As a public entity, you have options when purchasing insurance: buying insurance from an independent broker or participating in a self funded group pool. Each option has its own pros and cons, however many entities are surprised by the benefits and cost savings of purchasing insurance separately from the self funded pools. Want to know more? Check out the comparision below!

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ALLIED PUBLIC RISK

INDEPENDENT INSURANCE	SELF FUNDED POOLS
Insurance is risk transfer.	Pooling is risk sharing, a form of risk bearing.
You pay a guaranteed, fixed premium for full transfer of risk to another party. No matter how many claims you have, you do not pay any more premium for the policy term.	You may pay an assessment or estimate of your share of the pool's expenses. If your losses or the losses of others exceeds the estimates, then you may be assessed for any additional amounts.
You are not obligated for anything other than your quoted premium and adherence to policy conditions. If the insurance company loses money, that's their problem, and their stockholders lose money.	You are jointly liable for all claims losses, even if you did nothing to contribute to the losses. If the pool loses money, that's your problem, and your local taxpayers lose money.
You select the best program and agent relationship. If the program or agent doesn't meet your expectations, you have no long-term obligation.	You may be obligated indefinitely beyond the policy year. Even if you leave the pool, you may remain indebted to the pool, and still may be assessed additional money.
You are transferring the risk by purchasing an insurance policy, thereby protecting the taxpayers' money.	You may be entering into a long-term, speculative venture, using taxpayers' money as investment capital.
Insurance companies are subject to receiving independent financial ratings from rating agencies and are subject to regulatory scrutiny of state insurance departments.	Pools typically are not overseen by state insurance departments nor do they receive independent financial ratings.
In the event of an insurance company insolvency, you have rights of recovery against your state guarantee fund.	You are sharing risk, do not have the ability to collect from the guarantee fund, and may have to pay additional monies if the pool does not have the funds to pay claims (member assessment).

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