



November 27, 2023

To APEI and AMLJIA members:

Almost a year has passed since we shared the news that the APEI and AMLJIA boards had begun to discuss the potential consolidation of our two pools. Since then, the conversations have continued, and we'd like to let you know where we are in the process.

Since July, a Consolidation Committee made up of four board members from each pool have been imagining what a new, consolidated pool might look like, and how it might serve its members. The committee members are focused on the possibility that cooperation rather than competition will be in the best interests of Alaskan school districts and municipalities in the years ahead.

They also are mindful of the input that many of you provided via September's member survey, and want to maintain the high level of satisfaction that both AMLJIA and APEI members enjoy.

The committee has engaged independent actuaries to evaluate the claims reserves and capital position of each pool. This information is important to ensure a consolidation makes financial sense.

In the course of their discussions, the committee has made a few decisions about how a new consolidated pool could be structured:

- They've given the new, consolidated pool a name: the ***Alaska Public Risk Alliance (APRA)***.
- They've defined a governance structure including a 12-member Board of Directors comprised of equal representation from municipalities and school districts, along with at-large members and the directors of the Alaska Municipal League and Association of Alaska School Boards.
- They've concluded that to provide the services members want and need, the staff of both APEI and AMLJIA would be folded into APRA, and that the pool would retain a presence in both Anchorage and Juneau.

The Committee also developed some principles to guide their decisions:

- The new pool will be member-oriented: governed by and focused on the needs of its member entities.

- The new pool will be structured to manage members' cost of risk, maintain adequate reserves, and strive to provide price stability over time.
- Transparency will remain an important part of the new pool's policies, finances, and interactions with members.
- Through its design of coverage, services, and operations, the new pool will offer broader value to its members than either AMLJIA or APEI could provide alone.
- A focus of the new pool will be targeted risk management, helping members identify risks and prevent losses both large and small.
- The Consolidation Committee will carefully weigh the impact on members and work toward equitable outcomes in its decision-making.

While this important work has moved the process forward, there is still much to do before the committee has enough information to make a recommendation about consolidation to the APEI and AMLJIA boards, and ultimately to you, the members. Here are just a few of the issues they'll be working though:

- Coverage. Both AMLJIA and APEI provide property, liability, and workers' compensation coverage to their members, but there are differences in the many details of coverage. Sorting through those details and making decisions that balance coverage and cost will be a critical and lengthy process.
- Staffing. In a consolidated pool, what is the best role for each of the current staff members, avoiding duplication of effort and potentially expanding service?
- Operations. It will take work to determine how to bring two separate organizations into one, and to make that one organization as effective as possible.
- Pricing. Assuming the consolidation works financially, what's the best way for the consolidated pool to allocate costs among members?

Throughout 2024, the Committee will be meeting monthly to consider these issues and many more. We are in the process of developing a website for APRA to keep you updated on their progress. In the meantime, we are happy to answer any questions you may have on this issue.



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