

Dear CIRSA Member,

Enclosed you will find information and updates on the many value-added services that CIRSA provides as well as information on an important **Cost-Sharing Initiative & Deductible Changes** that will affect your 2025 renewal. Please refer to our **Important Dates** to keep you abreast of CIRSA-related due dates for audits, renewal applications, and quote acceptances. This information is available on CIRSA's website at [CIRSA.org](http://CIRSA.org).

Membership in CIRSA entitles members to risk control services and trainings designed to prevent and minimize individual and pool-wide losses. Please share (or better yet, post!) the enclosed event flyers with your team of public works, safety, and law enforcement personnel (if applicable).

We have some **NEW** programs, special seminars, and minimum deductibles changes coming in 2024. Information is included on the following:

#### **New Member Travel Reimbursement Policy**

The goal of this policy is to increase attendance and to alleviate some of the financial burden of attending member regional training seminars and events. Travel reimbursement may be initiated where a member travels 50 miles one way, versus the previous policy which required members to travel 100 miles for the reimbursement policy to apply.

#### **New Elected & Appointed Officials Video Series**

Sam Light, CIRSA's Deputy Executive Director/General Counsel narrates the liability pitfalls of being an elected or appointed official in these newly produced safety videos that have a touch of humor. The full version is 17 minutes in length, or you can share the shorter versions with your council. These videos are available on our YouTube channel (you can find it with the search term "CIRSA Safety").

#### **New Law Enforcement Seminars**

Our new "Recruitment & Retention" seminar will include the following topics: understanding the legal landscape; HR best practices and legal compliance; selection methods; and developing your recruitment pitch. We are also offering a new "Tactical Leadership: Critical Thinking on Active Incidents" seminar that will focus on the development of critical thinking skills needed to make accurate decisions during in-progress and rapidly changing incidents.

We will continue to communicate with you via the CIRSA Source, our monthly e-newsletter. If you are not receiving this and would like to, please reach out to [Membership@CIRSA.org](mailto:Membership@CIRSA.org).

Please save the date for our Virtual General Membership Meeting on June 11 beginning at 11:00 AM. During this virtual meeting, each member's voting representative will have an opportunity to participate in board elections and general business including a proposed change to CIRSA's Bylaws. There will also be an in-person member gathering preceding the CML Annual Conference on June 18 in Loveland. We look forward to seeing you virtually or in-person soon!

Sincerely,



Tami A. Tanoue, Executive Director



## CIRSA COST-SHARING INITIATIVE & UPCOMING DEDUCTIBLE CHANGES

2023 may be behind us, but the catastrophic wind/hail claims CIRSA's members experienced last year, and massive law enforcement claims over the last few years, will reverberate for years to come. **Simply put, the cost of insurance is rising not only in Colorado but globally, and not only for pool members, but for every purchaser of insurance, municipalities included.**

### These are some of the troubling trends driving the initiatives described below:

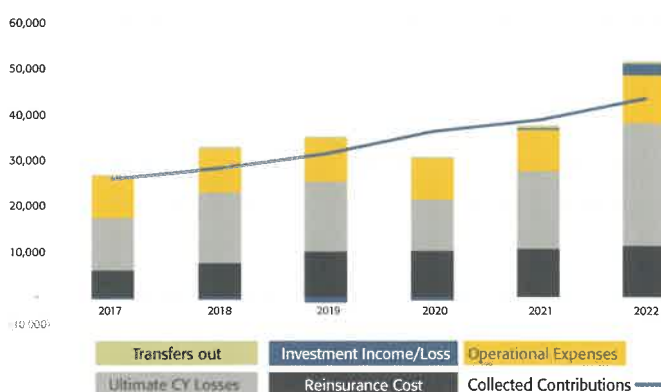
Globally, for the past four consecutive years, reinsurers have paid over **\$100 billion for property losses stemming from natural catastrophes**, with wind and hail claims being the largest driver and wildfire a significant contributor. Colorado has been second only to Texas in experiencing frequent and severe hailstorm losses. **The cost of your property insurance reflects these global and local factors.** While repairs for damage are ongoing, the wind/hail related losses our members sustained in 2023 have been quantified at \$17,815,627, which is more than 2-1/2 times what was paid out for the previous four years combined.

Municipalities are also painfully aware of the inflationary increases that have taken place in recent years in the costs to build or repair buildings, and in the costs of acquiring or repairing vehicles. **From 2020 to present, these costs have increased over forty percent**, and these increases are another key factor in the rising cost of property insurance.

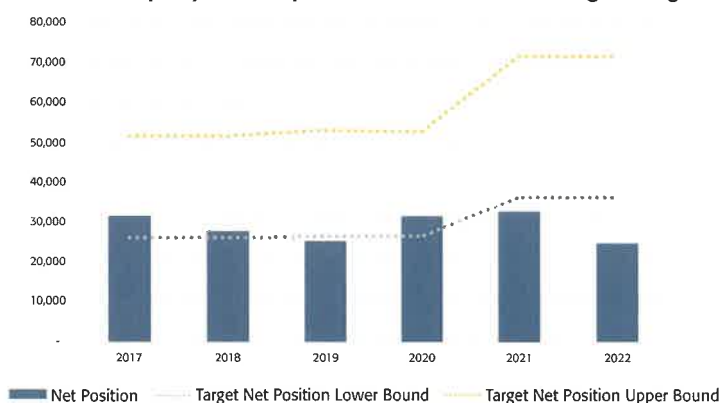
And finally, Colorado has been a focal point for adverse changes in the liability environment, as legislative activity has opened up new areas of liability for public entities, particularly in law enforcement. **Police agencies across Colorado, including a number of CIRSA members, have found themselves in heretofore uncharted "nuclear settlement" territory in the resolution of law enforcement liability (LEL) claims.** Other Colorado jurisdictions have experienced "nuclear verdicts." Although this is a nationwide trend, **Colorado has been singled out by the reinsurance community as one of a couple of particular trouble spots for this trend.** While open claims remain subject to further changes, the total amount of LEL losses our members sustained in the past six years (from 2018 to present) is \$67,436,171, **which is more than \$15,000,000 above the total amount incurred for all of the preceding thirty-six years combined going back to the inception of CIRSA.** Reinsurers are facing these trends in many jurisdictions and increasing their rates accordingly.

Due to these catastrophic claims, as well as market conditions and investment losses, CIRSA's property/casualty costs in four of the six claims years from 2017 to 2022 began **exceeding** the amount collected in contributions, causing the pool's net position to fall below target range (see graphs below). For 2023, CIRSA experienced a further loss in net position of just over \$12.6 million.

CIRSA Property/Casualty Costs vs. Contributions



CIRSA's Property/Casualty Net Position to Annual Target Range



The CIRSA Board of Directors has put into place a number of strategies to start reversing some of these troubling trends. These changes are designed to augment the pool's fiscal health by providing for greater cost sharing for the coverages and claim types that are most impacted by the aforementioned trends. **The following is an overview of the changes you'll see in your entity's 2025 property/casualty coverage application:**

We will be increasing your entity's minimum claim/loss deductibles as follows:

2025 Property Minimum Deductible	2025 Auto Physical Damage Minimum Deductible	2025 Law Enforcement Minimum Deductible
\$5,000	\$5,000	\$25,000

**This is the first time in CIRSA's 40-year history that minimum deductibles have been increased significantly.** We believe that these increases are a more fair allocation of and cost-sharing for the cost of claims, especially as coverage limits and coverage costs have increased continually since CIRSA's inception. We are working with our actuaries to ensure your entity's annual contribution appropriately reflects its participation in this cost-sharing.

### Property Wind and Hail Claims

We will be putting into place an additional percentage deductible for property damage claims resulting from wind and hail. This deductible will be the lesser of **1% of the scheduled value of each damaged structure**, or .1% of the value of all scheduled buildings. If you have personal homeowner's coverage, you are already familiar with the concept of percentage deductibles, as they have been in place for this personal line of coverage for many years now. Of course, we recognize that a percentage deductible is more complicated for our members, who typically have multiple buildings, making the budget impact more challenging to identify. Accordingly, **we will offer an alternative deductible option of the lesser of .5% of the scheduled value of each damaged structure**, or .05% of the value of all scheduled buildings. Whichever percentage deductible you choose, there will be a minimum deductible of the greater of \$10,000 or your selected property deductible per claim/loss for wind/hail claims. These new deductibles will only apply to damage from wind/hail.

### Auto Physical Damage Claims

For auto physical damage (APD) claims arising out of wind/hail, there will be a minimum deductible that will be the greater of \$10,000 or 2 times the current APD deductible level, subject to a maximum of \$100,000 or your current APD policy deductible, whichever is higher.

**There will be no changes in the deductible structure for auto liability, general liability, and errors and omissions.**

**We realize that you may need assistance in evaluating the impact and budgeting implications of these changes. We stand ready to provide the help you need, including:**

- Our Finance Department will help ensure you understand the impact of these changes; including help with anticipating and estimating how to fund these deductibles.
- We will make available the assistance of our actuaries at WTW at no cost to you.
- As noted, our actuaries are working to ensure that the cost of your coverage appropriately reflects your entity's participation in this cost-sharing; as you know from your personal lines coverages (such as homeowners and personal auto), taking a greater deductible can provide a reduction in your overall cost of coverage.

*More information and details about minimum deductibles for 2025 will be coming soon, including on the CIRSA website and upcoming editions of the CIRSA Source. If you have immediate questions, please feel free to contact Shannon Pursley, CIRSA Membership Services Manager at [shannonp@cirsa.org](mailto:shannonp@cirsa.org).*