



Evolution

noun evo·lu·tion \ e-və-lü-shən \

a process of change in a certain direction



2017 Annual Report

Letter

from the

Chair and President



Parker Chambers
Chair



Andrew Halsall
President & Chief Executive Officer

An Evolution – defined as a process of change in a certain direction. We can think of many examples in nature, medicine, and technology. But what does an evolution mean for us at GEM?

In recent months, the steps we have taken underline this process of change with a focus on our long-term existence to serve you in the future. Collaboratively, with input and direction from the membership, we have restructured and updated our strategic plan to respond to marketplace disruptions, pool leadership transitions, changing legislation, and growing coverage needs. We developed a long-term recruitment and retention schedule to selectively add new members and are enhancing member engagement opportunities with proactive advice and the exchange of ideas. In addition, we are continuously refining our governance model to align ourselves for our future and address how we respond to such change.

It is the Board and staff's commitment to advance as an organization for the long haul. Our financial strength and resiliency are of the utmost importance, as is the promise to the membership to protect your assets – both of which are reflected in this annual report.

But our evolution is not just a one-time project. It is important for us to stay fresh, stay relevant, and most importantly, evolve as your needs evolve. Our core tenets continue to be to monitor market trends and the emerging exposures that the pooling community faces and to create relevant coverages and limits that make sense for the stability of your own operations.

Change is a driver of every company's success. GEM is no different. We embrace change in order to protect our members – now and in the future.

Parker Chambers, Chair

Andrew Halsall, President & CEO

Focus

noun fo-cus \ 'fō-kəs \

a: a center of activity, attraction, or attention

b: a point of concentration

c: a main purpose or interest



Public entity pooling is truly unique

To serve this sector effectively, GEM membership has only one focus and we have from the very beginning. We understand the nuances, opportunities, and the challenges that public entity pools face.

This focus brings our attention to monitoring reinsurance needs across the pooling community, as well as developments in the insurance marketplace, to provide sector-specific coverage and limits. With these relevant reinsurance products,

we are dedicated to helping members grow and to protecting your assets. We spend our time developing sound solutions that work best for you.

This allows GEM members to be nimble in times of change and uncertain market conditions. This also helps you to develop appropriate action plans to address the emerging and changing exposures your members face.

Our Focus

Infusion

noun in·fu·sion \ in-'fyü-zhən \

a: the addition of something that is needed or helpful

b: the continuous slow introduction of a solution



GEM's membership is infused with public entity and insurance industry know-how

GEM membership has built a core expertise from not only the extensive experience of staff but also members' thought leadership and market vision. Leveraging the breadth and depth of this unique combination of specialized resources helps members craft sound risk financing solutions for their pools that ensure their long-term stability.

GEM membership is less dependent on traditional reinsurance because we are able to build pooled capacity on your own terms. By Infusing GEM as a trusted part of your team, we protect you from disruptions in the marketplace and let you control your own destiny in developing and executing upon your risk financing goals.

Our Infusion

Movement

noun move·ment \ müv-mənt \

a: the act or process of moving;
especially : change of place or
position or posture

b: a series of organized activities
working toward an objective

c: a noticeable change in the way
people behave or think



We are moving
forward with
our members

The pooling community has seen a lot of movement in the last several years and that is likely to continue. There has been movement in leadership, legislation, and exposures – to name a few.

GEM too is on the move. As your pool's needs change, and those of your members, we are prepared to respond.

We are moving forward as an organization with a new strategic

plan, which was inspired and approved by GEM's active membership, in order to align ourselves for the future and selectively grow our membership.

No one knows what the future holds. However, by responding to change proactively, GEM will keep moving forward but never at the sacrifice of the stable financial ground GEM offers our members in order to protect your assets.

Our Movement

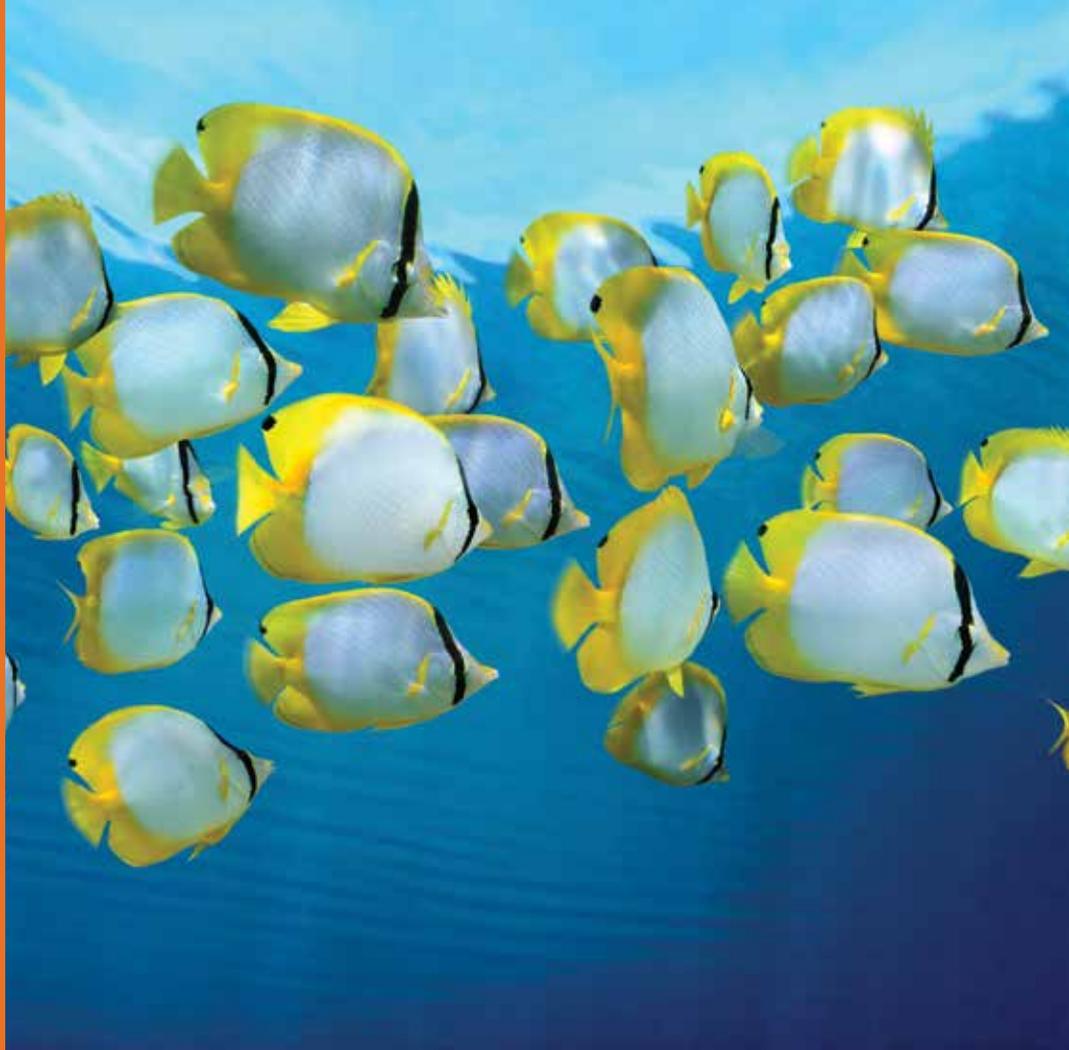
United

adjective unit·ed \ yû-nī-təd \

a: involving people or groups working together to achieve something

b: made up of members who share the same purpose, interest, etc.

c: being in agreement



GEM unifies the combined financial and intellectual resources of our public entity risk pools

The purpose of GEM membership goes beyond reinsurance. Your membership provides the benefits of group purchasing, allowing you to access pricing and offerings that might be out of reach on your own. But members also have access to the exchange of ideas, tools and knowledge to best respond to market trends.

We engage in long-term partnerships that are both strategic and collaborative in nature for not only the mitigation of risk but to ensure

best practices are employed across the whole membership. What other reinsurer can claim that?

It is through this collaborative process that GEM members who wish to learn best practices from similar pools can do so in a safe environment. We are united in our purpose of innovation and stability to elevate the success of all our members.

Pools United

GEM

Financial Highlights

\$000 omitted

	2013	2014	2015	2016	2017
ACTIVITY					
Gross Written Premium	\$9,948	\$9,536	\$10,209	\$11,516	\$11,670
Net Written Premium	8,012	7,976	8,366	6,908	8,139
Losses and Loss Adjustment Expenses	5,201	4,659	17,764	5,294	8,162
Investment Income / (Loss)*	(596)	3,051	962	2,388	2,474
Net Earnings / (Loss)	479	4,686	(10,659)	2,759	866
* includes realized and unrealized gains/losses, interest and other income					
NET POSITION					
Cash and Investments	70,201	78,218	79,643	77,267	73,350
Reserves for Unpaid Losses and Loss Adjustment Expenses	40,053	42,955	54,435	50,098	45,543
Members' Paid-In Capital Contributions	15,387	15,387	14,887	14,887	14,887
Retained Earnings	<u>13,548</u>	<u>18,235</u>	<u>7,576</u>	<u>10,335</u>	<u>11,202</u>
Members' Equity	<u>\$28,936</u>	<u>\$33,622</u>	<u>\$22,463</u>	<u>\$25,223</u>	<u>\$26,089</u>

Board of Directors



Parker Chambers (Chair)
*Texas Water Conservation Association
Risk Management Fund - TWCARMF*



Micheon Balmer (Vice Chair)
*California Transit Indemnity Pool -
CalTIP*



David Harmer (Secretary)
Virginia Transit Liability Pool - VTLP



Bryan Anderson
*Michigan Municipal Risk Management
Authority - MMRMA*



Dean Boes
*Wisconsin Municipal Mutual Insurance
Company - WMMIC*



Brett Davis
*Park District Risk Management
Agency - PDRMA*



Alan Hulse
*Montana Municipal Interlocal
Authority - MMIA*



Tom Judy
*Miami Valley Risk Management
Association - MVRMA*



Michael Rebaleati
*Nevada Public Agency Insurance Pool
- NPAIP*



Greg Womack
*Texas Council Risk Management
Fund - TCRMF*

GEM Staff

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Executive Services & Operations

Kathy Tremblay
Claims Assistant

Ben Kraus
Underwriting Manager

Marietherese D'Agostino
Treasurer

Melanie McDonough
Claims Manager

Carol MacDougall
Accounting Assistant

GEM Members





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