

During the late-1970s to the mid-1980s, numerous cities and towns around the country were confronted with the dilemma of skyrocketing costs of insurance. In many cases, insurance was unavailable at any cost to the municipal buyer.

How were these crises resolved? Across the nation, cities and towns turned to their state municipal leagues for solutions and problem-solving strategies. As a result, the state municipal leagues came to the rescue by developing and sponsoring intergovernmental risk-sharing pools that helped to shield cities and towns from the traditional insurance market's cyclical problems of cost, capacity and uncertainty.

The accomplishments of the state municipal league risk pools in terms of advantages, benefits, and services they extend to municipalities have resulted in their own transformation as successful catalysts in local government risk management. Thus, state municipal leagues provide a solid alternative to the past reliance on commercial insurance carriers.

#### **NLC Mutual Insurance Company**

NLC Mutual Insurance Company is a non-profit captive mutual insurance company established in 1986 to enhance the risk bearing capacity of state municipal league sponsored risk-sharing pools. The Company was formed with the assistance of the National League of Cities and several of its member state municipal league sponsored pools. NLC Mutual provides both reinsurance and excess insurance coverage and related services to its members. In 2002, 26 state municipal league sponsored risk-sharing pools are member-owners of NLC Mutual Insurance Company.

## Intergovernmental Risk-Sharing Pools:

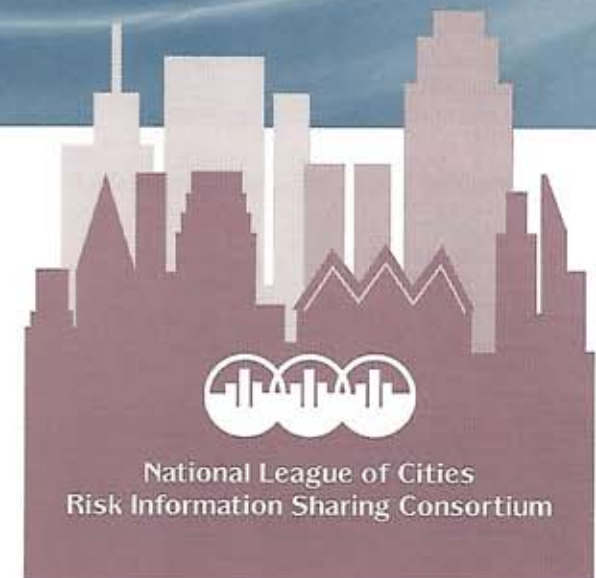
### A Reliable Choice for Municipal Risk Management

The National League of Cities (NLC) is the oldest and largest national organization representing municipal governments throughout the United States. NLC serves as a national resource and advocate on behalf of over 1700 member cities and for 49 municipal leagues whose membership totals more than 18,000 cities and towns across the country.

The mission of the National League of Cities is to strengthen and promote cities as centers of opportunity, leadership, and governance.



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National League of Cities  
Risk Information Sharing Consortium

## Growth of State Municipal League Risk-Sharing Pools

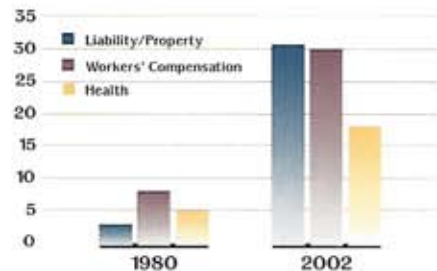
During the last two decades, state municipal league risk pools have provided a stable source of risk financing and risk management services to towns and cities. Beginning in 2001, the insurance market entered another "hard" cycle, which was made much worse by the tragic events of September 11. Once again, insurance coverage is becoming very expensive, capacity is shrinking, and some coverages are unavailable. Risk pools are not immune to the effects of the hard market, but they remain stable sources of coverage for their members. Insurance market conditions in 2002 serve as a great reminder of why pools were formed in the first place, and why they will survive and succeed to serve their members.

State municipal league liability/property, workers' compensation, health benefits, and unemployment compensation pools currently have total annual gross premiums more than \$1.5 billion and a membership of more than 20,000 cities, towns and other local public agencies.

### State Municipal League Intergovernmental Risk Pools are:

- ❑ Non-profit organizations
- ❑ Owned, operated, and governed by their members
- ❑ Responsive to individual state laws and regulations
- ❑ Actuarially sound and financially strong

### Growth of State League Risk-Sharing Pools



## NLC-RISC Member Pools

### Liability/Property Risk-Sharing Pools



### Workers Compensation Risk-Sharing Pools



### Group Health and Employee Benefit Programs



### NLC Mutual Insurance Company Members



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## State Municipal League Intergovernmental Risk Pools Offer:

- ❑ Consistent availability of needed coverages
- ❑ Competitive and stable prices over the long term
- ❑ Equitable underwriting
- ❑ Service programs and coverages custom-designed for local government exposures
- ❑ Comprehensive risk management programs
- ❑ Risk control training and technical assistance in workplace safety and employee health and wellness
- ❑ Special programs such as employment related liability hotlines, loss control grant programs, content-rich web sites, manuals and checklists for all operations of local government

### NLC-RISC: A Resource for State Municipal League Pools

The National League of Cities Risk Information Sharing Consortium (NLC-RISC) was established in 1982 to provide services to, and represent the interests of, state municipal league intergovernmental risk-sharing pools. In 2002, 33 state municipal league administered or endorsed liability/property, workers' compensation, and/or health benefit pools and programs are members of NLC-RISC (see maps). NLC-RISC is a service program of the National League of Cities.

NLC-RISC services and activities for members include:

- ❑ Training, education, and information-sharing workshops for pool administrators, staff and trustees
- ❑ Representation and advocacy before the U.S. Congress and federal agencies
- ❑ Newsletter with reports on pool programs, state and federal legislative and regulatory actions affecting pools
- ❑ Private listservs for electronic communications, discussions, and information-sharing
- ❑ An information clearinghouse and resource center
- ❑ Consultation and assistance to pool administrators and legal counsel on risk management, IRS, federal, and state regulatory issues