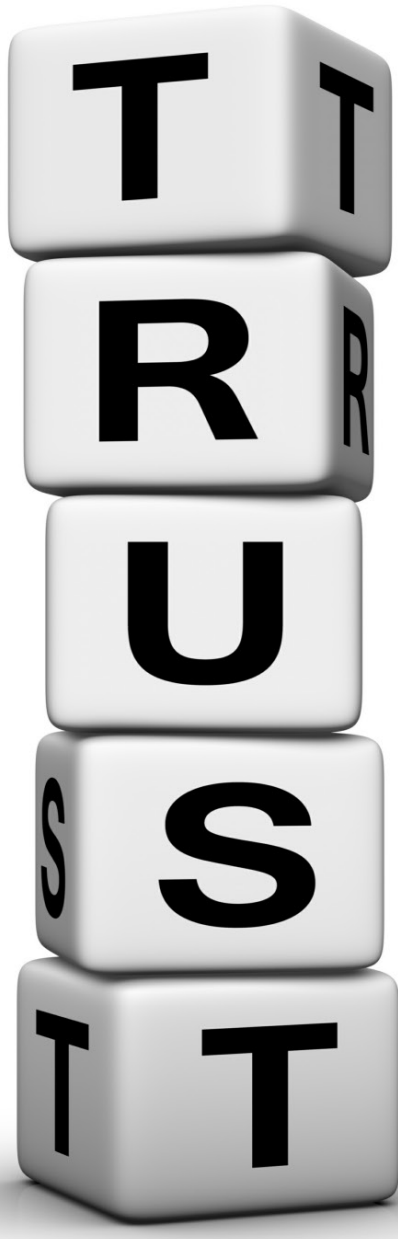
opeep

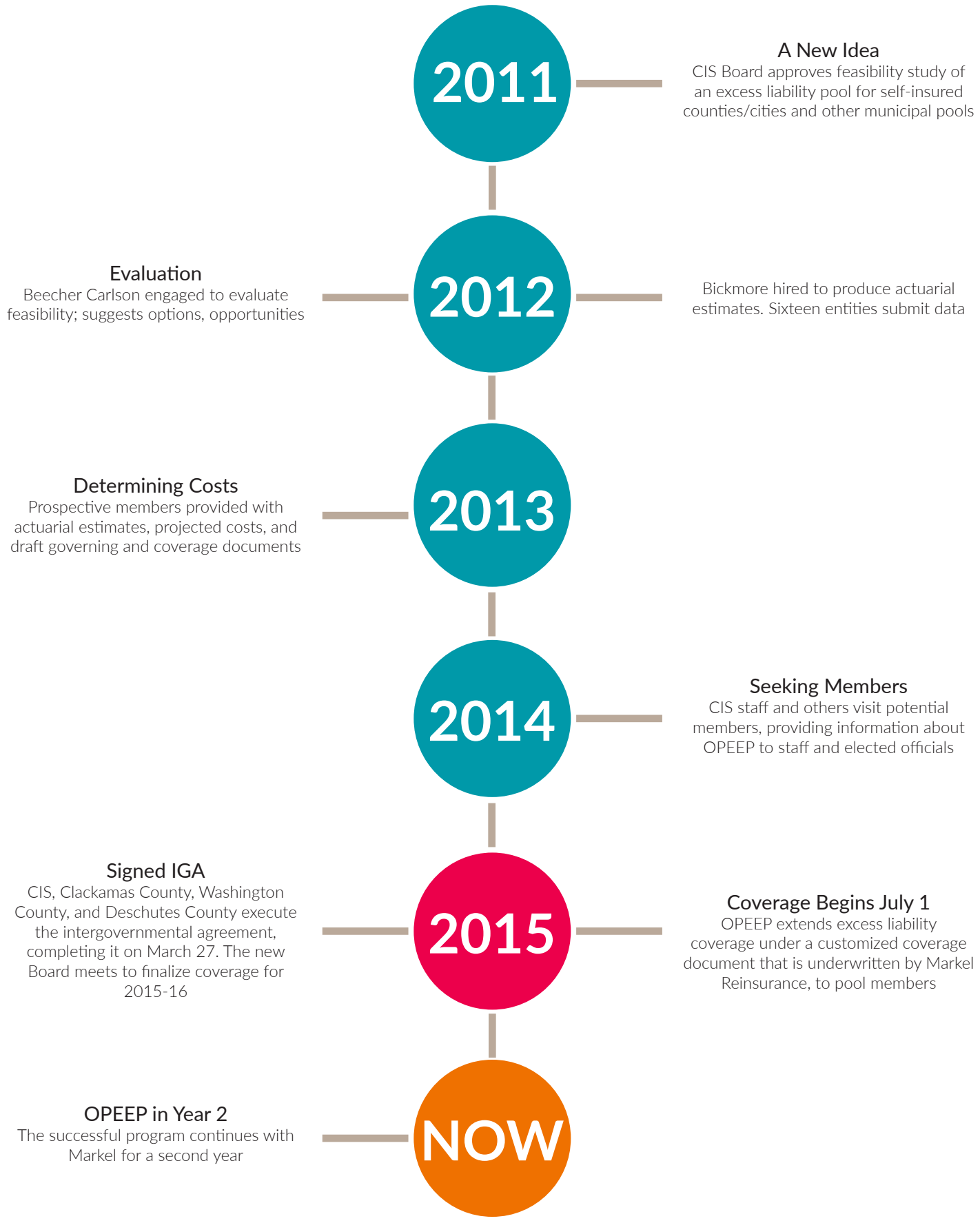
Oregon Public Entity Excess Pool



BUILDING YOUR TRUST

Annual Report 2015-16

opeep Oregon Public Entity Excess Pool



ABOUT US

The Oregon Public Entity Excess Pool (OPEEP) is established under ORS 30.282 as a self-insurance pool. OPEEP was founded by Clackamas County, Washington County, Deschutes County, and CIS (Citycounty Insurance Services) by an intergovernmental agreement (IGA), and began operations on July 1, 2015.

The OPEEP Board passed the By-Laws and Coverage Agreement, which along with the IGA, serve as founding documents. OPEEP is governed by a Board of Directors made up of members as defined in the IGA.

CIS currently administers OPEEP. All OPEEP contributions and reserves are held in dedicated accounts and used exclusively for the benefit of OPEEP members.

Investments are made in accordance with Oregon public entity investment laws. OPEEP has an independent actuary and independent auditor.

OUR COVERAGE

OPEEP's excess liability insurance is tailored to meet the needs of local governments. OPEEP offers coverage not available in the commercial marketplace such as:

- Occurrence limit of $9,000,000 (commercial policies only offer an aggregate limit)
- Medical malpractice
- Coverage tailored to the Oregon Tort Claims Act
- Employment Practices Liability
- Police Liability
- Public Officials Liability
- Legal malpractice
- Employers' Legal Liability
- Many other coverages

If you would like more information about OPEEP, contact Scott Moss at 503-763-3840 or smoss@cisoregon.org.

FROM OPEEP's CHAIR:

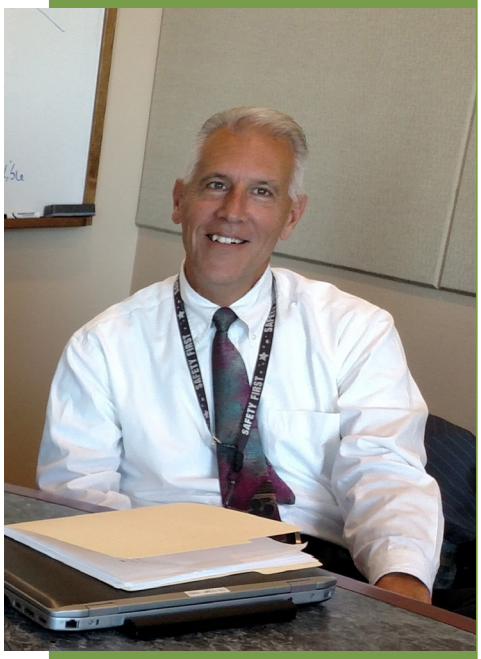
OPEEP is exciting, perhaps the most exciting risk management event in Oregon in the last 30 years. And in its first year, the OPEEP Board has accomplished a great deal.

We have received training on how to oversee a municipal pool, we have reviewed and approved policies and procedures, and have thoughtfully discussed how to maximize our insurance dollars while minimizing risks.

A fundamental principle of insurance is that each member share in the risks, spreading the losses among several insureds. As risk managers, we strive to finance risks in a way that minimizes organizational costs, usually retaining risk with a high probability of occurrence and transferring the risk for potentially high cost claims. Financially it makes sense to create a pool for high cost claims. Pools allow for the building of capital, for tailored coverage, and for control over claims.

OPEEP is an investment in the future of Oregon. It provides for stability, excellent coverage, and opportunity for growth. Any income from contributions and investment greater than the amount needed to cover losses and expenses accrues to the benefit of the members, not an insurance company.

I'm proud that Clackamas County had the vision and commitment to participate in creating this legacy for future risk management generations in Oregon. It is an honor to partner with Citycounty Insurance Services, Deschutes County and Washington County in this endeavor. We welcome other large Oregon counties and cities to join us as members of OPEEP.



Dwayne Kroening,
OPEEP Board Chair
& Risk Manager,
Clackamas County

"OPEEP is an investment in the future of Oregon."

MAXIMIZING DOLLARS, MINIMIZING RISK.

OPEEP is Building Your Trust by carefully maximizing member insurance dollars and minimizing the risks assumed by the pool.

OPEEP's four founding members make up the Board, which meets quarterly to establish policies, set rates, adopt a budget, and direct the pool's affairs.

Currently, reinsurance provides 100% of coverage limits to OPEEP; the pool does not retain any exposure to loss. As the reinsurance marketplace changes, the OPEEP Board can make adjustments in retention to save members money and build member equity.

In its first year, OPEEP did not retain risk within the coverage limits because it was able to purchase competitive reinsurance from the Markel Company. The premium was lower than the members were purchasing coverage individually, and the coverage is broader.

The OPEEP Board analyzes the cost of retention and transfer on an annual basis to determine the greatest value to members. In 2016-17, the Board determined that continuing to transfer the risk to Markel was in the pool's best interest.

OPEEP Board members, left to right:
Kirk Mylander, CIS; Dwayne Kroening, Clackamas County; Eva LaBonte, Washington County; Erik Kropp, Deschutes County

A POOL IS BORN

I read recently a book titled "The Energy Bus" by Jon Gordon. It tells of a group of 95 year-olds who were surveyed about how they might live life differently. Their response was 1) they would have reflected more, 2) they would have risked more, and 3) they would have invested more in things that would live on.

In 1987, I started as the first risk manager for a large metropolitan county in Oregon. The county needed a risk manager because they were thrust into self-insurance because insurance was no longer available.

Just a few months before being hired, the county's insurer canceled their coverage and no replacements could be found. The idea of being completely without insurance made me worry. So I started discussing the notion of an excess liability insurance pool with my risk management colleagues in other large Oregon cities and counties.

Public entity pools and excess pools were forming around the country. Strategically and financially, the best option was to create a pool for large claims. Even though I worked on it for years, the timing was wrong. As years passed, commercial excess insurance became available again to large public entities. But the idea of saving money and controlling claims still made sense to me.

The best time is now, not when it is raining but when the sun is out and insurance is available. Now is the time to create a pool that establishes a framework and builds relationships with reinsurers, so that when the rain comes, we are protected.

I appreciate the leaders of CIS, Clackamas County, Washington County, and Deschutes County, who embraced the vision and took the bold steps necessary to establish a secure insurance future. Now we are building a trust to provide long term stability, better coverage, and build equity of members.

We look forward to other members joining OPEEP as we build trust for the future.

- Scott

Scott Moss,
OPEEP Administrator
&
CIS Property/Casualty Trust Director

2016 SUMMARY FINANCIAL INFORMATION

Revenues, Expenses, and Changes in Net Position

For the fiscal year ended June 30,

	2016
Operating Revenues	
Member contributions	$ 1,704,751
Total Operating Revenues	1,704,751
Operating Expenses	
Losses and loss adjustments	-
Reinsurance	1,571,234
General and administrative	106,006
Total Operating Expenses	1,677,240
Operating Income	27,511
Nonoperating Income	
Interest income	1,975
Capital contributions	422,500
Total Nonoperating Income	424,475
Change in Net Position	451,986
Beginning Net Position	-
Ending Net Position	$ 451,986

The Summary Financial Information at June 30, 2016 has been derived from the Financial Statements with Independent Auditor's Report for the Fiscal Year Ended June 30, 2016; which is readily available at *www.cisoregon.org/PropertyLiability/OPEEP* . OPEEP's Financial Statements with Independent Auditor's Report is also filed annually with the Oregon Secretary of State-Audits Division and those filings are available at: https://secure.sos.state.or.us/muni/public.do. Search for government name starting with "Oregon Public".

The Summary Financial Information is unaudited and does not contain all the disclosures, Management's Discussion and Analysis and other required supplementary information required by generally accepted accounting principles as established by the Governmental Accounting Standards Board who considers that information an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic or historical context. Reading the Summary Financial Information at June 30, 2016, therefore, is not a substitute for reading the Financial Statements with Independent Auditor's Report for the Fiscal Year Ended June 30, 2016.

GET IN TOUCH WITH US

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www.cisoregon.org/PropertyLiability/OPEEP