



Technical Update

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Remaining in Good Standing

As noted in last week's CTSI Technical Update, 2021 renewals for your county Pools are well underway, notwithstanding the societal disruptions that seem to be plaguing 2020. In an effort to protect all members and minimize the potential for financial surprises late in the year, the CTSI Board would like to remind the members of all the Pools (CAPP, CWCP, and CHP) of their commitment to remain a member in good standing throughout the policy year. In the event a member of any of the Pools is considering their option to withdraw from membership, each Pool's bylaws provide that they must give notice of intent to withdraw, for each Pool concerned, before October 1st of the year preceding the new policy year that begins on January 1st.

This notice of intent to withdraw is a requirement to leave the respective Pool but is non-binding on the member and can be rescinded at any time up to the start of the new policy year. If the notice of intent to withdraw is rescinded, the member will automatically retain membership in good standing for the following policy year.

This requirement allows the Pools to give adequate notice to carriers from whom the Pools will purchase stop-loss, excess, and reinsurance coverage and give timely statutory notifications to the Division of Insurance. Moreover, this furthers CTSI's ability to protect members who do not intend to consider withdrawing and to make timely adjustments to the budget in the event the member decides to follow through with their withdrawal from membership.

Failure to provide notice as required by each Pool's bylaws may result in the loss of protections afforded to withdrawing members, including potential claim runouts and equity distributions or benefits.

The Pools have proven their worth to the membership throughout their existence for insurance and associated services and still offer the best long-term solutions for members' needs. This notice requirement is an expression of each member's commitment to every other member to preserve the special benefits of local government risk pooling now and for the future.

What This Means for Counties

Members cannot withdraw from membership in any of the Pools during a policy year and must give proper notice by October 1st if they are considering withdrawal from membership for the upcoming policy year. Compliance with this requirement preserves all of their rights as a withdrawn member if they choose to follow through with their withdrawal. Failure to give notice as required could impact their future interests in claim runouts, distributions of equity, etc. A copy of all Pools' Bylaws can be found in the Members Only section on our website at www.ctsi.org

For more information, contact CTSI at (303) 861 0507. www.ctsi.org