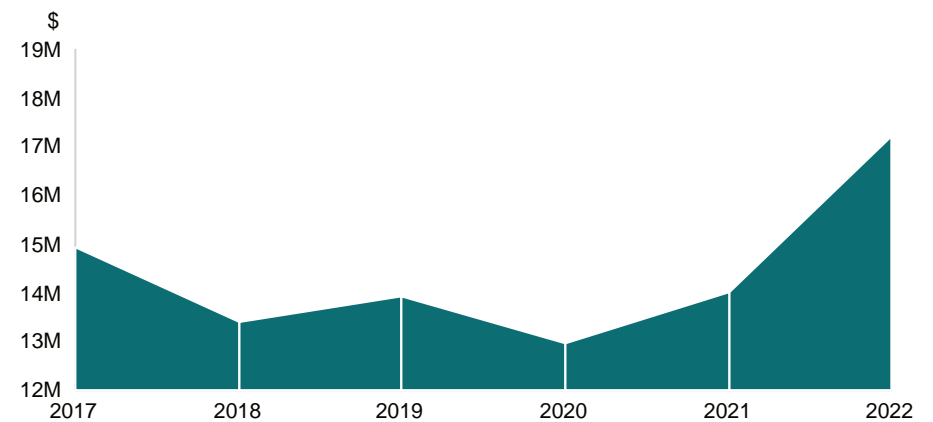
## Annual Portfolio Values

	Consolidated	Oct 2016- Sep 2017	Oct 2017- Sep 2018	Oct 2018- Sep 2019	Oct 2019- Sep 2020	Oct 2020- Sep 2021	Oct 2021- Apr 2022
<b>Beginning Portfolio Value</b>	<b>11,853,807</b>	<b>11,853,807</b>	<b>14,923,367</b>	<b>13,380,140</b>	<b>13,922,983</b>	<b>12,945,684</b>	<b>13,999,890</b>
Contributions	34,750,000	6,300,000	4,750,000	4,600,000	3,700,000	7,900,000	7,500,000
Withdrawals	-29,411,178	-3,274,225	-6,405,776	-4,574,303	-4,921,961	-6,822,895	-3,412,020
Income Earned	1,048,534	162,643	230,600	304,987	209,553	87,451	53,300
Gain/Loss	-1,019,892	-118,859	-118,051	212,158	35,109	-110,350	-919,899
<b>Ending Portfolio Value</b>	<b>17,221,271</b>	<b>14,923,367</b>	<b>13,380,140</b>	<b>13,922,983</b>	<b>12,945,684</b>	<b>13,999,890</b>	<b>17,221,271</b>
<b>Total Return</b>	<b>.16</b>	<b>.31</b>	<b>.79</b>	<b>3.14</b>	<b>1.52</b>	<b>-.12</b>	<b>-4.59</b>
Principal	-.99	-.69	-.64	1.23	.18	-.63	-4.86
Income	1.16	1.00	1.44	1.89	1.34	.52	.29

## Allocation Over Time



## Ending Market Values Over Time



For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Investment products and services are:  
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Account: XXXXXXXX9800

Holdings Method: Direct

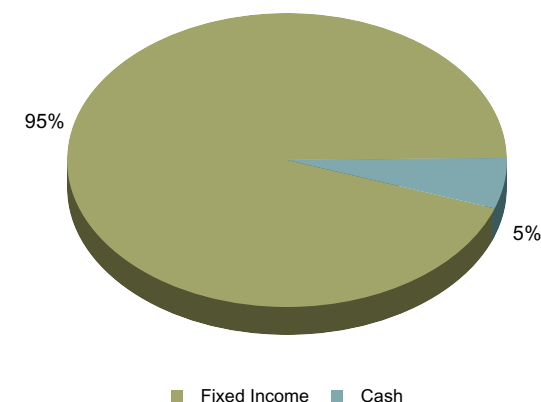
Report Date: 04/29/2022

### Portfolio Summary

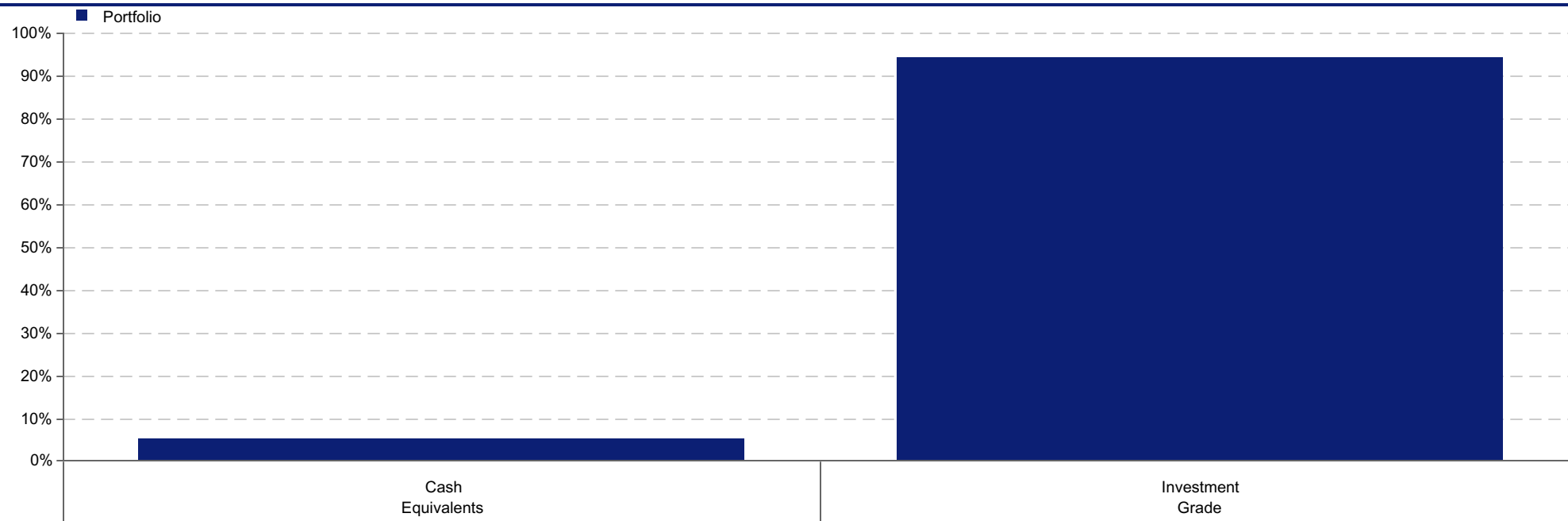
Inv. Objective	All Fixed/Non Taxable
Total Portfolio Value	\$17,194,735
Net Realized Cap Gains YTD	\$-1,836
Annual Income Projected	\$97,004
Current Yield	.56%
Number of Securities	23
Portfolio Mgr.	Michael T. Maloney

### Portfolio Asset Allocation

Fixed Income	\$16,261,538	94.57%
Cash	\$933,197	5.43%
<b>Invested Total</b>	<b>\$17,194,735</b>	<b>100.00%</b>



### Portfolio Model Allocation



Account: XXXXXXXXX9800

Holdings Method: Direct

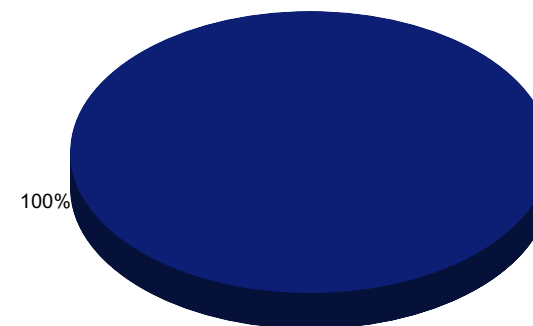
Report Date: 04/29/2022

### Fixed Income Summary

Inv. Objective	All Fixed/Non Taxable
Total Fixed Income Value	\$16,261,538
Current Yield	.59%
Annual Income Projected	\$96,538
Number of Securities	22
Portfolio Mgr.	Michael T. Maloney

### Fixed Income Asset Allocation

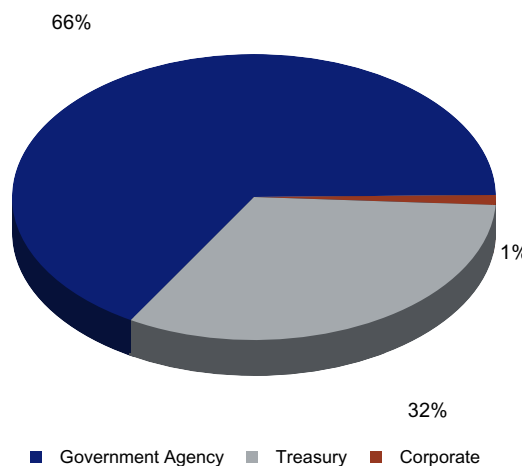
Investment Grade \$16,261,538 100.00%



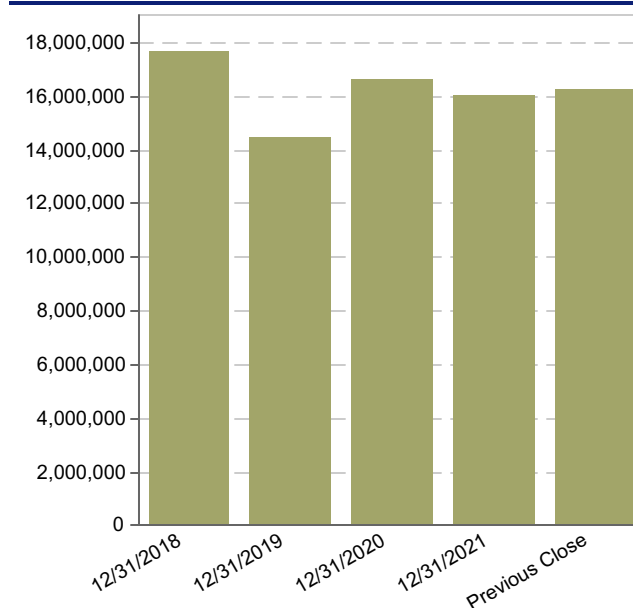
■ Investment Grade

### Fixed Income Sector Exposures

Government Agency	\$10,751,325	66.00%
Treasury	\$5,275,068	32.00%
Corporate	\$235,145	1.00%



### Fixed Income Market Value



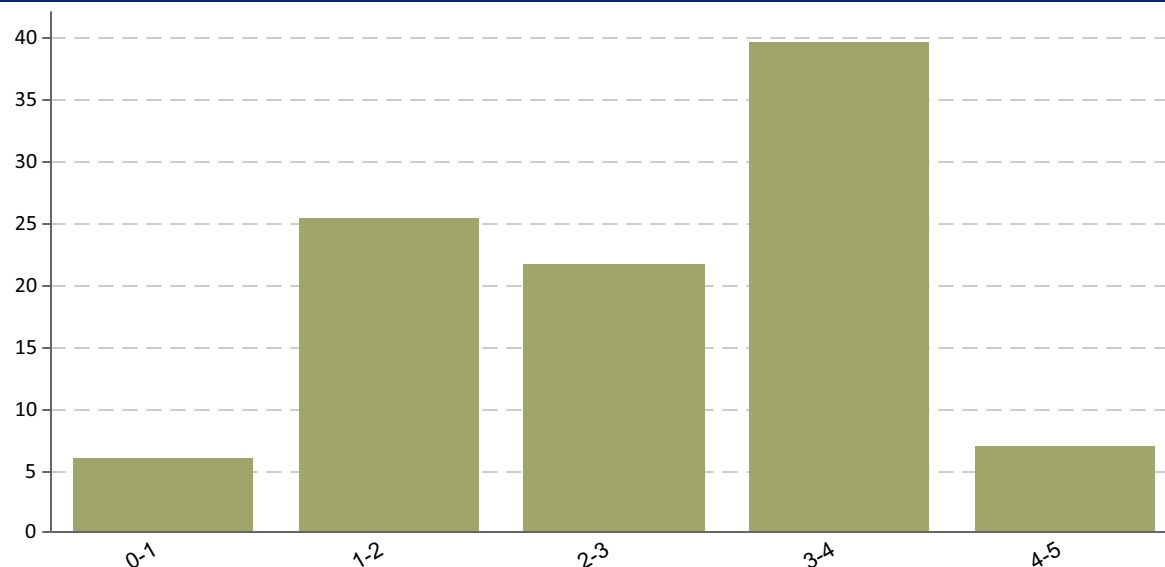
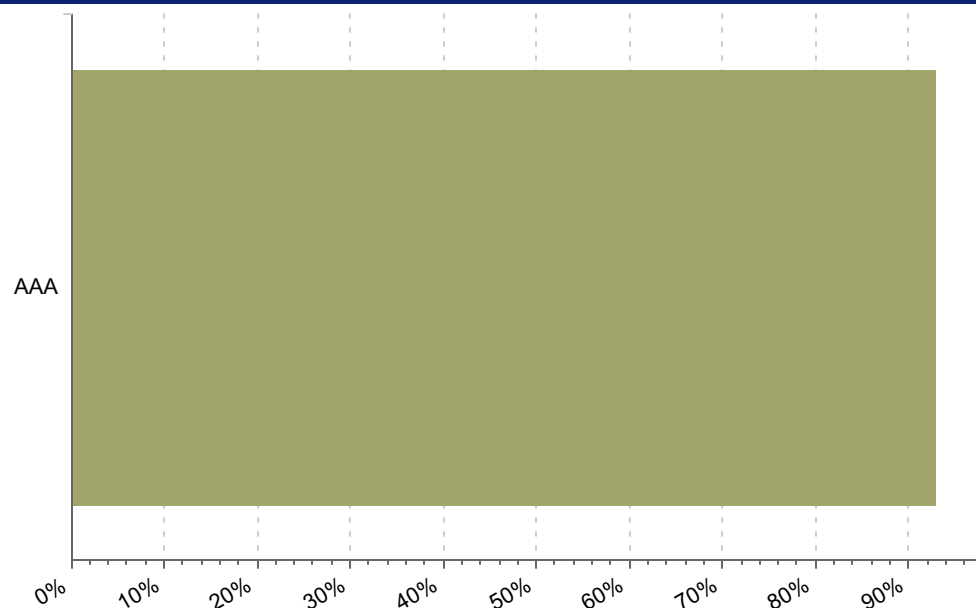
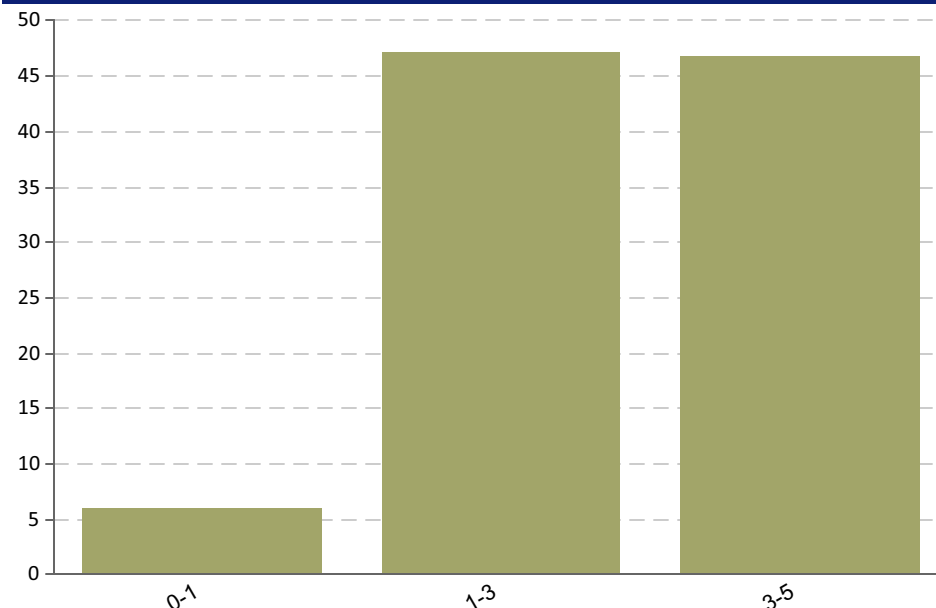
Account: XXXXXXXX9800

Holdings Method: Direct

Report Date: 04/29/2022

**Bond Characteristics**

	Portfolio	% Avail
Avg. Coupon (%)	.56	100
Current Yield (%)	.59	100
Yield To Maturity	2.73	100
Yield to Call/Worst (%)	2.73	100
Eff. Maturity (Yrs)	2.69	100
Effective Duration	2.58	100
Avg. Quality	AAA	95
# of Securities	22	100

**Bond Effective Maturity**

**Bond Quality Distribution**

**Bond Duration Distribution**




## LEAGUE ASSOC OF RISK MANAGEMENT

## Portfolio Holdings

Account: XXXXXXXXX9800

Holdings Method: Direct

Report Date: 04/29/2022

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
<b>Total</b>		<b>100.0</b>			<b>17,194,735</b>	<b>18,156,180</b>	<b>-961,445</b>	<b>0.56</b>	<b>97,004</b>
<b>Cash</b>		<b>5.43</b>			<b>933,197</b>	<b>933,197</b>	<b>.00</b>	<b>0.05</b>	<b>467</b>
<b>Cash Equivalents</b>		<b>5.43</b>			<b>933,197</b>	<b>933,197</b>	<b>.00</b>	<b>0.05</b>	<b>467</b>
US BANK MONEY MARKET (MMDA) IT&C	991070749	5.43	1.00	933,197	933,197	933,197	.00	0.05	467
<b>Fixed Income</b>		<b>94.57</b>			<b>16,261,538</b>	<b>17,222,983</b>	<b>-961,445</b>	<b>0.59</b>	<b>96,538</b>
<b>Investment Grade</b>		<b>94.57</b>			<b>16,261,538</b>	<b>17,222,983</b>	<b>-961,445</b>	<b>0.59</b>	<b>96,538</b>
<b>Corporate</b>		<b>1.37</b>			<b>235,145</b>	<b>249,500</b>	<b>-14,355</b>	<b>0.37</b>	<b>875</b>
BMW BK NORTH C D	0.350% 10/23/24 05580AXH2	1.37	94.06	250,000	235,145	249,500	-14,355	0.37	875
<b>Government Agency</b>		<b>62.53</b>			<b>10,751,325</b>	<b>11,490,612</b>	<b>-739,287</b>	<b>0.49</b>	<b>52,850</b>
F H L M C M T N	0.250% 8/24/23 3137EAEV7	5.65	97.20	1,000,000	972,030	998,958	-26,928	0.26	2,500
F F C B DEB	0.220% 9/08/23 3133EL6J8	5.64	96.98	1,000,000	969,800	998,989	-29,189	0.23	2,200
F H L M C M T N	0.375% 7/29/24 3134GW4X1	4.14	94.86	750,000	711,428	749,775	-38,348	0.40	2,813
F H L M C M T N	0.420% 9/17/24 3134GWSW7	4.13	94.58	750,000	709,335	750,000	-40,665	0.44	3,150
F H L B DEB	0.375% 2/25/25 3130ALB52	5.42	93.13	1,000,000	931,300	1,000,000	-68,700	0.40	3,750
F F C B DEB	0.550% 8/26/25 3130AJZA0	4.03	92.29	750,000	692,160	749,850	-57,690	0.60	4,125
F N M A	0.600% 8/29/25 3136G4X24	4.04	92.69	750,000	695,175	752,138	-56,963	0.65	4,500
F H L M C M T N	0.375% 9/23/25 3137EAEX3	4.00	91.70	750,000	687,765	746,224	-58,459	0.41	2,813
F N M A M T N	0.580% 10/28/25 3135GA2A8	4.02	92.25	750,000	691,868	749,850	-57,983	0.63	4,350
F N M A	0.500% 11/07/25 3135G06G3	5.34	91.84	1,000,000	918,360	996,440	-78,080	0.54	5,000
F H L B DEB	0.570% 11/25/25 3130AKGD2	4.04	92.57	750,000	694,275	748,500	-54,225	0.62	4,275
F H L M C M T N	0.600% 11/25/25 3134GXCH5	5.39	92.69	1,000,000	926,880	1,000,000	-73,120	0.65	6,000
F N M A	0.650% 12/10/25 3135G06J7	4.02	92.21	750,000	691,590	749,888	-58,298	0.70	4,875
F H L B DEB	0.500% 2/10/26 3130AKW51	2.67	91.87	500,000	459,360	500,000	-40,640	0.54	2,500
<b>Treasury</b>		<b>30.68</b>			<b>5,275,068</b>	<b>5,482,871</b>	<b>-207,804</b>	<b>0.81</b>	<b>42,813</b>
U S TREASURY NT	0.125% 12/31/22 91282CBD2	5.75	98.93	1,000,000	989,260	995,586	-6,326	0.13	1,250
U S TREASURY NT	0.125% 12/15/23 91282CBA8	5.59	96.10	1,000,000	961,020	991,445	-30,425	0.13	1,250
U S TREASURY NT	2.375% 2/29/24 9128286G0	4.34	99.48	750,000	746,130	750,059	-3,929	2.39	17,813
U S TREASURY NT	0.375% 4/15/24 91282CBV2	2.78	95.57	500,000	477,850	500,801	-22,951	0.39	1,875
U S TREASURY NT	0.750% 11/15/24 91282CDH1	5.52	94.84	1,000,000	948,440	998,086	-49,646	0.79	7,500

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Material is based on data from sources deemed to be reliable, accuracy/completeness is not guaranteed.

Holdings Date: 4/29/2022

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# LEAGUE ASSOC OF RISK MANAGEMENT

## Portfolio Holdings

Account: XXXXXXXXX9800

Holdings Method: Direct

Report Date: 04/29/2022

			Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
U S TREASURY NT	0.750%	4/30/26	91282CBW0	1.33	91.73	250,000	229,318	249,434	-20,116	0.82	1,875
U S TREASURY NT	1.125%	10/31/26	91282CDG3	5.37	92.31	1,000,000	923,050	997,461	-74,411	1.22	11,250



## LEAGUE ASSOCIATION OF RISK MANAGEMENT

### INVESTMENT POLICY

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

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

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

B. Investment Committee. The Investment Committee shall:

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

C. LARM Administrator. The LARM Administrator shall:

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

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

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

V. Investment Guidelines.

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

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

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

C. General Strategies.

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

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

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

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

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

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

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

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

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

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

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

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

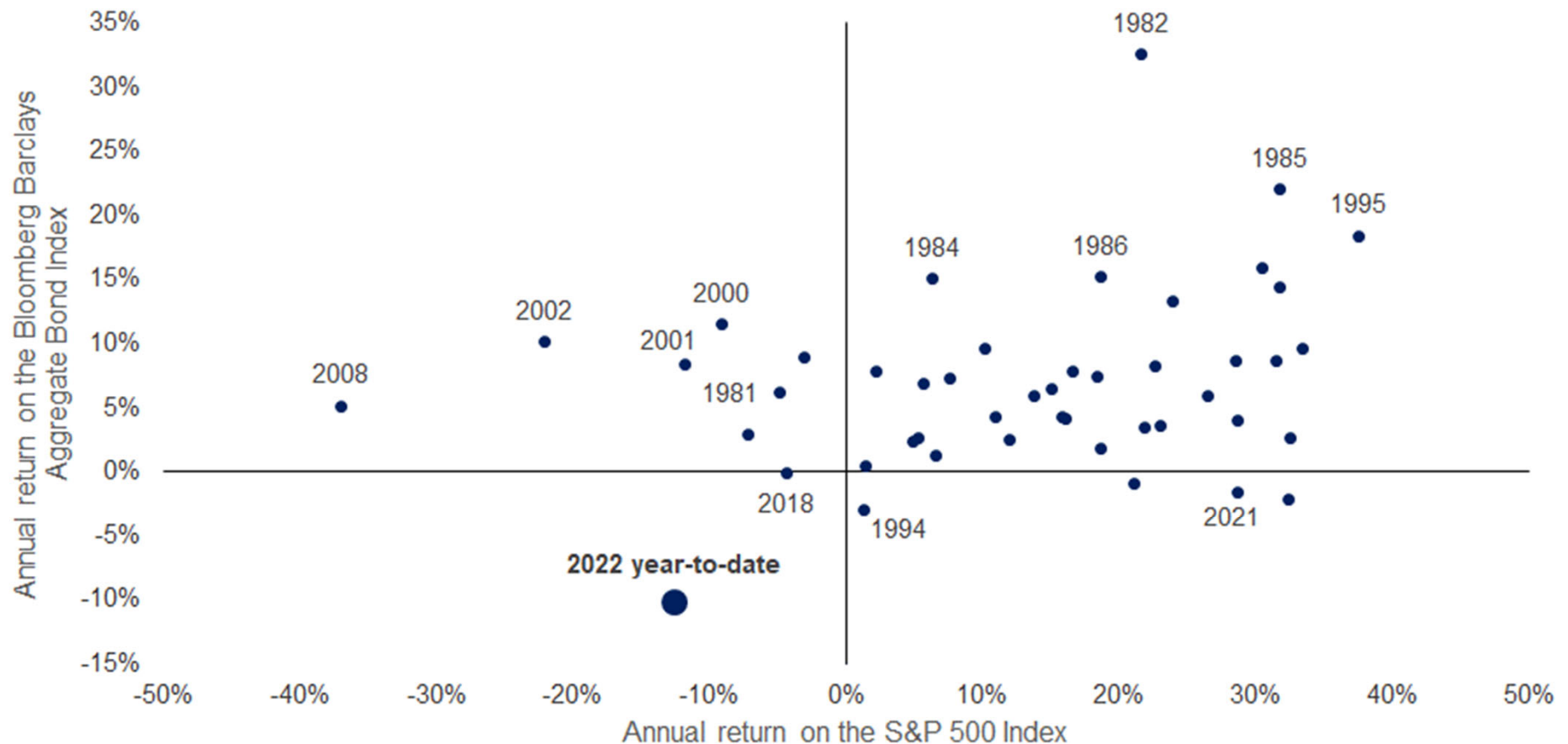


## Market views – May 2022

Investment and insurance products and services including annuities are:  
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE •  
NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

# This year's stock and bond market performance has been a historical anomaly

In the past, bond market returns provided a positive performance offset during periods of material stock market declines. This year's drawdown across both equities and high-quality domestic bonds stands out as a historical outlier.





# Upfront conclusions



We recommend a more balanced portfolio orientation across stocks, bonds and real assets, but expect bond market repricing to continue.

Pro-growth central bank policies, low interest rates and a liquidity-driven capital market backdrop have provided a strong tailwind to riskier asset classes since March 2020, but more restrictive central bank policies intended to catch up to amplified inflation may deliver more near-term headwinds.



Central bank actions are key focal points.

The speed at which central banks shift to more restrictive policies coupled with the depth of those policies will help frame how interest rates move and how other asset classes respond.



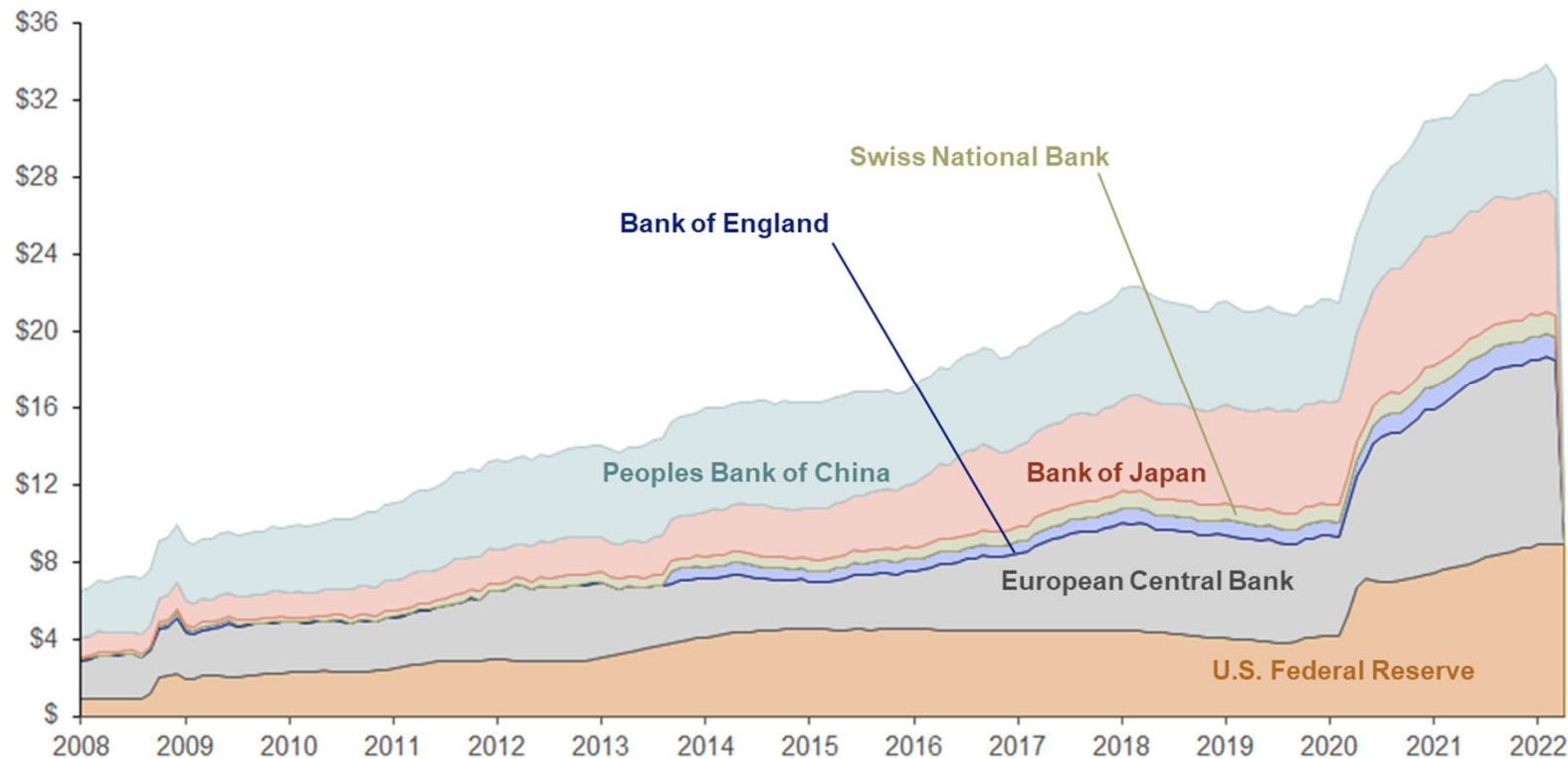
Economic momentum may be challenged in the upcoming quarters, but it is still demonstrating growth.

Forecasters have anticipated a slowdown in economic growth through midyear, thanks to tougher comparisons against a robust 2021. However, accelerated central bank tightening and higher commodity prices may result in lower gross domestic product estimate revisions should consumer and business activity roll over from their current paces.

# The “wall of money” remains high, but may shrink later in 2022

Central banks have had a massive capital market presence since 2008, helping to keep interest rates low. The Federal Reserve is preparing to reduce its asset holdings by allowing bonds on its balance sheet to mature while simultaneously raising interest rates, a material policy shift from pandemic-era emergency policy support.

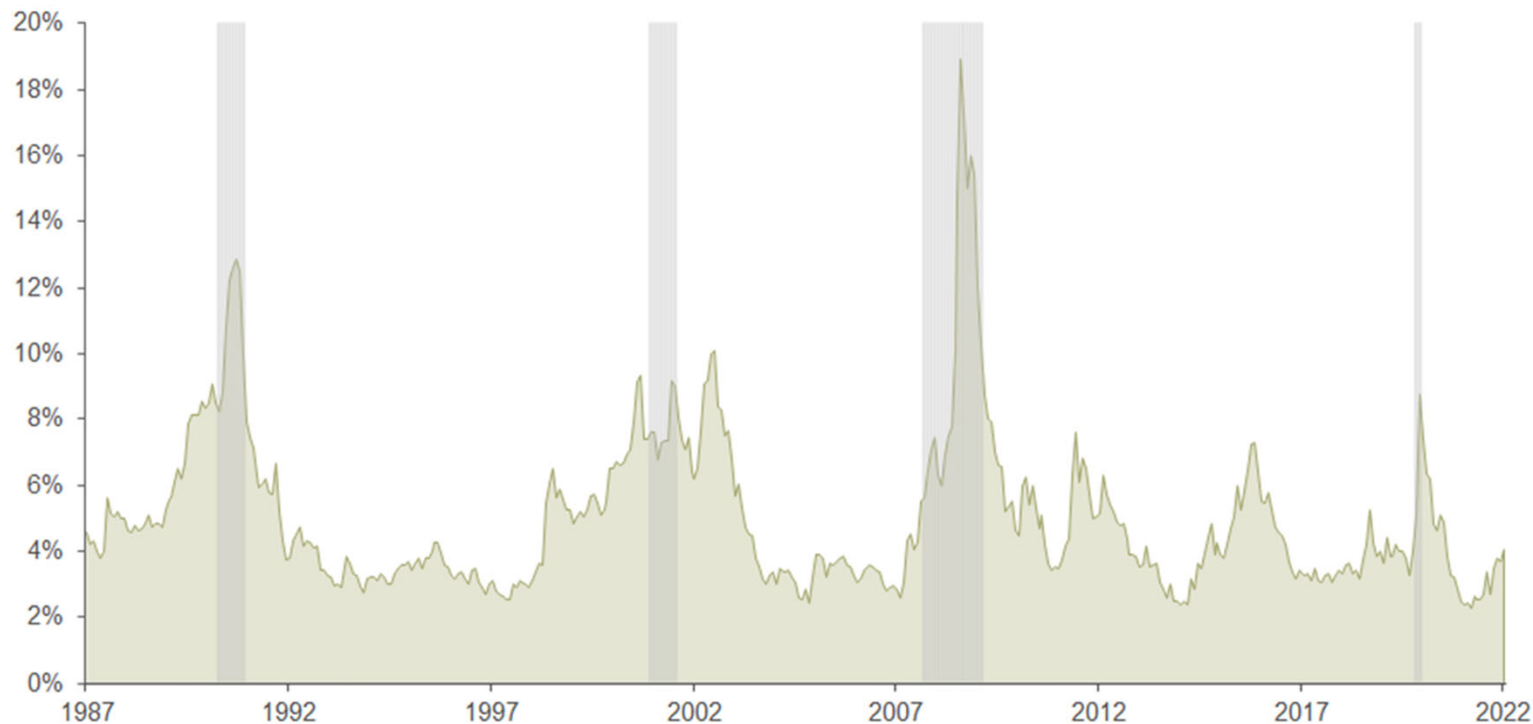
**Total balance sheet size by major central banks**  
(\$ trillions)



# A key component of our outlook rests on borrowing costs for riskier companies

High yield credit spreads, which show the premium that riskier borrowers pay to issue debt, improved following the Fed's decisive action in April 2020. Spreads have widened recently with the Fed embarking on tightening monetary policy and investors digest geopolitical event outcomes.

**Calculated spread between the Bloomberg Barclays U.S. Corporate High Yield Index yield-to-worst and the U.S. government 10-year yield**



# Immediate-term focus



## How markets absorb two pending phenomena: Higher interest rate targets and balance sheet reductions.

The Fed increased its target interest rate range from 0.25%-0.5% on March 16 to 0.75%-1.0% on May 4, and further indicated it will be taking steps to reduce its balance sheet asset holdings starting on June 1. Market liquidity, or the ability of buyers and sellers to transact with ease, is a focus for us as interest rates rise.



## Inflation: Energy prices present another set of price concerns.

The Russia/Ukraine tensions led to near-term inflation risk, and while oil prices have come down from early March levels, hydrocarbon supply imbalances could result in persistent price increases as we enter the Northern Hemisphere's summer driving/cooling season.

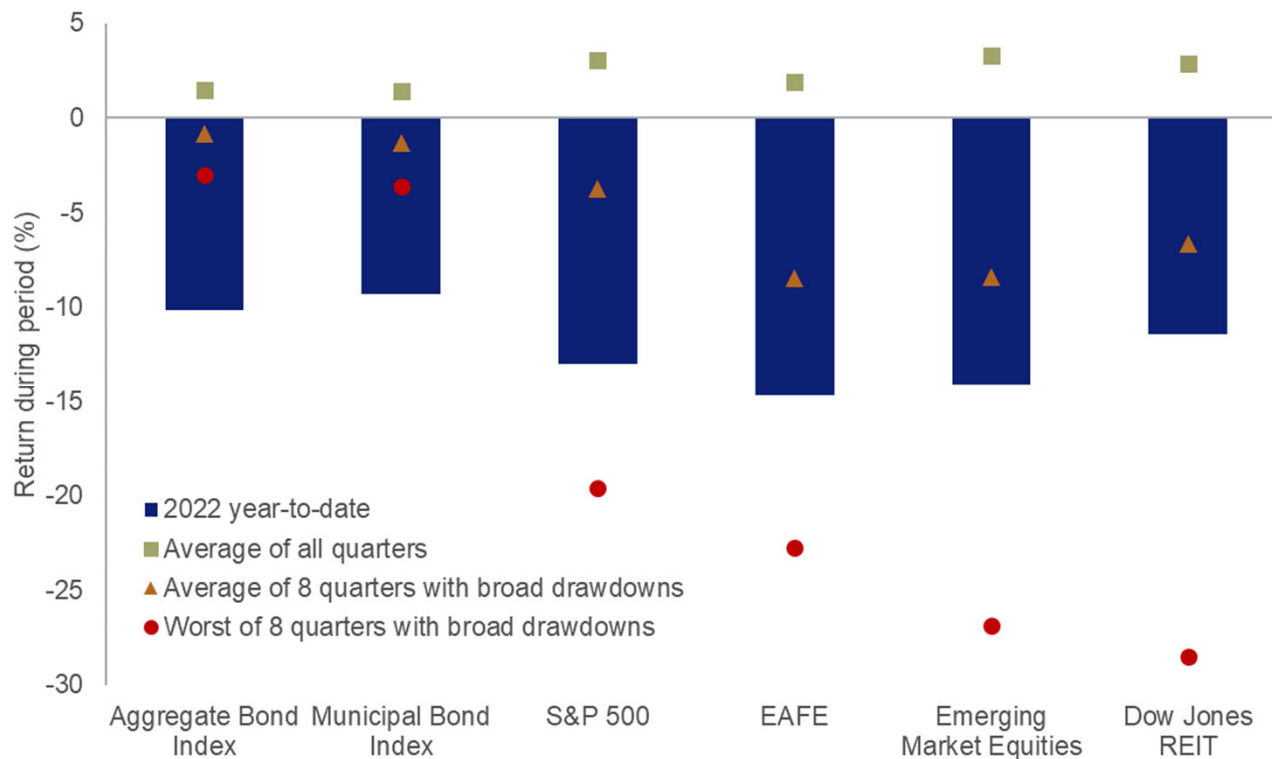


## Economic momentum: Growth is slowing but still positive; how resilient will growth be as interest rates increase?

We expect some gradual economic easing as we get deeper into 2022, but persistently high energy and shelter costs exacerbated by higher borrowing costs could thwart economic activity. We are monitoring demand trends as COVID fears ease.

# Negative returns for six major asset classes

Since the 1988 inception of the MSCI Emerging Markets Index, the six major asset classes below have never posted simultaneously negative returns for a calendar quarter. Five of the six asset classes have posted simultaneously negative returns in just eight quarters during this time, with bonds posting their worst quarter over the time period studied.

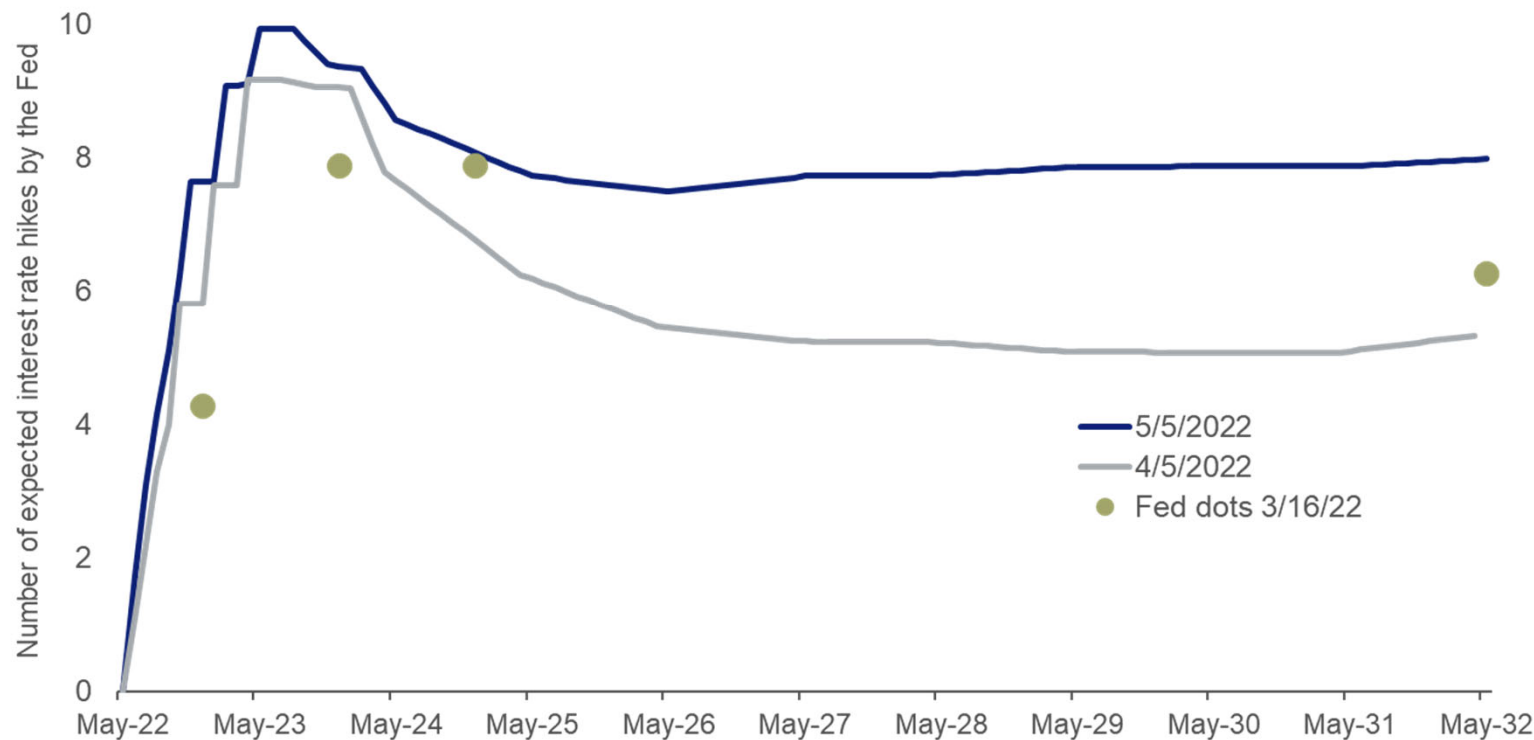


Source: U.S. Bank analysis, Factset data: Data period: January 1, 1988-May 5, 2022: Average of eight periods with broad drawdowns and worst of eight periods with broad drawdowns include just eight quarters where five of the six asset classes posted negative returns: 1Q 1990, 1Q 2005, 2Q & 3Q 2008, 2Q 2013, 4Q 2016 and 1Q 2018.

# Market expects faster pace of Federal Reserve rate increases

Investors are pricing in expectations that the Fed will increase (“hike”) the policy rate by 0.50% in June and July, ultimately reaching around 2.75% by year-end. The market also expects the Fed to reduce interest rates in late 2023 or early 2024 as inflation wanes.

## Rate hikes priced in by the market and projected by the Fed dots

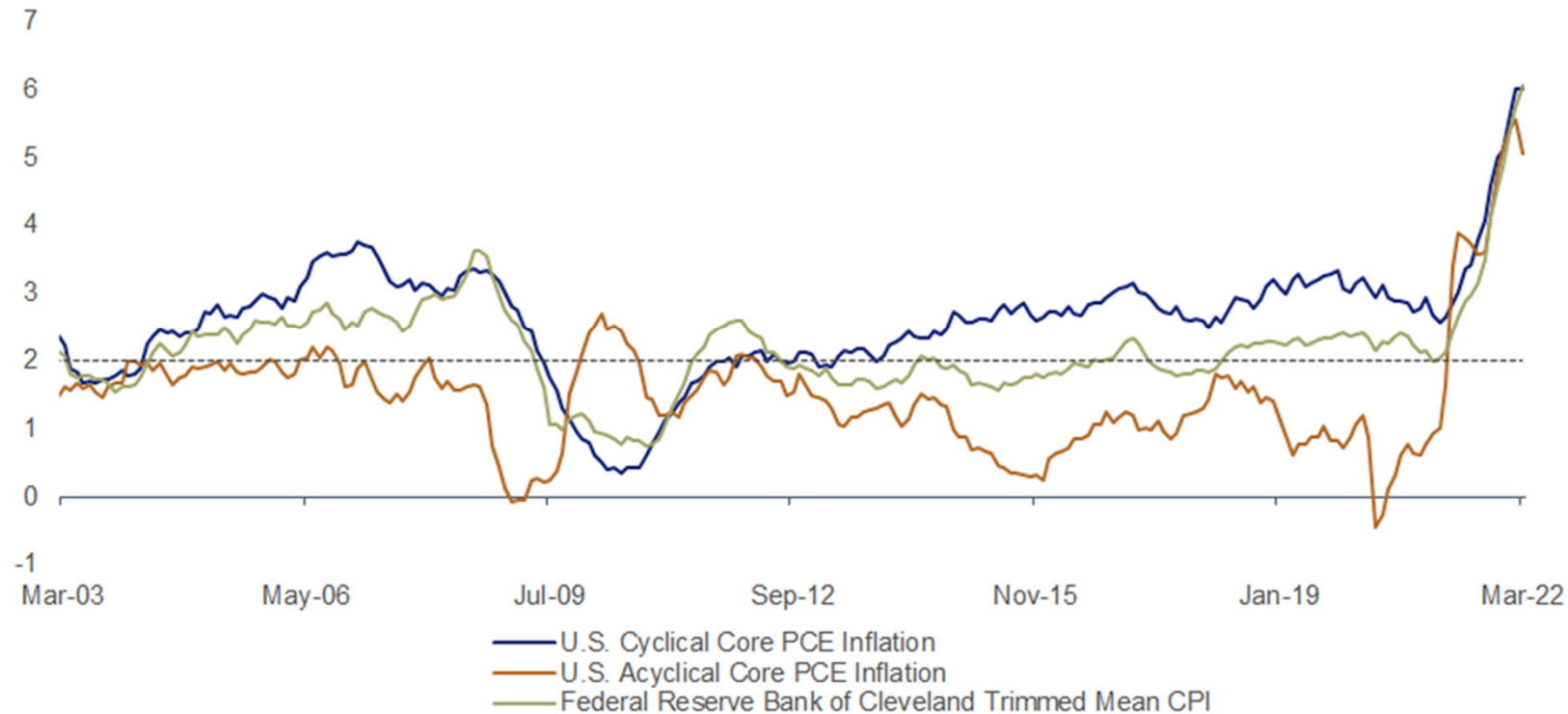


# Inflation: Persistent and broad-based

## Assessing more advanced inflationary measures

Investors often anchor on consumer and producer-level inflation via the Personal Consumption Expenditures Index and the Consumer and Producer Price Index, but using some additional measures reveals inflation's reach across the economy.

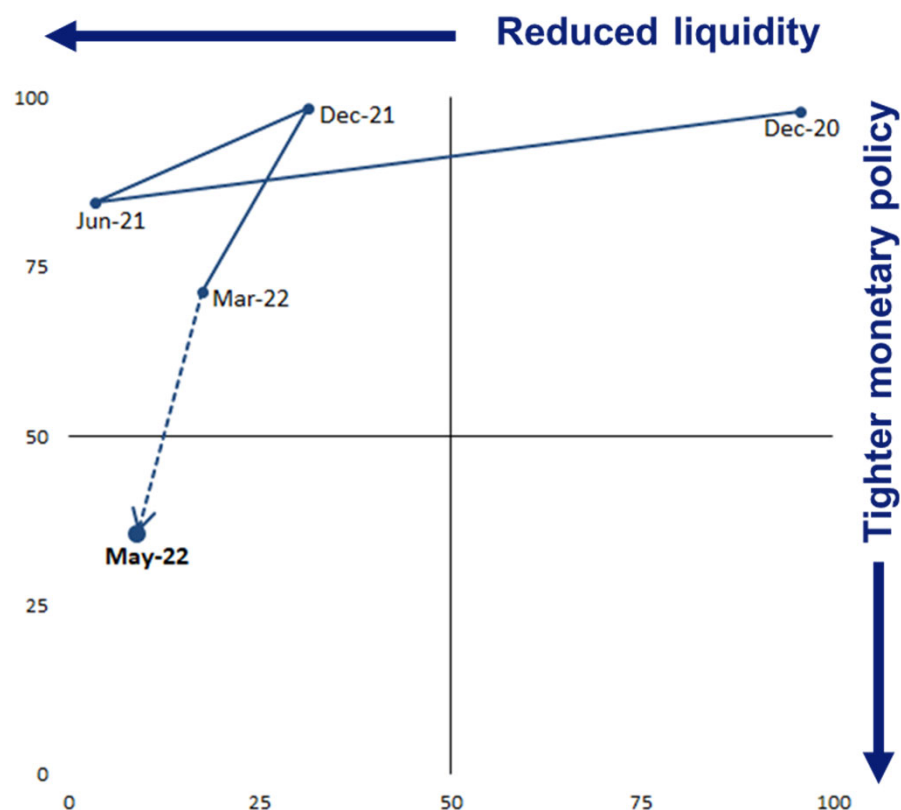
### Various inflation measures (%)





# Liquidity growth has slowed while the Fed plans on reducing monetary policy accommodation: The search for $r^*$

Slower liquidity growth and higher “real” borrowing costs tend to create more challenging markets. The notation “ $r^*$ ” (phonetically “r-star”) represents the neutral interest rate level at which monetary policy is neither accommodative or restrictive. Plotting liquidity relative to real interest rates helps us gauge potential future pathways.



## Liquidity (x-axis)

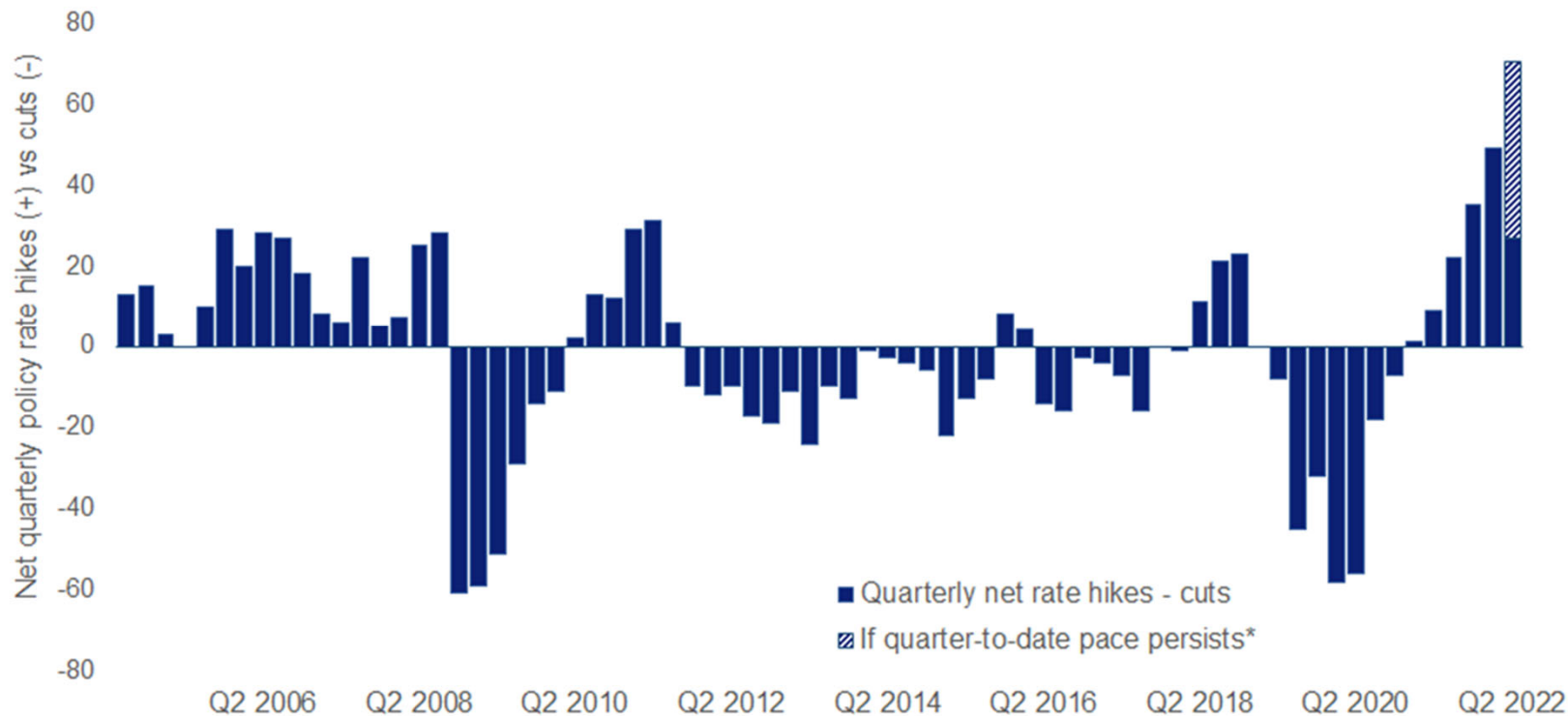
- Growth in the money supply in excess of nominal gross domestic product (GDP)
- Percentile of (year-over-year change M2 money supply minus nominal GDP)

## Monetary accommodation (y-axis)

- Inflation-adjusted “real” yields relative to estimated neutral level
- Percentile of (Holston-Laubach-Williams estimated  $r^*$  minus 10-year implied real yields)
- Assumes a slight reduction in  $r^*$  to 0% after the last Fed output of 0.36% on 6/30/20

# Global central banks are raising interest rates to thwart inflationary pressures

Our tracker of 60 central banks recorded two consecutive record highs of net policy rate increases in the fourth quarter of 2021 and first quarter of 2022. The current quarter is on pace for another high, with already 28 increases and only 1 decrease recorded through May 5.

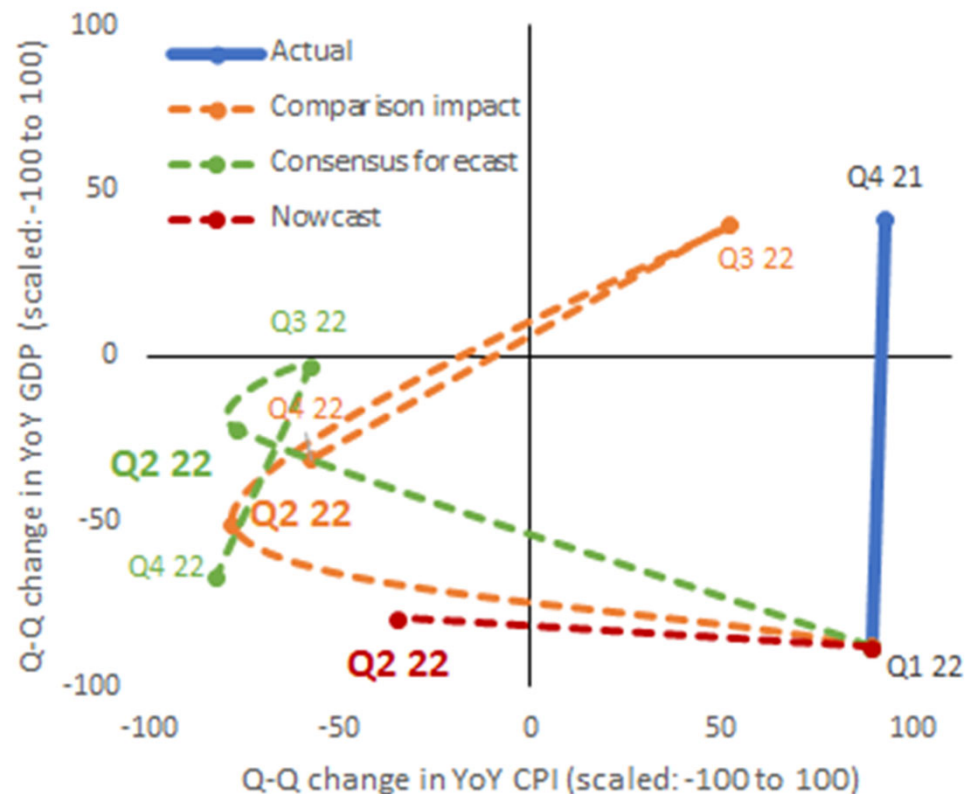


Source: U.S. Bank Asset Management Group analysis, Bloomberg; Data period: August 31, 2004-May 5, 2022.

\*If quarter-to-date pace persists is a linear extrapolation assuming the current pace of rate hikes is maintained through the entire quarter.

# We are transitioning to a period of decelerating growth and inflation

Consensus forecasts project growth and inflation will slow in the second quarter, a phenomenon that historically has presented a challenging environment for equities relative to high-quality bonds.



Source: U.S. Bank Asset Management Group analysis, Bloomberg, Federal Reserve: Data period: September 30, 1953, to May 5, 2022.

Comparison impact: Expected quarterly change = opposite of average quarterly change one year ago and two years ago.

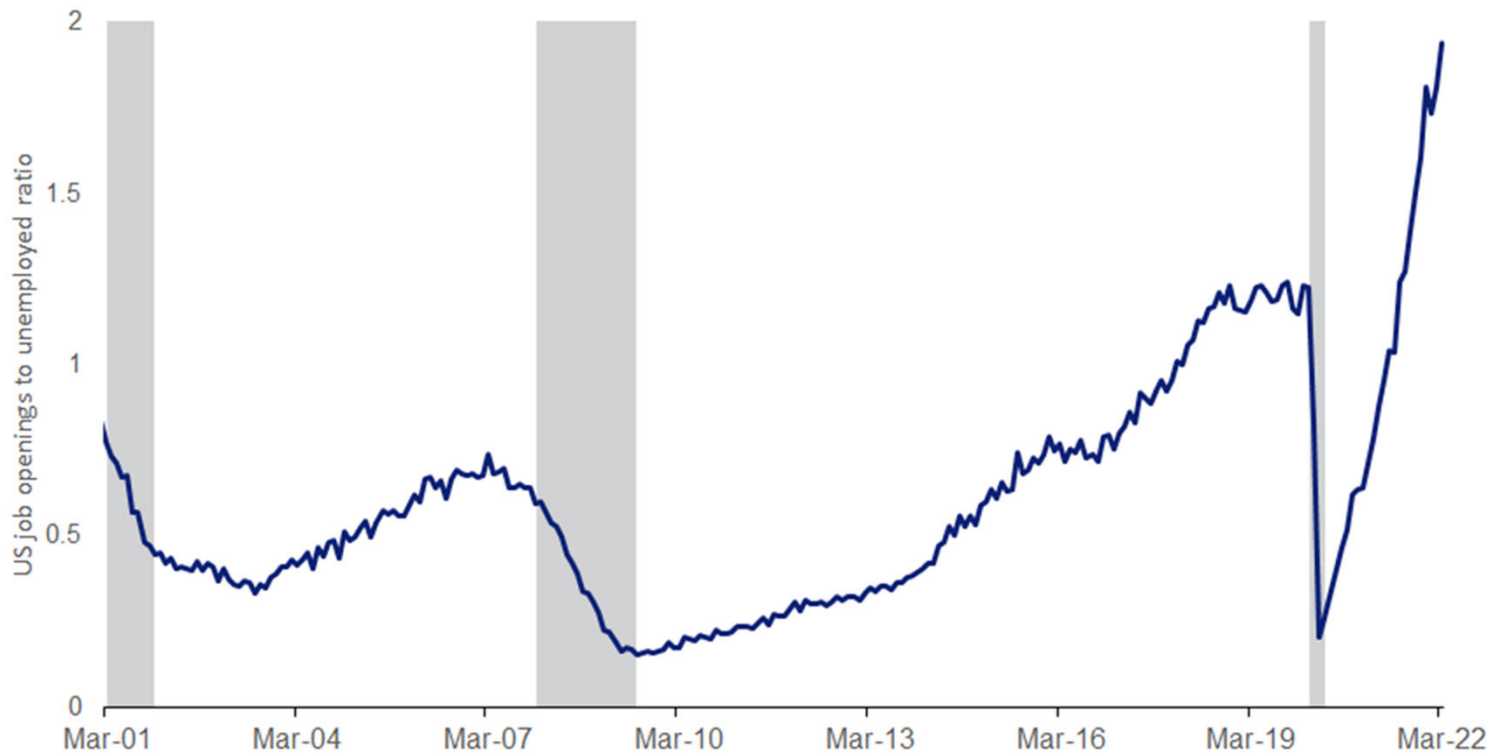
Consensus forecast: Bloomberg consensus economic forecast.

Nowcast: GDP nowcasts averages Atlanta Fed and St. Louis Fed nowcasts. CPI nowcasts reflects Cleveland Fed CPI nowcast.

# The number of job openings far surpasses the amount of unemployed people

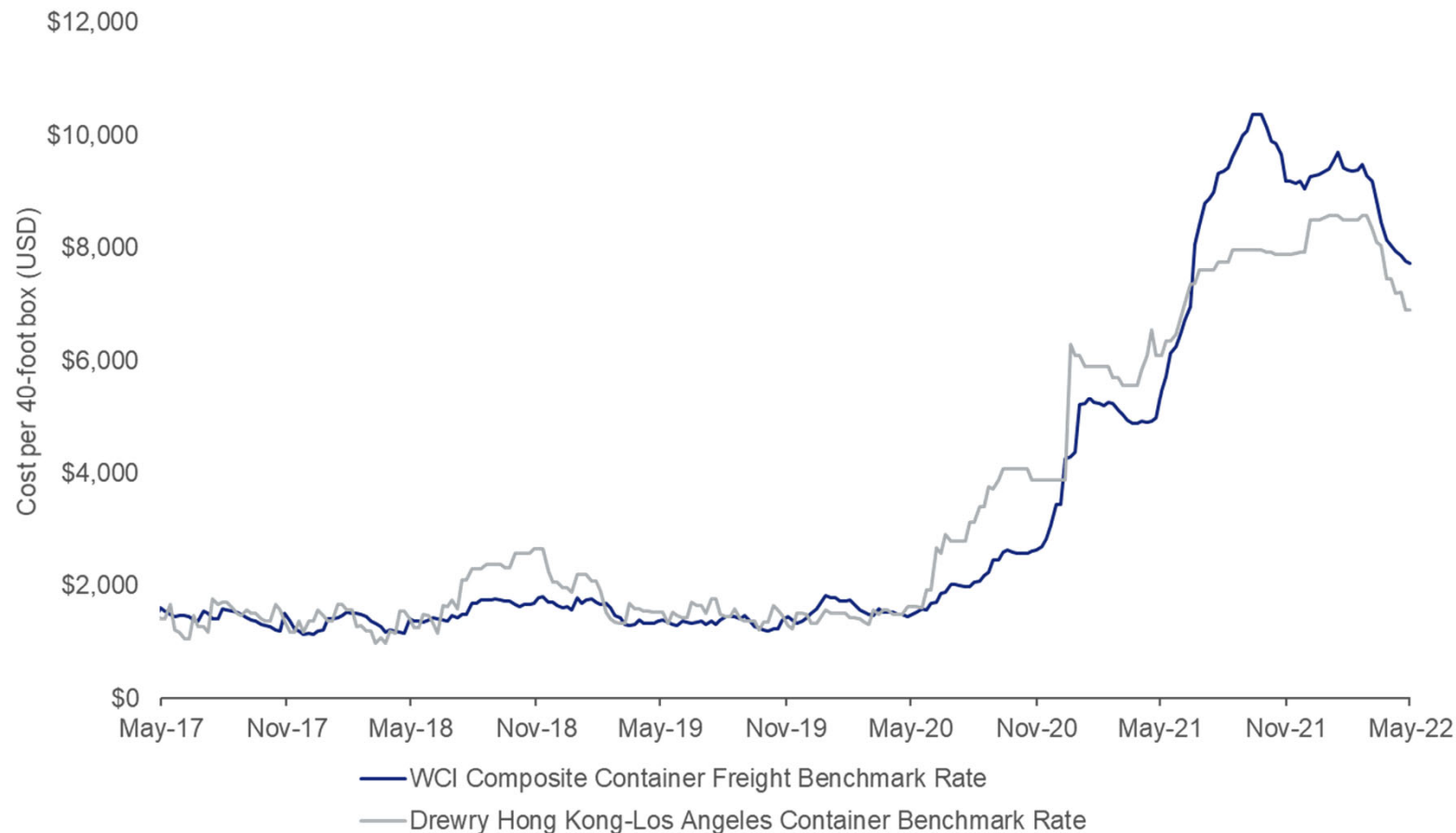
The ratio of job openings relative to unemployed people indicates nearly two jobs are available for every person looking for work. This scarcity of workers is contributing to ongoing supply chain challenges and increasing wage inflation.

**US job openings to unemployment ratio**



# Supply chain pressures are persistent, but stabilizing shipping prices may presage improvement in 2022

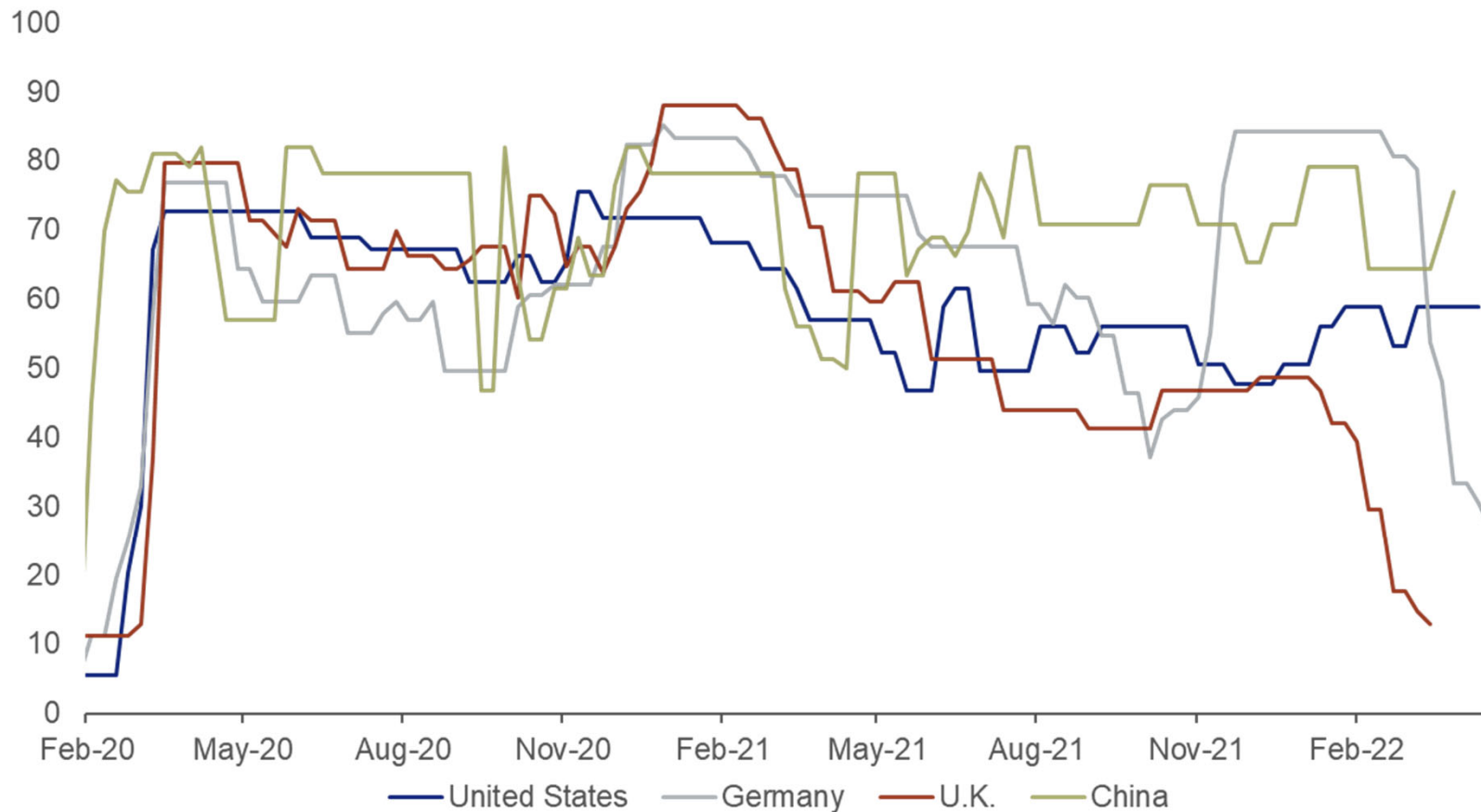
## Container shipping rates



# Global Lockdown Stringency Indexes

Mobility and activity restrictions remain uneven across major global economies

## Oxford / Blavatnik Lockdown Stringency Indexes



Source: U.S. Bank Asset Management Group analysis, Bloomberg data from Blavatnik School at Oxford, Data period: January 2020-April 29, 2022.

Note: The index records the strictness of 'lockdown style' policies that primarily restrict people's behavior. It is calculated using all ordinal containment and closure policy indicators, plus an indicator recording public information campaigns. Nine total response indicators are used, including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 being the strictest).

# Domestic earnings are projected to trend higher in 2022

Earnings projections reflect analysts' optimistic assessment of a post-pandemic world.

**U.S. Wealth Management S&P 500 estimate summary** (as of February 28, 2022; S&P 500 level: 4,374)

Consensus Estimates	Estimated Operating / Reported Earnings Per Share							P/E Est. Multiple		
	2019	2020	2021	2022	YoY Growth			2019	2021	2022
					20/19	21/20	22/21			
<b>Firm</b>										
• Bloomberg	152.3	122.5	193.9	227.7	-19.6%	58.0%	17.6%	27.2x	21.4x	18.2x
• FactSet (Bottoms Up-SP500)	163.1	140.5	208.2	228.8	-13.9%	48.4%	9.8%	25.4x	19.9x	18.1x
• S&P Global	163.1	142.5	209.5	228.2	-12.6%	47.0%	8.9%	25.4x	19.8x	18.2x
Blend	159.5	135.1	203.9	228.2	-15.3%	50.8%	12.0%	26.0x	20.4x	18.2x

Rising earnings and still relatively low interest rates provide some valuation support.

- Earnings remain at all-time highs while share prices trend lower.
- Valuations are nearing historical averages during periods of similar levels of inflation and interest rates.

## First quarter takeaways:

- Sales and earnings are exceeding expectations.
- Economies, both home and abroad, are opening.
- Margins are holding up as many companies are getting price.
- Forward guidance is cautious, largely due to ongoing supply chain disruptions.

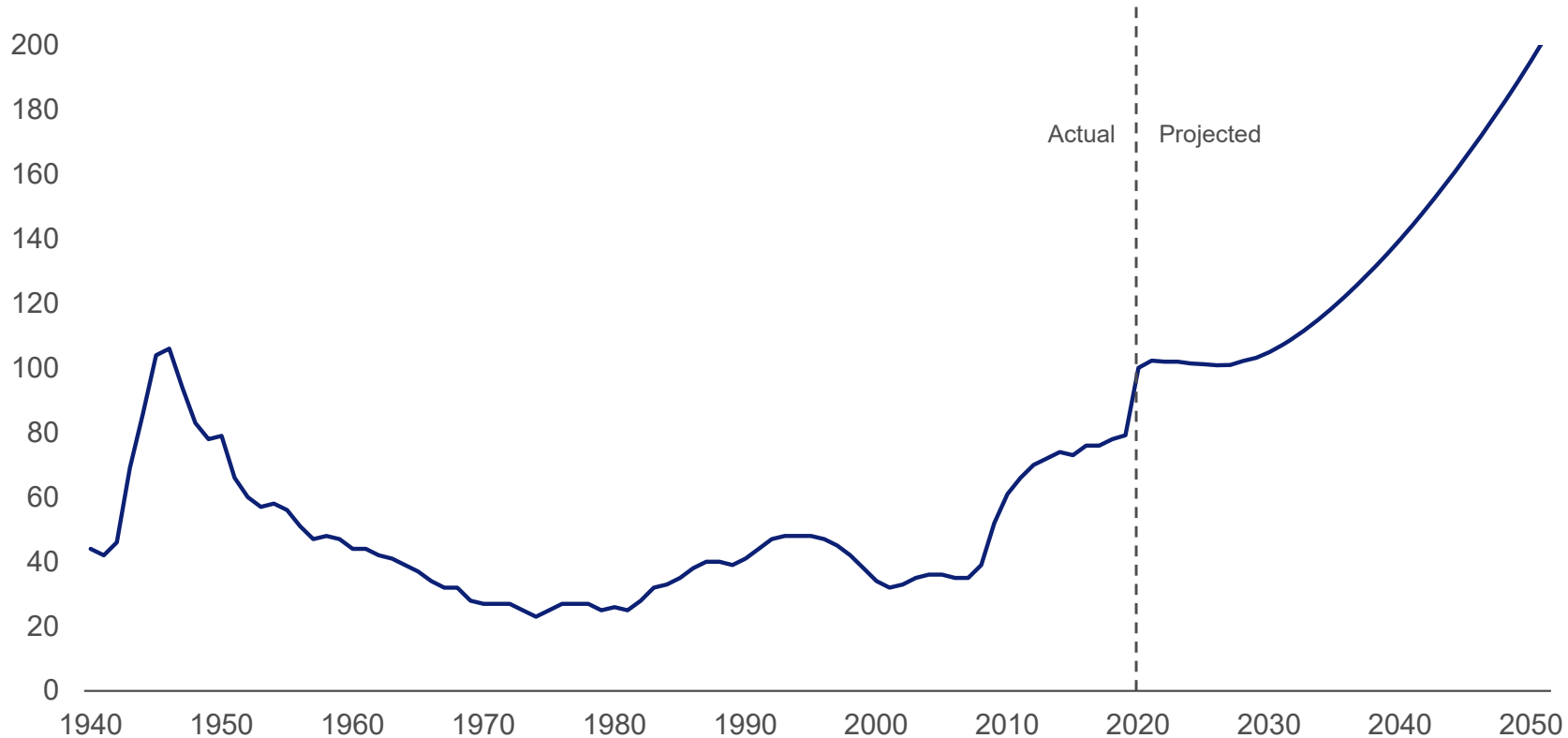



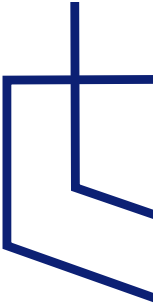
# Deficit outlook: When will the bill come due?

## An update to the budget and economic outlook

This visual update represents the Congressional Budget Office's (CBO) projections factoring in the COVID-19 stimulus and hit to Treasury's revenues due to the recession. The CBO expects a reduced budget deficit going into the 2030s, at which point entitlements take over and cause the deficit to rise again.

**Federal debt held by the public and projected as a percentage of GDP**  
(2020-2051)





## Important disclosures, definitions of terms and index descriptions

If you have questions regarding this information or wish to receive definitions of any additional terms or indexes used in this report, please contact your Portfolio Manager.

# Important disclosures (page 1 of 4)

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



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

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

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

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

# Important disclosures (page 2 of 4)

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

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

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

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

# Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

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

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

# Important disclosures (page 4 of 4)

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

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

# Definitions of report and statement terms (page 1 of 5)



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

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

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

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

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

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

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

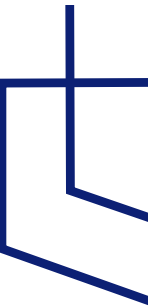
**Bond Credit Rating:** A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

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

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



# Definitions of report and statement terms (page 2 of 5)



**Cost basis/book value:** The original value of an asset at the time it was acquired. This is normally the purchase price or appraised value at the time of acquisition. This data is for information purposes only.

**Cumulative Excess Return:** Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns in periods up to one year, but annualized returns for periods exceeding one year.

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

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

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

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

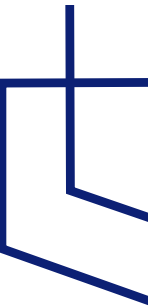
**Estimated annual income:** The amount of income a particular asset is anticipated to earn over the period indicated. The shares multiplied by the annual income rate.

**Gain/loss calculation:** If an asset was sold, the difference between the proceeds received from the sale compared to the cost of acquiring the asset. If the value of the proceeds is the higher of the two numbers, then a gain was realized. If the value of the proceeds is the lower of the two numbers, a loss was incurred. This data is for information purposes only.

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

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

# Definitions of report and statement terms (page 3 of 5)



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

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

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

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

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

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

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

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

# Definitions of report and statement terms (page 4 of 5)



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

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

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

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

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

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

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

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

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

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

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

# Definitions of report and statement terms (page 5 of 5)



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

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

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

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

**Unrealized gain (loss)** — The difference between the current market value (at the end of the statement period) and the cost to acquire the asset. If the current market value is higher than the cost, a gain is reflected. If the current market value is lower than the cost paid, a loss is reflected. This data is for information purposes only.

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

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

# Frequently used indexes (page 1 of 5)

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

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

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

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

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

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

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

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

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

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

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

# Frequently used indexes (page 2 of 5)

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

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

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

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

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

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

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

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

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

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

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

# Frequently used indexes (page 3 of 5)

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

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

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

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

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

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

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

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

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

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

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



# Frequently used indexes (page 4 of 5)

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

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

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

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

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

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

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

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

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

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

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

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

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

# Frequently used indexes (page 5 of 5)

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

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

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

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

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

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

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

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

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

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

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

# Appendix

This information represents the opinion of U.S. Bank Wealth Management. The views are subject to change at any time based on market or other conditions and are current as of the date indicated on the materials. This is not intended to be a forecast of future events or guarantee of future results. It is not intended to provide specific advice or to be construed as an offering of securities or recommendation to invest. Not for use as a primary basis of investment decisions. Not to be construed to meet the needs of any particular investor. Not a representation or solicitation or an offer to sell/buy any security. Investors should consult with their investment professional for advice concerning their particular situation. The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness. U.S. Bank is not affiliated or associated with any organizations mentioned. Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. Diversification and asset allocation do not guarantee returns or protect against losses.

**Past performance is no guarantee of future results.** All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses. The **S&P 500 Index** consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market in general. The **MSCI EAFE Index** includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East (EAFE). The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. The **MSCI World Index** tracks equity market performance of developed markets through individual country indices. The **Consumer Price Index (CPI)** is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. The **Personal Consumption Expenditures (PCE) Price Index** measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends. The **Bloomberg Barclays U.S. Corporate High Yield Bond Index** measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market. The **Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. The **Bloomberg Commodity Index** tracks prices of futures contracts on physical commodities in the commodity markets and is designed to minimize concentration in any one commodity or sector. The **Bloomberg Barclays Global Aggregate Index** measures global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. The **Wilshire U.S. REIT Index** is a broad measure of the U.S. real estate securities markets and a subset of the Wilshire Real Estate Securities Index and includes only Real Estate Investment Trusts (REITs). **West Texas Intermediate (WTI)** crude oil is the underlying commodity of the New York Mercantile Exchange's oil futures contracts. The **U.S. Dollar Index (DY)** is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners.

# Appendix

The **Trade-Weighted Dollar Index** was created by the Federal Reserve to measure the value of the U.S. dollar based on its competitiveness versus trading partners. The **Bloomberg Barclays U.S. Commercial Mortgage-Backed Securities (CMBS) Investment Grade Index** measures the market of conduit and fusion CMBS deals, with a minimum current deal size of \$300 million. The **S&P Global Leveraged Loan Index** is designed to measure the performance of the global senior loan market. This fixed-weight index is 75% weighted in the S&P/LSTA Leveraged Loan Index and 25% weighted in the S&P European Leveraged Loan Index. The **Chicago Board Options Exchange (CBOE) Crude Oil ETF Volatility Index** (Oil VIX) measures the market's expectation of 30-day volatility of crude oil prices. The **ICE BofAML MOVE Index** measures the implied yield volatility of a basket of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries. The **Chicago Board Options Exchange (CBOE) Volatility Index (VIX)** measures the market's expectation of 30-day volatility and is a widely used measure of market risk and is often referred to as the "investor fear gauge." The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market. The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell 2000 Value Index** measures the performance of those Russell 2000 Index securities with lower price-to-book ratios and lower forecasted growth values and is representative of U.S. securities exhibiting value characteristics. The **NASDAQ Composite Index** is a market-capitalization weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market. The **Oxford/Blavatnik Lockdown Stringency Index** records the strictness of "lockdown style" policies that primarily restrict people's behavior. It is calculated using all ordinal containment and closure policy indicators in the Oxford Covid-19 Government Response Tracker , plus an indicator recording public information campaigns.

**Equity securities** are subject to stock market fluctuations that occur in response to economic and business developments. **International investing** involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments. There are special risks associated with investments in **real assets** such as commodities and real estate securities. For commodities, risks may include market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors. Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults).



## **MEMORANDUM**

Date: May 2, 2022

To: LARM Board of Directors

From: Ryan Draughn, Director of Information Technology  
Mark Snodgrass, Director, Member Data Strategist  
Chris McKenna, VP/Actuary  
NLC Mutual Insurance Company ("NLC Mutual")

Subject: *NLC Mutual Insights Program*

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### **Summary**

NLC Mutual is honored to be invited in person to present to the LARM Board of Directors an overview of the NLC Mutual Insights program. Started in 2017, this program is an exclusive benefit to NLC Mutual members for data warehousing and analytics to assist in all facets of your operation. This program is fully funded by NLC Mutual and includes licensing to world class business intelligence visualization and data transformation software (Domo) as well as technical assistance from dedicated NLC Mutual staff. Currently, 20 of the 27 NLC Mutual members take advantage of this program and reported greatly enhanced efficiencies in how they analyze information and communicate to their membership.

As state pools often do not compete with each other, NLC Mutual is uniquely positioned to offer this service to members which offer numerous benefits. These include but are not limited to: analyses and insights shared between state pools, comparisons to other states or national averages using actual pool data, experience with TPAs and other external partners, and expert knowledge in creating analyses for claims, underwriting, loss control and other executive level staff. While we often engage IT or business analysts to understand how to connect information, we primarily work with managers in a strategic fashion to solve key business objectives. In summary, the goal at NLC Mutual is to offer a service to empower our members knowledge and enhance operations, create a common environment where data analytics can be understood and discussed between pools, and place the information into the hands of the decision makers.

We look forward to presenting more details of the program and a demonstration during your meeting. A link to the program at NLC Mutual's website can be found here: <https://www.nlcmutual.com/mutual-insights/>





+

DOMO

+

NLC  
MUTUAL  
INSURANCE COMPANY



# Key Principles

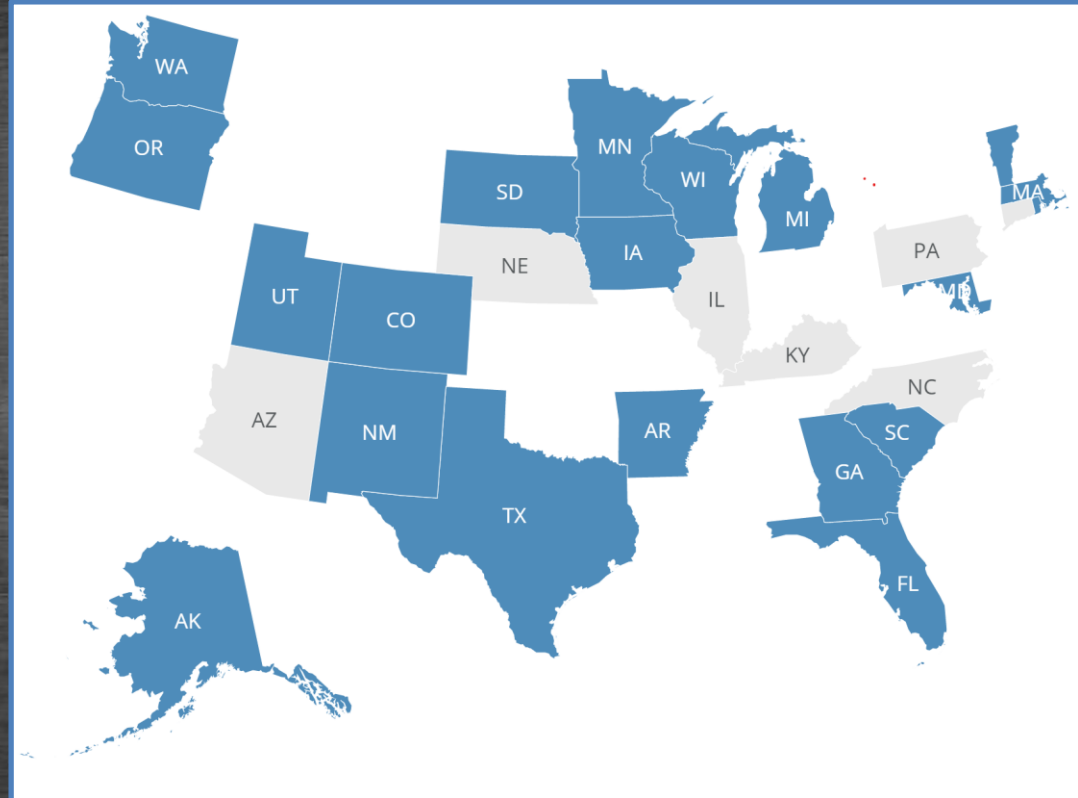
- Value to NLC Mutual and our ability to service members
- Value to individual members who choose to participate, and
- Value of using combined data for both NLC Mutual and individual members.



# You are part of a Bigger Team

## 20 states participating

Oregon	Georgia
Vermont	Arkansas
Wisconsin	South Dakota
Utah	Colorado
Iowa	Alaska
Texas	Massachusetts
Minnesota	Maryland
Rhode Island	Washington
Michigan	New Mexico
South Carolina	Florida



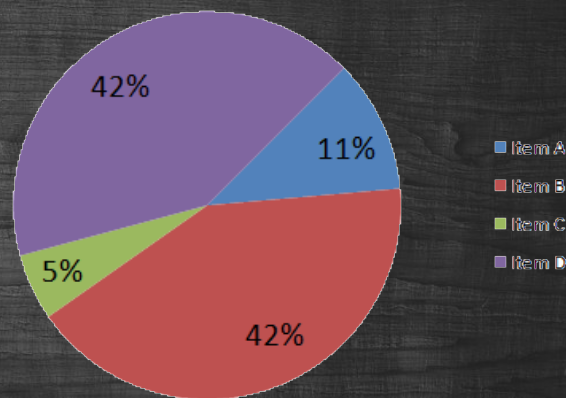
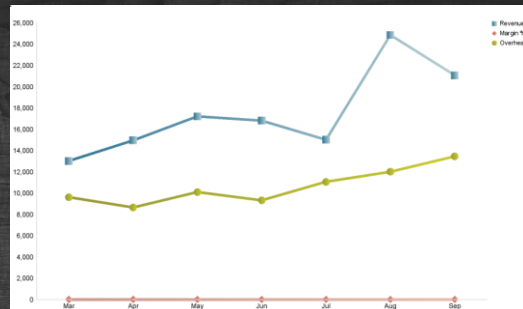
Total Members

# Promote the Sharing Knowledge

- Monthly Data Working Group Meetings
  - Pool members share new and valuable analyses
  - Sharing of tips and tricks
  - Demonstrations of new technologies
- Domo Cards published automatically to you
- Regular check-ins with participating pool staff
- NLC-RISC Conferences

# Traditional Reports

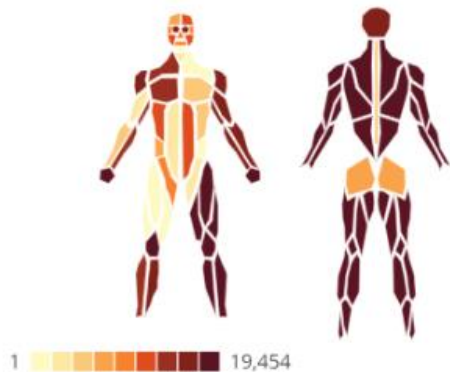
Loss Date	Reported Date	Status	Department	TOTAL PAID	TOTAL RESERVES	TOTAL RECOVERIES	TOTAL RECOVERIES	TOTAL INCURRED
06/06/2006	06/12/2006	Open	DPW	\$599,712	\$282,786	\$0	\$0	\$882,498
06/12/2006	06/14/2006	Open	Police	\$268,395	\$138,615	\$0	\$0	\$407,009
07/02/2006	07/06/2006	Open	Police	\$298,675	\$318,962	\$22	\$0	\$617,615
07/02/2006	07/05/2006	Open	Fire	\$427,505	\$494,936	\$92,250	\$259,324	\$570,868
07/06/2006	07/28/2006	Open	DPW	\$271,586	\$414,811	\$0	\$0	\$686,397
07/21/2006	07/25/2006	Open	Social Services	\$369,246	\$444,521	\$35,499	\$207,726	\$570,542
08/12/2006	08/18/2006	Open	Sanitation	\$241,249	\$217,169	\$0	\$0	\$458,418
09/15/2006	09/15/2006	Open	DPW	\$347,012	\$522,124	\$0	\$0	\$869,136
10/10/2006	10/23/2006	Open	Water	\$242,982	\$405,942	\$0	\$0	\$648,924
11/22/2006	11/27/2006	Open	Maintenance	\$195,625	\$217,973	\$0	\$0	\$413,598
12/30/2006	01/03/2007	Closed	Police	\$409,672	\$0	\$0	\$0	\$409,672
01/19/2007	01/30/2007	Closed	Corrections	\$495,301	\$0	\$0	\$0	\$495,301
02/12/2007	02/20/2007	Open	DPW	\$303,761	\$176,429	\$0	\$0	\$480,190
02/21/2007	02/23/2007	Open	Fire	\$418,097	\$106,327	\$0	\$0	\$524,424
02/23/2007	02/26/2007	Open	Transportation	\$423,321	\$18,755	\$0	\$0	\$442,076
03/02/2007	03/08/2007	Closed	Highway	\$459,769	\$0	\$0	\$0	\$459,769
03/17/2007	03/20/2007	Closed	Police	\$417,741	\$0	\$0	\$0	\$417,741
04/03/2007	04/05/2007	Open	Fire	\$598,613	\$207,254	\$166,553	\$31,444	\$607,870



# What kind of injuries are occurring?

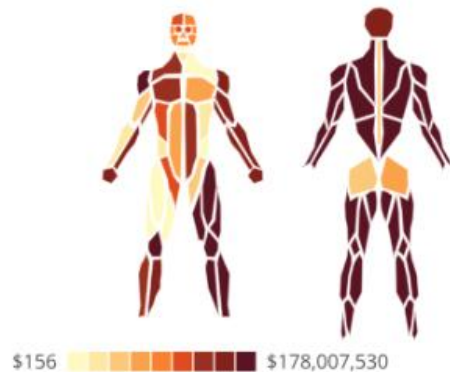
## Body Part Claim Frequency

130K Claims



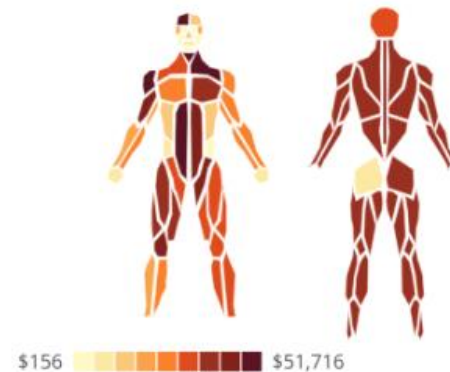
## Body Part Claim Severity

\$1.19B Total Incurred



## Body Part Claim Average

\$9.33K Average Incurred



## Claims by Age of Employee

165K Claims

	0-19	20-29	30-39	40-49	50-59	60-69	70-79	80+
2m+	1	1	5	2	2	1		
1.5m-2m	1	1	7	2	2			
1m-1.5m			4	13	9	3		
750k-1m		3	13	21	13	3		
500-750k		6	27	51	41	18		
300-500k	1	10	74	130	110	41	10	2
100-300k	5	128	374	623	660	289	39	8
50-100k	9	213	542	859	975	419	50	6
25-50k	29	363	911	1,296	1,351	522	61	11
0-25k	3,294	28,822	37,516	37,333	33,498	12,958	1,465	196

1 37.52K No Data

## Claims by Duration on Job

127K Claims

	0-1 years	1-3 years	3-5 years	5-10 years	10+ years	20+ years
2m+	2	2	1	4		1
1.5m-2m	1				2	1
1m-1.5m	1	2	2	5	5	3
750k-1m	5	2	7	9	8	5
500-750k	6	11	9	20	32	17
300-500k	16	36	25	49	63	45
100-300k	167	197	168	285	320	221
50-100k	221	297	221	436	401	310
25-50k	343	449	351	579	614	451
0-25k	19,069	19,478	12,870	21,756	17,338	11,971

1 21.76K No Data

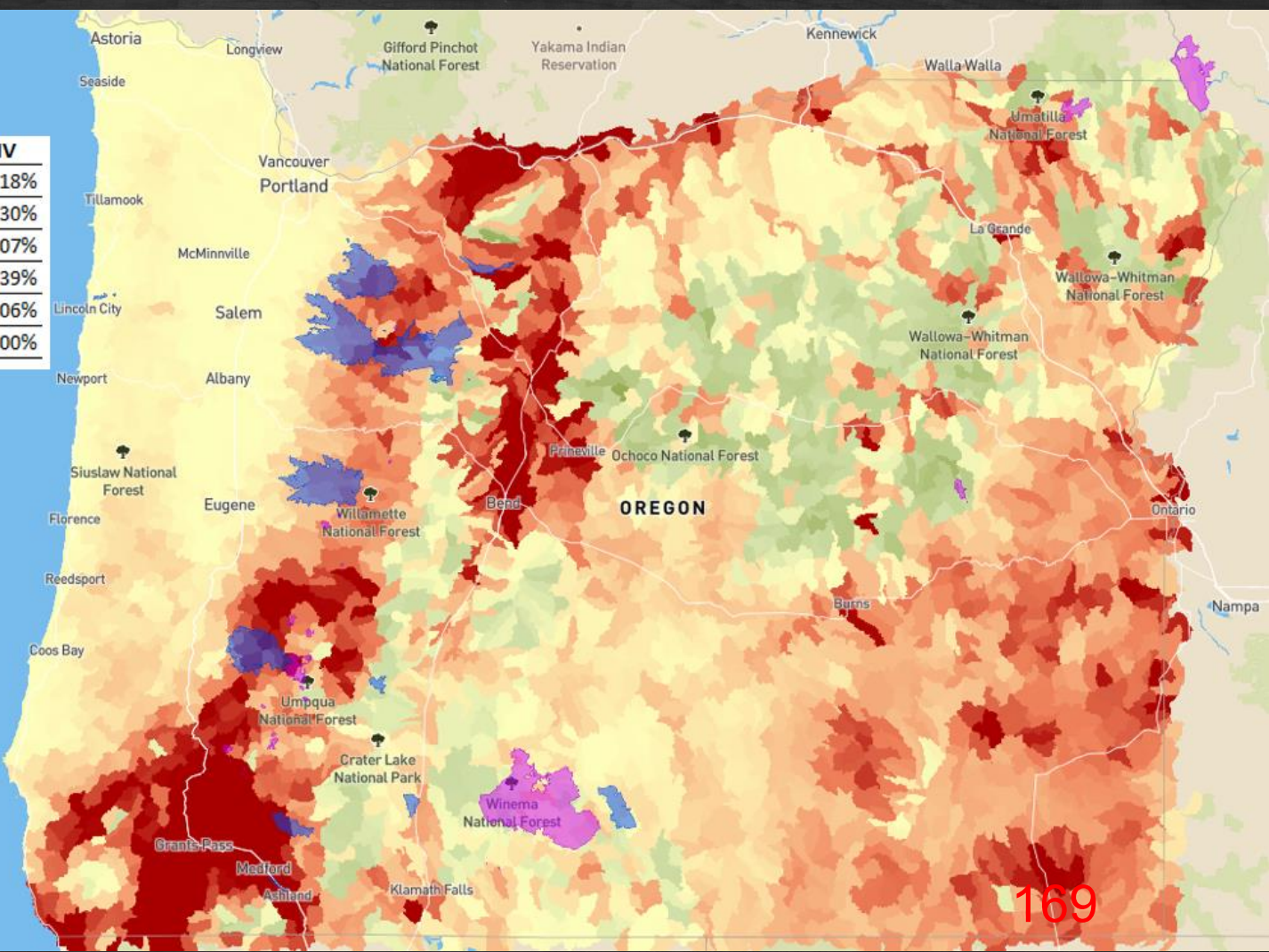
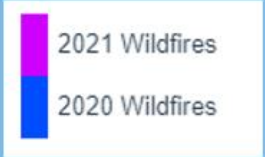


# Oregon Wildfire Risk

## - Watershed

Risk	TIV	% TIV
Very High	\$ 1,737,684,762	16.18%
High	\$ 1,213,891,127	11.30%
Moderate	\$ 652,061,330	6.07%
Low	\$ 7,129,681,597	66.39%
Low Benefit	\$ 5,995,084	0.06%
Benefit	\$ 480,271	0.00%

## Wildfire Perimeters



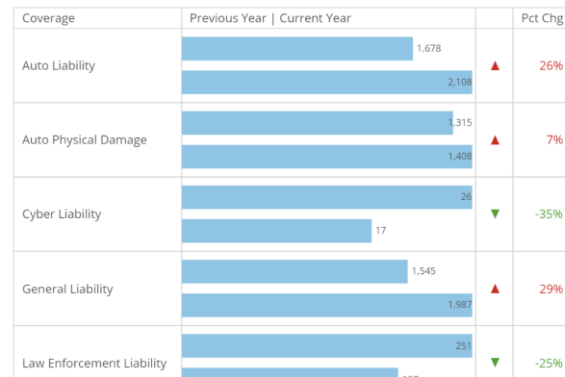
# Capabilities right from the start

## Information at your fingertips

- Dynamic Claims Analysis
- Operational Insights
- Development Patterns
- Cards from Publish Toolkit
- And more..

As of April 29, 2022    2022: 18,243    2021: 16,011    ↗ 14%

YoY Claim Trends by Coverage (Date Reported)

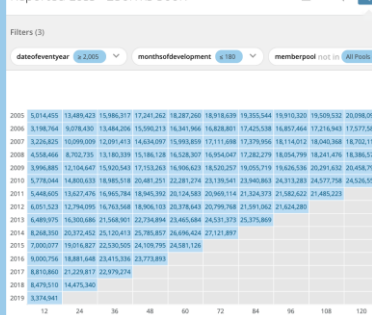


### Law Enforcement Claim Frequency

5K Claims

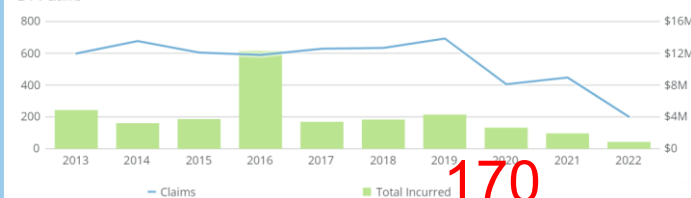


Reported Loss - 250K vs 500K



Total Incurred Claims Compared to Claims Count (Liability) by Year

5K claims





+

DOMO

+

NLC  
MUTUAL  
INSURANCE COMPANY

Quick Demo



LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Accountant's Compilation Report

Financial Statements - Statutory Basis

March 31, 2022 and 2021

and

September 30, 2021

QUARTERLY STATEMENT  
FOR THE PERIOD ENDED MARCH 31, 2022  
FOR  
LEAGUE ASSOCIATION OF RISK MANAGEMENT

Nebraska Company Code: 201675

Employer's ID Number: 47-0791192

Incorporated May 1, 1995 under the Laws of Nebraska

The offices and primary location of books and records are at 1335 "L" Street  
Lincoln, Nebraska 68508

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

Telephone Number 402-742-2600  
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Contact Person L. Lynn Rex

Officers of the Association:

Chair: Doug Hanson  
Vice-Chair: Lanette Doane  
Secretary: L. Lynn Rex

Directors or Trustees:

Connie Jo Beck  
LeAnn Brown  
Pamela Bueth  
Don Groesser  
Melissa Harrell  
Tony Kaufman  
Jo Leyland  
Josh Moenning  
Tom Ourada  
Sandra Schendt  
Joey Spellerberg  
Deb VanMatre  
Teresa Youngquist  
Paul Lambert – Ex-officio

# 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

Management is responsible for the accompanying financial statements of League Association of Risk Management, which comprise the balance sheets - statutory basis as of March 31, 2022 and 2021 and the related statutory statements of revenues and expenses, changes in surplus, and cash flows for the periods then ended, and the related notes to the financial statements in the accompanying prescribed form in accordance with 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. We do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of the Insurance Department of the State of Nebraska and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

**September 30, 2021 Financial Statements**

The accompanying September 30, 2021 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, 2021, but we have not performed any auditing procedures since that date.

*Thomas, Kunc and Black, LLP*

Lincoln, Nebraska  
May 12, 2022

# LEAGUE ASSOCIATION OF RISK MANAGEMENT

## Balance Sheets - Statutory Basis

March 31, 2022 and 2021 and September 30, 2021

	<u>Assets</u>		
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Cash:			
Cash on deposit	\$ 1,838,152	2,450,142	1,942,698
Short-term investments	996,437	499,968	-
Total cash	2,834,589	2,950,110	1,942,698
Long-term investments	16,232,261	15,588,916	13,242,300
Accounts receivable	16,524	35,705	15,411
Premiums receivable	132,726	27,868	9,713,737
Interest receivable	23,752	18,484	15,485
Reinsurance recoverable on paid losses	1,395,000	1,140,260	780,964
Total assets	\$ 20,634,852	19,761,343	25,710,595
	<u>Liabilities and Surplus</u>		
Loss reserves	\$ 4,160,981	4,453,189	4,693,666
Loss adjustment expenses	2,785,056	1,727,774	2,552,549
Unearned premium	4,632,086	3,981,538	9,328,559
Taxes payable	54,753	49,175	97,488
Other liabilities	173,328	243,371	143,408
Funds held under reinsurance treaties	25,000	25,000	25,000
Total liabilities	11,831,204	10,480,047	16,840,670
Surplus	8,803,648	9,281,296	8,869,925
Total liabilities and surplus	\$ 20,634,852	19,761,343	25,710,595

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Income - Statutory Basis

For the periods ended March 31, 2022 and 2021

and the year ended September 30, 2021

	Six Months Ended		Year Ended
	March 31,	March 31,	September 30,
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
Revenues:			
Premiums earned, direct	\$ 5,727,851	4,897,029	9,889,689
Premiums earned, transferred by excess	(1,731,532)	(1,314,959)	(2,874,577)
Net premiums	3,996,319	3,582,070	7,015,112
Investment income	35,250	35,209	56,947
Miscellaneous income	111,250	104,553	106,370
Total revenues	4,142,819	3,721,832	7,178,429
Expenses:			
Losses incurred, direct	2,222,229	1,660,048	3,635,453
Losses incurred, transferred by excess	(547,234)	46,282	(477,631)
Net losses	1,674,995	1,706,330	3,157,822
Loss expenses incurred	663,506	431,532	1,775,726
Other underwriting expenses incurred	1,870,595	1,682,744	2,755,026
Total expenses	4,209,096	3,820,606	7,688,574
Net income/(loss) - statutory basis	\$ (66,277)	(98,774)	(510,145)

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT  
Statements of Changes in Surplus - Statutory Basis  
For the periods ended March 31, 2022 and 2021  
and the year ended September 30, 2021

	Six Months Ended		Year Ended
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Surplus, beginning of period	\$ 8,869,925	9,380,070	9,380,070
Net income/(loss) - statutory basis	(66,277)	(98,774)	(510,145)
Unrealized capital gain	-	-	397,674
Change in non-admitted assets	-	-	(397,674)
Dividends	-	-	-
Surplus, end of period	<u>\$ 8,803,648</u>	<u>9,281,296</u>	<u>8,869,925</u>

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



LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Cash Flows - Statutory Basis

For the periods ended March 31, 2022 and 2021

and the year ended September 30, 2021

	Six Months Ended		Year Ended
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Premiums collected, net of excess insurance	\$ 8,879,846	8,191,604	7,306,272
Loss and loss adjustment expenses paid	(3,252,715)	(1,401,502)	(2,772,640)
Underwriting expenses paid	(1,883,410)	(1,773,102)	(2,897,034)
Cash from underwriting	3,743,721	5,017,000	1,636,598
Investment income	26,983	43,906	466,317
Miscellaneous income	111,250	104,553	106,370
Net cash from operations	3,881,954	5,165,459	2,209,285
Transfers in:			
Other sources	-	252	-
Transfers out:			
Other applications	(2,990,063)	(8,337,811)	(6,388,797)
Net change in cash and short-term investments	891,891	(3,172,100)	(4,179,512)
Cash and short-term investments, beginning of period	1,942,698	6,122,210	6,122,210
Cash and short-term investments, end of period	\$ 2,834,589	2,950,110	1,942,698

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

# LEAGUE ASSOCIATION OF RISK MANAGEMENT

## Notes to Financial Statements

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)

(1) Summary of significant accounting policies:

(a) Nature of organization:

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

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

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

(b) Basis of presentation:

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

(c) Investment income:

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

(d) Contributions:

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

(e) Unpaid loss and loss adjustment expenses:

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

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (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 paid dividends of \$0 (March 31, 2022), \$106,110 (March 31, 2021), and \$106,110 (September 30, 2021). The total member surplus reflected on NLC's financials for LARM were \$2,664,703 (March 31, 2022), \$2,267,029 (March 31, 2021), and \$2,664,703 (September 30, 2021).

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

(3) Cash on deposit and investments:

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

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

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

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

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)

- (3) Cash on deposit and investments: (Continued)  
The Pool's cash and investment balances were as follows:

		Cost		
		Insured or Direct U.S. Government	Uninsured	Total
At	March 31, 2022			
	Cash on deposit	\$ 250,000	1,888,065	2,138,065
	Short-term investments	996,437	-	996,437
	Long-term investments	16,232,261	-	16,232,261
		<u>\$ 17,478,698</u>	<u>1,888,065</u>	<u>19,366,763</u>
At	March 31, 2021			
	Cash on deposit	\$ 250,000	2,897,550	3,147,550
	Short-term investments	499,968	-	499,968
	Long-term investments	15,588,491	425	15,588,916
		<u>\$ 16,338,459</u>	<u>2,897,975</u>	<u>19,236,434</u>
At	September 30, 2021			
	Cash on deposit	\$ 250,000	1,821,297	2,071,297
	Short-term investments	-	-	-
	Long-term investments	13,242,300	-	13,242,300
		<u>\$ 13,492,300</u>	<u>1,821,297</u>	<u>15,313,597</u>

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

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

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

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

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)

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

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

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

March 31, 2022						
	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	\$ 990,310	6,127	4,325,085	164,688	5,315,395	170,815
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	-	-	10,855,707	637,893	10,855,707	637,893
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	990,310	6,127	15,180,792	802,581	16,171,102	808,708
Total temporarily impaired securities	\$ 990,310	6,127	15,180,792	802,581	16,171,102	808,708

The amortized cost and estimated statutory fair value of bonds at March 31, 2022, 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	\$ 996,437	990,310
Due after one year through five years	12,983,763	12,374,355
Due after five years through ten years	2,998,817	2,806,437
Due after ten years	-	-
	\$ 16,979,017	16,171,102

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)

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

March 31, 2021						
		Less Than 12 Months	Greater Than 12 Months		Total	
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value
Bonds:						
U.S. Governments	\$	499,995	-	794,183	-	1,294,178
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions		-	-	14,187,225	153,940	14,187,225
Industrial and miscellaneous unaffiliated		-	-	-	-	-
Total bonds		499,995	-	14,981,408	153,940	15,481,403
Total temporarily impaired securities	\$	499,995	-	14,981,408	153,940	15,481,403

The amortized cost and estimated statutory fair value of bonds at March 31, 2021, 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	\$ 499,968	499,995
Due after one year through five years	12,090,862	12,042,448
Due after five years through ten years	2,998,498	2,938,960
Due after ten years	-	-
	\$ 15,589,328	15,481,403

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)

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

		September 30, 2021					
		Less Than 12 Months		Greater Than 12 Months		Total	
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:							
U.S. Governments	\$	-	-	1,533,288	2,649	1,533,288	2,649
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions		-	-	11,416,055	76,748	11,416,055	76,748
Industrial and miscellaneous unaffiliated		-	-	-	-	-	-
Total bonds		-	-	12,949,343	79,397	12,949,343	79,397
Total temporarily impaired securities	\$	-	-	12,949,343	79,397	12,949,343	79,397

The amortized cost and estimated statutory fair value of bonds at September 30, 2021, 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	9,994,027	9,973,825
Due after five years through ten years	2,998,657	2,975,518
Due after ten years	-	-
	\$ <u>12,992,684</u>	<u>12,949,343</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 March 31, 2022 and 2021 and September 30, 2021 are temporary and are presented on the following page.

See independent accountant's compilation report.



**LEAGUE ASSOCIATION OF RISK MANAGEMENT**

**Notes to Financial Statements (Continued)**

**March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)**

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

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

<b>March 31, 2022</b>	<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	\$ 16,979,017	793	808,708	16,171,102
<b>Total</b>	<u>\$ 16,979,017</u>	<u>793</u>	<u>808,708</u>	<u>16,171,102</u>

<b>March 31, 2021</b>	<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	\$ 15,589,328	46,015	153,940	15,481,403
<b>Total</b>	<u>\$ 15,589,328</u>	<u>46,015</u>	<u>153,940</u>	<u>15,481,403</u>

<b>September 30, 2021</b>	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Obligations of U.S. Government sponsored enterprises	\$ 12,992,684	36,056	79,397	12,949,343
<b>Total</b>	<u>\$ 12,992,684</u>	<u>36,056</u>	<u>79,397</u>	<u>12,949,343</u>

The statement value and estimated fair value of financial instruments at March 31, 2022 and 2021 and September 30, 2021 are as follows:

		<b>March 31, 2022</b>			
	<u>Statement Value</u>	<u>Estimated Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:					
Bonds	\$ 16,979,017	16,171,102	-	16,171,102	-
Cash on deposit (including certificates of deposit)	2,087,833	2,075,378	1,837,833	237,545	-
Investment income due and accrued	23,752	23,752	23,752	-	-
<b>Total</b>	<u>\$ 19,090,602</u>	<u>18,270,232</u>	<u>1,861,585</u>	<u>16,408,647</u>	<u>-</u>

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)

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

		March 31, 2021				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	\$	15,589,384	15,481,403	-	15,481,403	-
Cash on deposit (including certificates of deposit)		2,949,642	2,949,412	2,449,642	499,770	-
Investment income due and accrued		18,484	18,484	18,484	-	-
Total	\$	18,557,510	18,449,299	2,468,126	15,981,173	-
		September 30, 2021				
Financial assets:		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	\$	12,992,683	12,949,343	-	12,949,343	-
Cash on deposit (including certificates of deposit)		2,192,315	2,189,995	1,942,315	247,680	-
Investment income due and accrued		15,485	15,485	15,485	-	-
Total	\$	15,200,483	15,154,823	1,957,800	13,197,023	-

(4) Related party transactions:

LARM contracted with the League of Nebraska Municipalities for office space and miscellaneous administrative services. The total amount paid to the League of Nebraska Municipalities was \$50,108 (March 31, 2022), \$63,660 (March 31, 2021), and \$91,149 (September 30, 2021). The total amount of payables to the League of Nebraska Municipalities was \$365 (March 31, 2022), \$4,036 (March 31, 2021), and \$2,541 (September 30, 2021).

(5) Reinsurance recoverables:

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

	March 31, 2022	March 31, 2021	September 30, 2021
Contributions:			
Direct	\$ 5,727,851	4,897,029	9,889,689
Ceded	(1,731,532)	(1,314,959)	(2,874,577)
Net contributions earned	<u>\$ 3,996,319</u>	<u>3,582,070</u>	<u>7,015,112</u>
Losses:			
Direct	\$ 2,222,229	1,660,048	3,635,453
Ceded	(547,234)	46,282	(477,631)
Net losses incurred	<u>\$ 1,674,995</u>	<u>1,706,330</u>	<u>3,157,822</u>

See independent accountant's compilation report.

# LEAGUE ASSOCIATION OF RISK MANAGEMENT

## Notes to Financial Statements (Continued)

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)

(5) Reinsurance recoverables: (Continued)

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of \$1,395,000 (March 31, 2022), \$1,140,260 (March 31, 2021), and \$780,964 (September 30, 2021).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of \$4,023,168 (March 31, 2022), \$4,977,736 (March 31, 2021), and \$4,673,899 (September 30, 2021).

The Pool has entered into quota share, stop loss and per occurrence reinsurance agreements. As part of a reinsurance agreement, the Pool has withheld \$25,000 from the balance payable to a reinsurer. At March 31, 2022 and 2021 and September 30, 2021, 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 current 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
\$ 450,000	per occurrence	Wind and Hail Damage
\$ 750,000	per location and loss	Workers' Compensation
\$ 10,000	per occurrence	Boiler and Machinery
\$ 50,000	per occurrence	Cyber
\$ 10,000	per occurrence	Terrorism

From July 1, 2019 to July 1, 2020 the Property, Auto Physical Damage per-claim retention limit was \$200,000 and Wind and Hail Damage per-claim retention limit was \$300,000, plus a \$300,000 corridor deductible.

(7) Retrospective assessments and credits:

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

No dividends were declared for the periods ended March 31, 2022 and 2021.

See independent accountant's compilation report.

# LEAGUE ASSOCIATION OF RISK MANAGEMENT

## Notes to Financial Statements (Continued)

March 31, 2022 and 2021 (Unaudited) and September 30, 2021 (Audited)

(8) Surplus:

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

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

	March 31, 2022	March 31, 2021	September 30, 2021
Non-admitted assets:			
Accounts receivable over 90 days past due	\$ -	-	-
Agents balances receivable over 90 days past due	-	-	-
Investment in NLC	2,664,703	2,267,029	2,664,703
	<u>\$ 2,664,703</u>	<u>2,267,029</u>	<u>2,664,703</u>

(9) Commitments and contingencies:

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

(10) Financial statement presentation:

Amounts for March 31, 2021 and September 30, 2021 have been restated in some instances to conform with current statement presentation.

(11) Subsequent events:

The Pool evaluated subsequent events through May 12, 2022. There were no subsequent events that require disclosure and/or adjustments.

See independent accountant's compilation report.

SUPPLEMENTAL INFORMATION



Certified Public Accountants

**Thomas, Kunc & Black, LLP**

Independent Accountant's Compilation Report  
on Supplemental Information

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

The March 31, 2022 and 2021 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. Such information is the responsibility of management. The information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

The September 30, 2021 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, 2021.

Lincoln, Nebraska  
May 12, 2022

*Thomas, Kunc and Black, LLP*

# LEAGUE ASSOCIATION OF RISK MANAGEMENT

## Reconciliation of Unpaid Claim Liabilities

For the periods ended March 31, 2022 and 2021

and the year ended September 30, 2021

	Six Months Ended		Year Ended
	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)	September 30, 2021 (Audited)
Unpaid claims and claims adjustment expenses at beginning of period	\$ 7,246,215	6,203,649	6,203,649
Incurring claims and claims adjustment expenses:			
Provision for insured events of current policy year	2,345,000	1,865,000	5,044,642
Increase/(decrease) in provision in insured events of prior policy years	(6,499)	272,862	(111,094)
Total incurred claims and claims adjustment expenses	2,338,501	2,137,862	4,933,548
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	638,798	476,085	1,313,253
Claims and claims adjustment expenses attributable to insured events of prior policy years	1,999,881	1,684,463	2,577,729
Total payments	2,638,679	2,160,548	3,890,982
Total unpaid claims and claims adjustment expenses at end of period	\$ 6,946,037	6,180,963	7,246,215

See independent accountant's compilation report on supplement information.



May 2, 2022

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

**RE: ESTIMATED ULTIMATE INCURRED LOSSES BASED ON 3/31/22  
 EXPERIENCE**

Dear Ms. Rex:

This letter provides the estimated ultimate incurred losses based on losses valued as of 3/31/22 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, respectively. The combined estimates are shown in Table 17.

As shown below, the estimates decreased \$28,947, or 0.1%, since the 9/30/21 report for claims incurred from 10/1/06 to 9/30/21.

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

Policy Period	Current Report (Table 29, Section A)	11/24/21 Report (Table 29, Section A)	Change	Percent Change
10/1/06-07	\$ 2,905,477	\$ 2,905,477	\$ 0	0.0%
10/1/07-08	2,590,929	2,590,929	0	0.0%
10/1/08-09	2,821,543	2,821,543	0	0.0%
10/1/09-10	3,043,376	3,043,376	0	0.0%
10/1/10-11	3,114,901	3,114,901	0	0.0%
10/1/11-12	3,265,841	3,261,712	4,129	0.1%
10/1/12-13	2,585,818	2,591,018	( 5,200)	( 0.2%)
10/1/13-14	3,412,715	3,409,454	3,261	0.1%
10/1/14-15	1,913,143	1,913,143	0	0.0%
10/1/15-16	2,296,945	2,167,918	129,027	6.0%
10/1/16-17	3,419,932	3,447,598	( 27,666)	( 0.8%)
10/1/17-18	3,798,077	3,864,996	( 66,919)	( 1.7%)
10/1/18-19	4,129,922	4,143,738	( 13,816)	( 0.3%)
10/1/19-20	3,151,072	3,471,618	( 320,546)	( 9.2%)
10/1/20-21	4,421,036	4,152,253	268,783	6.5%
Total	\$46,870,727	\$46,899,674	(\$ 28,947)	( 0.1%)

Ms. L. Lynn Rex  
May 2, 2022  
Page Two

Changes by coverage are shown in Appendix B. Workers compensation has a \$300,028 increase in ultimate losses from the prior report largely due to an increase in 10/1/20-21 from the emergence of claim number LARN-1071 as shown in Appendix A. Other Liability and property coverages have decreases in ultimate losses from the prior report due to decreases in incurred losses for other liability in 10/1/17-18 and 10/1/19-20 and for property in 10/1/15-16, 10/1/18-19, and 10/1/19-20.

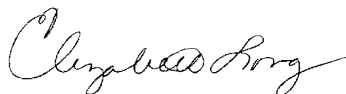
The current year's losses are coming in less than expected for property and greater than expected for workers compensation and other liability. However, the period is too green to estimate using a development approach.

At this time, the ultimate impact of COVID-19 is uncertain. As a result, the analysis includes neither an additional provision for claims associated with COVID-19 nor adjustments for impacts such as stay-at-home orders, reduced hours, or social distancing measures beyond those already reflected in the underlying data. According to Sedgwick, there are three COVID-19 claims reported as of 3/31/22, all in workers compensation. The total incurred value for these claims is \$1,444. All claims are closed.

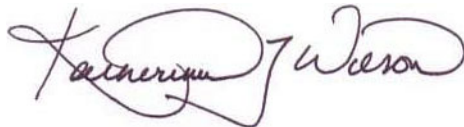
The methodology used in this interim review is the same as that detailed in the 11/24/21 report. All qualifications and assumptions in the 11/24/21 report apply to the attached exhibits as well. The estimates contained in this analysis are based on data provided by Sedgwick through 4/13/22. These data 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  
Principal and Consulting Actuary



Katie Wilson, FCAS, MAAA  
Vice 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 3/31/22	Specific Retention	Number of Claims in Excess of Retention	Incurred in Excess of Retention	Limited Incurred Losses as of 3/31/22
10/1/06-07	\$ 3,664,305	\$ 500,000	1	\$ 1,568,856	\$ 2,095,449
10/1/07-08	3,171,793	500,000	1	1,226,681	1,945,112
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	1,885,035	500,000	1	168,133 ^	1,716,902
10/1/11-12	3,439,715	500,000	2	1,238,431 ^	2,201,284
10/1/12-13	1,852,035	750,000	0	0	1,852,035
10/1/13-14	922,142	750,000	0	0	922,142
10/1/14-15	845,029	750,000	0	0	845,029
10/1/15-16	834,594	750,000	0	0	834,594
10/1/16-17	782,005	750,000	0	0	782,005
10/1/17-18	3,562,882	750,000	1	1,862,059	1,700,823
10/1/18-19	1,145,102	750,000	0	0	1,145,102
10/1/19-20	1,216,733	750,000	0	0	1,216,733
10/1/20-21	1,503,936	750,000	0	0	1,503,936
Total	\$28,143,860		6	\$ 6,064,160	\$22,079,700

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Incurred Losses as of 3/31/22	Age of Policy Period in Months	Incurred Loss Development Factor<	Estimated Ultimate Incurred Losses
10/1/06-07	\$ 2,095,449	186	1.000	\$ 2,095,449
10/1/07-08	1,945,112	174	1.000	1,945,112
10/1/08-09	1,421,317	162	1.000	1,421,317
10/1/09-10	1,897,237	150	1.000	1,897,237
10/1/10-11	1,716,902	138	1.000	1,716,902
10/1/11-12	2,201,284	126	1.000	2,201,284
10/1/12-13	1,852,035	114	1.002	1,855,739
10/1/13-14	922,142	102	1.000*	922,142
10/1/14-15	845,029	90	1.022	863,620
10/1/15-16	834,594	78	1.027	857,128
10/1/16-17	782,005	66	1.035	809,375
10/1/17-18	1,700,823	54	1.047	1,745,512 #
10/1/18-19	1,145,102	42	1.065	1,219,534
10/1/19-20	1,216,733	30	1.124	1,367,608
10/1/20-21	1,503,936	18	1.207	1,815,251
Total	\$22,079,700			\$22,733,210

^ No additional recovery expected for claims LARN07181 and LARN07423.

&lt; Interpolated from Section C of Table 1 of the 11/24/21 actuarial report.

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

# 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 3/31/22	Specific Retention	Number of Claims in Excess of Retention	Paid in Excess of Retention	Limited Paid Losses as of 3/31/22
10/1/06-07	\$ 3,077,103	\$ 500,000	1	\$ 981,654	\$ 2,095,449
10/1/07-08	3,171,793	500,000	1	1,226,681	1,945,112
10/1/08-09	1,421,317	500,000	0	0	1,421,317
10/1/09-10	1,799,285	500,000	0	0	1,799,285
10/1/10-11	1,885,035	500,000	1	168,133 ^	1,716,902
10/1/11-12	2,620,672	500,000	2	431,774 ^	2,188,898
10/1/12-13	1,694,409	750,000	0	0	1,694,409
10/1/13-14	922,142	750,000	0	0	922,142
10/1/14-15	840,570	750,000	0	0	840,570
10/1/15-16	746,552	750,000	0	0	746,552
10/1/16-17	781,629	750,000	0	0	781,629
10/1/17-18	2,418,609	750,000	1	803,408	1,615,201
10/1/18-19	1,095,566	750,000	0	0	1,095,566
10/1/19-20	997,597	750,000	0	0	997,597
10/1/20-21	1,081,425	750,000	0	0	1,081,425
Total	\$24,553,704		6	\$ 3,611,650	\$20,942,054

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Paid Losses as of 3/31/22	Age of Policy Period in Months	Paid Loss Development Factor<	Estimated Ultimate Incurred Losses
10/1/06-07	\$ 2,095,449	186	1.000	\$ 2,095,449
10/1/07-08	1,945,112	174	1.000	1,945,112
10/1/08-09	1,421,317	162	1.000	1,421,317
10/1/09-10	1,799,285	150	1.000	1,799,285
10/1/10-11	1,716,902	138	1.000	1,716,902
10/1/11-12	2,188,898	126	1.000	2,188,898
10/1/12-13	1,694,409	114	1.009	1,709,659
10/1/13-14	922,142	102	1.000*	922,142
10/1/14-15	840,570	90	1.052	884,280
10/1/15-16	746,552	78	1.078	804,783
10/1/16-17	781,629	66	1.100	859,792
10/1/17-18	1,615,201	54	1.126	1,724,216 #
10/1/18-19	1,095,566	42	1.168	1,279,621
10/1/19-20	997,597	30	1.242	1,239,015
10/1/20-21	1,081,425	18	1.646	1,780,026
Total	\$20,942,054			\$22,370,497

^ No additional recovery expected for claims LARN07181 and LARN07423.

&lt; Interpolated from Section C of Table 3 of the 11/24/21 actuarial report.

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

# 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**

(Limited to Specific Retentions)

**A. ESTIMATED UNREPORTED LOSSES**

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated Unreported Losses
10/1/06-07	\$ 2,095,449	1.000	0.000	\$ 0
10/1/07-08	1,945,112	1.000	0.000	0
10/1/08-09	1,421,317	1.000	0.000	0
10/1/09-10	1,897,237	1.000	0.000	0
10/1/10-11	1,716,902	1.000	0.000	0
10/1/11-12	2,197,155	1.000	0.000	0
10/1/12-13	1,860,948	1.002	0.002	3,722
10/1/13-14	918,881	1.000	0.000	0
10/1/14-15	845,029	1.022	0.022	18,591
10/1/15-16	747,816	1.027	0.026	19,443
10/1/16-17	814,038	1.035	0.034	27,677
10/1/17-18	1,783,772	1.047	0.045	80,270
10/1/18-19	1,238,968	1.065	0.061	75,577
10/1/19-20	1,375,919	1.124	0.110	151,351
10/1/20-21	1,461,726	1.207	0.171	249,955
Total	\$22,320,269			\$ 626,586

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Incurred Losses as of 3/31/22	Estimated Unreported Losses	Estimated Ultimate Incurred Losses
10/1/06-07	\$ 2,095,449	\$ 0	\$ 2,095,449
10/1/07-08	1,945,112	0	1,945,112
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	1,716,902	0	1,716,902
10/1/11-12	2,201,284	0	2,201,284
10/1/12-13	1,852,035	3,722	1,855,757
10/1/13-14	922,142	0	922,142
10/1/14-15	845,029	18,591	863,620
10/1/15-16	834,594	19,443	854,037
10/1/16-17	782,005	27,677	809,682
10/1/17-18	1,700,823	80,270	1,781,093
10/1/18-19	1,145,102	75,577	1,220,679
10/1/19-20	1,216,733	151,351	1,368,084
10/1/20-21	1,503,936	249,955	1,753,891
Total	\$22,079,700	\$ 626,586	\$22,706,286

\* See Section A of Table 7 of the 11/24/21 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**

<u>Policy Period</u>	<u>Expected Losses</u>	<u>Paid Loss Development Factor</u>	<u>Expected Ratio Outstanding</u>	<u>Estimated Outstanding Losses</u>
10/1/06-07	\$ 2,095,449	1.000	0.000	\$ 0
10/1/07-08	1,945,112	1.000	0.000	0
10/1/08-09	1,421,317	1.000	0.000	0
10/1/09-10	1,897,237	1.000	0.000	0
10/1/10-11	1,716,902	1.000	0.000	0
10/1/11-12	2,197,155	1.000	0.000	0
10/1/12-13	1,860,948	1.009	0.009	16,749
10/1/13-14	918,881	1.000	0.000	0
10/1/14-15	845,029	1.052	0.049	41,406
10/1/15-16	747,816	1.078	0.072	53,843
10/1/16-17	814,038	1.100	0.091	74,077
10/1/17-18	1,783,772	1.126	0.112	199,782
10/1/18-19	1,238,968	1.168	0.144	178,411
10/1/19-20	1,375,919	1.242	0.195	268,304
10/1/20-21	<u>1,461,726</u>	1.646	0.392	<u>572,997</u>
Total	\$22,320,269			\$ 1,405,569

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

<u>Policy Period</u>	<u>Paid Losses as of 3/31/22</u>	<u>Estimated Outstanding Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/06-07	\$ 2,095,449	\$ 0	\$ 2,095,449
10/1/07-08	1,945,112	0	1,945,112
10/1/08-09	1,421,317	0	1,421,317
10/1/09-10	1,799,285	0	1,799,285
10/1/10-11	1,716,902	0	1,716,902
10/1/11-12	2,188,898	0	2,188,898
10/1/12-13	1,694,409	16,749	1,711,158
10/1/13-14	922,142	0	922,142
10/1/14-15	840,570	41,406	881,976
10/1/15-16	746,552	53,843	800,395
10/1/16-17	781,629	74,077	855,706
10/1/17-18	1,615,201	199,782	1,814,983
10/1/18-19	1,095,566	178,411	1,273,977
10/1/19-20	997,597	268,304	1,265,901
10/1/20-21	<u>1,081,425</u>	<u>572,997</u>	<u>1,654,422</u>
Total	\$20,942,054	\$ 1,405,569	\$22,347,623

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#
10/1/06-07	\$ 2,095,449	\$ 2,095,449	\$ 2,095,449	\$ 2,095,449	\$ 2,095,449 ^
10/1/07-08	1,945,112	1,945,112	1,945,112	1,945,112	1,945,112 ^
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	1,799,285	1,897,237	1,799,285	1,897,237 ^
10/1/10-11	1,716,902	1,716,902	1,716,902	1,716,902	1,716,902 ^
10/1/11-12	2,201,284	2,188,898	2,201,284	2,188,898	2,201,284 ^
10/1/12-13	1,855,739	1,709,659 *	1,855,757	1,711,158 *	1,855,748
10/1/13-14	922,142	922,142	922,142	922,142	922,142 ^
10/1/14-15	863,620	884,280	863,620	881,976	845,029 ^
10/1/15-16	857,128	804,783	854,037	800,395	834,594 ^
10/1/16-17	809,375	859,792	809,682	855,706	809,529 <
10/1/17-18	1,745,512	1,724,216	1,781,093	1,814,983	1,766,451
10/1/18-19	1,219,534	1,279,621	1,220,679	1,273,977	1,248,453
10/1/19-20	1,367,608	1,239,015	1,368,084	1,265,901	1,310,152
10/1/20-21	1,815,251	1,780,026	1,753,891	1,654,422	1,750,898
Total	\$22,733,210	\$22,370,497	\$22,706,286	\$22,347,623	\$22,620,297

**B. SELECTED ULTIMATE LOSSES REFLECTING AGGREGATE**

Policy Period	Selected Estimated Ultimate Incurred Losses	Aggregate Retention	Selected Estimated Ultimate Net of Aggregate~
10/1/06-07	\$ 2,095,449	\$ 3,960,000	\$ 2,095,449
10/1/07-08	1,945,112	3,000,000	1,945,112
10/1/08-10	3,318,554	5,890,000	3,318,554
10/1/10-12	3,918,186	7,237,977	3,918,186
10/1/12-13	1,855,748	4,867,307	1,855,748
10/1/13-14	922,142	4,457,662	922,142
10/1/14-15	845,029	3,344,034	845,029
10/1/15-16	834,594	3,380,928	834,594
10/1/16-17	809,529	2,698,660	809,529
10/1/17-18	1,766,451	2,321,950	1,766,451
10/1/18-19	1,248,453	2,107,002	1,248,453
10/1/19-20	1,310,152	3,185,000	1,310,152
10/1/20-21	1,750,898	3,493,942	1,750,898
Total	\$22,620,297	\$49,944,462	\$22,620,297

# Selected the average unless otherwise noted.

^ Selected incurred losses since one or fewer claims within the retention are open.

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

&lt; Selected the average of the incurred methods since there are only two open claims and case reserves are small.

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



Table 6

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****WORKERS COMPENSATION****ESTIMATED REQUIRED RESERVES FOR 10/1/06 TO 9/30/21 AS OF 3/31/22**

(Limited to Specific &amp; Aggregate Retentions)

**A. LOSS SUMMARY**

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 3/31/22	Paid Losses as of 3/31/22
10/1/06-07	\$ 2,095,449	\$ 2,095,449	\$ 2,095,449
10/1/07-08	1,945,112	1,945,112	1,945,112
10/1/08-09	1,421,317	1,421,317	1,421,317
10/1/09-10	1,897,237	1,897,237	1,799,285
10/1/10-11	1,716,902	1,716,902	1,716,902
10/1/11-12	2,201,284	2,201,284	2,188,898
10/1/12-13	1,855,748	1,852,035	1,694,409
10/1/13-14	922,142	922,142	922,142
10/1/14-15	845,029	845,029	840,570
10/1/15-16	834,594	834,594	746,552
10/1/16-17	809,529	782,005	781,629
10/1/17-18	1,766,451	1,700,823	1,615,201
10/1/18-19	1,248,453	1,145,102	1,095,566
10/1/19-20	1,310,152	1,216,733	997,597
10/1/20-21	1,750,898	1,503,936	1,081,425
Total	\$22,620,297	\$22,079,700	\$20,942,054

**B. ESTIMATED REQUIRED RESERVES FOR 10/1/06 TO 9/30/21 AS OF 3/31/22**

Policy Period	Case Reserves as of 3/31/22	Estimated IBNR as of 3/31/22	Estimated Required Reserves as of 3/31/22
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	97,952	0	97,952
10/1/10-11	0	0	0
10/1/11-12	12,386	0	12,386
10/1/12-13	157,626	3,713	161,339
10/1/13-14	0	0	0
10/1/14-15	4,459	0	4,459
10/1/15-16	88,042	0	88,042
10/1/16-17	376	27,524	27,900
10/1/17-18	85,622	65,628	151,250
10/1/18-19	49,536	103,351	152,887
10/1/19-20	219,136	93,419	312,555
10/1/20-21	422,511	246,962	669,473
Total	\$ 1,137,646	\$ 540,597	\$ 1,678,243

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 3/31/22	Specific Retention	Number of Claims in Excess of Retention	Incurred in Excess of Retention	Limited Incurred Losses as of 3/31/22
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	1,376,097	300,000	1	248,826 ^	1,127,271
10/1/11-12	399,949	300,000	0	0	399,949
10/1/12-13	477,987	300,000	0	0	477,987
10/1/13-14	994,190	400,000	0	0	994,190
10/1/14-15	314,070	300,000	0	0	314,070
10/1/15-16	851,070	300,000	0	0	851,070
10/1/16-17	2,224,538	300,000	1	568,867 #	1,655,671
10/1/17-18	1,013,791	300,000	0	0	1,013,791
10/1/18-19	1,214,359	300,000	1	350,856	863,503
10/1/19-20	917,868	300,000	0	0	917,868
10/1/20-21	<u>1,028,838</u>	300,000	<u>1</u>	<u>275,994</u>	<u>752,844</u>
Total	\$14,600,199		6	\$ 2,828,651	\$11,771,548

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Incurred Losses as of 3/31/22	Age of Policy Period in Months	Incurred Loss Development Factor<	Estimated Ultimate Incurred Losses
10/1/06-07	\$ 410,242	186	1.000	\$ 410,242
10/1/07-08	294,344	174	1.000	294,344
10/1/08-09	991,729	162	1.000	991,729
10/1/09-10	707,019	150	1.000	707,019
10/1/10-11	1,127,271	138	1.000	1,127,271
10/1/11-12	399,949	126	1.000	399,949
10/1/12-13	477,987	114	1.000	477,987
10/1/13-14	994,190	102	1.000	994,190
10/1/14-15	314,070	90	1.000	314,070
10/1/15-16	851,070	78	1.000	851,070
10/1/16-17	1,655,671	66	1.016	1,682,162
10/1/17-18	1,013,791	54	1.044	1,058,398
10/1/18-19	863,503	42	1.077	929,993
10/1/19-20	917,868	30	1.232	1,130,813
10/1/20-21	<u>752,844</u>	18	<u>1.846</u>	<u>1,389,750</u>
Total	\$11,771,548			\$12,758,987

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

# Estimated by BYNAC based on incurred ALAE as of 3/31/22.

&lt; Interpolated from Section C of Table 11 of the 11/24/21 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 3/31/22	Specific Retention	Number of Claims in Excess of Retention	Paid in Excess of Retention	Limited Paid Losses as of 3/31/22
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 <sup>^</sup>	991,729
10/1/09-10	707,019	300,000	0	0	707,019
10/1/10-11	1,376,097	300,000	1	248,826 <sup>^</sup>	1,127,271
10/1/11-12	399,949	300,000	0	0	399,949
10/1/12-13	477,987	300,000	0	0	477,987
10/1/13-14	994,190	400,000	0	0	994,190
10/1/14-15	314,070	300,000	0	0	314,070
10/1/15-16	688,582	300,000	0	0	688,582
10/1/16-17	2,176,474	300,000	1	561,249 <sup>#</sup>	1,615,225
10/1/17-18	1,013,790	300,000	0	0	1,013,790
10/1/18-19	1,086,622	300,000	1	350,856	735,766
10/1/19-20	431,508	300,000	0	0	431,508
10/1/20-21	310,868	300,000	0	0	310,868
Total	\$13,057,579		5	\$ 2,545,039	\$10,512,540

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Paid Losses as of 3/31/22	Age of Policy Period in Months	Paid Loss Development Factor<	Estimated Ultimate Incurred Losses
10/1/06-07	\$ 410,242	186	1.000	\$ 410,242
10/1/07-08	294,344	174	1.000	294,344
10/1/08-09	991,729	162	1.000	991,729
10/1/09-10	707,019	150	1.000	707,019
10/1/10-11	1,127,271	138	1.000	1,127,271
10/1/11-12	399,949	126	1.000	399,949
10/1/12-13	477,987	114	1.000	477,987
10/1/13-14	994,190	102	1.000*	994,190
10/1/14-15	314,070	90	1.000*	314,070
10/1/15-16	688,582	78	1.024	705,108
10/1/16-17	1,615,225	66	1.111	1,794,515
10/1/17-18	1,013,790	54	1.302	1,319,955
10/1/18-19	735,766	42	1.570	1,155,153
10/1/19-20	431,508	30	2.234	963,989
10/1/20-21	310,868	18	4.044	1,257,150
Total	\$10,512,540			\$12,912,671

<sup>^</sup> Reflects actual reinsurance recoveries received. See Appendix A, Exhibit II for details.<sup>#</sup> Estimated by BYNAC based on paid ALAE as of 3/31/22.

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

&lt; Interpolated from Section C of Table 13 of the 11/24/21 actuarial report.

Table 9

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****OTHER LIABILITY**
**ESTIMATED ULTIMATE INCURRED LOSSES**  
**INCURRED BORNHUETT-ER-FERGUSON**  
(Limited to Specific Retentions)

## A. ESTIMATED UNREPORTED LOSSES

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated Unreported Losses
10/1/06-07	\$ 410,242	1.000	0.000	\$ 0
10/1/07-08	294,344	1.000	0.000	0
10/1/08-09	991,729	1.000	0.000	0
10/1/09-10	707,019	1.000	0.000	0
10/1/10-11	1,127,271	1.000	0.000	0
10/1/11-12	399,949	1.000	0.000	0
10/1/12-13	477,987	1.000	0.000	0
10/1/13-14	994,190	1.000	0.000	0
10/1/14-15	314,070	1.000	0.000	0
10/1/15-16	808,549	1.000	0.000	0
10/1/16-17	1,705,823	1.016	0.016	27,293
10/1/17-18	1,109,029	1.044	0.042	46,579
10/1/18-19	939,087	1.077	0.071	66,675
10/1/19-20	1,362,343	1.232	0.188	256,120
10/1/20-21	<u>1,281,396</u>	1.846	0.458	<u>586,879</u>
Total	\$12,923,028			\$ 983,546

## B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Incurred Losses as of 3/31/22	Estimated Unreported Losses	Estimated Ultimate Incurred Losses
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	1,127,271	0	1,127,271
10/1/11-12	399,949	0	399,949
10/1/12-13	477,987	0	477,987
10/1/13-14	994,190	0	994,190
10/1/14-15	314,070	0	314,070
10/1/15-16	851,070	0	851,070
10/1/16-17	1,655,671	27,293	1,682,964
10/1/17-18	1,013,791	46,579	1,060,370
10/1/18-19	863,503	66,675	930,178
10/1/19-20	917,868	256,120	1,173,988
10/1/20-21	<u>752,844</u>	<u>586,879</u>	<u>1,339,723</u>
Total	\$11,771,548	\$ 983,546	\$12,755,094

\* See Section A of Table 17 of the 11/24/21 actuarial report.

Table 10

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****OTHER LIABILITY****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
10/1/06-07	\$ 410,242	1.000	0.000	\$ 0
10/1/07-08	294,344	1.000	0.000	0
10/1/08-09	991,729	1.000	0.000	0
10/1/09-10	707,019	1.000	0.000	0
10/1/10-11	1,127,271	1.000	0.000	0
10/1/11-12	399,949	1.000	0.000	0
10/1/12-13	477,987	1.000	0.000	0
10/1/13-14	994,190	1.000	0.000	0
10/1/14-15	314,070	1.000	0.000	0
10/1/15-16	808,549	1.024	0.023	18,597
10/1/16-17	1,705,823	1.111	0.100	170,582
10/1/17-18	1,109,029	1.302	0.232	257,295
10/1/18-19	939,087	1.570	0.363	340,889
10/1/19-20	1,362,343	2.234	0.552	752,013
10/1/20-21	1,281,396	4.044	0.753	964,891
Total	\$12,923,028			\$ 2,504,267

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Paid Losses as of 3/31/22	Estimated Outstanding Losses	Estimated Ultimate Incurred Losses
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	1,127,271	0	1,127,271
10/1/11-12	399,949	0	399,949
10/1/12-13	477,987	0	477,987
10/1/13-14	994,190	0	994,190
10/1/14-15	314,070	0	314,070
10/1/15-16	688,582	18,597	707,179
10/1/16-17	1,615,225	170,582	1,785,807
10/1/17-18	1,013,790	257,295	1,271,085
10/1/18-19	735,766	340,889	1,076,655
10/1/19-20	431,508	752,013	1,183,521
10/1/20-21	310,868	964,891	1,275,759
Total	\$10,512,540	\$ 2,504,267	\$13,016,807

Table 11

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

(Limited to Specific Retention)

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Incurred Bornhuetter- Ferguson Method	Paid Bornhuetter- Ferguson Method	Selected Estimated Ultimate Incurred Losses#
10/1/06-07	\$ 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	1,127,271	1,127,271	1,127,271	1,127,271	1,127,271 **
10/1/11-12	399,949	399,949	399,949	399,949	399,949 **
10/1/12-13	477,987	477,987	477,987	477,987	477,987 **
10/1/13-14	994,190	994,190	994,190	994,190	994,190 **
10/1/14-15	314,070	314,070	314,070	314,070	314,070 **
10/1/15-16	851,070	705,108 *	851,070	707,179 *	851,070
10/1/16-17	1,682,162	1,794,515	1,682,964	1,785,807	1,682,563
10/1/17-18	1,058,398	1,319,955	1,060,370	1,271,085	1,059,384
10/1/18-19	929,993	1,155,153	930,178	1,076,655	930,086
10/1/19-20	1,130,813	963,989	1,173,988	1,183,521	1,152,401
10/1/20-21	1,389,750	1,257,150	1,339,723	1,275,759	1,307,741 <
Total	\$12,758,987	\$12,912,671	\$12,755,094	\$13,016,807	\$12,700,046

# Selected the average of the incurred methods unless otherwise noted.

\*\* Selected incurred losses since all reported claims are closed.

\* Less than incurred losses.

&lt; Selected the average of the Bornhuetter-Ferguson methods due to the immaturity of the period.

Table 12

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****OTHER LIABILITY****ESTIMATED REQUIRED RESERVES FOR 10/1/06 TO 9/30/21 AS OF 3/31/22**  
(Limited to Specific & Aggregate Retentions)**A. LOSS SUMMARY**

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 3/31/22	Paid Losses as of 3/31/22
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	1,127,271	1,127,271	1,127,271
10/1/11-12	399,949	399,949	399,949
10/1/12-13	477,987	477,987	477,987
10/1/13-14	994,190	994,190	994,190
10/1/14-15	314,070	314,070	314,070
10/1/15-16	851,070	851,070	688,582
10/1/16-17	1,682,563	1,655,671	1,615,225
10/1/17-18	1,059,384	1,013,791	1,013,790
10/1/18-19	930,086	863,503	735,766
10/1/19-20	1,152,401	917,868	431,508
10/1/20-21	1,307,741	752,844	310,868
Total	\$12,700,046	\$11,771,548	\$10,512,540

**B. ESTIMATED REQUIRED RESERVES FOR 10/1/06 TO 9/30/21 AS OF 3/31/22**

Policy Period	Case Reserves as of 3/31/22	Estimated IBNR as of 3/31/22	Estimated Required Reserves as of 3/31/22
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	162,488	0	162,488
10/1/16-17	40,446	26,892	67,338
10/1/17-18	1	45,593	45,594
10/1/18-19	127,737	66,583	194,320
10/1/19-20	486,360	234,533	720,893
10/1/20-21	441,976	554,897	996,873
Total	\$ 1,259,008	\$ 928,498	\$ 2,187,506



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 3/31/22	Specific Retention	Number of Claims in Excess of Retention*	Incurred in Excess of Retention*	Limited Incurred Losses as of 3/31/22
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	5,772,226	100,000 ~	5	4,275,843 #	1,496,383
10/1/14-15	754,044	100,000 ~	0	0	754,044
10/1/15-16	702,033	100,000 ~	1	90,752 <	611,281
10/1/16-17	927,840	100,000 ~	0	0	927,840
10/1/17-18	1,439,059	100,000 ~	4	466,817 +	972,242
10/1/18-19	4,206,202	100,000 ~	4	2,254,819	1,951,383
10/1/19-20	685,776	150,000 ~	0	0	685,776
10/1/20-21	1,626,509	100,000 ~	2	298,820 **	1,327,689
Total	\$22,298,524		35	\$10,785,591	\$11,512,933

## B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 3/31/22	Age of Policy Period in Months	Incurred Loss Development Factor&	Estimated Ultimate Incurred Losses
10/1/06-07	\$ 399,786	186	1.000	\$ 399,786
10/1/07-08	351,473	174	1.000	351,473
10/1/08-09	408,497	162	1.000	408,497
10/1/09-10	439,120	150	1.000	439,120
10/1/10-11	270,728	138	1.000	270,728
10/1/11-12	664,608	126	1.000	664,608
10/1/12-13	252,083	114	1.000	252,083
10/1/13-14	1,496,383	102	1.000	1,496,383
10/1/14-15	754,044	90	1.000	754,044
10/1/15-16	611,281	78	1.000	611,281
10/1/16-17	927,840	66	1.000	927,840
10/1/17-18	972,242	54	1.000	972,242
10/1/18-19	1,951,383	42	1.000	1,951,383
10/1/19-20	685,776	30	1.004	688,519
10/1/20-21	1,327,689	18	1.040	1,362,397 ^
Total	\$11,512,933			\$11,550,384

\* Includes losses excess of the \$10,000 drop down retention from Appendix A, Exhibit IV.  
Drop down retention increased to \$25,000 effective 7/1/20.

< Equals actual reinsurance recovery. 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 and 7/1/19-20 with a \$300,000 loss corridor for 7/1/19-20. The retention is \$450,000 for wind, hailstorm and catastrophe for 7/1/20-21 and subsequent.

# Actual reinsurance recovery reflected for claims other than LARP-8210 which is still open, as no additional recoveries are expected on closed claims.

+ Actual reinsurance recovery reflected for claims other than LARP-9891 which is still open, as no additional recoveries are expected on closed claims.

\*\* Actual recovery used for claim LARP10733.

& Interpolated from Section C of Table 21 of the 11/24/21 actuarial report.

^ Excess claims 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 3/31/22	Specific Retention	Number of Claims in Excess of Retention#	Paid in Excess of Retention#	Limited Paid Losses as of 3/31/22
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	5,770,288	100,000 ~	5	4,273,905 >	1,496,383
10/1/14-15	754,044	100,000 ~	0	0	754,044
10/1/15-16	701,147	100,000 ~	1	90,752 <	610,395
10/1/16-17	925,825	100,000 ~	0	0	925,825
10/1/17-18	1,398,520	100,000 ~	4	426,278 +	972,242
10/1/18-19	3,692,705	100,000 ~	3	1,847,460	1,845,245
10/1/19-20	666,317	150,000 ~	0	0	666,317
10/1/20-21	1,309,534	100,000 ~	2	88,240 **	1,221,294
Total	\$21,403,215		34	\$10,125,175	\$11,278,040

## B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Paid Losses as of 3/31/22	Age of Policy Period in Months	Paid Loss Development Factor&	Estimated Ultimate Incurred Losses
10/1/06-07	\$ 399,786	186	1.000	\$ 399,786
10/1/07-08	351,473	174	1.000	351,473
10/1/08-09	408,497	162	1.000	408,497
10/1/09-10	439,120	150	1.000	439,120
10/1/10-11	270,728	138	1.000	270,728
10/1/11-12	664,608	126	1.000	664,608
10/1/12-13	252,083	114	1.000	252,083
10/1/13-14	1,496,383	102	1.000	1,496,383
10/1/14-15	754,044	90	1.000	754,044
10/1/15-16	610,395	78	1.000	610,395
10/1/16-17	925,825	66	1.000	925,825
10/1/17-18	972,242	54	1.004	976,131
10/1/18-19	1,845,245	42	1.014	1,858,478 ^
10/1/19-20	666,317	30	1.069	712,293
10/1/20-21	1,221,294	18	1.479	1,585,954 ^
Total	\$11,278,040			\$11,705,798

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

Drop down retention increased to \$25,000 effective 7/1/20.

&lt; Equals actual reinsurance recovery. 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 and 7/1/19-20 with a \$300,000 loss corridor for 7/1/19-20. The retention is \$450,000 for wind, hailstorm and catastrophe for 7/1/20-21 and subsequent.

&gt; Actual reinsurance recovery reflected for claims other than LARP-8210 which is still open, as no additional recoveries are expected on closed claims.

+ Actual reinsurance recovery reflected for claims other than LARP-9891 which is still open, as no additional recoveries are expected on closed claims.

\*\* Actual recovery used for claim LARP10733.

&amp; Interpolated from Section C of Table 23 of the 11/24/21 actuarial report.

^ Excess claims are not developed above the retention.

Table 15

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

(Limited to Specific Retentions)

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Selected Estimated Ultimate Incurred Losses*
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	1,496,383	1,496,383	1,496,383
10/1/14-15	754,044	754,044	754,044
10/1/15-16	611,281	610,395	611,281
10/1/16-17	927,840	925,825	927,840
10/1/17-18	972,242	976,131	972,242
10/1/18-19	1,951,383	1,858,478	1,951,383
10/1/19-20	688,519	712,293	688,519
10/1/20-21	1,362,397	1,585,954	1,362,397
Total	\$11,550,384	\$11,705,798	\$11,550,384

\* Selected the incurred method.

Table 16

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****PROPERTY****ESTIMATED REQUIRED RESERVES FOR 10/1/06 TO 9/30/21 AS OF 3/31/22**  
(Limited to Specific and Aggregate Retentions)**A. LOSS SUMMARY**

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 3/31/22	Paid Losses as of 3/31/22
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	1,496,383	1,496,383	1,496,383
10/1/14-15	754,044	754,044	754,044
10/1/15-16	611,281	611,281	610,395
10/1/16-17	927,840	927,840	925,825
10/1/17-18	972,242	972,242	972,242
10/1/18-19	1,951,383	1,951,383	1,845,245
10/1/19-20	688,519	685,776	666,317
10/1/20-21	<u>1,362,397</u>	<u>1,327,689</u>	<u>1,221,294</u>
Total	\$11,550,384	\$11,512,933	\$11,278,040

**B. ESTIMATED REQUIRED RESERVES FOR 10/1/06 TO 9/30/21 AS OF 3/31/22**

Policy Period	Case Reserves as of 3/31/22	Estimated IBNR as of 3/31/22	Estimated Required Reserves as of 3/31/22
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	886	0	886
10/1/16-17	2,015	0	2,015
10/1/17-18	0	0	0
10/1/18-19	106,138	0	106,138
10/1/19-20	19,459	2,743	22,202
10/1/20-21	<u>106,395</u>	<u>34,708</u>	<u>141,103</u>
Total	\$ 234,893	\$ 37,451	\$ 272,344

Table 17

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****ALL COVERAGES****ESTIMATED REQUIRED RESERVES FOR 10/1/06 TO 9/30/21 AS OF 3/31/22**

(Limited to Specific and Aggregate Retentions)

**A. LOSS SUMMARY**

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 3/31/22	Paid Losses as of 3/31/22
10/1/06-07	\$ 2,905,477	\$ 2,905,477	\$ 2,905,477
10/1/07-08	2,590,929	2,590,929	2,590,929
10/1/08-09	2,821,543	2,821,543	2,821,543
10/1/09-10	3,043,376	3,043,376	2,945,424
10/1/10-11	3,114,901	3,114,901	3,114,901
10/1/11-12	3,265,841	3,265,841	3,253,455
10/1/12-13	2,585,818	2,582,105	2,424,479
10/1/13-14	3,412,715	3,412,715	3,412,715
10/1/14-15	1,913,143	1,913,143	1,908,684
10/1/15-16	2,296,945	2,296,945	2,045,529
10/1/16-17	3,419,932	3,365,516	3,322,679
10/1/17-18	3,798,077	3,686,856	3,601,233
10/1/18-19	4,129,922	3,959,988	3,676,577
10/1/19-20	3,151,072	2,820,377	2,095,422
10/1/20-21	4,421,036	3,584,469	2,613,587
Total	\$46,870,727	\$45,364,181	\$42,732,634

**B. ESTIMATED REQUIRED RESERVES FOR 10/1/06 TO 9/30/21 AS OF 3/31/22**

Policy Period	Case Reserves as of 3/31/22	Estimated IBNR as of 3/31/22	Estimated Required Reserves as of 3/31/22
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	97,952	0	97,952
10/1/10-11	0	0	0
10/1/11-12	12,386	0	12,386
10/1/12-13	157,626	3,713	161,339
10/1/13-14	0	0	0
10/1/14-15	4,459	0	4,459
10/1/15-16	251,416	0	251,416
10/1/16-17	42,837	54,416	97,253
10/1/17-18	85,623	111,221	196,844
10/1/18-19	283,411	169,934	453,345
10/1/19-20	724,955	330,695	1,055,650
10/1/20-21	970,882	836,567	1,807,449
Total	\$ 2,631,547	\$ 1,506,546	\$ 4,138,093

## Appendix A, Exhibit I

## LEAGUE ASSOCIATION OF RISK MANAGEMENT

## WORKERS COMPENSATION

**INCURRED LOSSES \$100,000 OR GREATER**  
 (Gross of Reinsurance Recovery Received)

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of							Paid Loss and ALAE as of 3/31/22	Actual Reinsurance Recovery as of 3/31/22
				9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	3/31/22		
10/1/06-07	LARN04329	10/20/06	C	126,118	126,118	126,118	126,118	126,118	126,118	126,118	126,118	936,430
	LARN04371	11/14/06	C	317,136	317,136	317,136	317,136	317,136	317,136	317,136	317,136	
	LARN04846	7/15/07	O	1,420,856	1,420,856	2,068,856	2,068,856	2,068,856	2,068,856	2,068,856	1,481,654	
				1,864,110	1,864,109	2,512,110	2,512,110	2,512,110	2,512,110	2,512,110	1,924,908	
10/1/07-08	LARN05064	10/30/07	C	1,062,321	1,095,203	1,295,846	1,726,128	1,726,681	1,726,681	1,726,681	1,726,681	1,225,128
	LARN05076	11/12/07	C	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	
				1,415,766	1,448,649	1,649,291	2,079,573	2,080,126	2,080,126	2,080,126	2,080,126	
10/1/08-09	LARN05752	1/22/09	C	241,799	241,799	241,799	241,799	241,799	241,799	241,799	241,799	
	LARN05852	4/1/09	C	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	
				560,989	560,989	560,989	560,989	560,989	560,989	560,989	560,989	
10/1/09-10	LARN06299	12/15/09	C	209,052	206,084	206,084	206,084	206,084	206,084	206,084	206,084	
	LARN06532	5/3/10	O	295,947	382,089	382,089	382,089	382,089	382,089	382,089	284,137	
	LARN06539	5/11/10	C	152,684	152,684	152,684	152,684	152,684	152,684	152,684	152,684	
	LARN06601	6/3/10	N/A	<	<	<	<	<	<	<	<	
				657,683	740,857	740,857	740,857	740,857	740,858	740,858	642,906	
10/1/10-11	LARN06832	10/6/10	N/A	<	<	<	<	<	<	<	<	
	LARN06841	10/18/10	N/A	<	<	<	<	<	<	<	<	
	LARN06940	1/19/11	N/A	<	<	<	<	<	<	<	<	
	LARN06969	2/8/11	C	<	107,560	107,560	107,584	116,775	117,869	117,869	117,869	
	LARN07181	7/20/11	C	526,235	458,841	670,006	669,133	669,133	669,133	669,133	669,133	168,133 ^
				526,235	566,401	777,566	776,717	785,908	787,002	787,002	787,002	
10/1/11-12	LARN07298	10/5/11	O	902,675	902,675	927,896	927,896	1,404,334	1,404,380	1,404,381	597,724	96,596
	LARN07423	2/5/12	C	350,940	456,503	456,503	1,041,121	860,518	835,050	835,050	835,050	
	LARN-7815	5/10/12	N/A	<	<	<	<	<	<	<	<	
	LARN-7609	7/20/12	O	<	<	95,879	133,248	146,987	214,098	214,098	201,711	
	LARN-7606	7/20/12	C	<	<	<	96,637	140,661	104,400	107,530	107,530	430,646
				1,253,615	1,359,178	1,480,278	2,198,902	2,552,500	2,557,928	2,561,059	1,742,015	
10/1/12-13	LARN-7781	12/6/12	N/A	<	<	<	<	<	<	<	<	
	LARN-9087	12/6/12	O	<	<	<	<	<	138,901	138,901	32,854	
	LARN-7825	1/18/13	N/A	<	<	<	<	<	<	<	<	
	LARN-7911	4/10/13	O	200,166	200,166	335,732	337,916	337,916	337,916	337,916	286,337	
	LARN-8107	9/24/13	N/A	100,994	100,994	100,994	<	<	<	<	<	319,191
				301,160	301,160	436,726	337,916	337,916	476,817	476,817	319,191	

&lt; Less than \$100,000.

^ No additional recovery expected per Sedgwick.

Appendix A, Exhibit I (Continued)

LEAGUE ASSOCIATION OF RISK MANAGEMENT

WORKERS COMPENSATION

INCURRED LOSSES \$100,000 OR GREATER  
(Gross of Reinsurance Recovery Received)

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of							Paid Loss and ALAE as of 3/31/22	Actual Reinsurance Recovery as of 3/31/22
				9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	3/31/22		
10/1/14-15	LARN-8629	12/27/14	C	179,637	179,625	179,625	179,625	176,115	176,115	176,115	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	1,505,499	2,612,059	2,612,059	2,612,059	1,553,408	779,358
	LARN-9944	6/12/18	C			59,368	153,453	135,698	135,698	135,698	135,698	
	LARN-9991	7/22/18	O			<	<	17,600	107,685	107,685	22,063	
						1,564,867	1,658,952	2,765,357	2,855,442	2,855,442	1,711,169	
10/1/18-19	LARN-0096	10/24/18	N/A				143,459	<	<	<		
	LARN-0281	4/3/19	N/A				<	0	121,299	<		
	LARN-0372	7/14/19	O				<	48,095	137,740	174,060	135,004	
							143,459	48,095	259,039	174,060	135,004	
10/1/19-20	LARN-1021	7/15/20	C					45,238	157,849	127,463	127,463	
	LARN-1023	8/8/20	C					58,103	138,356	138,885	138,885	
	LARN-1024	8/9/20	O					<	66,576	115,358	15,573	
								103,341	362,781	381,706	281,921	
10/1/20-21	LARN-1022	10/15/20	O						175,603	134,144	115,597	
	LARN-1033	10/29/20	O						104,226	136,226	104,182	
	LARN-1037	12/4/20	O						139,173	139,173	77,908	
	LARN-1054	4/29/21	O						78,525	114,401	93,553	
	LARN-1071	9/24/21	O						0	287,992	181,146	
									497,528	811,936	572,386	
10/1/21-22	LARN-1075	10/15/21	O							128,775	53,466	
	LARN-1074	10/18/21	O							136,399	60,269	
	LARN-1079	12/6/21	O							123,333	43,607	
	LARN-1083	1/14/22	O							118,478	961	
	LARN-1087	3/7/22	O							103,750	0	
										610,735	158,303	

< Less than \$100,000.



Appendix A, Exhibit II

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

INCURRED LOSSES \$100,000 OR GREATER  
(Gross of Reinsurance Recovery Received)

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of							Paid Loss and ALAE as of 3/31/22	Actual Reinsurance Recovery as of 3/31/22
				9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	3/31/22		
10/1/06-07	--- None ---											
10/1/07-08	LARL05297	4/17/08	C	102,585	102,585	102,585	102,585	102,585	102,585	102,585	102,585	
10/1/08-09	LARL05931	5/30/09	C	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	
	LARL06050^	7/31/09	C	327,182	327,182	327,182	327,182	327,182	327,182	327,182	327,182	7,299 ~
				2,228,436	2,228,436	2,228,436	2,228,436	2,228,436	2,228,436	2,228,436	2,228,436	
10/1/09-10	LARL06243	11/16/09	C	303,585	119,448	119,448	119,448	119,448	119,448	119,448	119,448	
	LARL-8205	6/3/10	C	103,736	103,736	103,736	103,736	103,736	103,736	103,736	103,736	
	LARL06704	7/24/10	N/A	<	<	<	<	<	<	<	<	
	LARL06720	7/31/10	C	102,907	102,907	102,907	102,907	102,907	102,907	102,907	102,907	
				510,227	326,090	326,090	326,090	326,090	326,090	326,090	326,090	
10/1/10-11	LARL06918^	1/12/11	C	1,464,938	629,892	629,892	629,892	629,892	629,892	629,892	629,892	248,826 ~
	LARL07022	3/24/11	N/A	<	<	<	<	<	<	<	<	
	LARL-9131	8/13/11	N/A	<	<	86,278	121,757	<	<	<	<	
	LARL07236	8/22/11	C	184,178	184,178	184,178	184,178	184,178	184,178	184,178	184,178	
	LARL-7675	9/13/11	N/A	<	<	<	<	<	<	<	<	
				1,649,116	814,070	900,348	935,827	814,070	814,070	814,070	814,070	
10/1/11-12	LARL-7769	1/26/12	N/A	<	<	<	<	<	<	<	<	
	LARL-7618	6/5/12	C	140,269	140,269	140,269	140,269	140,269	140,269	140,269	140,269	
10/1/12-13				140,269	140,269	140,269	140,269	140,269	140,269	140,269	140,269	
	LARL-8921	11/2/12	N/A	<	121,282	<	<	<	<	<	<	
	LARL-8261	3/12/13	N/A	158,627	159,957	<	<	<	<	<	<	
10/1/13-14				158,627	281,239							
	LARL-8131	10/4/13	C	123,327	123,327	123,327	123,327	123,327	123,327	123,327	123,327	
	LARL-8539	1/21/14	C	170,929	170,929	170,929	170,929	170,929	170,929	170,929	170,929	
	LARL-8892	2/3/14	C	<	<	56,576	356,952	272,508	272,508	272,508	272,508	
	LARL-9303	2/12/14	C	<	<	71,072	116,472	136,836	108,566	108,566	108,566	
				294,256	294,256	421,904	767,680	703,600	675,330	675,330	675,330	

~ No additional recovery expected per Sedgwick.

# Claim is not excess due to the amount of ALAE for the claim.

< Less than \$100,000.

Appendix A, Exhibit II (Continued)

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

INCURRED LOSSES \$100,000 OR GREATER

Appendix A, Exhibit I (Continued)

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of							Paid Loss and ALAE as of 3/31/22	Actual Reinsurance Recovery as of 3/31/22
				9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	3/31/22		
10/1/14-15	--- None ---											
10/1/15-16	LARL-0466	1/6/16	O	<	<	<	<	96,624	227,669	278,282	115,794	
	LARL-9217	7/8/16	C	123,351	118,015	118,015	118,015	118,015	118,015	118,015	118,015	
	LARL-9625	7/19/16	O	<	<	<	567	301,834	303,595	295,503	295,502	
				123,351	118,015	118,015	118,582	516,473	649,279	691,800	529,311	
10/1/16-17	LARL-9854	10/1/16	C		<	<	<	102,330	105,441	105,441	105,441	
	LARL-9527	4/20/17	C		<	4,978	222,087	223,178	139,868	139,868	139,868	
	LARL-9749	7/18/17	C		<	60,586	101,236	101,012	101,012	101,012	101,012	
	LARL-9971	9/13/17	O		<	<	<	1,804,878	1,434,819	1,432,942	1,413,779	
						65,564	323,323	2,231,398	1,781,140	1,779,263	1,760,100	
10/1/17-18	LARL-9948	5/21/18	C			<	51,588	162,308	162,308	162,308	162,308	
	LARL-9920	5/25/18	C			<	26,159	202,269	353,183	313,960 #	313,960	
	LARL-0006	8/7/18	C			842	181,125	104,707	104,707	104,707	104,707	
						842	258,872	469,284	620,198	580,975	580,975	
10/1/18-19	LARL-0318	3/26/19	C				10,360	576,851	701,711	701,711	701,711	352,890
	LARL10109	8/1/19	O				<	0	105,360	120,919	25,706	
	LARL10166	6/16/19	N/A				<	150,772	<	<	<	
							10,360	727,623	807,071	822,630	727,417	
10/1/19-20	LARL10108	2/1/20	O					0	105,351	120,910	24,235	
	LARL10110	2/1/20	O					0	105,268	120,801	21,929	
	LARL10105	3/2/20	O					0	106,348	138,644	30,286	
	LARL10133	3/4/20	O					173,318	208,168	<	<	
								173,318	525,135	380,355	76,450	
10/1/20-21	LARL10794	9/22/21	O						<	575,994	5,220	
10/1/21-22	LARL10756	10/16/21	O							611,691	10,113	

< Less than \$100,000.

# Claim is not excess due to the amount of ALAE for the claim.

^ Multiple claimants. Additional claim numbers apply.

~ No additional recovery expected per Sedgwick.

Appendix A, Exhibit III

LEAGUE ASSOCIATION OF RISK MANAGEMENT

PROPERTY

INCURRED LOSSES \$100,000 OR GREATER  
(Gross of Reinsurance Recovery Received)

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of							Paid Loss and ALAE as of 3/31/22	Actual Reinsurance Recovery as of 3/31/22
				9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	3/31/22		
10/1/06-07	LARP04464A1, LARP04465A1, LARP04467A1, LARL04466A1	12/31/06	C	317,926	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	LARP05946A1 through LARP05948A1# LARP05982A1, LARP02983A1#	6/5/09	C	271,933	271,933	271,933	271,933	271,933	271,933	271,933	271,933	171,498
		6/25/09	C	148,631	148,631	148,631	148,631	148,631	148,631	148,631	148,631	111,222
				420,564	420,564	420,564	420,564	420,564	420,564	420,564	420,564	282,720
10/1/09-10	LARP06576A1, LARP06577A1, LARP06579A1, LARP06580A1, LARP06582A1> LARL06578A1, LARL06581A1> LARP06795A1 through LARP06797A1	5/24/10	C	773,731	773,731	773,731	773,731	773,731	773,731	773,731	773,731	725,061
		5/24/10	C	201,436	201,436	201,436	201,436	201,436	201,436	201,436	201,436	201,436
		9/13/10	C	232,928	232,928	232,928	232,928	232,928	232,928	232,928	232,928	222,067
				1,208,095	1,208,095	1,208,095	1,208,095	1,208,095	1,208,095	1,208,095	1,208,095	1,148,564
10/1/10-11	LARP07044A1 LARP07119A1, LARP07120A1, LARP07122A1 through LARP07124A1#	4/15/11	C	285,811	285,811	285,811	285,811	285,811	285,811	285,811	285,811	275,811
		6/19/11	C	222,562	222,562	222,562	222,562	222,562	222,562	222,562	222,562	212,410
				508,373	508,373	508,373	508,373	508,373	508,373	508,373	508,373	488,221
10/1/11-12	LARP07484A1, LARL07485A1, LARP07486A1# LARP07510A1, LARL07511A1# LARPP-7549A1, LARP-7550A1, LARP-7563A1, LARP-7564A1, LARP-7795A1#	4/14/12	C	558,024	558,024	558,024	558,024	558,024	558,024	558,024	558,024	356,200
		5/4/12	C	126,530	126,530	126,530	126,530	126,530	126,530	126,530	126,530	0
		6/19/12	C	895,473	895,473	895,473	895,473	895,473	895,473	895,473	895,473	681,381
				1,580,027	1,580,027	1,580,027	1,580,027	1,580,027	1,580,027	1,580,027	1,580,027	1,037,581
10/1/12-13	--- None ---											
10/1/13-14	LARP-8210	1/7/14	O	264,913	288,344	288,344	200,344	200,344	215,344	215,344	213,406	74,567
	LARP-8350#	5/11/14	C	1,090,405	1,090,404	1,090,404	1,090,404	1,090,404	1,090,404	1,090,404	1,090,404	856,639 ~
	LARP-8378#	6/4/14	C	1,043,196	1,043,196	1,043,195	1,043,195	1,043,195	1,043,195	1,043,195	1,043,195	802,587 ~
	LARP-8402#	6/16/14	C	2,315,638	2,504,161	2,265,581	2,265,581	2,265,581	2,265,581	2,265,581	2,265,581	2,057,470 ~
	LARP-8444#	7/9/14	N/A	<	<	<	<	<	<	<	<	
	LARP-8461	7/22/14	C	543,803	543,803	543,803	543,803	543,803	543,803	543,803	543,803	443,803
				5,257,955	5,469,908	5,231,327	5,143,327	5,143,327	5,158,327	5,158,327	5,156,389	4,235,066

# Wind and Hail Damage.

^ Recoveries are not expected for this claim.

> Same occurrence.

< Less than \$100,000.

~ According to Sedgwick, no additional reinsurance recoveries are expected.

## LEAGUE ASSOCIATION OF RISK MANAGEMENT

## PROPERTY

INCURRED LOSSES \$100,000 OR GREATER  
(Gross of Reinsurance Recovery Received)

Policy Period	Claim Number	Accident Date	Status	Incurred Loss and ALAE as of						Paid Loss and ALAE as of 3/31/22	Actual Reinsurance Recovery as of 3/31/22
				9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	3/31/22	
10/1/14-15	LARP8775P# LARP-8933#	5/27/15	C	180,355	180,355	180,355	180,355	180,355	180,355	180,355	0
		6/25/15	C	<u>112,723</u>	<u>112,723</u>	<u>112,723</u>	<u>112,723</u>	<u>112,723</u>	<u>112,723</u>	<u>112,723</u>	0
				293,078	293,078	293,078	293,078	293,078	293,078	293,078	0
10/1/15-16	LARP-9467#	7/5/16	C	<	<	290,752	290,752	290,752	290,752	290,752	90,752
10/1/16-17	LARP-9586# LARP-9591# LARP-9608#	6/13/17	C		121,328	105,790	105,790	105,790	105,790	105,790	0
		6/17/17	O		<	<	5,378	117,404	119,486	119,589	0
		6/27/17	C		<u>31,461</u>	<u>127,933</u>	<u>134,565</u>	<u>110,291</u>	<u>110,291</u>	<u>110,291</u>	0
					152,789	233,723	245,733	333,485	335,567	335,670	0
10/1/17-18	LARP-9795 LARP-9891# LARP-9967# LARP-9999# LARP-0004#	1/14/18	C			287,674	263,754	263,754	263,754	263,754	163,718 ~
		5/1/18	O			111,153	334,293	360,187	360,455	360,567	320,028
		6/30/18	C			261,364	279,101	229,524	229,524	229,524	28,146 ~
		8/6/18	N/A			209,653	<	<	<	<	0
		8/6/18	C			<u>162,285</u>	<u>391,041</u>	<u>356,402</u>	<u>314,386</u>	<u>314,386</u>	<u>114,386</u>
						1,032,129	1,268,189	1,209,867	1,168,119	1,168,231	306,250
10/1/18-19	LARP-0225# LARP-0498 LARP-0402# LARP-0424# LARP-0467#	3/14/19	C				261,020	400,106	399,545	397,948	0
		3/29/19	C					158,632	157,173	157,173	0
		7/26/19	C				115,915	116,815	102,111	102,111	0
		8/14/19	O				2,065,307	2,903,211	2,553,434	2,569,524	1,480,896
		9/11/19	O				<u>292,230</u>	<u>328,642</u>	<u>329,245</u>	<u>330,174</u>	0
							2,734,472	3,907,406	3,541,508	3,556,930	1,480,896
10/1/19-20	LARP10022 LARP10080 LARP10161# LARP10194#	12/13/19	O					139,350	<	<	0
		2/23/20	C					148,183	144,551	144,551	0
		6/7/20	O					0	127,858	<	0
		6/9/20	O					<u>123,454</u>	<	<	0
								410,987	272,409	144,551	0
10/1/20-21	LARP10657# LARP10733*	8/7/21	O						1,154,138	735,697	525,117
		9/30/21	C						<	23,375	13,123
									1,154,138	759,072	548,492
10/1/21-22	LARP10743 LARP10802#	10/16/21	O							303,174	263,280
		12/15/21	O							<u>159,137</u>	<u>117,392</u>
										462,311	380,672

# Wind and Hail Damage.

&lt; Less than \$100,000.

~ No additional recovery expected per Sedgwick.

\* Equipment breakdown claim with a \$10,000 retention.

## LEAGUE ASSOCIATION OF RISK MANAGEMENT

## PROPERTY

INCURRED LOSSES SUBJECT TO \$10,000 RETENTION AFTER EROSION OF AAD\*  
(Gross of Reinsurance Recovery Received)

Policy Period	Claim Number	Member	Accident Date	Status	Incurred Loss and ALAE as of							Paid Loss and ALAE as of 3/31/22	Actual Reinsurance Recovery as of 3/31/22
					9/30/16	9/30/17	9/30/18	9/30/19	9/30/20	9/30/21	3/31/22		
10/1/06-07	--- None ---												
10/1/07-08	LARP05450A1, LARP05451A1	Village of Cedar Bluffs	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	City of LaVista	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	City of Atkinson	9/22/10	C	93,125	93,125	93,125	93,125	93,125	93,125	93,125	93,125	82,904
	LARP 06633A1	City of North Platte	6/21/10	C	11,100	11,100	11,100	11,100	11,100	11,100	11,100	11,100	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	City of Wahoo	5/20/11	C	12,149	12,149	12,149	12,149	12,149	12,149	12,149	12,149	2,149
	LARP07086A1, LARP07087A1	Village of Newcastle	5/21/11	C	13,127	13,127	13,127	13,127	13,127	13,127	13,127	13,127	3,127
	LARP07094A1	City Of Atkinson	5/30/11	C	20,528	20,528	20,528	20,528	20,528	20,528	20,528	20,528	10,528
	LARP07110A1, LARP07107A1	Villages of Mason City and Ansley	6/14/11	C	55,337	55,337	55,337	55,337	55,337	55,337	55,337	55,337	45,337
	LARP07140A1	Village Of Lodgepole	6/25/11	C	53,212	53,212	53,212	53,212	53,212	53,212	53,212	53,212	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 ---												
10/1/18-19	--- None ---												
10/1/19-20	--- None ---												
10/1/20-21	--- None ---												
10/1/21-22	--- None ---												

\* Retention is \$25,000 effective 7/1/20.

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

Policy Period	Current Analysis (Table 6, Section A)	11/24/21 Report (Table 8, Section A)	Change	Percent Change
10/1/06-07	\$ 2,095,449	\$ 2,095,449	\$ 0	0.0%
10/1/07-08	1,945,112	1,945,112	0	0.0%
10/1/08-09	1,421,317	1,421,317	0	0.0%
10/1/09-10	1,897,237	1,897,237	0	0.0%
10/1/10-11	1,716,902	1,716,902	0	0.0%
10/1/11-12	2,201,284	2,197,155	4,129	0.2%
10/1/12-13	1,855,748	1,860,948	( 5,200)	( 0.3%)
10/1/13-14	922,142	918,881	3,261	0.4%
10/1/14-15	845,029	845,029	0	0.0%
10/1/15-16	834,594	747,816	86,778	11.6%
10/1/16-17	809,529	814,038	( 4,509)	( 0.6%)
10/1/17-18	1,766,451	1,783,772	( 17,321)	( 1.0%)
10/1/18-19	1,248,453	1,238,968	9,485	0.8%
10/1/19-20	1,310,152	1,375,919	( 65,767)	( 4.8%)
10/1/20-21	1,750,898	1,461,726	289,172	19.8%
Total	\$22,620,297	\$22,320,269	\$ 300,028	1.3%

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

Policy Period	Current Analysis (Table 12, Section A)	11/24/21 Report (Table 18, Section A)	Change	Percent Change
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	991,729	0	0.0%
10/1/09-10	707,019	707,019	0	0.0%
10/1/10-11	1,127,271	1,127,271	0	0.0%
10/1/11-12	399,949	399,949	0	0.0%
10/1/12-13	477,987	477,987	0	0.0%
10/1/13-14	994,190	994,190	0	0.0%
10/1/14-15	314,070	314,070	0	0.0%
10/1/15-16	851,070	808,549	42,521	5.3%
10/1/16-17	1,682,563	1,705,823	( 23,260)	( 1.4%)
10/1/17-18	1,059,384	1,109,029	( 49,645)	( 4.5%)
10/1/18-19	930,086	939,087	( 9,001)	( 1.0%)
10/1/19-20	1,152,401	1,362,343	( 209,942)	(15.4%)
10/1/20-21	1,307,741	1,281,396	26,345	2.1%
Total	\$12,700,046	\$12,923,028	(\$ 222,982)	( 1.7%)



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

Policy Period	Current Analysis (Table 16, Section A)	11/24/21 Report (Table 26, Section A)	Change	Percent Change
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	1,496,383	1,496,383	0	0.0%
10/1/14-15	754,044	754,044	0	0.0%
10/1/15-16	611,281	611,553	( 272)	0.0%
10/1/16-17	927,840	927,737	103	0.0%
10/1/17-18	972,242	972,195	47	0.0%
10/1/18-19	1,951,383	1,965,683	( 14,300)	( 0.7%)
10/1/19-20	688,519	733,356	( 44,837)	( 6.1%)
10/1/20-21	1,362,397	1,409,131	( 46,734)	( 3.3%)
Total	\$11,550,384	\$11,656,377	(\$ 105,993)	( 0.9%)

# LARM

## 2022 Renewal

### Reinsurance Update & Annual Contributions

Board of Directors Meeting  
May 25<sup>th</sup>, 2022

# Reinsurance – current market status and overview

## Property Insurance:

Key market driver continues to be Cat losses across the US

Lower investment income has led to increased underwriter scrutiny

Reduced capacity means less options and higher premiums

Inflation, cost of construction materials, supply chain issues and skilled labor shortages

## Liability:

Market is firming with social inflation driving up settlements and jury verdicts

## Cyber Insurance:

Continued hardening market, with no signs of relief in 2022

Concerns with systemic cyber risk, disciplined cyber underwriting practices and where hackers may hit next

Insured's cyber risk management maturity requirements evolve and expand

Global capacity remains limited

## Workers' Compensation:

Remains stable as we begin to emerge from the pandemic, remote workspaces, new technology, and safer work environments

# Property Reinsurance – market challenges drive renewal options

## Wind & Hail Deductibles:

Market moving to percentage deductibles

## Alliant Property Insurance Program (APIP):

Holding firm on imposing a percentage wind & hail deductible

## Travelers Program:

Market interest, but terms & conditions may be prohibitive

## NLC \$3.0 M Primary Option:

Opens strategy

- Quota share placement with global markets
- Single Carrier options (i.e. Travelers)
- Press APIP for premium relief
- Unbolted Beazley Cyber program works with either approach
- Eliminates the percentage wind & hail deductible issue

Moves Effective Date from July 1st to Oct. 1st

- Eliminates potential gap in coverages due to timing of APIP vs. Member renewals
- Consistent with Liability and Workers' Compensation reinsurance renewals

# Reinsurance – upcoming renewal deliverables

## Property Reinsurance Program + Cyber + Pollution Liability:

All Property reinsurance program coverage renewal terms and conditions will be confirmed to the LARM Board prior to their July 1, 2021, effective date.

Anticipate final T&C's mid-June.

## Deadly Weapon Response Program:

Flat rate renewal

Expiring premium is ~\$12,000.

## Liability Reinsurance Program:

Decision and Board approval in September

## Workers Compensation Excess Insurance:

Decision and Board approval in September

# 2022/2023 Fiscal Year – assumptions

- New business: \$150,000
- Renewal contributions: 9.5% increase in Casualty NOE, 4% increase in Property TIV, 5% increase in WC Payroll
- Reinsurance rate increases: Property +20%; Casualty +15%; Workers' Compensation +5%
- Claims expense: per BYNAC rate study
- G&A expense up slightly
- Investment rate of return: 2% [discount rate]

# 2022/2023 Fiscal Year – BYNAC rate study results

BYNAC's 2022-23 rate study incorporates the assumptions from the prior slide, along with their loss projections for the upcoming year. The overall rate sufficiency per their calculations is 3.2%. Their discounted indications by line of coverage are as follows:

- Property: + 4.2% sufficient
- Liability: + 1.5% sufficient
- Workers Comp: + 2.8% sufficient



# LARM – 2022/2023 contribution recommendations

## **\$965,000 property increase [4% exposure & 11% rate]**

Due to unpredictability of weather-related large loss activity, as well as the continued hard reinsurance market, inflation and increased cost of materials and skilled labor shortages, it is recommended to seek some additional property rate above BYNAC's indications.

## **\$434,000 general liability increase [9.5% exposure & 5.5% rate]**

Recommendation is consistent with BYNAC's rate study.

## **\$244,000 workers' compensation increase [5% exposure & 2% rate]**

BYNAC's indications provide cushion as there is variability in the final contributions for workers comp, driven by NCCI loss costs, payroll changes within class codes, and experience modification factors.

# LARM – 2022/2023 renewal funding targets

Recommending setting rates to achieve the overall funding targets of:

- \$3,085,000 in contributions for General Liability,
- \$6,824,000 in contributions for Property,
- and \$3,213,000 in contributions for Workers Compensation contribution,

This will result in an overall total contribution of \$13,122,000 based on review of By the Numbers Actuarial Consulting's (BYNAC) "Indicated Premium draft actuarial report for October 1, 2022-2023."

Elizabeth Long, ACAS, MAAA  
Principal & Consulting Actuary  
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# LEAGUE ASSOCIATION OF RISK MANAGEMENT

## ACTUARIAL REPORT Indicated Premium for 10/1/22-23

5/18/22

May 18, 2022

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

Dear Ms. Rex:

Enclosed is a *draft* of the actuarial report prepared for the League Association of Risk Management (LARM) at your request. This report calculates the indicated premium for the upcoming 10/1/22-23 policy period.

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

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

Sincerely,

Elizabeth Long, ACAS, MAAA  
Principal and Consulting Actuary

Katie Wilson, FCAS, MAAA  
Vice President and Consulting Actuary

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

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***LEAGUE ASSOCIATION OF RISK MANAGEMENT***

**ACTUARIAL REPORT**

**PURPOSE**

By the Numbers Actuarial Consulting, Inc. (BYNAC) prepared this actuarial report to present a professional analysis of the League Association of Risk Management's (LARM's) indicated workers compensation, other liability, and property premium structure for the upcoming 10/1/22-23 policy period. Other liability includes auto liability, general liability, public officials E&O, and police professional liability lines of business. Property includes auto physical damage, property, inland marine, wind/storm/vandalism, and boiler and machinery lines of business. The basis for the premium analysis is the experience of LARM's members limited to the anticipated specific retentions.

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

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

## FINDINGS

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

### INDICATED PREMIUM NEED

The indicated premium for 10/1/22-23 for all coverages combined on an undiscounted and discounted for investment income basis is shown below. Indicated premium by coverage is on the following page. Sedgwick provided the discount rate of 2.0% per year. Evaluating the reasonableness of the discount rate is outside the scope of this report.

#### INDICATED PREMIUM NEED FOR 10/1/22-23 - ALL COVERAGES

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$12,190,000	\$12,900,000	\$13,820,000
Proposed Premium		13,122,000	
Premium Indication	- 7.0%	- 1.7%	+ 5.3%
	Discounted for Investment Income at 2.0% per Annum		
	Low	Expected	High
Indicated Premium	\$12,030,000	\$12,700,000	\$13,590,000
Proposed Premium		13,122,000	
Premium Indication	- 8.3%	- 3.2%	+ 3.6%

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 10/1/22-23. The premium



indication is the comparison of the indicated premium and the proposed premium for 10/1/22-23.

As shown, it is expected that LARM's losses and expenses for all coverages combined will be 3.2% less than the proposed premium on a discounted for investment income basis.

#### INDICATED PREMIUM NEED FOR 10/1/22-23 - WORKERS COMPENSATION

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$2,950,000	\$3,190,000	\$3,440,000
Proposed Premium		3,213,000	
Premium Indication	- 8.2%	- 0.7%	+ 7.1%
Discounted for Investment Income at 2.0% per Annum			
	Low	Expected	High
Indicated Premium	\$2,890,000	\$3,120,000	\$3,360,000
Proposed Premium		3,213,000	
Premium Indication	-10.1%	- 2.9%	+ 4.6%

#### INDICATED PREMIUM NEED FOR 10/1/22-23 - OTHER LIABILITY

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$3,070,000	\$3,130,000	\$3,250,000
Proposed Premium		3,085,000	
Premium Indication	- 0.5%	+ 1.5%	+ 5.3%
Discounted for Investment Income at 2.0% per Annum			
	Low	Expected	High
Indicated Premium	\$2,980,000	\$3,040,000	\$3,160,000
Proposed Premium		3,085,000	
Premium Indication	- 3.4%	- 1.5%	+ 2.4%

#### INDICATED PREMIUM NEED FOR 10/1/22-23 - PROPERTY

	Undiscounted for Investment Income		
	Low	Expected	High
Indicated Premium	\$6,170,000	\$6,580,000	\$7,130,000
Proposed Premium		6,824,000	
Premium Indication	- 9.6%	- 3.6%	+ 4.5%
Discounted for Investment Income at 2.0% per Annum			
	Low	Expected	High
Indicated Premium	\$6,150,000	\$6,540,000	\$7,080,000
Proposed Premium		6,824,000	
Premium Indication	- 9.9%	- 4.2%	+ 3.8%

## **ASSUMPTIONS**

### **DEFINITIONS**

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

### **HISTORICAL INFORMATION**

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

All data are based on information provided by Sedgwick. The indicated premium need for the 10/1/22-23 policy period is based on data evaluated as of 3/31/22 and additional information provided through 5/16/22. These data are reviewed for reasonableness and used without audit.

### **RETENTIONS**

LARM's anticipated specific retentions for 10/1/22-23 are \$750,000 for workers compensation, \$300,000 for other liability, and \$100,000 for standard property perils with a \$500,000 annual

aggregate deductible and a \$5,000,000 aggregate limit. The retention for wind, hailstorms, and catastrophes is \$450,000. Wind, hailstorms, and catastrophe losses do not erode the annual aggregate deductible. Once the annual aggregate deductible is reached, the retention for the standard property perils drops down to \$25,000. ALAE is assumed to be included within the retention for workers compensation, other liability, and property. 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.

## **COVID-19**

At this time the impact of COVID-19 on losses is uncertain. As a result, this report includes neither an additional provision for claims associated with COVID-19 nor adjustments for impacts such as stay-at-home orders, reduced hours, or social distancing measures beyond those reflected in the underlying data. According to Sedgwick, there are three reported COVID-19 claims as of 3/31/22, all in workers compensation. The total incurred value for these claims is \$1,444. All claims are closed.

## **PREMIUM INDICATION – WORKERS COMPENSATION**

### **OVERVIEW**

LARM's indicated premium for 10/1/22-23 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 complete periods are developed to their estimated ultimate value and adjusted to a 10/1/22-23 cost level. These adjusted losses are divided by exposure trended to a 10/1/22-23 level to calculate pure loss rates for each period. These pure loss rates are evaluated, and an estimate for the 10/1/22-23 period is selected. Losses are projected by multiplying the selected pure loss rate by the projected exposure for 10/1/22-23.

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 in the periods under review. 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 10/1/20-21 period evaluated at \$1,503,936 on 3/31/22 are estimated to ultimately cost \$1,815,251 ( $\$1,503,936 \times 1.207$ ). The loss development factor of 1.207 means that the losses are expected to ultimately cost 20.7% more than incurred losses evaluated on 3/31/22.

### **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 3/31/22.

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 3/31/22	Number of Claims in Excess of \$750,000	Incurred Losses in Excess of \$750,000	Limited Incurred Losses as of 3/31/22
10/1/16-17	\$ 782,005	0	\$ 0	\$ 782,005
10/1/17-18	3,562,882	1	1,862,059	1,700,823
10/1/18-19	1,145,102	0	0	1,145,102
10/1/19-20	1,216,733	0	0	1,216,733
10/1/20-21	1,503,936	0	0	1,503,936
Total	\$ 8,210,658	1	\$ 1,862,059	\$ 6,348,599

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Incurred Losses as of 3/31/22	Age of Policy Period in Months	Incurred Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/16-17	\$ 782,005	66.0	1.035	\$ 809,375
10/1/17-18	1,700,823	54.0	1.047	1,745,512 *
10/1/18-19	1,145,102	42.0	1.065	1,219,534
10/1/19-20	1,216,733	30.0	1.124	1,367,608
10/1/20-21	1,503,936	18.0	1.207	1,815,251
Total	\$ 6,348,599			\$ 6,957,280

# Interpolated from Section C of Table 1 of the 11/24/21 actuarial report.

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



Table 2

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

(Net of Non-Excess Recoveries)

**A. LOSSES LIMITED TO \$750,000**

Policy Period	Paid Losses as of 3/31/22	Number of Claims in Excess of \$750,000	Paid Losses in Excess of \$750,000	Limited Paid Losses as of 3/31/22
10/1/16-17	\$ 781,629	0	\$ 0	\$ 781,629
10/1/17-18	2,418,609	1	803,408	1,615,201
10/1/18-19	1,095,566	0	0	1,095,566
10/1/19-20	997,597	0	0	997,597
10/1/20-21	1,081,425	0	0	1,081,425
Total	\$ 6,374,826	1	\$ 803,408	\$ 5,571,418

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Paid Losses as of 3/31/22	Age of Policy Period in Months	Paid Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/16-17	\$ 781,629	66.0	1.100	\$ 859,792
10/1/17-18	1,615,201	54.0	1.126	1,724,216 *
10/1/18-19	1,095,566	42.0	1.168	1,279,621
10/1/19-20	997,597	30.0	1.242	1,239,015
10/1/20-21	1,081,425	18.0	1.646	1,780,026
Total	\$ 5,571,418			\$ 6,882,670

# Interpolated from Section C of Table 3 of the 11/24/21 actuarial report.

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

Table 3

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

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

**A. ESTIMATED UNREPORTED LOSSES**

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated Unreported Losses
10/1/16-17	\$ 814,038	1.035	0.034	\$ 27,677
10/1/17-18	1,783,772	1.047	0.045	80,270
10/1/18-19	1,238,968	1.065	0.061	75,577
10/1/19-20	1,375,919	1.124	0.110	151,351
10/1/20-21	1,461,726	1.207	0.171	249,955
Total	\$ 6,674,423			\$ 584,830

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Incurred Losses as of 3/31/22	Estimated Unreported Losses	Estimated Ultimate Incurred Losses
10/1/16-17	\$ 782,005	\$ 27,677	\$ 809,682
10/1/17-18	1,700,823	80,270	1,781,093
10/1/18-19	1,145,102	75,577	1,220,679
10/1/19-20	1,216,733	151,351	1,368,084
10/1/20-21	1,503,936	249,955	1,753,891
Total	\$ 6,348,599	\$ 584,830	\$ 6,933,429

\* See Section A of Table 7 of the 11/24/21 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. An average of the incurred methods is selected for 10/1/16-17 since there are only two open claims and the case reserves are small. 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>
10/1/16-17	\$ 814,038	1.100	0.091	\$ 74,077
10/1/17-18	1,783,772	1.126	0.112	199,782
10/1/18-19	1,238,968	1.168	0.144	178,411
10/1/19-20	1,375,919	1.242	0.195	268,304
10/1/20-21	<u>1,461,726</u>	1.646	0.392	<u>572,997</u>
Total	\$ 6,674,423			\$ 1,293,571

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

<u>Policy Period</u>	<u>Paid Losses as of 3/31/22</u>	<u>Estimated Outstanding Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/16-17	\$ 781,629	\$ 74,077	\$ 855,706
10/1/17-18	1,615,201	199,782	1,814,983
10/1/18-19	1,095,566	178,411	1,273,977
10/1/19-20	997,597	268,304	1,265,901
10/1/20-21	<u>1,081,425</u>	<u>572,997</u>	<u>1,654,422</u>
Total	\$ 5,571,418	\$ 1,293,571	\$ 6,864,989

Table 5

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

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

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Incurred Bornhuetter-Ferguson	Paid Bornhuetter-Ferguson	Selected Estimated Ultimate Incurred Losses#
10/1/16-17	\$ 809,375	\$ 859,792	\$ 809,682	\$ 855,706	\$ 809,529 <
10/1/17-18	1,745,512	1,724,216	1,781,093	1,814,983	1,766,451
10/1/18-19	1,219,534	1,279,621	1,220,679	1,273,977	1,248,453
10/1/19-20	1,367,608	1,239,015	1,368,084	1,265,901	1,310,152
10/1/20-21	1,815,251	1,780,026	1,753,891	1,654,422	1,750,898
Total	\$ 6,957,280	\$ 6,882,670	\$ 6,933,429	\$ 6,864,989	\$ 6,885,483

# Selected the average unless otherwise noted.

&lt; Selected an average of the incurred methods since only two claims are open and case reserves are small.

Figure 1

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

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

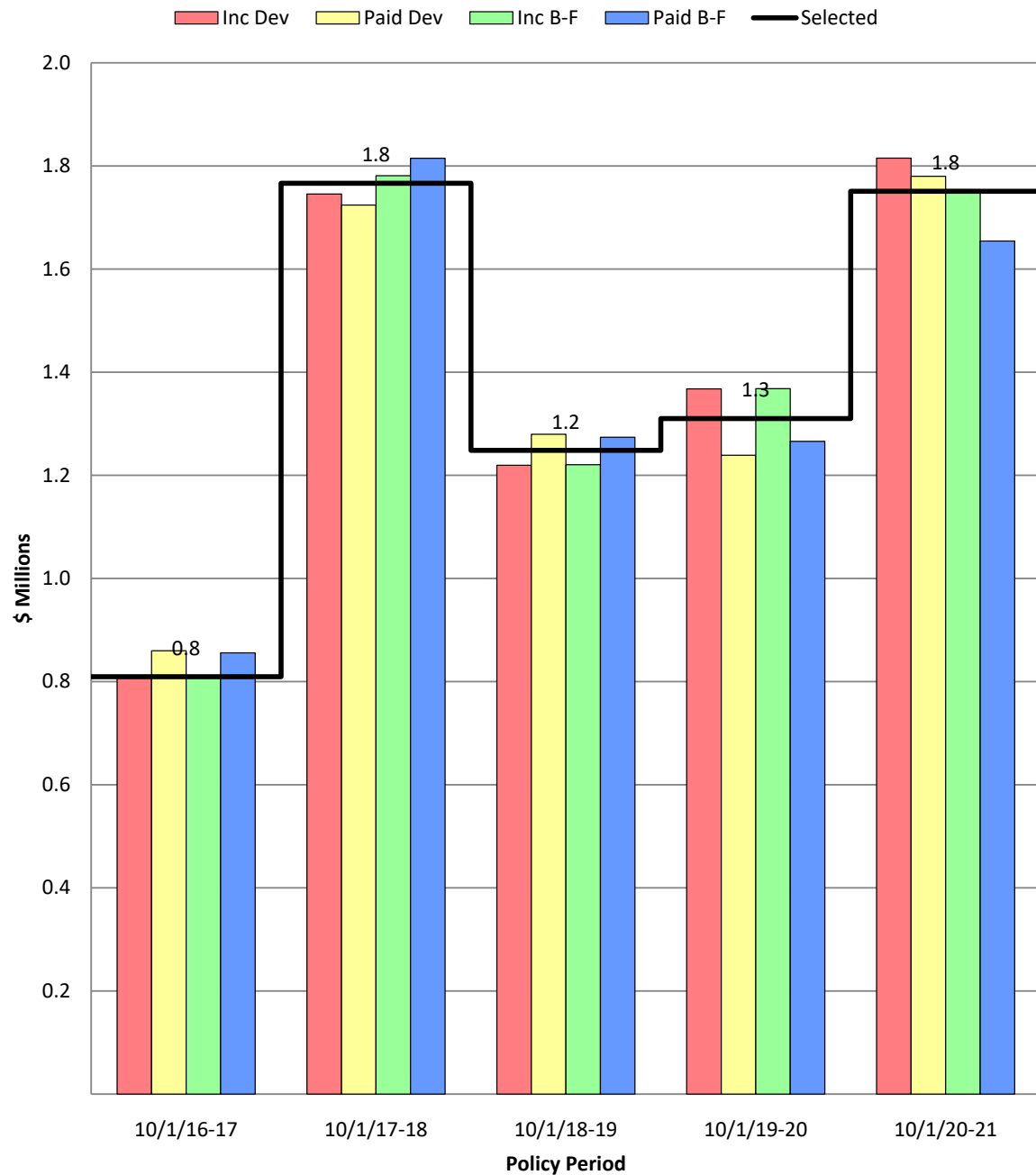


Table 6

**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 10/1/22-23**

Policy Period	Estimated Ultimate Incurred Losses	Benefit Level Change Factor*	Loss Trend Factor**	Adjusted Losses#
10/1/16-17	\$ 809,529	1.002	1.171	\$ 949,854
10/1/17-18	1,766,451	1.000	1.138	1,906,721
10/1/18-19	1,248,453	1.000	1.099	1,372,050
10/1/19-20	1,310,152	1.000	1.081	1,416,274
10/1/20-21	<u>1,750,898</u>	1.000	1.057	<u>1,850,699</u>
Total	\$ 6,885,483			\$ 7,495,598

**B. PAYROLL ADJUSTED TO 10/1/22-23**

Policy Period	Payroll (100)^	Payroll Trend Factor>	Adjusted Payroll (100)
10/1/16-17	\$ 895,287	1.242	\$1,111,946
10/1/17-18	817,783	1.209	988,700
10/1/18-19	811,750	1.168	948,124
10/1/19-20	883,688	1.114	984,428
10/1/20-21	<u>1,012,661</u>	1.071	<u>1,084,560</u>
Total	\$4,421,169		\$5,117,758

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

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

# Losses have not been adjusted above the retention.

^ Provided by Sedgwick.

&gt; See Section A of Appendix B, Exhibit II.



(NCCI). In this set of factors, the factor of 1.002 for 10/1/16-17 indicates that changes in the workers compensation law have resulted in an increase of 0.2% 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 1.171 for 10/1/16-17 indicates that an average loss incurred during that period would cost 17.1% 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 10/1/22-23 period. A pure loss rate of \$1.50 per \$100 payroll is selected for the projected period. In other words, it is estimated that LARM will expend on average \$1.50 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 \$1.50 is multiplied by the projected payroll in hundreds to forecast workers compensation losses of \$1,780,000 for 10/1/22-23.

Table 7

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****WORKERS COMPENSATION****PROJECTED LOSSES FOR 10/1/22-23**

(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>
10/1/16-17	\$ 949,854	\$1,111,946	\$0.85
10/1/17-18	1,906,721	988,700	1.93
10/1/18-19	1,372,050	948,124	1.45
10/1/19-20	1,416,274	984,428	1.44
10/1/20-21	<u>1,850,699</u>	<u>1,084,560</u>	1.71
Total	\$ 7,495,598	\$5,117,758	
		Average	\$1.48
		Wtd Average	1.46
		3 Yr Average	1.53
		5 Yr Mid Average	1.53
		Prior*	1.50
		Selected^	1.50

**B. PROJECTED LOSSES FOR 10/1/22-23**

<u>Level</u>	<u>Pure Loss Rate</u>	<u>Projected Payroll (100)</u>	<u>Projected Losses</u>
Low	\$1.30	\$1,188,703 #	\$1,550,000
Expected	1.50		1,780,000
High	1.70		2,020,000

\* 10/1/21-22 level.

^ Selected the weighted average.

# Provided by Sedgwick.

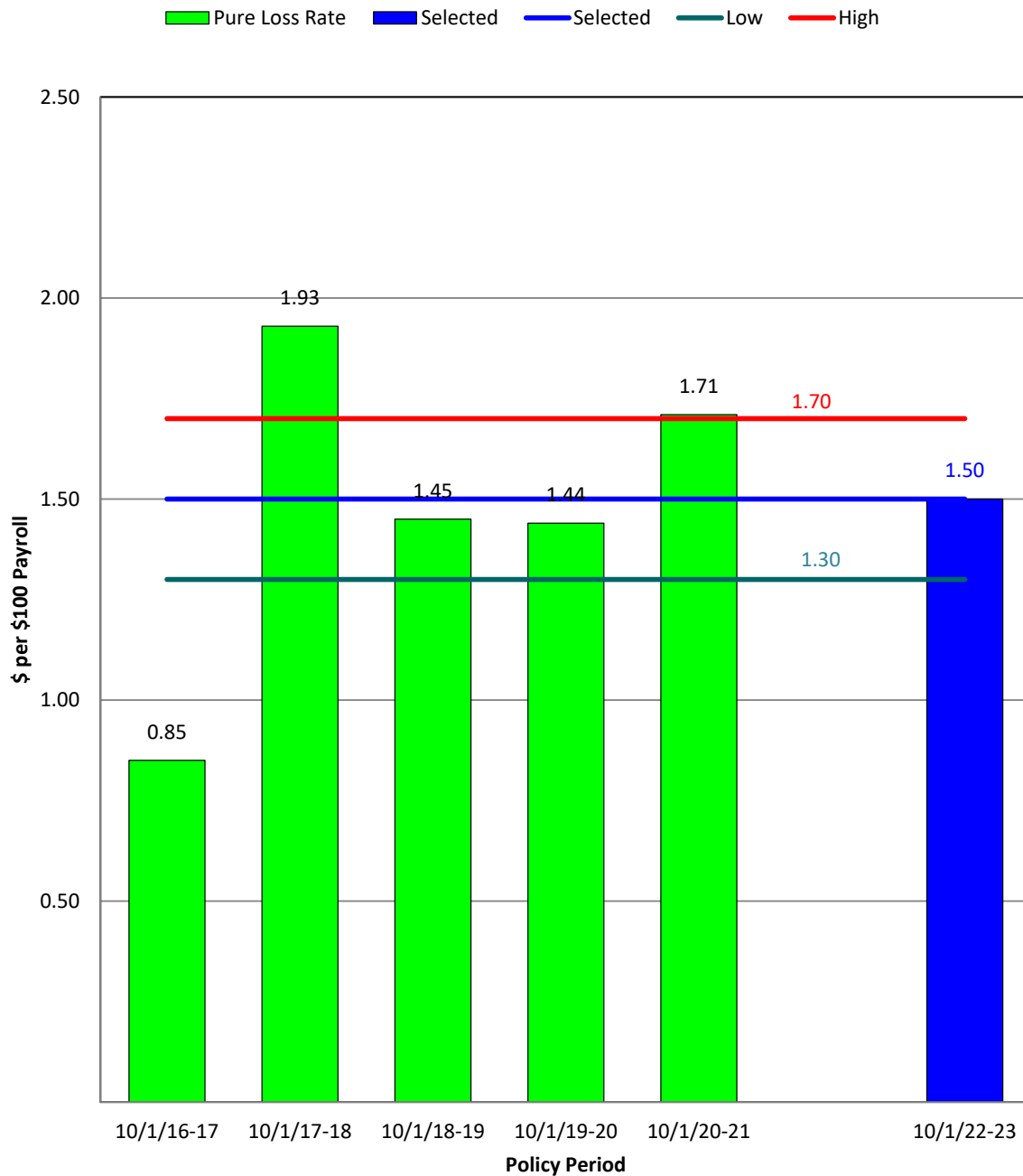
Figure 2

**LEAGUE ASSOCIATION OF RISK MANAGEMENT**

**WORKERS COMPENSATION**

**PURE LOSS RATES ADJUSTED TO A 10/1/22-23 COST LEVEL**

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



**PREMIUM INDICATION**

In Table 8, the indicated premium for 10/1/22-23 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 10/1/22-23 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 0.7% less than the proposed premium provided by Sedgwick.

The indicated premium discounted at 2.0% per annum is calculated in Sections G through J. The indicated premium on a discounted for investment income basis is 2.9% less than the premium provided by Sedgwick.

Table 8

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****WORKERS COMPENSATION****PREMIUM INDICATION FOR 10/1/22-23**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$1,550,000	\$1,780,000	\$2,020,000
B.	FIXED EXPENSES*	\$1,320,000		
C.	VARIABLE EXPENSES*	0.028		
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$2,950,000	\$3,190,000	\$3,440,000
E.	PROPOSED PREMIUM*	\$3,213,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	- 8.2%	- 0.7%	+ 7.1%
G.	LOSS PRESENT VALUE FACTOR#	0.960		
H.	PREMIUM PRESENT VALUE FACTOR^	0.999		
I.	INDICATED PREMIUM DISC. AT 2.0% PER ANNUM [A x G + B]/(H - C)	\$2,890,000	\$3,120,000	\$3,360,000
J.	DISCOUNTED PREMIUM INDICATION AT 2.0% PER ANNUM I/E - 1	-10.1%	- 2.9%	+ 4.6%

\* 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 INCLUDING ALAE**

<u>Policy Period</u>	<u>Incurred Losses as of 3/31/22</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 3/31/22</u>
10/1/16-17	\$2,224,538	1	\$1,132,942	\$1,091,596
10/1/17-18	1,013,791	1	13,960	999,831
10/1/18-19	1,214,359	1	407,711	806,648
10/1/19-20	917,868	0	0	917,868
10/1/20-21	<u>1,028,838</u>	<u>1</u>	<u>275,994</u>	<u>752,844</u>
Total	\$6,399,394	4	\$1,830,607	\$4,568,787

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

<u>Policy Period</u>	<u>Limited Incurred Losses as of 3/31/22</u>	<u>Age of Policy Period in Months</u>	<u>Incurred Loss Development Factor#</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/16-17	\$1,091,596	66.0	1.016	\$1,109,062
10/1/17-18	999,831	54.0	1.044	1,043,824
10/1/18-19	806,648	42.0	1.077	868,760
10/1/19-20	917,868	30.0	1.232	1,130,813
10/1/20-21	<u>752,844</u>	<u>18.0</u>	<u>1.846</u>	<u>1,389,750</u>
Total	\$4,568,787			\$5,542,209

# Interpolated from Section C of Table 11 of the 11/24/21 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 INCLUDING ALAE**

Policy Period	Paid Losses as of 3/31/22	Number of Claims in Excess of \$300,000	Paid Losses in Excess of \$300,000	Limited Paid Losses as of 3/31/22
10/1/16-17	\$2,176,474	1	\$1,113,779	\$1,062,695
10/1/17-18	1,013,790	1	13,960	999,830
10/1/18-19	1,086,622	1	407,711	678,911
10/1/19-20	431,508	0	0	431,508
10/1/20-21	310,868	0	0	310,868
Total	\$5,019,262	3	\$1,535,450	\$3,483,812

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Paid Losses as of 3/31/22	Age of Policy Period in Months	Paid Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/16-17	\$1,062,695	66.0	1.111	\$1,180,654
10/1/17-18	999,830	54.0	1.302	1,301,779
10/1/18-19	678,911	42.0	1.570	1,065,890
10/1/19-20	431,508	30.0	2.234	963,989
10/1/20-21	310,868	18.0	4.044	1,257,150
Total	\$3,483,812			\$5,769,462

# Interpolated from Section C of Table 13 of the 11/24/21 actuarial report.



Table 11

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

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

**A. ESTIMATED UNREPORTED LOSSES**

Policy Period	Expected Losses*	Incurred Loss Development Factor	Expected Ratio Unreported	Estimated Unreported Losses
10/1/16-17	\$1,126,779	1.016	0.016	\$ 18,028
10/1/17-18	1,053,010	1.044	0.042	44,226
10/1/18-19	884,361	1.077	0.071	62,790
10/1/19-20	1,362,343	1.232	0.188	256,120
10/1/20-21	<u>1,281,396</u>	1.846	0.458	<u>586,879</u>
Total	\$5,707,889			\$ 968,043

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Incurred Losses as of 3/31/22	Estimated Unreported Losses	Estimated Ultimate Incurred Losses
10/1/16-17	\$1,091,596	\$ 18,028	\$ 1,109,624
10/1/17-18	999,831	44,226	1,044,057
10/1/18-19	806,648	62,790	869,438
10/1/19-20	917,868	256,120	1,173,988
10/1/20-21	<u>752,844</u>	<u>586,879</u>	<u>1,339,723</u>
Total	\$4,568,787	\$ 968,043	\$5,536,830

\* From Section A of Table 17 of the 11/24/21 actuarial report adjusted to reflect ALAE included in the limit.

Table 12

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

(Losses Including ALAE Limited to \$300,000, 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>
10/1/16-17	\$1,126,779	1.111	0.100	\$ 112,678
10/1/17-18	1,053,010	1.302	0.232	244,298
10/1/18-19	884,361	1.570	0.363	321,023
10/1/19-20	1,362,343	2.234	0.552	752,013
10/1/20-21	<u>1,281,396</u>	4.044	0.753	<u>964,891</u>
Total	\$5,707,889			\$2,394,903

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

<u>Policy Period</u>	<u>Paid Losses as of 3/31/22</u>	<u>Estimated Outstanding Losses</u>	<u>Estimated Ultimate Incurred Losses</u>
10/1/16-17	\$1,062,695	\$ 112,678	\$ 1,175,373
10/1/17-18	999,830	244,298	1,244,128
10/1/18-19	678,911	321,023	999,934
10/1/19-20	431,508	752,013	1,183,521
10/1/20-21	<u>310,868</u>	<u>964,891</u>	<u>1,275,759</u>
Total	\$3,483,812	\$2,394,903	\$5,878,715

Table 13

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

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

Policy Period	Inurred Loss Development Method	Paid Loss Development Method	Inurred Bornhuetter-Ferguson Method	Paid Bornhuetter-Ferguson Method	Selected Estimated Ultimate Incurred Losses#
10/1/16-17	\$1,109,062	\$1,180,654	\$1,109,624	\$1,175,373	\$1,109,343
10/1/17-18	1,043,824	1,301,779	1,044,057	1,244,128	1,043,941
10/1/18-19	868,760	1,065,890	869,438	999,934	869,099
10/1/19-20	1,130,813	963,989	1,173,988	1,183,521	1,152,401
10/1/20-21	1,389,750	1,257,150	1,339,723	1,275,759	1,307,741 ^
Total	\$5,542,209	\$5,769,462	\$5,536,830	\$5,878,715	\$5,482,525

# 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

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

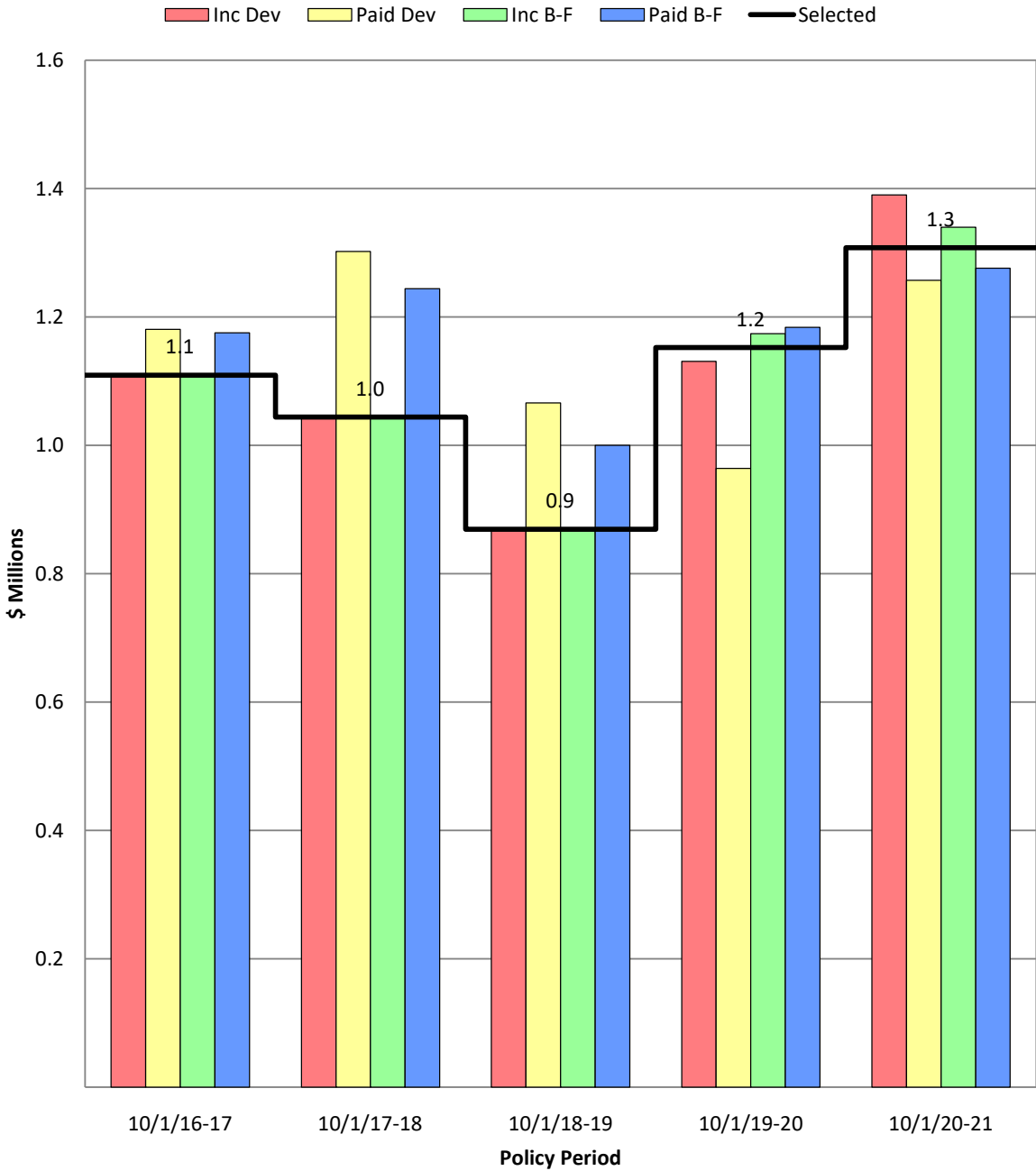


Table 14

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

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

**A. LOSSES ADJUSTED TO 10/1/22-23**

Policy Period	Estimated Ultimate Incurred Losses	Loss Trend Factor*	Adjusted Losses#
10/1/16-17	\$1,109,343	1.199	\$1,270,402
10/1/17-18	1,043,941	1.170	1,170,411
10/1/18-19	869,099	1.133	944,789
10/1/19-20	1,152,401	1.093	1,259,574
10/1/20-21	1,307,741	1.061	1,369,213
Total	\$5,482,525		\$6,014,389

**B. EXPOSURE ADJUSTED TO 10/1/22-23**

Policy Period	Expenditures (1000)~	Exposure Trend Factor^	Adjusted Expenditures (1,000)
10/1/16-17	\$ 395,837	1.195	\$ 473,025
10/1/17-18	425,224	1.160	493,260
10/1/18-19	427,172	1.126	480,996
10/1/19-20	480,279	1.093	524,945
10/1/20-21	491,717	1.061	521,712
Total	\$2,220,229		\$2,493,938

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

# Losses have not been adjusted above the retention.

~ Provided by Sedgwick.

^ See Section B of Appendix B, Exhibit II.

Table 15

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****OTHER LIABILITY****PROJECTED LOSSES FOR 10/1/22-23**

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

**A. PURE LOSS RATES**

Policy Period	Adjusted Losses	Adjusted Expenditures (1,000)	Pure Loss Rate per \$1,000 Expenditures
10/1/16-17	\$1,270,402	\$ 473,025	\$2.69
10/1/17-18	1,170,411	493,260	2.37
10/1/18-19	944,789	480,996	1.96
10/1/19-20	1,259,574	524,945	2.40
10/1/20-21	1,369,213	521,712	2.62
Total	\$6,014,389	\$2,493,938	
		Average	\$2.41
		Wtd Average	2.41
		3 Yr Average	2.33
		5 Yr Mid Average	2.46
		Prior*	2.25
		Selected^	2.40

**B. PROJECTED LOSSES FOR 10/1/22-23**

Level	Pure Loss Rate	Projected Expenditures (1,000)	Projected Losses
Low	\$2.30	\$ 611,514 #	\$1,410,000
Expected	2.40		1,470,000
High	2.60		1,590,000

\* 10/1/21-22 level.

^ Selected the weighted average.

# Provided by Sedgwick.

Figure 4

LEAGUE ASSOCIATION OF RISK MANAGEMENT

OTHER LIABILITY

PURE LOSS RATES ADJUSTED TO A 10/1/22-23 COST LEVEL

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

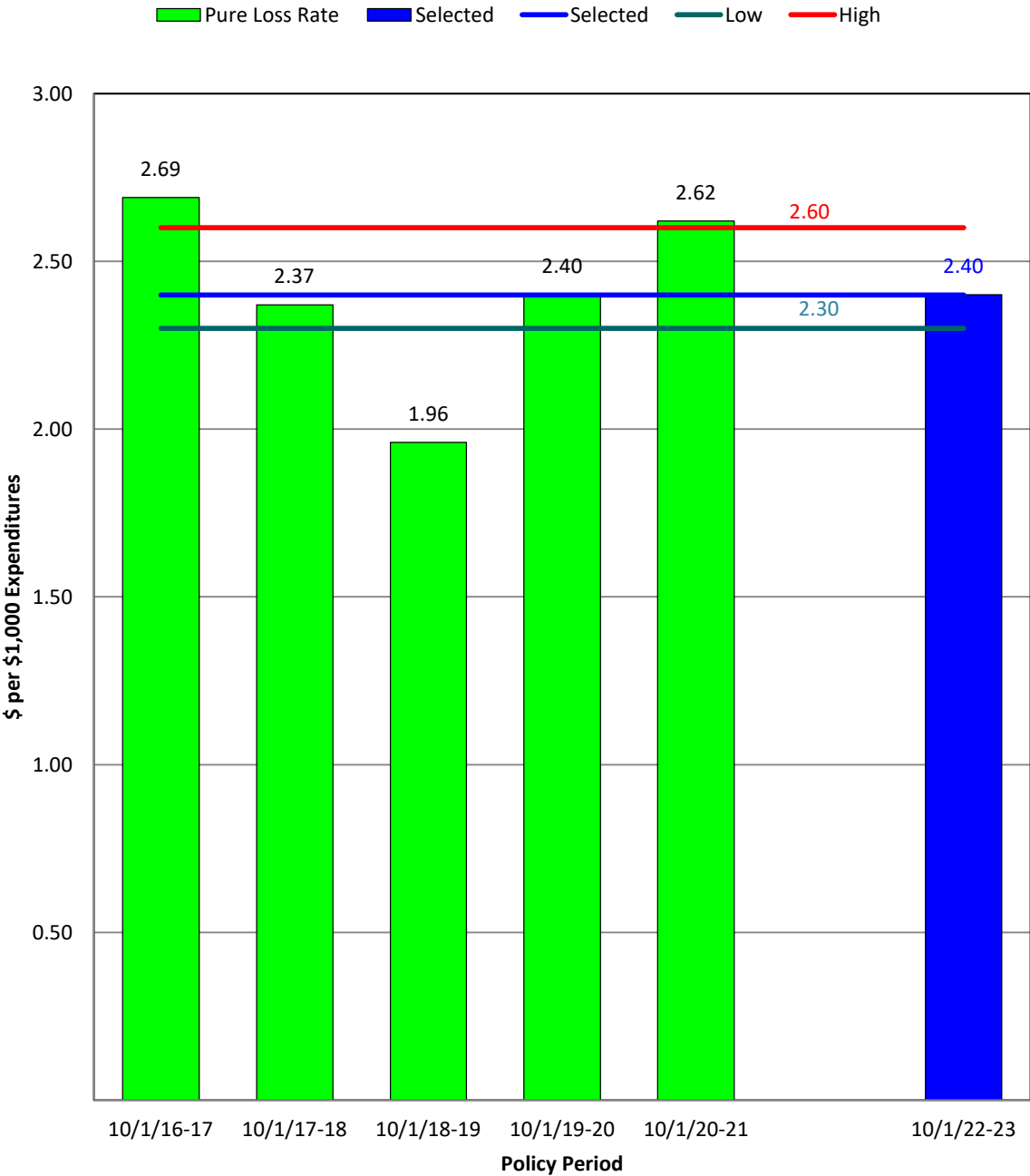


Table 16

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****OTHER LIABILITY****PREMIUM INDICATION FOR 10/1/22-23**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$1,410,000	\$1,470,000	\$1,590,000
B.	FIXED EXPENSES*	\$1,570,000		
C.	VARIABLE EXPENSES*	0.028		
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$3,070,000	\$3,130,000	\$3,250,000
E.	PROPOSED PREMIUM*	\$3,085,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	- 0.5%	+ 1.5%	+ 5.3%
G.	LOSS PRESENT VALUE FACTOR#	0.941		
H.	PREMIUM PRESENT VALUE FACTOR^	0.999		
I.	INDICATED PREMIUM DISC. AT 2.0% PER ANNUM [A x G + B]/(H - C)	\$2,980,000	\$3,040,000	\$3,160,000
J.	DISCOUNTED PREMIUM INDICATION AT 2.0% PER ANNUM I/E - 1	- 3.4%	- 1.5%	+ 2.4%

\* 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 \$100,000 WITH A \$500,000 ANNUAL AGGREGATE POOL DEDUCTIBLE<sup>^</sup>**

Policy Period	Incurred Losses as of 3/31/22	Number of Claims in Excess of Retention	Incurred Losses in Excess of Retention <sup>~</sup>	Limited Incurred Losses as of 3/31/22
10/1/16-17	\$ 927,840	0	\$ 0	\$ 927,840
10/1/17-18	1,439,059	1	163,754	1,275,305
10/1/18-19	4,206,202	2	2,176,697	2,029,505
10/1/19-20	685,776	1	44,551	641,225
10/1/20-21	1,626,509	2	299,072 <	1,327,437
Total	\$8,885,386	6	\$2,684,074	\$6,201,312

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Incurred Losses as of 3/31/22	Age of Policy Period in Months	Incurred Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/16-17	\$ 927,840	66.0	1.000	\$ 927,840
10/1/17-18	1,275,305	54.0	1.000	1,275,305 *
10/1/18-19	2,029,505	42.0	1.000	2,029,505 *
10/1/19-20	641,225	30.0	1.004	643,390 *
10/1/20-21	1,327,437	18.0	1.040	1,362,134 *
Total	\$6,201,312			\$6,238,174

<sup>^</sup> Aggregate deductible excludes flood, earthquake, APD, wind (tiers 1 and 2), ISO CAT, wildfires, and wind and hail. A \$450,000 retention applies to wind, hailstorm, and catastrophe.

<sup>~</sup> Includes losses excess of the \$25,000 drop down retention from Appendix A, Exhibit IV.

< Includes excess recovery for equipment breakdown claim LARP10733.

# Interpolated from Section C of Table 21 of the 11/24/21 actuarial report.

\* Excess 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 \$100,000 WITH A \$500,000 ANNUAL AGGREGATE POOL DEDUCTIBLE<sup>^</sup>**

Policy Period	Paid Losses as of 3/31/22	Number of Claims in Excess of Retention	Paid Losses in Excess of Retention <sup>~</sup>	Limited Paid Losses as of 3/31/22
10/1/16-17	\$ 925,825	0	\$ 0	\$ 925,825
10/1/17-18	1,398,520	1	163,754	1,234,766
10/1/18-19	3,692,705	2	1,799,512	1,893,193
10/1/19-20	666,317	1	44,551	621,766
10/1/20-21	1,309,534	2	88,492 <	1,221,042
Total	\$7,992,901	6	\$2,096,309	\$5,896,592

**B. ESTIMATED ULTIMATE INCURRED LOSSES**

Policy Period	Limited Paid Losses as of 3/31/22	Age of Policy Period in Months	Paid Loss Development Factor#	Estimated Ultimate Incurred Losses
10/1/16-17	\$ 925,825	66.0	1.000	\$ 925,825
10/1/17-18	1,234,766	54.0	1.004	1,239,305 **
10/1/18-19	1,893,193	42.0	1.014	1,911,998 **
10/1/19-20	621,766	30.0	1.069	657,768 **
10/1/20-21	1,221,042	18.0	1.479	1,585,581 **
Total	\$5,896,592			\$6,320,477

<sup>^</sup> Aggregate deductible excludes flood, earthquake, APD, wind (tiers 1 and 2), ISO CAT, wildfires, and wind and hail. A \$450,000 retention applies to wind, hailstorm, and catastrophe.

<sup>~</sup> Includes losses excess of the \$25,000 drop down retention from Appendix A, Exhibit IV.

< Includes excess recovery for equipment breakdown claim LARP10733.

# Interpolated from Section C of Table 23 of the 11/24/21 actuarial report.

\*\* Excess 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 \$100,000 with a \$500,000 Annual Aggregate Deductible)~  
(Net of Non-Excess Recoveries)

Policy Period	Inurred Loss Development Method	Paid Loss Development Method	Selected Estimated Ultimate Incurred Losses
10/1/16-17	\$ 927,840	\$ 925,825	\$ 927,840 *
10/1/17-18	1,275,305	1,239,305	1,275,305 *
10/1/18-19	2,029,505	1,911,998	2,029,505 *
10/1/19-20	643,390	657,768	643,390 *
10/1/20-21	1,362,134	1,585,581	1,362,134 *
Total	\$6,238,174	\$6,320,477	\$6,238,174

~ Limited to \$450,000 for wind, hailstorm, catastrophe.

\* Selected the incurred method.

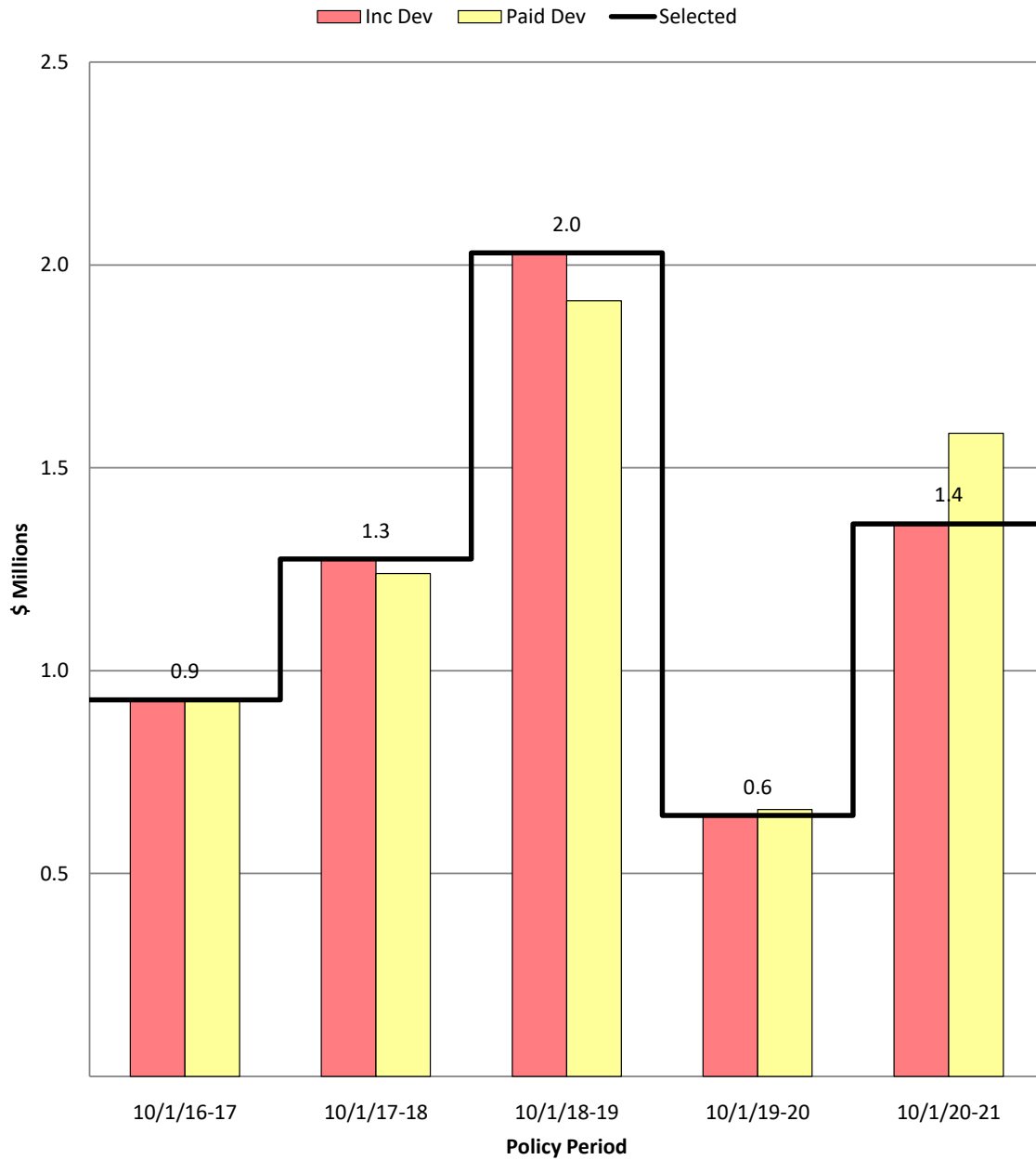
Figure 5

**LEAGUE ASSOCIATION OF RISK MANAGEMENT**

**PROPERTY**

**SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

(Losses Including ALAE Limited to \$100,000 with a \$500,000 Annual Aggregate Deductible)~  
(Net of Non-Excess Recoveries)



~ Limited to \$450,000 for wind, hailstorm, and catastrophe.

Table 20

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

(Losses Including ALAE Limited to \$100,000 with a \$500,000 Annual Aggregate Deductible)~  
(Net of Non-Excess Recoveries)

**A. LOSSES ADJUSTED TO 10/1/22-23**

Policy Period	Estimated Ultimate Incurred Losses	Loss Trend Factor*	Adjusted Losses#
10/1/16-17	\$ 927,840	1.142	\$1,059,593
10/1/17-18	1,275,305	1.137	1,436,322
10/1/18-19	2,029,505	1.129	2,220,361
10/1/19-20	643,390	1.094	694,469
10/1/20-21	1,362,134	1.059	1,415,360
Total	\$6,238,174		\$6,826,105

**B. EXPOSURE ADJUSTED TO 10/1/22-23**

Policy Period	Insured Value (100)<	Exposure Trend Factor^	Adjusted Insured Value (100)
10/1/16-17	\$13,367,317	1.126	\$15,051,599
10/1/17-18	13,548,107	1.104	14,957,110
10/1/18-19	13,351,374	1.082	14,446,187
10/1/19-20	12,644,017	1.061	13,415,302
10/1/20-21	17,442,582	1.040	18,140,285
Total	\$70,353,397		\$76,010,483

~ Limited to \$450,000 for wind, hailstorm, catastrophe.

\* See Section C of Appendix B, Exhibit I.

# Losses have not been adjusted above the retention.

< Provided by Sedgwick.

^ See Section C of Appendix B, Exhibit II.

Table 21

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****PROPERTY****PROJECTED LOSSES FOR 10/1/22-23**

(Losses Including ALAE Limited to \$100,000 with a \$500,000 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
10/1/16-17	\$1,059,593	\$15,051,599	\$0.0704
10/1/17-18	1,436,322	14,957,110	0.0960
10/1/18-19	2,220,361	14,446,187	0.1537
10/1/19-20	694,469	13,415,302	0.0518
10/1/20-21	1,415,360	18,140,285	0.0780
Total	\$6,826,105	\$76,010,483	
		Average	\$0.0900
		Wtd Average	0.0898
		3 Yr Average	0.0945
		5 Yr Mid Average	0.0815
		Prior*	0.0870
		Selected^	0.0900

**B. PROJECTED LOSSES FOR 10/1/22-23**

Level	Pure Loss Rate	Projected Insured Value (100)	Projected Losses
Low	\$0.0700	\$19,710,527 #	\$1,380,000
Expected	0.0900		1,770,000
High	0.1170		2,310,000

~ Limited to \$450,000 for wind, hailstorm, catastrophe.

\* 10/1/21-22 level.

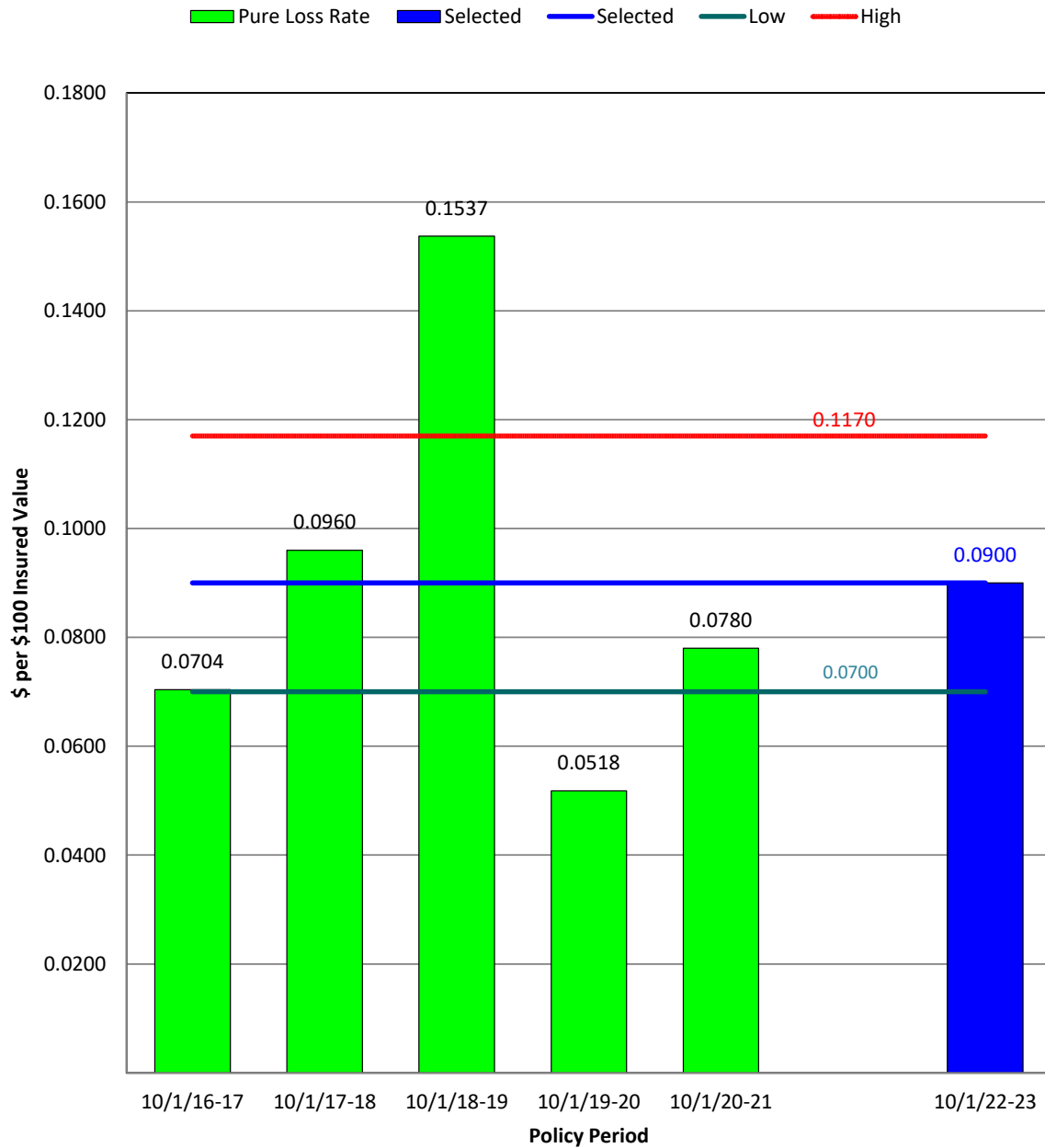
^ Selected the weighted average.

# Provided by Sedgwick.

Figure 6

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****PROPERTY****PURE LOSS RATES ADJUSTED TO A 10/1/22-23 COST LEVEL**

(Losses Including ALAE Limited to \$100,000 with a \$500,000 Annual Aggregate Deductible)~  
(Net of Non-Excess Recoveries)



~ Limited to \$450,000 for wind, hailstorm, and catastrophe.



Table 22

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****PROPERTY****PREMIUM INDICATION FOR 10/1/22-23**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$1,380,000	\$1,770,000	\$2,310,000
B.	FIXED EXPENSES*	\$4,620,000		
C.	VARIABLE EXPENSES*	0.028		
D.	INDICATED PREMIUM UNDISCOUNTED (A + B)/(1-C)	\$6,170,000	\$6,580,000	\$7,130,000
E.	PROPOSED PREMIUM*	\$6,824,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	- 9.6%	- 3.6%	+ 4.5%
G.	LOSS PRESENT VALUE FACTOR#	0.976		
H.	PREMIUM PRESENT VALUE FACTOR^	0.999		
I.	INDICATED PREMIUM DISC. AT 2.0% PER ANNUM [A x G + B]/(H - C)	\$6,150,000	\$6,540,000	\$7,080,000
J.	DISCOUNTED PREMIUM INDICATION AT 2.0% PER ANNUM I/E - 1	- 9.9%	- 4.2%	+ 3.8%

\* 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 10/1/22-23 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 1.7% less than the estimated premium provided by LARM.

The indicated premium on a discounted for investment income basis is 3.2% less than the premium provided by LARM.

Table 23

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****ALL COVERAGES****PREMIUM INDICATION FOR 10/1/22-23**

		<u>Low</u>	<u>Expected</u>	<u>High</u>
A.	LOSS PROJECTION	\$ 4,340,000	\$ 5,020,000	\$ 5,920,000
B.	FIXED EXPENSES*	\$ 7,510,000		
C.	VARIABLE EXPENSES*	0.028		
D.	INDICATED UNDISCOUNTED PREMIUM	\$12,190,000	\$12,900,000	\$13,820,000
E.	PROPOSED PREMIUM*	\$13,122,000		
F.	UNDISCOUNTED PREMIUM INDICATION D/E - 1	- 7.0%	- 1.7%	+ 5.3%
G.	LOSS PRESENT VALUE FACTOR#	0.960		
H.	PREMIUM PRESENT VALUE FACTOR^	0.999		
I.	INDICATED PREMIUM DISC. AT 2.0% PER ANNUM	\$12,030,000	\$12,700,000	\$13,590,000
I.	DISCOUNTED PREMIUM INDICATION AT 2.0% PER ANNUM I/E - 1	- 8.3%	- 3.2%	+ 3.6%

\* See Appendix B, Exhibit III.

# Weighted average based on the total discounted indicated premium for all coverages combined.

^ See Appendix B, Exhibit V.

## QUALIFICATIONS AND LIMITATIONS

The estimates contained in this report depend upon the following:

- The actuarial assumptions, quantitative analysis, and professional judgment expressed in this report.
- The reliability of loss experience to serve as an indicator of future losses.
- The completeness and accuracy of data provided by Sedgwick.
- The completeness and accuracy of the discussion of LARM's reinsurance expressed in this report.
- The assumption that there are no significant benefit level changes in Nebraska other than those reflected in the factors in Section A of Table 6.
- The trend indices obtained from industry sources.
- The appropriateness of the discount rate.
- The ultimate impact of COVID-19 on losses.

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 \$350,000 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 3/31/22
				3/31/17	3/31/18	3/31/19	3/31/20	3/31/21	3/31/22	
10/1/16-17	--- None ---									
10/1/17-18	LARN-9745	11/1/17	O		1,505,498	1,505,498	1,505,550	2,612,059	2,612,059	1,553,408
10/1/18-19	--- None ---									
10/1/19-20	--- None ---									
10/1/20-21	--- None ---									
10/1/21-22	--- 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 3/31/22
				3/31/17	3/31/18	3/31/19	3/31/20	3/31/21	3/31/22	
10/1/16-17	LARL-9527	4/20/17	C		<	61,409	222,691	139,840	139,868	139,868
	LARL-9971	9/13/17	O		<	85,867	1,628,986	1,858,674	1,432,942	1,413,779
						<u>147,276</u>	<u>1,851,677</u>	<u>1,998,514</u>	<u>1,572,810</u>	<u>1,553,647</u>
10/1/17-18	LARL-9920	5/25/18	C			<	151,552	202,746	313,960	313,960
10/1/18-19	LARL-0318	3/26/19	C			<	551,208	743,580	707,711	707,711
10/1/19-20	LARL10133	3/4/20	N/A					207,750	<	
10/1/20-21	LARL10794	9/22/21	O					<	575,994	5,220
10/1/21-22	LARL10756	10/16/21	O						611,691	10,113

&lt; Less than \$200,000.

## Appendix A, Exhibit III

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

Policy Period	Claim Number	Accident Date	St.	10/1/22-23 Retention	Incurred Losses Including ALAE as of						Paid Losses Including ALAE as of 3/31/22
					3/31/17	3/31/18	3/31/19	3/31/20	3/31/21	3/31/22	
10/1/16-17	LARP-9586#	6/13/17	C	450,000		121,427	105,790	105,790	105,790	105,790	105,790
	LARP-9591#	6/17/17	O	450,000			5,351	108,270	119,328	119,589	117,574
	LARP-9608#	6/27/17	C	450,000			133,451	110,291	110,291	110,291	110,291
						<u>121,427</u>	<u>244,592</u>	<u>324,351</u>	<u>335,409</u>	<u>335,670</u>	<u>333,655</u>
10/1/17-18	LARP-9795	1/14/18	C	100,000		234,547	263,754	263,754	263,754	263,754	263,754
	LARP-9891#	5/1/18	O	450,000			197,733	352,556	360,288	360,567	320,028
	LARP-9967#	6/30/18	C	450,000			278,881	229,524	229,524	229,524	229,524
	LARP-0004#	8/6/18	C	450,000			389,400	354,959	314,386	314,386	314,386
						<u>234,547</u>	<u>1,129,768</u>	<u>1,200,793</u>	<u>1,167,952</u>	<u>1,168,231</u>	<u>1,127,692</u>
10/1/18-19	LARP-0225#	3/14/19	C	450,000				256,556	400,207	397,948	397,948
	LARP-0498	3/29/19	C	100,000				2,269	158,736	157,173	157,173
	LARP-0402#	7/26/19	C	450,000				116,061	117,127	102,111	102,111
	LARP-0424#	8/14/19	O	450,000				2,880,565	2,615,218	2,569,524	2,192,339
	LARP-0467#	9/11/19	O	450,000				327,107	328,734	330,174	224,273
								<u>3,582,558</u>	<u>3,620,022</u>	<u>3,556,930</u>	<u>3,073,844</u>
10/1/19-20	LARP10022	12/13/19	N/A	100,000				151,613	30,828	<	
	LARP10080	2/23/20	C	100,000				85,659	148,333	144,551	144,551
	LARP10161#	6/7/20	N/A	450,000					127,198	<	
								<u>237,272</u>	<u>306,359</u>	<u>144,551</u>	<u>144,551</u>
10/1/20-21	LARP10657#	8/7/21	O	450,000						735,697	525,117
	LARP10733*	9/30/21	C	10,000						23,375	23,375
										<u>759,072</u>	<u>548,492</u>
10/1/21-22	LARP10743	10/16/21	O	100,000						303,174	263,280
	LARP10802#	12/15/21	O	450,000						159,137	117,392
										<u>462,311</u>	<u>380,672</u>

# Wind, Hail, or catastrophe claim.

\* Equipment breakdown claim with a \$10,000 retention.

## Appendix A, Exhibit IV

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****PROPERTY****INCURRED LOSSES SUBJECT TO \$25,000 RETENTION AFTER EROSION OF \$500,000 ANNUAL AGGREGATE DEDUCTIBLE**

Policy Period	Claim Number	Accident Date	St.	10/1/22-23 Retention	Incurred Losses Including ALAE as of							Paid Losses as of 3/31/22
					3/31/16	3/31/17	3/31/18	3/31/19	3/31/20	3/31/21	3/31/22	
10/1/15-16	--- None ---											
10/1/16-17	--- None ---											
10/1/17-18	--- None ---											
10/1/18-19	--- None ---											
10/1/19-20	--- None ---											
10/1/20-21	--- 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)^
10/1/16-17	237.8	1.228	363.7	1.146	1.171
10/1/17-18	245.7	1.188	373.3	1.116	1.138
10/1/18-19	255.2	1.144	385.8	1.080	1.099
10/1/19-20	263.6	1.107	389.3	1.070	1.081
10/1/20-21	272.5~	1.071	396.6~	1.051	1.057
10/1/21-22	282.0~	1.035	406.5~	1.025	1.028
10/1/22-23	291.9~	1.000	416.7~	1.000	1.000

**B. LIABILITY**

Policy Period	Other Bodily Injury Claim Cost Index*	Other Bodily Injury Trend Factor	Automobile Bodily Injury Claim Cost Index*	Automobile Bodily Injury Trend Factor	Loss Trend Factor (65% OL/35% AL)
10/1/16-17	281.8	1.195	284.6	1.207	1.199
10/1/17-18	287.0	1.173	294.8	1.165	1.170
10/1/18-19	297.4	1.132	302.5	1.136	1.133
10/1/19-20	308.2	1.092	313.6	1.095	1.093
10/1/20-21	317.4	1.061	323.8	1.061	1.061
10/1/21-22	326.8~	1.030	333.5~	1.030	1.030
10/1/22-23	336.7~	1.000	343.5~	1.000	1.000

**C. PROPERTY**

Policy Period	Auto Physical Damage Claim Cost Index*	Auto Physical Damage Trend Factor	Fire Claim Cost Index*	Fire Trend Factor	Loss Trend Factor (20% APD/80% Fire)
10/1/16-17	206.6	1.182	225.7	1.132	1.142
10/1/17-18	210.8	1.158	225.7	1.132	1.137
10/1/18-19	217.2	1.124	226.1	1.130	1.129
10/1/19-20	223.4	1.093	233.6	1.094	1.094
10/1/20-21	231.6	1.054	241.1	1.060	1.059
10/1/21-22	238.2~	1.025	248.2~	1.030	1.029
10/1/22-23	244.2~	1.000	255.6~	1.000	1.000

# Source: NCCI State of the Workers Compensation Line Presentation, May, 2021.

^ Weighting based on an evaluation of LARM's historical incurred losses.

~ Estimated by BYNAC.

\* Willis Towers Watson Claim Cost Index, September 2021.

## 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
10/1/16-17	25.90	1.242
10/1/17-18	26.61	1.209
10/1/18-19	27.54	1.168
10/1/19-20	28.89	1.114
10/1/20-21	30.03~	1.071
10/1/21-22	31.08~	1.035
10/1/22-23	32.17~	1.000

**B. EXPENDITURES**

Policy Period	Exposure Trend Factor#
10/1/16-17	1.195
10/1/17-18	1.160
10/1/18-19	1.126
10/1/19-20	1.093
10/1/20-21	1.061
10/1/21-22	1.030
10/1/22-23	1.000

**C. INSURED VALUES**

Policy Period	Exposure Trend Factor^
10/1/16-17	1.126
10/1/17-18	1.104
10/1/18-19	1.082
10/1/19-20	1.061
10/1/20-21	1.040
10/1/21-22	1.020
10/1/22-23	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 10/1/22-23**

Expense		Workers Compensation	Other Liability	Property	Total
Reinsurance*		\$ 505,000	\$ 785,000	\$ 2,880,000	\$ 4,170,000
Other Fixed Expenses#		817,600	785,000	1,736,400	3,339,000
Total Fixed Expenses		\$ 1,322,600	\$ 1,570,000	\$ 4,616,400	\$ 7,509,000
Variable Expenses#	2.8%	\$ 90,800	\$ 87,200	\$ 192,900	\$ 371,000
Total Expenses		\$ 1,413,400	\$ 1,657,200	\$ 4,809,300	\$ 7,879,900
10/1/22-23 Proposed Premium*		\$ 3,213,000	\$ 3,085,000	\$ 6,824,000	\$13,122,000

\* Provided by Sedgwick.

# Total expenses excluding reinsurance of \$3,710,000 provided by Sedgwick. Expenses include \$400,000 to cover the League fee. Variable expenses are assumed to be 10.0% of total expenses excluding reinsurance. Allocated to coverage based on proposed premium.

## Appendix B, Exhibit IV

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

Age of Policy Period in in Months	Estimated Cumulative Ratio of Losses Paid <sup>^</sup>	Amount Paid in Prior Interval Discounted at 2.0% per Annum
12	0.380	0.376
24	0.720	0.330
36	0.810	0.086
48	0.850	0.037
60	0.880	0.027
72	0.910	0.027
84	0.940	0.026
96	0.970	0.026
108	0.990	0.017
120	1.000	0.008
Loss Present Value Factor		0.960

**B. OTHER LIABILITY**

Age of Policy Period in in Months	Estimated Cumulative Ratio of Losses Paid <sup>*</sup>	Amount Paid in Prior Interval Discounted at 2.0% per Annum
12	0.150	0.149
24	0.290	0.136
36	0.540	0.238
48	0.670	0.121
60	0.800	0.119
72	0.920	0.108
84	0.990	0.062
96	0.995	0.004
108	1.000	0.004
Loss Present Value Factor		0.941

**C. PROPERTY**

Age of Policy Period in in Months	Estimated Cumulative Ratio of Losses Paid <sup>#</sup>	Amount Paid in Prior Interval Discounted at 2.0% per Annum
12	0.410	0.406
24	0.880	0.456
36	0.970	0.086
48	0.990	0.019
60	1.000	0.009
Loss Present Value Factor		0.976

<sup>^</sup> From Section B of Table 9 of the 11/24/21 actuarial report.<sup>\*</sup> From Section B of Table 19 of the 11/24/21 actuarial report.<sup>#</sup> From Section B of Table 27 of the 11/24/21 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 2.0% per Annum
1	0.994	0.993
2	0.994	0.000
3	0.994	0.000
4	0.996	0.002
5	0.996	0.000
6	0.996	0.000
7	0.998	0.002
8	0.998	0.000
9	0.998	0.000
10	1.000	0.002
11	1.000	0.000
12	1.000	0.000
		0.999

\* Provided by Sedgwick.

***LEAGUE ASSOCIATION OF RISK MANAGEMENT***

**APPENDIX C**

**AVERAGE SEVERITIES**

## Appendix C, Exhibit I

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

Policy Period	Reported Claims as of 3/31/22	Age of Policy Period in Months	Claim Count Development Factor*	Estimated Ultimate Claim Count
10/1/16-17	130	66.0	1.000	130
10/1/17-18	123	54.0	1.000	123
10/1/18-19	148	42.0	1.000	148
10/1/19-20	46	30.0	1.000	46
10/1/20-21	40	18.0	1.005	40
Total	487			487

\* Based on Section C of Appendix B, Exhibit I of the 11/24/21 actuarial report.

## Appendix C, Exhibit II

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****WORKERS COMPENSATION****PROJECTED CLAIMS FOR 10/1/22-23**  
(Excluding Claims Closed without Payment)

## A. FREQUENCIES

Policy Period	Estimated Ultimate Claim Count	Adjusted Payroll (100)	Claim Frequency per \$1,000,000 Payroll
10/1/16-17	130	\$1,111,946	1.169
10/1/17-18	123	988,700	1.244
10/1/18-19	148	948,124	1.561
10/1/19-20	46	984,428	0.467
10/1/20-21	40	1,084,560	0.369
Total	487	\$5,117,758	
		Average	0.962
		Wtd Average	0.952
		3 Yr Average	0.799
		5 Yr Mid Average	0.960
		Prior*	1.290
		Selected^	0.960

## B. PROJECTED CLAIMS

Policy Period	Selected Frequency	Projected Payroll (100)	Projected Claims
10/1/22-23	0.960	\$1,188,703	110

\* 10/1/21-22 level.

^ Selected the 5 year mid 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 3/31/22	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/22-23	Reported Claims as of 3/31/22	Estimated Ultimate Claim Count
10/1/16-17	\$ 782,005	\$ 809,529	\$ 949,854	130	130
10/1/17-18	1,700,823	1,766,451	1,906,721	123	123
10/1/18-19	1,145,102	1,248,453	1,372,050	148	148
10/1/19-20	1,216,733	1,310,152	1,416,274	46	46
10/1/20-21	1,503,936	1,750,898	1,850,699	40	40
10/1/22-23		\$1,780,000	\$1,780,000		110

**B. AVERAGE SEVERITIES**

Policy Period	Incurred as of 3/31/22	Estimated Ultimate Incurred	Adjusted
10/1/16-17	\$ 6,015	\$ 6,227	\$ 7,307
10/1/17-18	13,828	14,361	15,502
10/1/18-19	7,737	8,435	9,271
10/1/19-20	26,451	28,482	30,789
10/1/20-21	37,598	43,772	46,267
10/1/22-23		16,182	16,182

## 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 3/31/22</u>	<u>Age of Policy Period in Months</u>	<u>Claim Count Development Factor*</u>	<u>Estimated Ultimate Claim Count</u>
10/1/16-17	119	66.0	1.000	119
10/1/17-18	108	54.0	1.000	108
10/1/18-19	121	42.0	1.006	122
10/1/19-20	94	30.0	1.019	96
10/1/20-21	<u>130</u>	18.0	1.063	<u>138</u>
Total	572			583

\* Based on Section C of Appendix B, Exhibit V of the 11/24/21 actuarial report.

## Appendix C, Exhibit V

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****OTHER LIABILITY****PROJECTED CLAIMS FOR 10/1/22-23**  
(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
10/1/16-17	119	\$ 473,025	0.252
10/1/17-18	108	493,260	0.219
10/1/18-19	122	480,996	0.254
10/1/19-20	96	524,945	0.183
10/1/20-21	138	521,712	0.265
Total	583	\$2,493,938	
		Average	0.235
		Wtd Average	0.234
		3 Yr Average	0.234
		5 Yr Mid Average	0.242
		Prior*	0.245
		Selected^	0.230

## B. PROJECTED CLAIMS

Policy Period	Selected Claim Frequency	Projected Expenditures (1,000)	Projected Claims
10/1/22-23	0.230	\$ 611,514	140

\* 10/1/21-22 level.

^ Selected the weighted average.

## Appendix C, Exhibit VI

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

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

**A. LOSS AND CLAIM SUMMARY**

Policy Period	Incurred Losses as of 3/31/22	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/22-23	Reported Claims as of 3/31/22	Estimated Ultimate Claim Count
10/1/16-17	\$1,091,596	\$1,109,343	\$1,270,402	119	119
10/1/17-18	999,831	1,043,941	1,170,411	108	108
10/1/18-19	806,648	869,099	944,789	121	122
10/1/19-20	917,868	1,152,401	1,259,574	94	96
10/1/20-21	752,844	1,307,741	1,369,213	130	138
10/1/22-23		\$1,470,000	\$1,470,000		140

**B. AVERAGE SEVERITIES**

Policy Period	Incurred as of 3/31/22	Estimated Ultimate Incurred	Adjusted
10/1/16-17	\$ 9,173	\$ 9,322	\$ 10,676
10/1/17-18	9,258	9,666	10,837
10/1/18-19	6,667	7,124	7,744
10/1/19-20	9,765	12,004	13,121
10/1/20-21	5,791	9,476	9,922
10/1/22-23		10,500	10,500



## Appendix C, Exhibit VII

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

Policy Period	Reported Claims as of 3/31/22	Age of Policy Period in Months	Claim Count Development Factor*	Estimated Ultimate Claim Count
10/1/16-17	106	66.0	1.000	106
10/1/17-18	76	54.0	1.000	76
10/1/18-19	95	42.0	1.000	95
10/1/19-20	88	30.0	1.000	88
10/1/20-21	121	18.0	1.022	124
Total	486			489

\* Based on Section C of Appendix B, Exhibit IX of the 11/24/21 actuarial report.

## Appendix C, Exhibit VIII

**LEAGUE ASSOCIATION OF RISK MANAGEMENT****PROPERTY****PROJECTED CLAIMS FOR 10/1/22-23**  
(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
10/1/16-17	106	\$15,051,599	0.070
10/1/17-18	76	14,957,110	0.051
10/1/18-19	95	14,446,187	0.066
10/1/19-20	88	13,415,302	0.066
10/1/20-21	124	18,140,285	0.068
Total	489	\$76,010,483	
		Average	0.064
		Wtd Average	0.064
		3 Yr Average	0.067
		5 Yr Mid Average	0.067
		Prior*	0.060
		Selected^	0.065

## B. PROJECTED CLAIMS

Policy Period	Selected Claim Frequency	Projected Insured Value (100)	Projected Claims
10/1/22-23	0.065	\$19,710,527	130

\* 10/1/21-22 level.

^ Selected the weighted average.

## Appendix C, Exhibit IX

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

(Losses Including ALAE Limited to \$100,000 with a \$500,000 Annual Aggregate Deductible)~  
 (Net of Non-Excess Recoveries)  
 (Excluding Claims Closed without Payment)

**A. LOSS AND CLAIM SUMMARY**

Policy Period	Incurred Losses as of 3/31/22	Estimated Ultimate Incurred Losses	Losses Adjusted to 10/1/22-23	Reported Claims as of 3/31/22	Estimated Ultimate Claim Count
10/1/16-17	\$ 927,840	\$ 927,840	\$1,059,593	106	106
10/1/17-18	1,275,305	1,275,305	1,436,322	76	76
10/1/18-19	2,029,505	2,029,505	2,220,361	95	95
10/1/19-20	641,225	643,390	694,469	88	88
10/1/20-21	1,327,437	1,362,134	1,415,360	121	124
10/1/22-23		\$1,770,000	\$1,770,000		130

**B. AVERAGE SEVERITIES**

Policy Period	Incurred Severity as of 3/31/22	Estimated Ultimate Incurred	Adjusted to 10/1/22-23
10/1/16-17	\$ 8,753	\$ 8,753	\$ 9,996
10/1/17-18	16,780	16,780	18,899
10/1/18-19	21,363	21,363	23,372
10/1/19-20	7,287	7,311	7,892
10/1/20-21	10,971	10,985	11,414
10/1/22-23		13,615	13,615

~ Limited to \$450,000 for wind, hailstorm, catastrophe.

IN THE NEBRASKA WORKERS' COMPENSATION COURT

MARVIN REEDER,

Plaintiff,

v.

CITY OF HOLDREGE,

Defendant.

Doc. 218 No. 0118

**ORDER APPROVING  
LUMP SUM SETTLEMENT**

RECEIVED  
AND FILED

APR 05 2022

NEBRASKA WORKERS'  
COMPENSATION COURT

This matter comes on for determination upon the Application for Lump Sum Settlement submitted by the parties herein.

The court, being fully advised in the premises and having reviewed the documentation submitted, finds that the Application for Lump Sum Settlement is made in conformity with the compensation schedule and for the best interests of the employee, and should be approved.

IT IS THEREFORE ORDERED that the aforesaid Application for Lump Sum Settlement is hereby approved. Upon payment to Plaintiff of \$225,000.00, (\$100,000.00 to be paid by League Association of Risk Management and \$125,000.00 to be paid by Travelers Insurance Company), Defendant, its successors and assigns shall be discharged from all further liability on account of the accident and injuries, known or unknown, of December 6, 2012 and December 14, 2016. Pursuant to Neb. Rev. Stat. 48-139(2)(c), Defendant is not liable for payment of the unpaid, disputed medical bills which are listed in Attachment B of the Application.

Dated on this 5<sup>th</sup> day of April, 2022.

NEBRASKA WORKERS' COMPENSATION COURT



Judge

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Approving Lump Sum Settlement was sent by ordinary United States mail, first class postage prepaid, on this 5<sup>th</sup> day of April, 2022, addressed as shown below, to the following:

Travis A. Spier,  
Ellen A. Deaver  
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*Liz Gianunzio/cb*

Clerk, Nebraska Workers' Compensation Court

JDF

Vue, Rosie

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From: English, Rebecca  
Sent: Tuesday, April 12, 2022 12:36 PM  
To: US-OSC-West  
Subject: LARN-9087  
Attachments: Reeder v Holdrege - Filed Order Approving LSS.pdf

Categories: Rosie

Becky English | Claims Examiner - Workers Compensation  
Sedgwick Claims Management Services, Inc.  
DIRECT 402-963-2809 | EMAIL [Rebecca.English@sedgwick.com](mailto:Rebecca.English@sedgwick.com)  
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From: Amy E. Divis <[ADivis@baylorevnen.com](mailto:ADivis@baylorevnen.com)>  
Sent: Friday, April 8, 2022 12:58 PM  
To: English, Rebecca <[Rebecca.English@sedgwick.com](mailto:Rebecca.English@sedgwick.com)>  
Cc: David A. Dudley <[DDudley@baylorevnen.com](mailto:DDudley@baylorevnen.com)>  
Subject: Reeder v. City of Holdrege, LARN-9087

**CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.**

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Good Afternoon:

The Nebraska Workers' Compensation Court has now approved the lump sum settlement in the above-captioned matter. Please issue your settlement check in the amount of \$100,000.00 made payable to the plaintiff and his attorney, Atwood, Holsten, Brown, Deaver, Spear & Israel Law Firm, PC, LLO and forward through the attorney's office at 575 Fallbrook Blvd., Suite 206, Lincoln, NE 68521. I have a copy of the Order approving the settlement for your file. Please confirm for us when the settlement check has been issued. Please remember that the settlement check must be issued within 30 days of the date the Order is entered or no later than May 11, 2022. Should you have any questions please let us know.

Thank you,  
Amy

**Amy E. Divis**  
**Legal Assistant**

Baylor Evnen, LLP  
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