

GEM Reinsurance Submission

Government Entities Mutual, Inc. PCC (GEM) is a protected cell reinsurance captive domiciled in the District of Columbia. The Company is controlled and capitalized by member public entity pools and insurance companies. GEM's Mission is to stimulate growth, build the financial durability of GEM and deepen its capacity to serve the strategic initiatives of its members.

GEM was launched January 1, 2003. It is capitalized with surplus contributions from members. The Company provides liability, property and workers' compensation reinsurance to members.

For more information on GEM, see additional website information at www.gemre.com.

Membership Categories and Requirements

GEM currently has 16 members: 13 Founding members and 3 Premiere members. Premiere or Associate membership categories are open to public entity pools, public entity insurance companies, and self-insured public entities. Members that made surplus contributions prior to October 1, 2003 are classified as Founding Members.

Underwriting Submission Requirements

We appreciate your interest in GEM membership. Our underwriting and actuarial team would like to make the reinsurance submission process as easy as possible. Because quality underwriting is critical to maintaining and building the mutual strength of GEM's members, we have a keen interest in developing a good understanding of your operation.

Please provide the following as part of your reinsurance submission to GEM:

1. Audited Financial Statement – The most recently completed, which should include comparison of the past two fiscal years. *Prospective Members should include 5 years of audited financial statements.*
2. Claims Audit – The most recently completed by a qualified claims auditor.
3. Certification – Either AGRIP Recognition, CAJPA certification, A.M. Best rating, or another approved certification.

4. Loss Control – Both the amount of money spent (budgeted) on loss control in the previous year, and a clear description of the program (outlining the scope of the programs offered).
5. Coverage Form – Include coverage form for any lines of business requesting a quote from GEM. Please note any anticipated coverage form revisions for the prospective period. Since GEM’s reinsurance is considered “follow form”, GEM will perform a coverage form analysis to determine the scope and clarity of the primary coverage form.
6. Underwriting Guidelines – Detailed write-up explaining the existing evaluation used to underwrite a pool’s individual members. The rating plan should be adequate and equitable. The underwriting system should have the capacity to track exposures, rating, underwriting evaluations, coverage agreements issued, and profitability by coverage period, line of business, and program. Please also provide underwriting administrative guides that detail underwriting procedures.
7. Actuarial Study – The most recently completed study, not more than 15 months old.
8. Loss Run Listing – A recently evaluated loss run of all pool claims in the past 10 calendar years. The claims run should be in electronic form, preferably contained in a spreadsheet. Pools with an excessive amount of claims may request to provide only claims above a certain threshold (greater than \$10,000). Information should include claim number, date of loss, most recent evaluation date, incurred loss and expense, paid loss and expense, line of business (and sub-line, if available), short claim description, and claim status. These losses should be on a ground-up basis (not limited by member deductibles, or pool retentions). These losses should also be on a per occurrence basis, rather than on an individual claimant basis. *Upon request, GEM can provide an Excel spreadsheet template for the loss run.*
9. Exposure Information – Please provide at least 10 years of exposure base for the GEM layer. Include an estimate for projected exposures for the prospective reinsurance period. With respect to liability and workers’ compensation exposure bases, GEM uses that which your own actuary has selected for an exposure base.
10. Current Reinsurance Pricing – At least, total amount of ceded premium (contributions) spent on reinsurance during the current period. At most, cost estimates (or other competing quotes) for the layers requested from GEM.

The following people are available to answer questions:

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