Pool Relationships with Member Agents

Overview

- How pools work with member agents
- Why pools work with member agents as they do
- Compensation structures for member agents
- Member agent relationships with pool governing bodies
- What’s on the horizon
- Questions
Established in 1986
Provides property and liability coverages
247 members (98% of market)
  ◦ 222 public school districts
  ◦ 14 career & technical education districts
  ◦ 10 community college members
  ◦ 1 charter school

TRUST

109,000 employees covered
832,000 students
13,500 vehicles covered including 5,600 buses
$26B value of building & contents
139M square feet of district property
Pool Relationship with Agents

- Must have an Authorized Insurance Representative (AIR) who is licensed in AZ
- Evolution of the AIR program

1986: 5 members, few AIRs
2019: 247 members, 22 AIRs

Agent Programs

- The Trust maintains the AIR panel/list
- Members can change the AIR at their choosing
- 3-party contract
  - Contract outlines scope of work (annual training, AZ producer’s license, duties)
Agent Programs (cont’d)

- 3-party contract fees
  - Originally, fees varied greatly ($15K to 25K)
  - Fees typically capped at $10K (avg. closer to $5k)
- The Trust also offers in-house AIR services

In–House Agent Services

- The Trust serves as AIR for approximately 35% of members
- Fee: 8% of contributions, not-to-exceed $10K
  - Most members do not hit cap
On the Horizon

- Board and members beginning to question AIR program
- Pool evaluating program to identify current value and options

Background

Alaska Public Entity Insurance

- Joint Insurance Arrangement since 1998
- Write school districts and municipalities around Alaska
- About $19 million in premium contributions
Background, Continued
Alaska Public Entity Insurance

- Property, Liability, Workers’ Compensation, Ancillary policies
- Underwriting and claims are handled in-house
- Exclusively work through brokers

Background, Continued
Unusual Exposures

- Erosion & Permafrost
- Aircraft and watercraft
- Remote locations
- High Building Costs
Broker Involvement

- All members required to have a broker of their choice
- APEI will work with any licensed broker
- Broker represents the member, not APEI
- Broker compensation determined by agreement between member and broker

Roles That Brokers Play

- Marketing
- Loss Control
- Collecting premiums
- Claims
- Gathering applications, schedules, other information
Brokers can help members make sure there are no gaps in their insurance coverage.

Some members have unique needs that get placed elsewhere.

Brokers help educate less sophisticated members.

- Bring member needs to our attention.
- Brokers also:
  - Handle billing
  - Help members complete applications
  - Help members with payroll classification
Challenges with Brokers

- Accounting for commissions
- Competition doesn’t require use of brokers
- Concern about cost of broker to member
- Responsiveness
- Overlapping roles for APEI vs Broker

Ways APEI Facilitates Relationships with Brokers

- Respect Broker–Member relationship
- Give a head’s up on upcoming program changes
- Invite brokers to participate in member meetings, training, visits
Facilitating Relationships, Cont.

- Be responsive to suggestions from brokers
- Broker Forum

Recap

- Relationships vary: Pool may assign member agents or members select their own agents
  - Pools also may serve as agent
- Compensation: Flat fee, commission, combination
- Governing Body: Pool may require annual training, strategic meeting attendance, other
- On the Horizon: Pools reviewing structures, value
Questions

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