

Enterprise Risk Management

2018 Year End Update

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GLWA Insurance Summary

Renewals Completed

Policy	Carrier and A.M. Best Rating/Financial Size	Policy Limits	Deductible	Expiring Premium	Renewal Premium	Change	Highlights
Property	AXA XL* A / XV	\$750 million	\$1 million	\$1,794,852	\$1,784,340	-\$10,512 (- 0.6%)	<ul style="list-style-type: none"> Premium Rate = \$0.024 per \$100 of insured value** All interceptors and underground pipes have a sublimit of \$5 million. Property loss prevention services for select sites. Raw water intakes included at full limits Stand-alone terrorism coverage also included***

* AXA, a French company, completed an acquisition of XL Catlin in the 4th quarter of 2018.

** Property premium of \$1,620,000 / [total insurable value of \$6,807,337,000 /100] = 0.02379

*** \$500 million limit on terrorism; \$10 million limit on nuclear, biological, chemical, or radiological events.

GLWA Insurance Summary

Renewals Completed

Policy	Carrier and A.M. Best Rating	Policy Limits	Deductible	Expiring Premium	Renewal Premium	Change	Highlights
Public Officials/ Employment Practices Liability	Chubb A++	\$25 million	\$250,000	\$366,852	\$354,149	-\$12,703 (-3.5%)	<ul style="list-style-type: none"> • <i>Modified Defense Outside the Limits Provision (new)</i> • That means GLWA has \$25 million for defense + \$25 million for indemnity

GLWA Insurance Summary

Renewals Completed

Policy	Carrier and A.M. Best Rating/Financial Size	Policy Limits	Deductible	Expiring Premium	Renewal Premium	Change	Highlights
Casualty (EL, Auto, GL)	Argonaut Insurance Co. <i>A / XIII</i>	\$10 million	\$1,000,000	\$370,230	\$457,854	+\$87,624 (+23.7%)	<ul style="list-style-type: none"> Deductible doubled Coverage for <i>Law Enforcement Liability</i> No exclusion for sewer backups No commutation clause TRIA and MCCA included in renewal; was not in expiring
Excess WC	Arch Insurance Group <i>A / XV</i>	Part A Statutory Part B: \$2 million	\$1,250,000	\$245,147	\$205,886	-\$39,261 (-16.0%)	<ul style="list-style-type: none"> Rate per \$100 of payroll decreased from \$0.424 to \$0.326 No commutation clause 2-year premium rate guarantee
Total Renewal Premiums to Date:				\$2,777,081	\$2,802,229	+25,148 (+0.9%)	

GLWA Insurance Summary Renewal-in-Process

Policy/Period	Carriers and A.M. Best Rating	Policy Limits	Deductible	Expiring Premium	Renewal Premium	Change	Highlights
Pollution Legal Liability	PRIMARY Steadfast Insurance Co. A+	\$25 million	\$500,000	\$110,843	Policy extended to February 8, 2019		<ul style="list-style-type: none"> • Negotiations still in process • Mold claims are limiting interest by carriers • 24 markets have thus far declined to quote. • Products coverage (finished water) is sub-limited to \$10 million
	EXCESS Indian Harbor Ins. Co. A+	\$25 million					

GLWA Insurance Summary

New Placements and Future Risk-Transfer Considerations

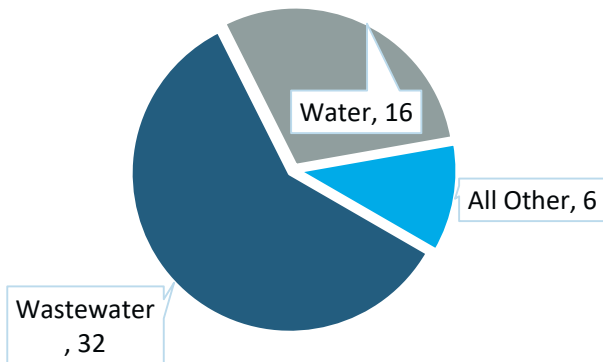
Policy	Primary Carrier and A.M. Best Rating	Policy Limits	Deductible	Expiring Premium	Renewal Premium	Change	Highlights
Fiduciary 2019	Great American A+	\$5 million	\$1,000	n/a	\$6,400	n/a	<ul style="list-style-type: none"> For GLWA Retirement Plans Plan assets are becoming financially material Evaluate higher limits as plan assets grow
Cyber / Network Security	TBD						<ul style="list-style-type: none"> Evaluate exposures and limit requirements Market in early 2019
Crime	TBD		Covers employee dishonesty, forgery or alterations, funds transfer fraud, etc.				<ul style="list-style-type: none"> Evaluate need and coverage options in early 2019
Aviation	TBD						<ul style="list-style-type: none"> For GLWA Security's drone program in 2019

Workers' Compensation Comparative Metrics Valued as of December 31, 2018

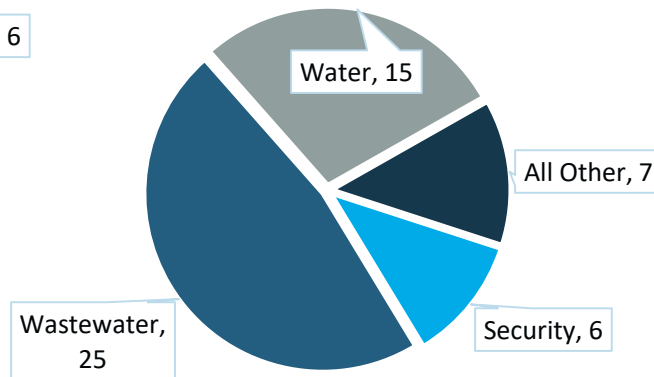
Calendar Year Ending	Claim Count	Total Incurred	Total Paid	Average Paid Per Closed Claim	Other Metrics		
					# of Litigated Claims	# of Open Claims	% Medical Only
12.31.2016	54	\$142,974	\$142,974	\$2,648	-0-	-0-	83%
12.31.2017	53	\$278,131	\$192,450	\$2,815	2	1	74%
12.31.2018	45	\$292,005	\$138,979	\$2,074	-0-	8	80%

Workers' Compensation Claims by Service Area By Calendar Year as of December 31, 2018

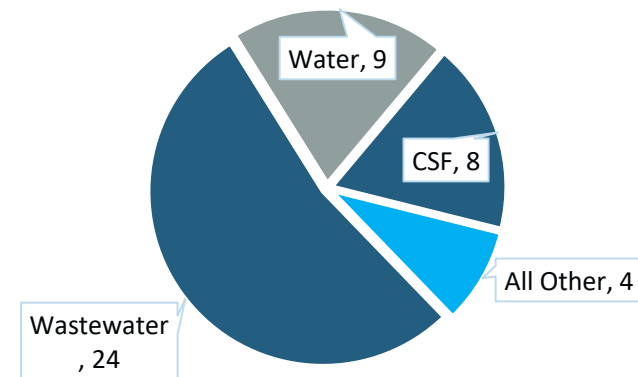
2016



2017



2018

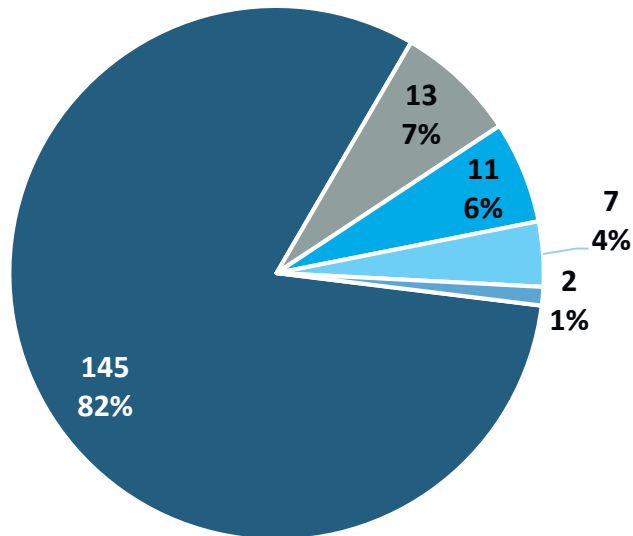


Workers' Compensation Nurse Triage Call Outcomes

For the Combined Calendar Years 2016-2018

n=178 calls

Lag Time Metric
(number and % of total)



■ Within 24 hours ■ 1 to 3 days ■ 4 to 7 days ■ 8 to 30 days ■ > 30 days

Of all the calls made within 24 hours of an incident, 60% initially ended up selecting self-care and were back-to-work the same day.

The percentage of back-to-work outcomes where calls are made > 24 hours decays rapidly.

The net back-to-work rate for all years and for all lag periods is 47%.

Therefore, 178 calls x 47% = 84 fewer reportable claims... an average of 28 fewer claims/year.

Workers' Compensation Reported Claim Frequency Metrics Valued as of December 31, 2018

Calendar Year Ending	Claims (A)	Total Hours (B)	Frequency Rate per 100 Full-Time Equivalents [(A)*200,000] / (B)	BLS Benchmark *
12.31.2016	54	1,573,981	6.9	6.1
12.31.2017	53	1,766,134	6.0	
12.31.2018	45	1,931,621	4.7	

* 2016 is the latest benchmark year from the Bureau of Labor Statistics (Local Government, Michigan; Trade, Transportation and Utilities; Water, Sewage and Other Systems)

Litigated Workers' Compensation Claims

All Years; Valued as of December 31, 2018

Total number of litigated files = 1.3% of all reported claims since January 1, 2016

Date of Loss / Injury Description	Claim Status	Total Incurred	Total Paid	Expected Outcome
October 4, 2017 Right Rotator Cuff	Pending	\$131,400	\$46,294	"Take Nothing" on wage loss claim. Claimant was terminated for cause.
October 29, 2017 Motor Vehicle Accident – Alleged Lower Back	Closed	\$1,069	\$1,069	Claimant's <i>Application for Mediation</i> was dismissed by WC Agency (failure to pursue)

General Liability and Auto Liability Claims

Valued as of December 31, 2018

Calendar Year Ending	General Liability		Auto Liability	
	# of Claims	Total Incurred	# of Claims	Total Incurred
12.31.2016	4	\$246,438*	3	\$2,913
12.31.2017	1	\$27,550	2	\$736
12.31.2018	0	\$-0-	2	\$38,600

- \$244,923 (99.4%) of the total is related to *Beasley vs. GLWA* matter

Note: GL claim from 2017 remains open; one Auto claim from 2018 remains open; all other claims are closed

Total Cost of Risk (T.C.O.R.) Metrics For the Fiscal Years Ending June 30

	FY 2016*	FY 2017	FY 2018
Total Costs (rounded)**	\$2,643,000	\$3,538,000	\$3,428,000
Operating Revenues (rounded)	\$398,131,000 (audited)	\$857,557,000 (audited)	\$811,895,000 (audited)
T.C.O.R. (total costs per \$1,000 of revenues)	\$6.64	\$4.13	\$4.22
Proforma 2017:			
Operating revenues	\$857,557,000		
Less: one-time bad debt recovery	(40,172,000)	\$4.33	
Adjusted operating revenues	\$817,385,000		

* Fiscal year ending June 30, 2016 was a six-month period.

** Sum of (a) the cost of all in-force insurance policies, (b) cost of losses that are retained, and (c) the administration costs of the risk management department and all associated contracts like third-party administration and brokerage fees.