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February 23, 2022

MEMORANDUM VIA EMAIL

TO: Members of the Georgia Interlocal Risk Management Agency (GIRMA)

FROM: Stan Deese
Director, Risk Management Services

SUBJECT: May 1, 2022 – 2023 GIRMA Renewal Announcements

Dear Member,

In preparation for the upcoming May 1, 2022-2023 GIRMA renewal, we wanted to make you aware of several updates that will be effective for the renewal.

Renewal Rates - We are pleased to announce that GIRMA will not increase base rates for this renewal. The base rates are what is applied to exposures to generate the manual contribution. Please note changes to losses and exposures may impact your billed contribution.

Renewal Credit - As in years past, GIRMA is distributing a renewal credit based on the loss experience and total contributions of each individual member. The amount of the renewal credit approved by the Board of Trustees for the 2022-2023 coverage period is \$3,750,000.

Coverage Changes – GIRMA has recently conducted a review of the Member Coverage Agreement. As a result, the Member Coverage Agreement has been updated to change certain coverages and clarify or correct intent in several areas.

A summary of the updates is below. Attached to this email, we are also providing copies of each change. Please contact Meghan Murray or Lindsey Albright if you have questions. Their contact information is at the end of this announcement. Please note that the actual Member Coverage Agreement and endorsements govern the coverage afforded to Members.

- **Sovereign Immunity Endorsement:** The sovereign immunity afforded Georgia municipalities (sometimes referred to as “governmental” or “municipal” immunity) is embodied in the current Georgia Constitution at Art. 9, § 2, ¶ IX, which provides, “The General Assembly may waive the immunity of counties, municipalities, and school districts by law.” Under this provision, the legislature has waived the immunity of municipalities for claims involving (1) Motor Vehicles up to a waiver of \$500,000 per person/\$700,000 per accident (2) Open Meetings Act (3) Open Records Act (4) Brought by “whistleblowers (5) Nuisance claims and (6) Claims for which insurance coverage is available.

The use of this endorsement will protect GIRMA Members from most General Liability claims by creating an exclusion for all claims for which the defense of sovereign immunity would be available in the absence of the GIRMA coverage. We anticipate based on recent case law that it may also allow municipalities to preserve sovereign immunity on Motor Vehicle claims to the extent that the claims exceed \$500,000 per person/\$700,000 per accident. With these exceptions, it would not apply to the categories of claims outlined above or federal claims, but may allow GIRMA to deny other liability claims so that Members may retain rights to Sovereign Immunity in many cases.

Use of this endorsement is consistent with what many of GIRMA's commercial competitors have on their policy forms. The application of this exclusion should reduce incurred losses for the General Liability line of coverage and result in future premium savings for GIRMA Members.

- **Shared Pool Aggregate Limits:** GIRMA purchases reinsurance as a protection to its members and the pool surplus. In the event of a catastrophic claim, GIRMA has reinsurance to limit the impact of any one large loss event. Specifically for Flood and Earthquake coverage, GIRMA provides each member with \$10,000,000 of coverage limits on a per occurrence and annual aggregate basis. The member limit will remain at \$10,000,000. What is changing is that, due to reinsurance requirements, GIRMA must state that all Members share an annual aggregate limit of \$100,000,000.
- GIRMA also includes coverage for Terrorism. The Terrorism coverage also has a \$100,000,000 shared policy aggregate.

Please be assured that GIRMA has run probable maximum loss scenarios and it is extremely unlikely that these shared limits would ever be exhausted. The purchase of shared limits reinsurance is common in pools across the country.

- **Crime:** GIRMA has added an exclusion for claims arising out of Ransomware and Extortion to the Crime Coverage Section. These types of claims should be handled via the Cyber (Privacy and Network Liability) coverage.
- **Inflatable Amusement Device Endorsement:** Corrected reference from "exclusion 16" to "exclusion 15."

As always, we appreciate your support of the GIRMA program. Should you have any questions, please feel free to reach out to me at (678) 686-6221. Alternatively, you can also contact Lindsey Albright or Meghan Murray. They can be reached at:

Lindsey Albright
706-877-6400
lalbright@lockton.com

Meghan Murray
678-361-0886
mamurray@lockton.com

Attachment

C: Mr. Larry Hanson
Mr. Randy Logan