



President
 Ms. Liz Ehrenstrom
 City of Oroville

**NCCSIF
 BOARD OF DIRECTORS
 MEETING**

Vice President
 Mr. Russell Hildebrand
 City of Rocklin

Treasurer
 Mr. Tim Sailsbery
 City of Willows

Secretary
 Ms. Gina Will
 Town of Paradise

Date: Thursday, June 12, 2014
Time: 12:00 p.m.

A – Action
I – Information

Location: Lincoln City Hall (Third Floor Conference Room)
 600 Sixth Street
 Lincoln, CA
 (530) 894-6699

1 – Attached
2 – Hand Out
3 – Separate Cover
4 – Verbal
5 – Previously Mailed

MISSION STATEMENT

The Northern California Cities Self Insurance Fund, or NCCSIF, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.

AGENDA

A. CALL TO ORDER

B. PUBLIC COMMENTS

This time is reserved for members of the public to address the Board of Directors on matters pertaining to NCCSIF that are of interest to them.

C. APPROVAL OF AGENDA AS POSTED

A 1

pg. 01 **D. CONSENT CALENDAR**

A 1

All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or the Board of Directors may request any item to be considered separately.

pg. 02 1. Board of Directors Meeting Minutes – April 24, 2014

2. Investment Report

pg. 10 a. Chandler Asset management Short/Long Term – May 2014

pg. 18 b. Treasurer’s Report as of March 31, 2014

pg. 19 3. Utilization Report for Safety Grant Funds as of April 23, 2014

pg. 21 4. Alliant Program Administrators Agreement

pg. 35 5. Crowe Horwath Engagement Letter



	E. YORK SUBROGRATION PROGRAM (LUNCHTIME PRESENTATION)	I	4
	<i>York will provide the Board with a presentation regarding the subrogation program they offer members and the results to date.</i>		
	F. MINUTES AND COMMITTEE REPORTS	I	
	1. Risk Management Committee Meeting Minutes – June 12, 2014		4
pg. 47	2. Executive Committee Meeting Minutes – May 29, 2014 (Draft)		1
pg. 55	3. Claims Committee Meeting Minutes – May 29, 2014 (Draft)		1
pg. 57	4. Police Risk Management Committee Meeting Minutes – May 8, 2014 (Draft)		1
	G. ADMINISTRATION REPORTS		
	1. President’s Report	I	4
	<i>Liz Ehrenstrom will address the Board on items pertaining to NCCSIF.</i>		
	2. Program Administrator’s Report		
pg. 61	a. Bickmore Purchase by York – <i>The Board will receive an update regarding Bickmore’s Purchase by York.</i>	I	1
	b. Other Administrator Comments – <i>Alliant will address the Board on items pertaining to NCCSIF.</i>	I	4
	H. FINANCIAL REPORTS		
pg. 64	1. Quarterly Financial Report for Period Ending March 31, 2014	A	1
	<i>James Marta Company will present the quarterly financial report ending March 31, 2014 for the Board to Receive and File.</i>		
pg. 83	2. Budget to Actual as of March 31, 2014	I	1
	<i>The Board will receive an update on the Budget to Actual as of March 31, 2014.</i>		
	I. JPA BUSINESS		
pg. 89	1. Conflict of Interest Code	A	1
	<i>The Board will be asked to review and approve the Conflict of Interest Code as done every even year.</i>		
pg. 93	2. Administrative Surplus Budget	A	1
	<i>The Board will be asked to review and approve the Administrative Surplus and how it should be used.</i>		



pg. 95	3. 2014/15 NCCSIF Budget <i>The Board will be asked to review and approve the 2014/15 NCCSIF Budget.</i>	A	1
pg. 98	4. 2014/15 Deposit Calculations <i>a. Liability - The Board will be asked to review and approve the 2014/15 Deposit Calculations for Liability.</i>	A	1
pg. 101	<i>b. Workers' Compensation - The Board will be asked to review and approve the 2014/15 Deposit Calculations for Workers' Compensation.</i>		1
pg. 104	5. 2014/15 NCCSIF Liability Memorandum of Coverage <i>The Board will be asked to review and approve the 2014/15 NCCSIF Memorandum of Coverage.</i>	A	1
pg. 118	6. Documentation of 4850 Benefits <i>a. NCCSIF Workers' Compensation Memorandum of Coverage – The Board will be asked to review and approve the 2014/15 NCCSIF Memorandum of Coverage.</i>	A	1
pg. 132	<i>b. Policies and Procedures – The Board will be asked to review and approve recommended revisions to Policies and Procedures.</i>		1
pg. 143	7. 2014/15 Property Renewal <i>The Board will be asked to review and approve the 2014/15 NCCSIF Property Program Renewal through Alliant Property Insurance Program (APIP).</i>	A	1
pg. 181	8. 2014/15 Crime Renewal <i>The Board will receive an update on the 2014/15 NCCSIF Crime Program Renewal through AIG.</i>	A	2
pg. 182	9. Identity Fraud Coverage <i>The Board will be asked to review, discuss and determine whether or not to move forward with the purchase of Identity Fraud Coverage for NCCSIF.</i>	A	1
pg. 185	10. Medical Provider Network Update <i>The Board will receive an update on the status of NCCSIF's New Medical Provider Network provided by WellComp.</i>	I	1
pg. 186	11. Round Table Discussion <i>The floor will be open to Board members for any topics or ideas that members would like to address.</i>	I	4

I. INFORMATION ITEMS

pg. 187	1. NCCSIF Organizational Chart
pg. 188	2. NCCSIF 2014 Meeting Calendar



- pg. 189 3. NCCSIF Travel Reimbursement Form
pg. 190 4. NCCSIF Resource Contact Guide

J. ADJOURNMENT

UPCOMING MEETINGS

- Police Risk Management Committee Meeting – August 7, 2014
- Executive Committee Meeting – September 18, 2014
- Claims Committee Meeting – September 18, 2014
- Risk Management Committee Meeting – October 9, 2014
- Board of Directors Meeting – October 9, 2014

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Johnny Yang at Alliant Insurance at (916) 643-2712.

The Agenda packet will be posted on the NCCSIF website at www.nccsif.org. Documents and material relating to an open session agenda item that are provided to the NCCSIF Executive Committee less than 72 hours prior to a regular meeting will be available for public inspection and copying at 1792 Tribute Road, Suite 450, Sacramento, CA 95815.

Access to some buildings and offices may require routine provisions of identification to building security. However, NCCSIF does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3



CONSENT CALENDAR

ACTION ITEM

ISSUE: The Board of Directors (Board) should review items listed on the Consent Calendar and, if any item requires clarification or discussion, a Member should be asked that it be removed from the consent agenda for separate action. The Board should then consider action to approve the Consent Calendar excluding those items removed. Any items removed from Consent will be agendaized later during the meeting in an order determined by the President.

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar after review by the Board. *Items removed from the Consent Calendar will be placed back on the agenda in an order determined by the President.*

FISCAL IMPACT: None.

BACKGROUND: The following items are placed on the Consent Calendar for approval. The Board may approve the Consent Calendar items as presented, or any individual may request that an item be removed for discussion and separate action may be taken during the meeting.

ATTACHMENT(S):

1. Board of Directors Meeting Minutes – April 24, 2014
2. Investment Reports
 - a. Chandler Asset Management Short/Long Term – May 2014
 - b. LAIF Report as of March 31, 2014
3. Utilization Report for Safety Grant Funds as of April 23, 2014
4. Alliant Program Administrator/Broker Services Agreement
5. Crowe Horwath Engagement Letter



**MINUTES OF THE
NCCSIF TRAINING DAY/BOARD OF DIRECTORS MEETING
LINCOLN CITY HALL, LINCOLN, CA
APRIL 24, 2014**

MEMBERS PRESENT

Jeff Kiser, City of Anderson
Jim Lindley, City of Dixon
Brad Koehn, City of Elk Grove
Bruce Cline, City of Folsom
Matt Michaelis, City of Gridley
Ed Pattison, City of Ione
Michael Daly, City of Jackson
Corey Shaver, City of Nevada City
Liz Ehrenstrom, City of Oroville
Dave Warren, City of Placerville
Sandy Ryan, City of Red Bluff
Russell Hildebrand, City of Rocklin
Robin Bertagna, City of Yuba City
Gina Will, Town of Paradise

MEMBERS ABSENT

Shari Conley, City of Auburn
Shelly Kittle, City of Colusa
John Brewer, City of Corning
Paula Islas, City of Galt
John Lee, City of Lincoln
Leigh Keicher, City of Marysville
Tim Chapa, City of Rio Vista
Tim Sailsbery, City of Willows

GUESTS & CONSULTANTS

Michael Green, City of Rocklin
Michael Simmons, Alliant Insurance Services, Inc.
Marcus Beverly, Alliant Insurance Services, Inc.
Marylin Kelley, Alliant Insurance Services, Inc.
Johnny Yang, Alliant Insurance Services, Inc.
Tom Kline, Bickmore
Alana Theiss, James Marta & Company



A. CALL TO ORDER

The meeting was called to order at 11:15 a.m.

B. PUBLIC COMMENTS

There were no public comments made.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Jim Lindley **SECOND:** Russell Hildebrand **MOTION CARRIED UNANIMOUSLY**

D. CONSENT CALENDAR

1. Training Day/Board of Directors Meeting Minutes – December 12, 2013
2. Check Register at March 31, 2014
3. Investment Report
 - a. Treasurer’s Report as of December 31, 2014
 - b. Chandler Asset Management Short/Long Term – March 2014
 - c. LAIF Report as of March 31, 2014
4. Utilization Report for Safety Grant Funds as of February 28, 2014

A motion was made to approve the Consent Calendar.

MOTION: Jim Lindley **SECOND:** Russell Hildebrand **MOTION CARRIED UNANIMOUSLY**

E. MINUTES AND REPORTS

1. Executive Committee Meeting Minutes – March 13, 2014 (Draft)
2. Executive Committee Meeting Minutes – April 10, 2014 (Draft)
3. Risk Management Committee Meeting Minutes – January 16, 2014 (Draft)

F. ADMINISTRATION REPORTS

F1. President’s Report

Ms. Liz Ehrenstrom had no items to report.

F2. Program Administrator’s Report

Ms. Marilyn Kelley provided the Committee with a presentation on a 10 year historical review of NCCSIF to assist in the funding decisions to be discussed later in the agenda.



F3. Executive Committee Reportable Actions

Mr. Marcus Beverly provided the Board with an update of the actions taken at the February 28, 2014, March 13, 2014 and April 10, 2014 Executive Committee meetings. He explained that the City of San Luis Obispo reached out to Alliant and was interested in NCCSIF membership. NCCSIF elected to decline the City of San Luis Obispo's request due to geographical reasons. He advised the NCCSIF will be going out to RFP to select a new Workers' Compensation Claims Auditor. The Executive Committee also approved the Program Administration & Services Agreement Amendment for the addition of the City of Elk Grove as well as the 5 year renewal of the Agreement. The Committee also reviewed and approved the Accounting Services Agreement with James Marta & Company for another three years.

Mike explained that the Program Administration Services Agreement Renewal has been reviewed by Mr. Russell Hildebrand and all the requested changes have been implemented into the agreement. There were no significantly substantive changes from the expiring agreement and the renewing agreement. The agreement has been reviewed by Byrne Conley as well.

G. FINANCIAL REPORTS

G1. NCCSIF Investment Portfolio Review

Mr. Ted Piorkowski provided the Board with a presentation on current economic situations and reviewed NCCSIF's Investment Portfolio.

G2a. FY 2014/15 Actuarial Studies – Workers' Compensation

Mr. Mike Harrington provided the Board of Directors with a presentation on the FY 2014/15 Actuarial Studies for the Workers' Compensation program. He explained the rates remained flat but due to the fact that last year's actuarial studies' losses included 4850, there was truly an increase from the prior year.

G2b. FY 2014/15 Actuarial Studies – Liability

Mr. Harrington provided the Board of Directors with a presentation on the FY 2014/15 Actuarial Studies for the Liability program. He explained that the total recommended funding has increased \$336,374 or 8.3% over the prior year.

A motion was made to approve both the Workers' Compensation and Liability FY 2014/15 Actuarial Studies as presented by Mike Harrington.

MOTION: Matt Michaelis **SECOND:** Gina Will

**MOTION CARRIED
UNANIMOUSLY**



G3. Quarterly Financial Report for Period Ending December 31, 2013

Ms. Alana Theiss provided the Board with the Quarterly Financial Report for Period Ending December 31, 2013.

A motion was made to approve the Quarterly Financial Report Ending December 31, 2013.

MOTION: Russell Hildebrand **SECOND:** Michael Daly **MOTION CARRIED UNANIMOUSLY**

G4. NCCSIF Budget to Actual Report as of December 31, 2013

Ms. Theiss provided the Board with a Budget to Actual Report as of December 31, 2013. She noted that the State Funding/Fraud Assessment increase substantially from the prior year. Staff does not know how these Assessments are calculated but have seen annual increases.

H. JPA BUSINESS

H1. Distribution of CJPRMA Refund

Mr. Beverly advised that NCCSIF will be receiving a refund of \$399,360. He explained that the CJPRMA refunds will slowly start to decrease going forward. Staff recommends that due to the Liability Shared Risk Layer deficit, this year's refund should be distributed 67% (\$267,571) to the Liability Shared Risk Layer and 33% (\$131,789) to offset the liability deposit calculation.

A motion was made to approve the Distribution of the CJPRMA Refund per staff's recommendation.

MOTION: Jeff Kiser **SECOND:** Gina Will **MOTION CARRIED UNANIMOUSLY**

H2a. Review and Approval of the 2013/14 Banking Plan Adjustment Calculation Sheets – Workers' Compensation

Mr. Beverly explained that the Banking Plan for the Workers' Compensation program is in a deficit. No funds are eligible for redistribution and staff is recommending an assessment for the Workers' Compensation Banking Layer of \$403,527 according to NCCSIF's Policies and Procedures. Assessments are billed in two installments on September 15th and December 15th. There was also discussion that, historically, members who are in a deficit position tend to come out of the deficit prior to the completion of their 5 year assessment.

A motion was made to approve no refunds this year and the recommended assessments with respects to the Workers' Compensation Banking Plan Adjustment Calculations.

MOTION: Bruce Cline **SECOND:** Dave Warren **MOTION CARRIED UNANIMOUSLY**



H2b. Review and Approval of the 2013/14 Banking Plan Adjustment Calculation Sheets - Liability

Mr. Beverly explained that due to the status of the Liability Banking Layer’s Net Equity position at the 90% confidence level, plus the “10 time SIR” contingency, there are some members who are eligible for a refund. The total available refund amount is \$477,512 at 100% at Net Equity and a 10 times negative buffer above the 90% confidence level. Mr. Beverly suggested 35% of the available refund in the amount of \$167,129 be approved for redistribution.

Mr. Cline suggested looking at the policy and procedures to determine members’ entitlement to their banking layer dividends. Mr. Hildebrand explained that the Executive Committee determined that the policy states members are entitled to the full amount of their available refund unless otherwise determined by the Board of Directors.

Ms. Kelley advised that with respects to the Liability and Workers’ Compensation banking plans, should a member be in a deficit position in one program and a refund available in the other, the available refund will be used to offset the deficit in the other program.

A motion was made to approve refunds in the amount 35% of the available Net Equity position. This results in dividends in the amount of \$167,129. There are also assessments in the amount of \$134,887 for some members.

MOTION: Bruce Cline **SECOND:** Gina Will **MOTION CARRIED UNANIMOUSLY**

H3a. Review and Approval of the 2013/14 Shared Risk Plan Fund Adjustments – Workers’ Compensation

Mr. Beverly advised Workers’ Compensation has available refunds in the amount of \$2,662,167. Staff recommends that 35% be made available for refund in the amount of \$931,758. Staff also recommends applying \$200,000 of the amount to continue the Risk Management Grant program and \$600,000 to help offset members’ equity position in the Workers’ Compensation banking layer. Mr. Beverly confirmed that members can choose to fund their Risk Management grant or elect to take their entire refund amount.

A motion was made to approve a 35% refund or \$931,758. Of this amount, NCCSIF will continue to fund the Risk Management Grant Fund in the amount of \$200,000. \$600,000 will also be contributed to the Workers’ Compensation Banking Layer to help offset members’ equity positions. Members can elect to fund their Risk Management Grant Fund or to take the entire amount in a refund.

MOTION: Bruce Cline **SECOND:** Dave Warren **MOTION CARRIED UNANIMOUSLY**



H3b. Review and Approval of the 2013/14 Shared Risk Plan Fund Adjustments – Liability

Mr. Beverly advised that in the prior year Program Administrators recommended a 5-year assessment plan in the amount \$600,000 to \$800,000 per year to rebuild the Liability Shared Risk Layer Funds. He explained that this is due to large losses in program years 2009, 2010 and 2011. Based on the Shared Risk Layer assets at 12/31/13, NCCSIF has a negative equity at the 80% and 90% confidence levels. The adjustment calculation develops an assessment of \$1,135,000. Mr. Beverly then advised that staff and the Executive Committee are recommending an Assessment of \$600,000 for the Liability Shared Risk Layer. Program Administrators also recommend applying 67% of the CJPRMA refund in the amount of \$267,571 be applied to offset the Assessment leaving a total assessment amount of \$332,429.

A motion was made to approve an assessment amount of \$600,000 for the Liability Shared Risk Layer. 67% of the CJPRMA refund, or \$267,571, will be applied to the Assessment leaving \$331,429 to be assessed to Members.

MOTION: Bruce Cline **SECOND:** Michael Daly **MOTION CARRIED UNANIMOUSLY**

H4. Preliminary 2014/15 NCCSIF Budget

Mr. Beverly explained that the Preliminary 2014/15 NCCSIF Budget remains relatively flat compared to last year. There was a brief discussion on the Lexipol costs which increased by \$10,000 for the addition of the City of Elk Grove.

A motion was made to approve the Preliminary 2014/15 NCCSIF Budget

MOTION: Corey Shaver **SECOND:** Bruce Cline **MOTION CARRIED UNANIMOUSLY**

H5a. Preliminary 2014/15 Deposit Calculations – Workers’ Compensation

Ms. Kelley provided the Board with a presentation on NCCSIF’s Rating Mechanisms and how each member’s deposit calculations are developed.

Mr. Beverly explained that the rate for the Workers’ Compensation program at the 60% confidence level is the same as last year though corrected loss information were used in the actuarial studies. He advised that the Executive Committee recommends funding the Workers’ Compensation program at the 65% confidence level to assist in the banking layer deficit.

Mr. Hildebrand advised that during the Executive Committee meeting the Committee had many discussions on this topic and came to the conclusion that members would only be able to absorb a 65% confidence level funding for this year with hopes to reaching a 70% confidence level in the next year or after. Mr. Beverly suggested that the goal is to fund each program at the 70% or 75% confidence level to have an effective surplus to fund unexpected large losses. Ms.



Ehrenstrom also recommends funding at the 65% confidence level in order to slowly increase the necessary funding for the program.

A motion was made to approve a 65% confidence level funding for the Workers' Compensation Program.

MOTION: Sandy Ryan **SECOND:** Jeff Kiser **MOTION CARRIED UNANIMOUSLY**

H5b. Preliminary 2014/15 Deposit Calculations – Liability

Mr. Beverly explained that the staff and the Executive Committee recommend funding the Liability Program at a 65% confidence level which would result in a 7.9% increase over the prior year. Members are able to locate their estimated deposits and assessments in the agenda packet. He noted that members are capped at 25% this year and with respects to the Workers' Compensation members are capped at 40%.

A motion was made to approve a 65% confidence level funding for the Workers' Compensation Program.

MOTION: Gina Will **SECOND:** Corey Shaver **MOTION CARRIED UNANIMOUSLY**

H6. 2014/15 Property Renewal Update

Mr. Yang explained that NCCSIF's application has been submitted to the PEPPIP underwriters and he does not expect a large increase over the prior year. No preliminary numbers have been released yet but quotes are expected towards the end of May. There was a question on whether NCCSIF will be looking at other markets for property coverage. Mr. Simmons advised that as PEPPIP's rates for NCCSIF remains relatively low and offers so much coverage, staff would not recommend going out to the market. A survey and coverage comparison for other markets was completed two years prior.

H7. Property Appraisals Update

Mr. Yang advised that preliminary property appraisals have been received and will be sent out to members for their review and approval. Members advised that they have not received their preliminary property appraisals and staff was redirected to confirm and resend.

H8. NCCSIF JPA Crime Policy Renewal

Mr. Beverly advised that application have been sent out to members and he does not expect much of an increase over the prior year. Mr. Beverly asked that members complete the application and forward to staff as early as possible.



H9. Recommended Hold Harmless Language and Insurance Requirements

Mr. Beverly advised that Alliant has posted an updated version of the Insurance Requirements in Contract Manual which is available on Alliant's website. He explained that there were a few items which were addressed which were suggested terms for Hold Harmless/Indemnification Clause and the Insurance Requirements section. Mr. Hildebrand suggested a hold harmless language which states "to the full extent and time allowable by law". This would potentially assist in losses arising out of the future. He also recommends using CG 20 38 forms as well.

H10. Round Table Discussion

There was no round table discussion.

I. INFORMATION ITEMS

1. NCCSIF Program Manual (Handout)
2. NCCSIF Organizational Chart
3. NCCSIF 2014 Meeting Calendar
4. NCCSIF Travel Reimbursement Form
5. NCCSIF Resource Contact Guide

This meeting was adjourned at 2:37 p.m.

Monthly Account Statement

Northern CA Cities Self Ins. Fund Short Term

May 1, 2014 through May 31, 2014

Chandler Team

For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Bank of New York Mellon Trust
Company
Gaby Rodriguez
213-630-6461

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source.



PORTFOLIO CHARACTERISTICS

Average Duration	2.49
Average Coupon	1.44 %
Average Purchase YTM	1.26 %
Average Market YTM	0.82 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.71 yrs
Average Life	2.55 yrs

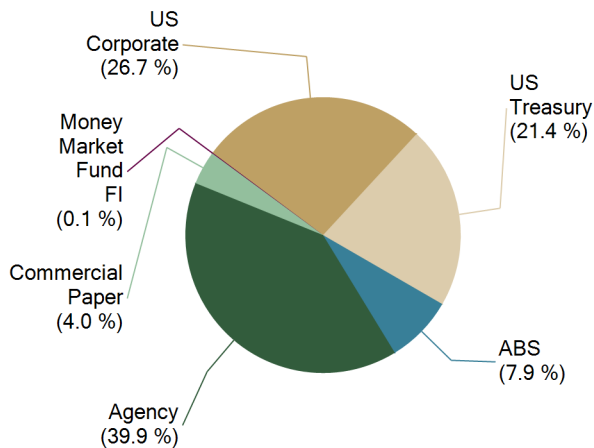
ACCOUNT SUMMARY

	Beg. Values as of 4/30/14	End Values as of 5/31/14
Market Value	20,333,006	20,419,118
Accrued Interest	76,419	70,024
Total Market Value	20,409,425	20,489,142
Income Earned	21,729	21,222
Cont/WD		0
Par	20,242,553	20,270,708
Book Value	20,264,703	20,292,321
Cost Value	20,415,791	20,413,019

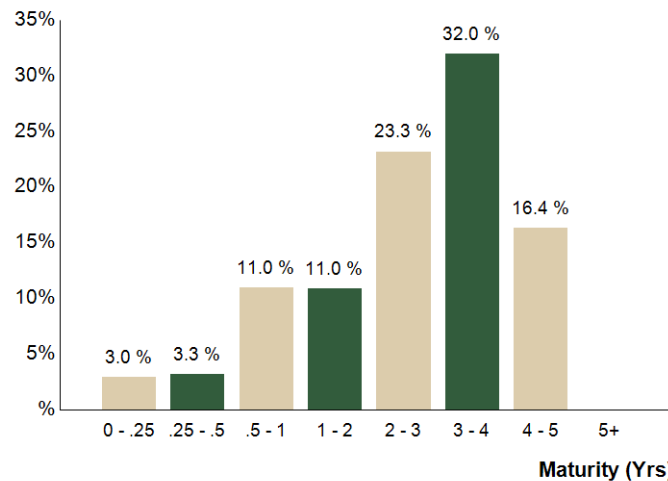
TOP ISSUERS

Issuer	% Portfolio
Government of United States	21.4 %
Federal National Mortgage Assoc	12.0 %
Federal Home Loan Bank	10.9 %
Federal Home Loan Mortgage Corp	8.9 %
Federal Farm Credit Bank	6.3 %
Honda Motor Corporation	3.0 %
John Deere Security Trust	2.5 %
JP Morgan Chase & Co	2.5 %
Total	67.4 %

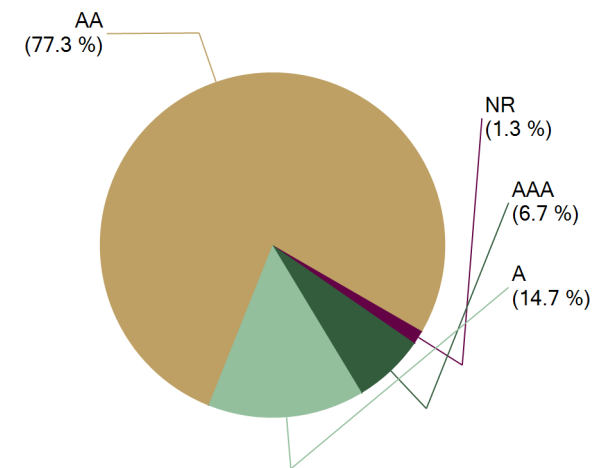
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 5/31/2014	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized				Since 12/31/1997
					3 Yrs	5 Yrs	10 Yrs	12/31/1997	
Northern CA Cities Self Ins. Fund Short Term	0.39 %	0.40 %	1.09 %	1.23 %	1.47 %	2.24 %	3.58 %	4.54 %	107.17 %
1-5 yr Govt	0.40 %	0.33 %	0.91 %	0.87 %	1.15 %	1.86 %	3.24 %	4.19 %	96.03 %
1-5 Year Govt/A Rated or better Corporate	0.43 %	0.41 %	1.07 %	1.19 %	1.49 %	2.45 %	3.38 %	4.37 %	101.79 %



Northern California Cities Self-Insurance Fund - Short Term

May 31, 2014

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the Authority's investment policy.

Category	Standard	Comment
Asset-backed/MBS	20% maximum	Complies
Banker's Acceptances	A1/P1; 30% max; <180 days; L/T = AA	Complies
Commercial Paper	A1/P1; 25% max.; <270 days	Complies
LAIF	\$50 million	Complies
Medium Term Notes	30% max; A; 5 year maximum	Complies
Money Market Acct	15% maximum; AAA	Complies
Mutual Funds	15% maximum; AAA	Complies
Negotiable CDs	30% overall; 3-year maximum	Complies
Repurchase Agreements	10% overall; 30 days	Complies
Time CDs	3 year maximum	Complies
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Per Issuer Maximum	5% (except gov'ts)	Complies
Maximum Maturity	10 years	Complies
Futures and Options	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies



Reconciliation Summary

As of 5/31/2014

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$20,264,702.58
Acquisition	
+ Security Purchases	\$921,712.47
+ Money Market Fund Purchases	\$874,457.85
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$1,796,170.32
Dispositions	
- Security Sales	\$0.00
- Money Market Fund Sales	\$922,049.37
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$804,286.11
- Calls	\$0.00
- Principal Paydowns	\$39,253.92
Total Dispositions	\$1,765,589.40
Amortization/Accretion	
+/- Net Accretion	(\$2,962.89)
	(\$2,962.89)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$0.00
	\$0.00
Ending Book Value	\$20,292,320.61

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$64,521.63
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$0.00
Accrued Interest Received	\$0.00
Interest Received	\$30,203.93
Dividend Received	\$0.00
Principal on Maturities	\$804,286.11
Interest on Maturities	\$713.89
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$39,253.92
Total Acquisitions	\$874,457.85
Disposition	
Withdrawals	\$0.00
Security Purchase	\$921,712.47
Accrued Interest Paid	\$336.90
Total Dispositions	\$922,049.37
Ending Book Value	\$16,930.11

Monthly Account Statement

Northern Cal. Cities Self Ins. Fund Long Term

May 1, 2014 through May 31, 2014

Chandler Team

For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Bank of New York Mellon Trust
Company
Gaby Rodriguez
213-630-6461

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source.



PORTFOLIO CHARACTERISTICS

Average Duration	3.76
Average Coupon	2.39 %
Average Purchase YTM	2.03 %
Average Market YTM	1.28 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	4.15 yrs
Average Life	4.01 yrs

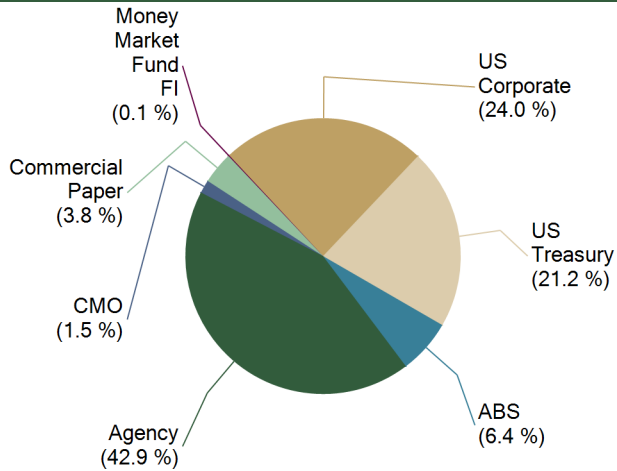
ACCOUNT SUMMARY

	Beg. Values as of 4/30/14	End Values as of 5/31/14
Market Value	20,826,178	21,007,833
Accrued Interest	142,806	128,464
Total Market Value	20,968,983	21,136,296
Income Earned	35,339	34,549
Cont/WD		0
Par	20,421,896	20,502,106
Book Value	20,571,722	20,620,612
Cost Value	20,914,051	20,926,912

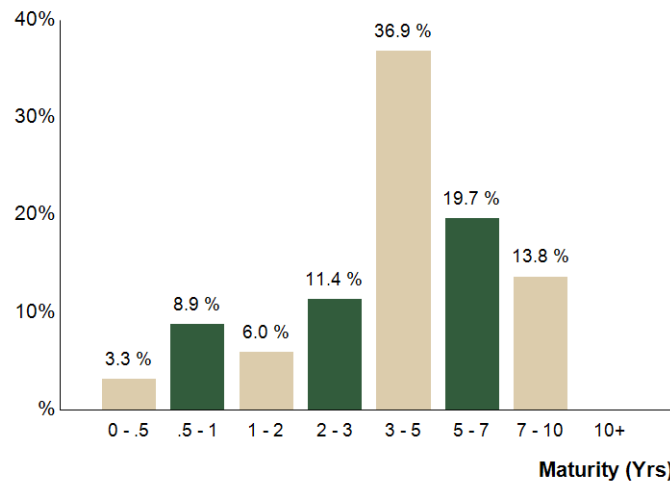
TOP ISSUERS

Issuer	% Portfolio
Government of United States	21.2 %
Federal Home Loan Mortgage Corp	11.8 %
Tennessee Valley Authority	10.1 %
Federal National Mortgage Assoc	10.1 %
Federal Home Loan Bank	6.9 %
Federal Farm Credit Bank	5.5 %
JP Morgan Chase & Co	2.4 %
Bank of Tokyo-Mit UFJ	2.0 %
	70.1 %

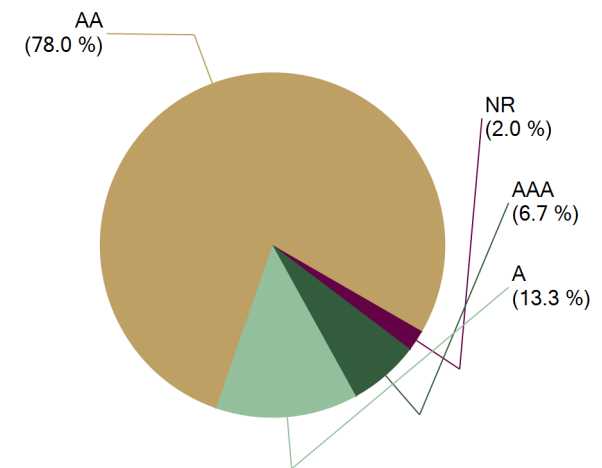
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 5/31/2014	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 5/31/2006	
					3 Yrs	5 Yrs	10 Yrs		
Northern Cal. Cities Self Ins. Fund Long Term	0.80 %	0.92 %	2.23 %	1.20 %	2.37 %	3.40 %	N/A	4.83 %	45.87 %
1-10 yr Govt	0.74 %	0.70 %	1.87 %	0.82 %	2.04 %	2.84 %	N/A	4.43 %	41.49 %
1-10 Year Govt/A Rated or better Corporate	0.78 %	0.85 %	2.12 %	1.30 %	2.47 %	3.67 %	N/A	4.54 %	42.60 %



Northern California Cities Self-Insurance Fund - Long Term

May 31, 2014

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the Authority's investment policy.

Category	Standard	Comment
Asset-backed/MBS	20% maximum	Complies*
Banker's Acceptances	A1/P1; 30% max; <180 days; L/T = AA	Complies
Commercial Paper	A1/P1; 25% max.; <270 days	Complies
LAIF	\$50 million	Complies
Medium Term Notes	30% max; A; 5 year maximum	Complies
Money Market Acct	15% maximum; AAA	Complies
Mutual Funds	15% maximum; AAA	Complies
Negotiable CDs	30% overall; 3-year maximum	Complies
Repurchase Agreements	10% overall; 30 days	Complies
Time CDs	3 year maximum	Complies
Treasury issues	No limitation	Complies
US Agencies	No limitation	Complies
Per Issuer Maximum	5% (except gov'ts)	Complies
Maximum Maturity	10 years	Complies
Futures and Options	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies

*Please note that the FHMS K704 A2 Due 08/25/18 is rated AAA by Fitch.



Reconciliation Summary

As of 5/31/2014

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$20,571,721.66
Acquisition	
+ Security Purchases	\$709,889.49
+ Money Market Fund Purchases	\$672,029.70
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$1,381,919.19
Dispositions	
- Security Sales	\$0.00
- Money Market Fund Sales	\$710,142.07
- MMF Withdrawals	\$0.00
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$600,000.00
- Calls	\$0.00
- Principal Paydowns	\$16,677.25
Total Dispositions	\$1,326,819.32
Amortization/Accretion	
+/- Net Accretion	(\$6,209.19)
	(\$6,209.19)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$0.00
	\$0.00
Ending Book Value	\$20,620,612.34

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$60,913.03
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$0.00
Accrued Interest Received	\$0.00
Interest Received	\$55,352.45
Dividend Received	\$0.00
Principal on Maturities	\$600,000.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$16,677.25
Total Acquisitions	\$672,029.70
Disposition	
Withdrawals	\$0.00
Security Purchase	\$709,889.49
Accrued Interest Paid	\$252.58
Total Dispositions	\$710,142.07
Ending Book Value	\$22,800.66

NCCSIF

Northern California Cities Self Insurance Fund

c/o Alliant Insurance Services, Inc.

Corporate Insurance License No. 0C36861

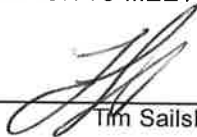
Main Location: 1792 Tribute Road, Suite 450, Sacramento, CA 95815 * (916) 643-2700 * Facsimile: (916) 643-2750
Accounting Location: Mr. James Marta, James Marta & Company, 701 Howe Avenue, Suite E3, Sacramento, CA 95825 * (916) 993-9494

NCCSIF INVESTMENT REPORT FOR THE QUARTER ENDING MARCH 31, 2014

	<u>MARKET VALUE</u>
CASH:	
(1) Tri Counties Checking	\$ 601.67
(2) Local Agency Inv Fund (LAIF)	<u>3,515,871.38</u>
Total Cash	<u>3,516,473.05</u>
INVESTMENTS (Unrestricted):	
(3) Chandler Investments	
Account no. 170	20,284,380.00
Account no. 171	<u>20,732,679.00</u>
Total Unrestricted Investments	<u>41,017,059.00</u>
TOTAL CASH AND INVESTMENTS	<u>\$44,533,532.05</u>

- (1) This consists of one interest-bearing checking account and two pass-thru accounts (liability and workers comp claims). The rate of interest is 0.10%
- (2) The LAIF rate of return as of quarter ended March 31, 2014 0.23%
- (3) See attached Investment Activity Reports.

THIS PORTFOLIO IS IN COMPLIANCE WITH NCCSIF'S INVESTMENT POLICY AND IS LIQUID ENOUGH TO MEET EXPECTED CASH FLOW NEEDS OVER THE NEXT SIX MONTHS.



Tim Sailsbery, Treasurer

5/5/14

Date

A Joint Powers Authority

Members: Cities of Anderson, Auburn, Colusa, Corning, Dixon, Elk Grove, Folsom, Galt, Gridley, Ione, Jackson, Lincoln, Marysville, Nevada City, Oroville, Town of Paradise, Placerville, Red Bluff, Rio Vista, Rocklin, Willows and Yuba City.

**NCCSIF
ADA and Safety Grant Fund Reimbursements History**

Last Update: 4/23/2014

By: RLZ

**Net Position of WC Admin Fund
Less Safety Grant Funds Available**

Net Position of WC Admin Fund, less safety grant fund available

3/31/2014

633,382

(258,431)

374,951

Member	ADA Grants Declared in FY 2009 Board Meeting 4/24/2009	Risk Management Grants elected to be retained in WC admin by members from their WC shared refund FY 2010	Risk Management Grants elected to be retained in WC admin by members from their WC shared refund FY 2011	Risk Management Grants elected to be retained in WC admin by members from their WC shared refund FY 2012	Risk Management Grants elected to be retained in WC admin by members from their WC shared refund FY 2013	Total funds available FY 2009 - FY 2013 for ADA grants and Risk Management Grants	Total Disbursements Paid through Last Update	Funds Available
Anderson	\$ 6,496.00	8,039.00	7,650.00	7,540.00	7,451.00	37,176.00	22,185.00	14,991.00
Auburn	6,397.00	-	-	8,098.00	-	14,495.00	6,397.00	8,098.00
Colusa	6,258.00	-	-	5,817.00	5,662.00	17,737.00	12,075.00	5,662.00
Corning	6,157.00	6,149.00	5,788.00	5,678.00	-	23,772.00	23,772.00	-
Dixon	6,592.00	-	-	-	10,379.00	16,971.00	11,762.47	5,208.53
Folsom	16,732.00	62,977.00	-	61,737.00	61,566.00	203,012.00	100,852.89	102,159.11
Galt	7,613.00	14,375.00	14,135.00	14,171.00	14,153.00	64,447.00	50,294.00	14,153.00
Gridley	6,144.00	6,391.00	-	6,507.00	6,476.00	25,518.00	6,144.00	19,374.00
Ione	-	-	-	-	-	-	-	-
Jackson	5,627.00	3,510.00	3,487.00	-	-	12,624.00	5,500.00	7,124.00
Lincoln	6,303.00	8,638.00	10,028.00	-	10,854.00	35,823.00	24,969.00	10,854.00
Marysville	6,758.00	-	-	-	-	6,758.00	-	6,758.00
Nevada City	5,665.00	-	-	-	3,618.00	9,283.00	5,665.00	3,618.00
Oroville	7,633.00	-	-	-	-	7,633.00	7,633.00	-
Placerville	6,883.00	-	-	-	-	6,883.00	6,883.00	-
Paradise	7,182.00	-	-	-	-	7,182.00	7,182.00	-
Red Bluff	7,339.00	12,860.00	12,493.00	12,290.00	-	44,982.00	44,982.00	-
Rio Vista	5,818.00	-	4,770.00	4,766.00	-	15,354.00	5,818.00	9,536.00
Rocklin	9,178.00	24,019.00	25,254.00	25,419.00	25,476.00	109,346.00	58,451.00	50,895.00
Willows	5,856.00	4,618.00	4,412.00	-	-	14,886.00	14,886.00	-
Yuba City	8,607.00	-	-	22,184.00	-	30,791.00	30,791.00	-
	\$ 145,238.00	151,576.00	88,017.00	174,207.00	145,635.00	704,673.00	446,242.36	258,430.64

SEE DETAIL BELOW

Detail of Total Disbursements to Last Update:

Anderson		
6/10/2010 Check no. 7418	6,496.00	
7/1/2011 Check no. 7727	8,039.00	
10/19/2012 Check no. 7978	7,650.00	
Auburn		
7/13/2011 Check no. 6397	6,397.00	
Colusa		
2/9/2010 Check no. 7339	6,258.00	
6/6/2013 Check no. 8130	5,817.00	
Corning		
5/6/2010 Check no. 7399	6,157.00	
8/22/2011 Check no. 7728	12,000.00	
6/20/2012 Check no. 7898	5,615.00	
Dixon		
8/26/2009 Check no. 7258	6,592.00	
7/17/2013 Check no. 8166	5,170.47	(A)
Folsom		
8/21/2009 Check no. 7268	9,000.00	
3/26/2010 Check no. 7371	7,700.00	
3/17/2011 Check no. 7602	-	<--Voided 4/26/12 - never cashed by city, per Loo Ng @ Folso
6/7/2011 Check no. 7653	9,137.35	<--Paid directly to "The Training Network"
6/5/2012 Check no. 7875	1,200.00	
4/8/2013 Check no. 8084	2,922.35	
6/20/2013 Check no. 8159	25,008.94	<--Paid in July 2013, invoice booked in June 2013
10/4/2013 Check no. 8198	10,000.00	(A)
11/5/2013 Check no. 8227	16,340.97	(A)
1/20/2014 Check no. 8277	19,543.28	(A)
Galt		
11/20/2009 Check no. 7292	4,943.50	
12/7/2010 Check no. 7530	14,375.00	
12/7/2010 Check no. 7530	20,000.00	<--Paid from banking layer funds, does not reduce available b
8/16/2011 Check no. 7726	10,480.55	
3/21/2012 Check no. 7825	6,323.95	
6/6/2013 Check no. 8129	14,171.00	
Gridley		
10/23/2009 Check no. 7282	6,144.00	
Ione		
No payments located		

FY 2014 Payments	G/L 54200
Sum of (A)	= 57,284.72 4000.3

Jackson		
8/9/2010 Check no. 7460	5,500.00	
Lincoln		
3/18/2010 Check no. 7368	6,303.00	
9/5/2012 Check no. 7952	18,666.00	
Marysville		
No payments found		
Nevada City		
6/10/2010 Check no. 7420	5,665.00	
Oroville		
5/6/2010 Check no. 7394	7,633.00	
Paradise		
2/9/2010 Check no. 7338	7,182.00	
Placerville		
9/4/2009 Check no. 7259	6,883.00	
Red Bluff		
1/5/2011 Check no. 7539	10,500.00	
1/20/2012 Check no. 7798	22,192.00	
2/5/2013 Check no. 8039	12,290.00	
Rio Vista		
3/26/2010 Check no. 7372	5,818.00	
Rocklin		
3/26/2010 Check no. 7373	9,120.00	
7/8/2011 Check no. 7672	24,000.00	
12/5/2011 Check no. 7772	25,331.00	
Willows		
9/25/2009 Check no. 7269	5,856.00	
1/5/2011 Check no. 7540	2,800.00	
8/22/2013 Check no. 8178	6,230.00	(A)
Yuba City		
3/12/2010 Check no. 7379	8,607.00	
9/20/2012 Check no. 7959	22,184.00	

BROKER, RISK MANAGEMENT AND PROGRAM ADMINISTRATION SERVICES AGREEMENT

I. PARTIES

The Parties to this Agreement are **Northern California Cities Self Insurance Fund (NCCSIF)** and **Alliant Insurance Services, Inc.**, a Delaware Corporation, (Alliant). This Agreement is effective from July 1, 2014 and shall remain in effect for five years through, and including, June 30, 2019.

II. AGREEMENT

In consideration of the payments and agreements specified in the Agreement, Alliant shall perform SERVICES pursuant to Section IV, Scope of Service.

III. DEFINITIONS

When used herein, when capitalized, whether in the singular or in the plural, the following terms shall have the following meanings:

- A. Alliant – Alliant Insurance Services, Inc.
- B. NCCSIF – Northern California Cities Self Insurance Fund, and its Membrs.
- C. Agreement - This Alliant services agreement, including any written changes thereto, which were agreed upon by the PARTIES.
- D. Compensation is the total of Fees and Commissions received by Alliant during the term of this Agreement:
 - 1) Fees – Remuneration paid by NCCSIF directly to Alliant for Services (does not include commission).
 - 2) Commissions - Remuneration paid directly to Alliant by NCCSIF's insurance carriers (or excess programs).
- E. Companies - The business entities other than Alliant which make available services necessary to implement the Program.
- F. Party - NCCSIF or Alliant, or Parties if used jointly.
- G. Program – The lines of Insurance coverage placed by Alliant on behalf of NCCSIF under the scope of this Agreement.
- H. Service - Any and all obligations of Alliant to be performed pursuant to the Agreement.
- I. Key Personnel –Those individuals on the Account Service Team, listed in

Addendum B, responsible for Alliant roles provided for under the Scope of Service set forth in Section 4.

IV. SCOPE OF SERVICE

A. DESIGNATION OF BROKER AND BROKERAGE SERVICES. NCCSIF hereby engages and designates Alliant to act as NCCSIF's insurance broker and perform all customary duties of an insurance broker for NCCSIF's Programs including without limitation:

1. Marketing the Program to insurance carriers and/or excess Joint Powers Authorities;

- a. Develop marketing specifications based upon an evaluation of NCCSIF's loss exposure and which address such exposures;
- b. Evaluate quotations as to the adequacy of coverage, appropriate retention levels, restrictions in coverage, the existence of warranties, concurrency of coverage, and suitability of forms;
- c. Evaluate the financial status and service capabilities of insurers making quotations of coverage under the Program, based upon available data. NCCSIF recognizes and agrees that Alliant is not responsible for any change in the financial condition of any insurance carrier or Joint Powers Authority after an insurance placement is made.

2. Deliver binders and other evidences of insurance within ten (10) calendar days after the placement of any insurance under the Program, to be effective until such times as the policy or policies for the placement are received by NCCSIF from the insurance carriers. Such binders shall be signed by an authorized agent or employee of the insurance carrier. Alliant shall use best efforts to secure a correct policy or policies within ninety (90) days of placement of any insurance under the Programs;

3. Forward questions from NCCSIF and/or its Members to the insurance carriers or excess Joint Powers Authorities;

4. Identify, review and comment on loss-control activities and recommendations of insurers or excess Joint Powers Authorities;

5. Issue Certificates of Insurance regarding the Program;

6. In the event that any insurance is written for the Program, unless NCCSIF gives Alliant contrary instructions, Alliant will implement the practice of notifying all excess insurance carriers whenever NCCSIF or one of its members has requested that notice of claim be given to the carriers;

7. Assist NCCSIF and, where applicable, NCCSIF's third party administrator in

settlement issues with insurance carriers. However, it is understood and agreed that Alliant is not providing claims management services under this Agreement;

8. Act upon request as a liaison for communications among or between all parties involved in the Programs including NCCSIF, its participating Members, insurance carriers and others;

9. Prepare written reports to NCCSIF to include:

- a. Report as needed of pending rate, coverage or renewal problems including significant changes in the financial status of major insurers or reinsurers for the Programs;
- b. At least thirty (30) days prior to the Programs anniversary(s), a written report stating anticipated renewal terms and conditions and other indications of market conditions, trends and anticipated changes;
- c. A comprehensive summary report, within fifteen (15) days of purchasing coverage, outlining the coverage(s) purchased. Such report shall contain the following information:
 - 1) Summary of insurance and their terms and conditions, and
 - 2) Summary of financial conditions of insurers providing coverage;

B. PROGRAM ADMINISTRATION SERVICES. Alliant agrees to provide the following services:

1. Act as “key” contact for the NCCSIF Program, including Liability, Workers’ Compensation and Property programs.
2. Handle clerical and correspondence duties of the Joint Powers Authority.
3. Work with the NCCSIF committees and coordinate NCCSIF program administration.
4. Meet with cities as requested and necessary.
5. Maintain the Program Policy and Procedures manual.
6. Develop, issue and maintain Certificates of Coverage for the NCCSIF Memorandums of Coverage on behalf of the members of NCCSIF.
7. Issue, modify as directed and maintain Memorandums of Coverage forms for the shared risk layer of the Program.
8. Prepare NCCSIF agendas and other general administrative functions.

9. Meet with the Board of Directors and the committees on a scheduled basis.
10. Prepare the annual budget and the Risk Management annual budget as directed by the Executive Committee.
11. Prepare the annual budget.
12. Act as a central clearinghouse for dissemination of information on risk management issues and NCCSIF programs.
13. Assist Members in matters of proper Liability insurance coverage requirements of contractors.
14. Assist as may be required with financial audits, claims audits or actuarial studies conducted by NCCSIF's retained auditors and actuaries.
15. Monitor loss runs of the NCCSIF Program.
16. Coordinate matters of safety/loss control programming and assist in the development of loss prevention material.
17. Provide a report of the time spent separately on Program component.
18. Maintain on behalf of NCCSIF; loss reports, insurance policies, certificates of insurance, JPA vendor contracts, claims audits, actuarial studies, financial audits, statistical studies, deposit premium calculations, and other pertinent materials in accordance with standard insurance record retention practices and with the NCCSIF approved Policy and Procedure on Records Retention. Beginning in 2010 old records will be converted to a digitized record format and current records will be maintained in a digital format.
19. Maintain a suitable backup and recovery system for data and develop and implement processes for the protection of electronic data, including a written policy with respect to:
 - a. Disaster recovery
 - b. Physical and electronic data security
 - c. Electronic data retention
20. On a six-month basis provide a service calendar reporting on the services rendered for the period and a projection of work to be accomplished during the next six months.
21. Update and maintain the NCCSIF website and other Program documentation.
22. Prepare an Annual Report to be distributed at the December Board of Directors meeting.

V. COMPENSATION

With respect to the categories of risk and insurance identified in **Addendum A** and the SERVICES specified in Section IV. SCOPE OF SERVICE, Alliant shall receive compensation as follows:

A. Total Fees shall be as follows:

<u>YR.</u>	<u>LIABILITY</u>	<u>WORKERS' COMP</u>	<u>TOTAL</u>
1 st :	\$ 156,000	\$ 130,000	\$ 286,000
2 nd :	\$ 159,120	\$ 132,600	\$ 291,720
3 rd :	\$ 162,304	\$ 135,252	\$ 297,556
4 th :	\$ 165,548	\$ 137,957	\$ 303,505
5 th :	\$ 168,860	\$ 140,716	\$ 309,576

B. Fees for New Members will be calculated using the established Member fee methodology in effect at the time of joining, and pro-rated based on the number of months participating in the program year.

C. Fees shall be paid in twelve (12) equal monthly installments.

D. Commissions on insurance coverage placed for the NCCSIF Program, as well as other lines of insurance placed on behalf of NCCSIF and its individual Members at customary commission rates. Coverage may include: Property, Excess Workers' Compensation, crime, auto physical damage, mobile equipment, and other miscellaneous lines.

E. **Exclusions.** Commissions for Special Events, Notary Bonds and Vendor/Contractor Liability Programs are not included as Compensation, as coverage is provided to Third Party Individuals.

F. **Disclosures and Transparency.**

1. Transparency. Alliant will conduct business a) in conformance with Alliant's "Transparency and Disclosure" Policy, a copy of which shall be delivered to the NCCSIF President upon execution of this Agreement, b) all applicable Insurance Regulations, and c) in advancement of the best interests of NCCSIF. In addition, Alliant's Conflict of Interest Policy precludes it from accepting any form of Broker incentives that would result in business being placed with carriers in conflict with the interests of Alliant and/or NCCSIF. Alliant shall also disclose, in writing, any Commissions received by Alliant in connection with any insurance placed on behalf of NCCSIF or its individual Members during the 4th quarter of the calendar year.

2. Other Alliant Services. In addition to the Compensation that Alliant receives, its related entity, Alliant Specialty Insurance Services ("ASIS") and its Underwriting operations, Alliant Underwriting Services ("AUS") may receive revenue from insurance carriers for involvement in underwriting services. The financial impact of the revenue received by AUS and/or ASIS is a cost included

in the carriers' premium. Revenue received by AUS and/or ASIS will be disclosed, in writing, to NCCSIF and is it is agreed to by NCCSIF as a component of the total premiums that may be paid. Alliant acknowledges that Alliant and ASIS maintain an arm's length relationship. NCCSIF understands that while Alliant represents NCCSIF as an individual entity, AUS and/or ASIS independently administers its Program as a whole, and not on behalf of any particular Member.

Additionally, the related entities of Alliant Business Services (ABS) and/or Strategic HR may receive revenue from Alliant and/or a carrier for providing designated, value-added services. Services contracted by NCCSIF directly will be invoiced accordingly.

VI. TAXES AND FEES AND USE OF INTERMEDIARIES

- A. **Surplus Lines Fees and Taxes.** In certain cases, placement made by Alliant on behalf of NCCSIF, with approval of NCCSIF, may require the payment of surplus lines assessments, taxes and/or fees to state regulators, boards or associations. Such assessments, taxes and/or fees will be charged to NCCSIF and identified separately on invoices covering these placements. Alliant shall not be responsible for the payment of any such fees, taxes or assessments, except to the extent such taxes or fees have been collected from NCCSIF.
- B. **Intermediaries.** Alliant may determine from time to time that it is necessary or appropriate to utilize the services of intermediaries (such as surplus lines brokers, underwriting managers, London market brokers, and reinsurance brokers) to assist in marketing the Program. These intermediaries may be affiliates of Alliant or may be unrelated intermediaries. Compensation of such intermediaries will be paid by the insurance company out of paid insurance premiums. Where a placement through such an intermediary will result in compensation to a Alliant affiliate, Alliant will fully disclose in writing to NCCSIF its relationship to the affiliate and the reason that placement of coverage through that intermediary is in the best interest of NCCSIF.
- C. **Indirect Income.** Indirect Income includes such items as insurance carrier contingency arrangements. Alliant will not accept these compensation incentives from insurers, including contingent commissions, market service agreements (MSA), volume-based commission incentives and rebates on business placed on behalf of NCCSIF within the SCOPE OF SERVICE of this Agreement.

VII. KEY PERSONNEL

Alliant agrees Key Personnel will be responsible for performance of the designated functions for NCCSIF as delineated in **Addendum B**. Should such personnel become unavailable to perform Services for NCCSIF, Alliant agrees to replace, as soon as practical, such personnel with personnel of comparable skills and experience as determined by NCCSIF's evaluation and subject to NCCSIF's right of refusal for any reason.

VIII. TERM

The term of the Agreement shall be effective from July 1, 2014 to June 30, 2019, unless cancelled pursuant to Section X, Termination of Agreement. NCCSIF shall have an option to extend the Agreement for two additional one-year periods, exercisable by NCCSIF by notifying Alliant of such extension prior to the anniversary date. The Agreement shall have an anniversary date each July 1st. This Agreement supersedes and replaces all previous agreements or contracts.

IX. NONASSIGNABLE

This Agreement is binding upon the parties hereto and their respective successors by merger, sale, consolidation or reorganization. The Agreement is otherwise personal to the Parties and cannot be assigned or delegated without prior written consent of the other Party.

X. TERMINATION OF AGREEMENT

- A. The Agreement may be cancelled by either Party any time upon 90 days advance written notice delivered or mailed to the other Party. In the event of cancellation, Alliant will assist NCCSIF in arranging a smooth transition to another company, including, but not limited to providing NCCSIF copies of requested products, files, records, computations, quotations studies and other data, prepared or obtained in connection with this Agreement, in a mutually-agreed format, which shall become the permanent property of NCCSIF.
- B. Should this agreement be terminated pursuant to this section prior to the end of this Agreement's term, Alliant shall be entitled to retain as earned compensation for its Services a prorated portion of the Fees paid by NCCSIF as follows: if termination is effective in the first quarter of the program year, 50% of such fees; if in the second quarter of the program year, 67.7%; if in the third quarter of the program year, 83.3%; and if in the fourth quarter of the program year 100%. Commissions paid to Alliant shall be considered fully earned upon termination of the agreement.
- C. In the event of termination, Alliant shall give to NCCSIF copies of all products, files, records, computations, quotations, studies and other data prepared or obtained in connection with this contract, which shall become the permanent property of NCCSIF.

XI. ENTIRE AGREEMENT; MODIFICATION

This Agreement constitutes the entire understanding of the Parties hereto. Alliant shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both Parties. Alliant specifically acknowledges that in entering into and executing this Agreement, Alliant relies solely upon the provisions contained in this Agreement and no others.

XII. SEVERABILITY

If any term, covenant, condition or provision of this Agreement is held by a court of

competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

XIII. APPLICABLE LAW

This Agreement has been executed and delivered in the State of California, and the validity, enforceability and interpretation of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California.

XIV. HOLD HARMLESS

1. In the event that Alliant, its Agents, Employees, Representatives, or Assigns, negligently or intentionally, either actively or passively, violate any Law or Regulation, any provision of the Agreement, or any written rule, regulation, policy, procedure or similar instruction under the Program. Alliant shall indemnify, defend, and hold NCCSIF harmless from and against all loss or damage, including any reasonable costs or expenses (including attorney's fees), incurred by NCCSIF in connection with such conduct, excluding loss or damaging arising from NCCSIF sole negligence or willful misconduct.
2. In the event that NCCSIF, its Agents, Employees, Representatives, or Assigns, negligently or intentionally violate any Law or Regulation, NCCSIF shall indemnify, defend, and hold Alliant harmless from and against all loss and damage, including any reasonable costs or expenses (including Attorney's Fees), incurred by Alliant in connection with such conduct.

The above obligations shall survive the termination of this Agreement.

XV. INSURANCE REQUIREMENTS

Alliant shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of Services under this Agreement and the results of those Services by Alliant, its agents, representatives, employees, or subcontractors. All coverage available to Alliant as named insured shall be made available to NCCSIF, its officers, employees and volunteers as additional insured. Alliant shall provide to NCCSIF the full policy limits of Alliant's insurance, with coverage at least as broad as, and limits no less than, the following:

- A. Professional Liability insurance with minimum limits of \$15 million per claim providing coverage for any errors and omissions which the Broker or its agents may make resulting in financial loss to NCCSIF;
- B. Commercial General and Automobile Liability insurance with limits of at least \$2 million combined single limit per occurrence and aggregate for bodily injury and property damage. The policies are to contain, or be endorsed to contain the following provisions:

1. NCCSIF, its trustees, officers, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of the work or operations performed by Alliant or on behalf of Alliant, or arising from operation of "any auto," whether owned leased, hired or borrowed by Alliant.

2. For any covered claims related to this Agreement, Alliant's insurance coverage shall be primary insurance as respects Client, its trustees, officers, employees, or volunteers. Any insurance or self-insurance maintained by NCCSIF or any of its members shall be excess to Alliant's insurance and shall not contribute with it.

- a. Workers' Compensation coverage in compliance with the laws of the State of California, and Employers' Liability insurance in the amount of \$1 million per accident or aggregate.
- b. Commercial Umbrella of at least \$4 million aggregate coverage over General Liability and Auto primary coverages.
- c. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled or non-renewed by Alliant, except with thirty (30) days prior written notice by certified mail, return receipt requested, given to NCCSIF.

All insurance carriers providing the coverages required by this section shall have a financial rating of at least an "A" published A.M. Best, or the published reports of an equivalent financial rating firm will be used to confirm the insurance carriers' rating, unless Alliant has obtained the NCCSIF's written acknowledgment that an insurance carrier with a lower financial rating is permitted.

Alliant shall also provide to NCCSIF certificates of insurance and copies of applicable endorsements evidencing the above coverages and limits, and will maintain these coverages during the term of this Agreement.

The failure of Alliant to procure and maintain the required insurance does not negate Alliant's obligation under this Agreement to do so.

XVI. DISPUTE RESOLUTION

Any dispute arising under the terms of this Agreement which is not resolved within a reasonable period of time by authorized representatives of Alliant and the NCCSIF shall be brought to the attention of the Chief Executive Officer (or designated representative) of Alliant and the Chair (or designee) of the NCCSIF for joint resolution. At the request of either Party, NCCSIF shall provide a forum for discussion of the disputed item(s). If resolution of the dispute through these means is pursued without success, such dispute shall be submitted to final and binding arbitration upon the mutual agreement of both of the parties. Such arbitration shall be conducted under the auspices of, and in accordance with the procedures and rules of the California Code of Civil Procedure. Any hearings held in the course of any such arbitration shall be held in the County of Sacramento, California unless the parties mutually agree in writing to another location.

Despite an unresolved dispute, Alliant shall continue without delay to perform its responsibilities under this Agreement.

XVII. WAIVER

No provision of this Agreement shall be considered waived, unless such waiver is in writing and signed by the Party that will benefit from the enforcement of such provision. No Waiver of any Provision in this Agreement, however, shall be deemed a Waiver of a subsequent Breach of such Provision or a Waiver of a similar Provision. In addition, a Waiver of any Breach or a Failure to Enforce any Term or Condition of this Agreement shall not in any way Affect, Limit, or Waive a Party's Right under this Agreement at any time to Enforce strict Compliance thereafter with every Term and Condition of this Agreement.

XVIII. COPYRIGHT

Any reports, documents or other materials produced in whole or in part under this Agreement shall be the property of NCCSIF and none shall be subject to an application for copyright by or on behalf of Alliant.

XIX. CONFIDENTIAL INFORMATION

All reports, information, documents, and any other materials given to Alliant by NCCSIF or prepared by Alliant for the benefit and use of NCCSIF under this Agreement shall be deemed confidential and shall not be released or made available by Alliant to any individual or organization without the prior written consent of the President of NCCSIF or under the following circumstances:

- A. Alliant is required by law, regulation, or pursuant to any subpoena, to disclose such information.
- B. The disclosure of such information is, in the good faith discretion of Alliant, necessary or appropriate to any civil litigation or arbitration commenced against the NCCSIF by Alliant; or the defense of Alliant or its officers, directors, employees, agents, attorneys-in-fact, attorneys-at-law, predecessors-in-interest or successors-in-interest in any pending or threatened civil litigation or arbitration prosecuted against Alliant by the NCCSIF.
- C. The disclosure of such information is, in the good faith discretion of Alliant, necessary and appropriate to the discharge by Alliant of its duties pursuant to this Agreement including, without limitation, the provision of customary underwriting information to insurers.
- D. Such information, without any act by Alliant, is available to the public.

XX. ETHICS AND CONFLICT OF INTEREST STATEMENT

Alliant understands and agrees that NCCSIF desires to compare the cost of obtaining services or insurance products from Alliant against other viable and competitive options and expects that Alliant will make its compensation agreements and revenue streams known to NCCSIF, so as to provide NCCSIF with a clear accounting of the costs of the

placement of insurance services and products. Alliant shall conduct its business so as to fulfill all legal and ethical requirements and standards of the industry and the State of California, and shall place the best interests of NCCSIF ahead of any other concerns in the placement of insurance services and products. To this end, Alliant:

1. Warrants that it will adhere to its ethical obligations to NCCSIF to deliver honest, competitive, and meaningful service and advice on the placement of any insurance products, services, or coverage, and to provide access to an open, fair, and competitive insurance marketplace;
2. Shall exercise due diligence in making a full and complete disclosure of all quotes and declinations from all markets contacted for each specific line of coverage, including the date and time of contact and the name, address, phone number and, to the extent available, email address of the individual contact for each market;
3. Shall make every good faith attempt to avoid even the appearance of a conflict of interest between Alliant, NCCSIF, and any provider of any insurance product or Service, and will promptly notify NCCSIF of any real or potential conflict of interest;
4. Agrees to provide the President with a copy of Alliant's own Ethics Statement or Code, or Alliant's Compliance Statement will be made available on Alliant's Website; and,
5. Shall request that all insurance carriers show any commission rates on their Insurance Policies and will otherwise ensure those rates are known to NCCSIF.
6. Acknowledges the mutual trust and confidence by both Parties, and that all actions of Alliant shall be for the specific benefit of the NCCSIF and their Program as a whole.

XXI. OBLIGATIONS OF NCCSIF

NCCSIF will reasonably cooperate with Alliant in the performance of Alliant's brokerage, risk management and program administration duties by providing Alliant, where available, reasonably complete and accurate information as to NCCSIF's loss experience, risk exposures, and any other pertinent information that Alliant requests. NCCSIF shall promptly review coverage documents concerning the Program delivered by Alliant for consistency with NCCSIF's specifications. NCCSIF shall designate one or more officers or committees of NCCSIF to receive and provide significant intervening substantive review, and independently evaluate any and all recommendations or proposals made to NCCSIF, by Alliant which are significant or substantive in nature and under which any benefit shall accrue to Alliant or Alliant's affiliates under the terms of this Agreement. Such committees shall then provide their own recommendations concerning such matters to the Executive Committee or Board of Directors of NCCSIF.

Alliant shall not be responsible for the failure of Members of NCCSIF to make premium payments.

XXII. RELATIONSHIP OF THE PARTIES

At all times and for all purposes, the relationship between the Parties is intended to be

that of independent contractors and there is no intent to create a joint venture relationship. Any person representing Alliant shall be an independent contractor to NCCSIF, and the Agreement shall not in any way be construed as a contract of employment between NCCSIF and Alliant's agents or employees. In addition, the Parties agree that, except as otherwise provided herein, NCCSIF shall not be obligated for any expense incurred by Alliant in rendering Services, or by engaging in any other transaction or conduct arising out of this Agreement.

XXIII. OWNERSHIP OF BOOKS AND RECORDS

The Parties shall each maintain normal business records related to all business generated under this Agreement. Upon reasonable request, and subject to the Confidentiality Provisions set forth herein, the Parties may each obtain from the other copies of all Policyholder Documents, including but not limited to Policies, Binders, Certificates, Endorsements, Underwriting Data, Loss Data, and other Statistical information in the other's possession, custody, or control with respect to all business generated under this Agreement.

XXIV. NON-SOLICITATION

Alliant agrees that, during the Term of this Agreement, and for two years after Termination, Alliant's personnel shall not solicit NCCSIF Members to leave NCCSIF. NCCSIF understands and agrees that Alliant has offices, staff, clients, and prospects nationwide, and nothing in this paragraph shall restrict it from responding to any Request for Proposal with notice to NCCSIF, or from otherwise providing services or products when asked by an NCCSIF Member, after receiving permission from NCCSIF. In addition, this paragraph shall not prohibit Alliant from engaging in general advertising, or marketing campaigns. Nothing in this paragraph shall be applied in a manner that violates any State or Federal Law or Regulation.

XXV. DISASTER RECOVERY; CONTINUITY

Alliant agrees to establish and implement a Disaster Recovery Plan to secure, and if necessary, restore information, physical and electronic data, affected by a security breach, force majeure or natural disaster. In addition, Alliant will make commercially reasonable efforts to ensure that, at all times, it has a sufficient number of trained personnel on hand to meet its obligations under this Agreement to implement the Disaster Recovery Plan.

XXVI. COST AND ATTORNEY FEES

The prevailing party in any action brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorney's fees incurred in connection with such action from the other party to such action.

XXVII. GENERAL

- A. **ASSIGNMENT.** Neither Party shall assign this Agreement in whole or in part without the prior written consent of the other Party.

NOTICES. All notices hereunder shall be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To NCCSIF:

President, Board of Directors
Northern California Cities Self Insurance Fund
AT THE OFFICE ADDRESS OF CURRENT
PRESIDENT

To Alliant:

Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815
Attn: Marcus Beverly

IN WITNESS WHEREOF, NCCSIF and Alliant have hereby executed this Agreement on this _____ day of _____ 2014.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

By: _____
President

ALLIANT INSURANCE SERVICES, INC.

By: _____
Michael Simmons,
Vice Chairman – Public Entity

Reviewed and Approved by NCCSIF Board Counsel

By: _____
Byrne Conley

Date: March 31, 2014

ADDENDUM A

Programs and Coverages

Alliant agrees to provide SERVICES to the following Program of NCCSIF:

1. Workers' Compensation Program;
2. Liability Program; and
3. Other Lines of Coverage and excess insurance purchased by NCCSIF and Member Cities.

It is understood and agreed that NCCSIF may obtain additional services from Alliant for additional Program. NCCSIF and Alliant shall agree in writing to the Scope of Services and compensation in advance of Alliant's performance of additional SERVICES.

ADDENDUM B

Account Service Team

Vice Chairman – PE	Mike Simmons*
Vice President	Marcus Beverly*
Consultant	Marylin Kelley
Claims Specialist	Diana Walizada, Bob Frey
Account Manager	Johnny Yang

* Denotes KEY Personnel

May 22, 2014

Ms. Marilyn Kelley
Alliant Insurance Services
Northern California Cities Self Insurance Fund
100 Pine Street, 11th Floor
San Francisco, California 94111

Dear Ms. Kelley:

This letter confirms the arrangements for Crowe Horwath LLP (“Crowe” or “us” or “we” or “our”) to provide the professional services discussed in this letter to Northern California Cities Self Insurance Fund (“the Fund” or “you” or “your”) for the years ending June 30, 2014, 2015 and 2016. The attached Crowe Engagement Terms is an integral part of this letter, and its terms are incorporated herein.

AUDIT SERVICES

Our Responsibilities

We will audit and report on the financial statements of the Fund for the periods indicated.

In addition to our report on the financial statements, we plan to evaluate the presentation of the following supplementary information in relation to the financial statements as a whole, and to report on whether this supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

- Combining Financial Statements
- Financial Statements by Member

In addition to our report on the financial statements, we also plan to perform specified procedures in order to describe in our report whether the following required supplementary information is presented in accordance with applicable guidelines. However, we will not express an opinion or provide any assurance on this information due to our limited procedures.

- Management’s Discussion and Analysis
- Reconciliation of Claims Liabilities by Type of Contract
- Claims Development Information

The objective of the audit is the expression of an opinion on the financial statements. We will plan and perform the audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller’s Minimum Audit Requirements for California Special Districts. Those standards require that we obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by

error or fraud. Because of inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with applicable standards. An audit is not designed to detect error or fraud that is immaterial to the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks that the financial statements could be misstated by an amount we believe would influence the financial statement users. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In making our risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. However, we will communicate in writing to those charged with governance and management concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. We will communicate to management other deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in our professional judgment, are of sufficient importance to merit management's attention. We will also communicate certain matters related to the conduct of the audit to those charged with governance, including (1) fraud involving senior management, and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (2) illegal acts that come to our attention (unless they are clearly inconsequential) (3) disagreements with management and other significant difficulties encountered in performing the audit and (4) various matters related to the Fund's accounting policies and financial statements. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel.

We expect to issue a written report upon completion of our audit of the financial statements. Our report will be addressed to the Board of Directors and Members of the Fund. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph, or withdraw from the engagement.

In addition to our report on the financial statements and supplemental information, we plan to issue the following reports:

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards — The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of your compliance with applicable laws, regulations, contracts and grants. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. The objective of our audit of compliance relative to the financial statements will not be to provide an opinion on overall compliance with such provisions, and we will not express such an opinion. We will advise you, however, of any matters of that nature that come to our attention, unless they are clearly inconsequential.

Our audit and work product are intended for the benefit and use of the Fund only. The audit will not be planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party. The working papers for this engagement are the property of Crowe and constitute confidential information.

The working papers for this engagement are the property of Crowe and constitute confidential information. However, we may be requested to make certain working papers available to your oversight agency or grantors pursuant to authority given to them by law, regulation, or contract. If requested, access to such working papers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected working papers to your oversight agency or grantors. The working papers for this engagement will be retained for a minimum of three years after the date our report is issued or for any additional period requested by the oversight agency or pass-through agency, as applicable. If we are aware that a federal awarding agency, pass-through agency, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the working papers.

Government Auditing Standards require that we provide you with a copy of our most recent peer review report, which accompanies this letter along with the related letter of comment and response thereto.

The Fund's Responsibilities

The Fund's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. Fund's management is also responsible for complying with applicable laws, regulations, contracts and grants and such responsibility extends to identifying the requirements and designing internal control policies and procedures to provide reasonable assurance that compliance is achieved.

Management has the responsibility to adopt sound accounting policies, maintain an adequate and efficient accounting system, safeguard assets, design and implement programs and controls to prevent and detect fraud and devise policies to ensure that the Fund complies with applicable laws and regulations. Management's judgments are typically based on its knowledge and experience about past and current events and its expected courses of action. Management's responsibility for financial reporting includes establishing a process to prepare the accounting estimates included in the financial statements.

Management is responsible for providing to us, on a timely basis, all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters. Management is also responsible for providing such other additional information we may request for the purpose of the audit, and unrestricted access to persons within the Fund from whom we determine it necessary to obtain audit evidence. Additionally, those charged with governance are responsible for informing us of their views about the risks of fraud within the Fund, and their knowledge of any fraud or suspected fraud affecting the Fund.

Management is responsible for adjusting the financial statements to correct material misstatements related to accounts or disclosures. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including that the effects of any uncorrected misstatements aggregated by us during the audit are immaterial, both individually and in the aggregate, to the financial statements. Management acknowledges the importance of management's representations and responses to our inquiries, and that they will be utilized as part of the

evidential matter we will rely on in forming our opinion. Because of the importance of management's representations to an effective audit, you agree to release Crowe and its personnel from any liability and costs relating to our services under this letter attributable to any misrepresentations by management.

Management is responsible for the preparation of the supplementary information identified above in accordance with the applicable criteria. As part of our audit process, we will request from management certain written representations regarding management's responsibilities in relation to the supplementary information presented, including but not limited to its fair presentation in accordance with the applicable criteria, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information. In addition, it is management's responsibility to include the auditor's report on supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. It is also management's responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the Fund of the supplementary information and the auditor's report thereon.

Management is responsible for the preparation of the required supplementary information identified above in accordance with the applicable guidelines. We will request from management certain written representations regarding management's responsibilities in relation to the required supplementary information presented, including but not limited to whether it has been measured and presented in accordance with prescribed guidelines, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information.

OTHER SERVICES

Financial Statement Preparation

The Fund will provide us with the necessary information to prepare the draft financial statements including the notes thereto. We are relying on the Fund to provide us with the detailed trial balance, note disclosure information and any other relevant report information in a timely fashion and ensure the data is complete and accurate. Management is solely responsible for the presentation of the financial statements.

Recordkeeping Assistance

The Fund will provide us with the necessary information to assist you in your recordkeeping. We will propose year end adjusting entries to management for your review and approval, if applicable. We are relying on the Fund to provide us with the necessary information in a timely fashion and ensure the data is complete and accurate.

With respect to the above other services, you agree to: assume all management responsibilities including making all management decisions; oversee the service by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or expertise; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

FEES

Our fees, including out-of-pocket expenses, will not exceed \$26,100 for each of the years ending June 30, 2014, 2015 and 2016. Our invoices are due and payable upon receipt. Invoices that are not paid within 30 days of receipt are subject to a monthly interest charge of one percent per month or the highest interest rate allowed by law, whichever is less, which we may elect to waive at our sole discretion, plus costs of collection including reasonable attorneys' fees. If any amounts invoiced remain unpaid 30 days after the invoice date, you agree that Crowe may, in its sole discretion, cease work until all such amounts are paid or terminate this engagement.

Circumstances may arise under which we must perform additional work and, thus, require additional billings for our services. Examples of such circumstances include, but are not limited to:

- Other changing audit requirements
- New professional standards or regulatory requirements
- New financial statement disclosures
- Work caused due to the identification of, and management's correction of, inappropriate application of accounting pronouncements
- Erroneous or incomplete accounting records
- New or unusual transactions
- Failure of your staff to prepare information in a timely manner
- Numerous revisions to your information
- Lack of availability of appropriate Fund personnel during audit fieldwork.

Additionally, to accommodate requests to reschedule audit fieldwork without reasonable notice, additional billings for our services could be required, and our assigned staffing and ability to meet agreed-upon deadlines could be impacted.

Our fee assumes that we will be provided with auditable trial balances at year end, that all bank accounts and investment accounts will be reconciled through the end of the year being audited to the trial balances, that interfund and transfer accounts will balance, that subsidiary ledgers will reconcile to the general ledger and that beginning net position amounts will be reconcilable to prior year audited ending net position. We assume that the Fund will cooperate with our requests for information such as explanations of account activity.

Additionally, we assume that requested records such as invoices, contracts, grant agreements and supporting documentation will be located and provided to us. We also assume the Fund will prepare confirmation letters and the MD&A section of the report.

This estimate takes into account the agreed-upon level of preparation and assistance from your personnel. We will advise management should this not be provided or should any other circumstances arise that may cause our time to exceed this estimate. If there is a significant change in your organizational structure, controls or size due to acquisitions or other events, we reserve the right to revise our fees. Further, these fees do not consider any time that might be necessary to assist management in the implementation or adoption of new or existing accounting, reporting, or regulatory requirements that may apply.

When we become aware of circumstances which impact the amount or scheduling of our work, we will issue, for your approval, a formal change order detailing the reason and the anticipated impact of the change.

Ms. Marilyn Kelley
Alliant Insurance Services
Northern California Cities Self Insurance Fund
May 22, 2014
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TERMINATION CLAUSE

In recognition of the significant start-up investment incurred by Crowe, should the contract be terminated by you at any time during the three-year period for reasons other than failure of Crowe to perform, you agree to pay our fees and expenses for services performed up to the date of termination (which shall be immediately due and payable) and a termination fee of 25% of the next year's fee if terminated after year one or 15% of the next year's fee if terminated after year two.

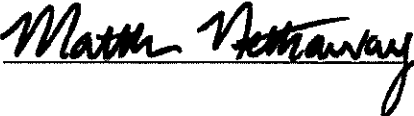
* * * * *

This engagement letter and the attached Crowe Engagement Terms reflect the entire agreement between us relating to the services covered by this letter. The headings included in this letter are to assist in ease of reading only; the letter and attachment are to be construed as a single document, with the provisions of each section applicable throughout. This agreement may not be amended or varied except by a written document signed by both parties. It replaces and supersedes any other proposals, correspondence, agreements and understandings, whether written or oral, relating to the services covered by this letter. The agreements of the Fund and Crowe contained in this engagement letter shall survive the completion or termination of this engagement. If any term hereof is found unenforceable or invalid, this shall not affect the other terms hereof, all of which shall continue in effect as if the stricken term had not been included. This agreement shall be interpreted and construed under, and governed by the internal laws of the State of Illinois, without regarding for choice of law principles.

If the terms of this letter and the attached Crowe Engagement Terms are acceptable to you, please sign and date below and return a copy of this letter at your earliest convenience. If you have any questions, please contact Matthew Nethaway at (916) 441-1000.

Very truly yours,

Crowe Horwath LLP

By: 

Crowe Horwath LLP and the Engagement Authorized Signer above are licensed by the California Board of Accountancy.

I have reviewed the arrangements outlined above and in the attached Crowe Engagement Terms, and I accept on behalf of the Fund the terms and conditions as stated.

Northern California Cities Self Insurance Fund

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Crowe Engagement Terms

We want you to understand the basis under which we offer our services to you and determine our fees, as well as to clarify the relationship and responsibilities between your organization and ours. These terms are part of our engagement letter and apply to all future services, unless a specific engagement letter is entered into for those services. We specifically note that no advice we may provide should be construed to be investment advice. Each of these terms shall survive and apply after termination of this agreement.

YOUR ASSISTANCE - For us to provide our services effectively and efficiently, you agree to provide us timely with the information we request and to make your employees available for our questions. You will also provide our personnel with access to the Internet (if available). The availability of your personnel and the timetable for their assistance are key elements in the successful completion of our services and in the determination of our fees. Completion of our work depends on appropriate and timely cooperation from your personnel; complete, accurate, and timely responses to our inquiries; and timely communication by you of all significant accounting and financial reporting matters of which you are aware. If for any reason this does not occur, a revised fee to reflect the additional time or resources required by us will be mutually agreed upon, and you agree to hold us harmless against all matters that arise in whole or in part from any resulting delay.

If circumstances arise that, in our professional judgment, prevent us from completing this engagement, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue other work product or withdrawing from the engagement.

THIRD-PARTY PROVIDER - We may use a third-party service provider in providing professional services to you which may require our sharing your confidential information with the provider. If we use a third-party service provider, we will enter into a confidentiality agreement with the provider to require them to maintain the confidentiality of your confidential information. The terms of our engagement letter and these engagement terms shall apply to any third-party provider.

CONFIDENTIALITY - We will maintain the confidentiality of your confidential information in accordance with professional standards. You agree not to disclose any confidential material you obtain from us without our prior written consent, except to the extent such disclosure is an agreed objective of this engagement. Your use of our work product shall be limited to its stated purpose and to your business use only. We retain the right to use the ideas, concepts, techniques, industry data, and know-how we use or develop in the course of the engagement. You agree to the use of fax, email, and voicemail to communicate both sensitive and non-sensitive matters; provided, however, that nonpublic personal information regarding your customers or consumers shall not be communicated by unencrypted email.

CHANGES - We may periodically communicate changes in laws, rules, or regulations to you. However, you have not engaged us to and we do not undertake an obligation to advise you of changes in laws, rules, regulations, industry or market conditions, your own business practices, or other circumstances, except to the extent required by professional standards.

PUBLICATION - You agree to obtain our specific permission before using our report or our firm's name in a published document, and you agree to submit to us copies of such documents to obtain our permission before they are filed or published.

NO PUNITIVE OR CONSEQUENTIAL DAMAGES - Any liability of Crowe to you shall not include any special, indirect, consequential, incidental, punitive, or exemplary damages or loss nor any lost profits, savings, or business opportunity.

LIMIT OF LIABILITY - Except where it is judicially determined that Crowe performed its Services with gross negligence or willful misconduct, Crowe's liability shall not exceed fees paid by you to Crowe for the portion of the work giving rise to liability. A claim for a return of fees paid shall be the exclusive remedy for any damages. This limitation of liability is intended to apply to any and all claims to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including (without limitation) to claims based on principles of contract, negligence or other tort, fiduciary duty, warranty, statute or common law. This limitation of liability shall also apply after termination of this agreement.

INDEMNIFICATION FOR THIRD-PARTY CLAIMS – In the event of a legal proceeding or other claim brought against Crowe by a third party, except where it is judicially determined that Crowe performed its Services with gross negligence or intentional misconduct, you agree to indemnify and hold harmless Crowe and its personnel against all costs, fees, expenses, damages and liabilities, including attorney fees and any other fees or defense costs associated with such third-party claim, arising from or relating to any Services, work product, or other work performed by Crowe that you use or disclose to others or this engagement generally. This indemnification is intended to apply to any and all claims to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including (without limitation) to claims based on principles of contract, negligence or other tort, fiduciary duty, warranty, statute or common law. This indemnification shall also apply after termination of this agreement.

NO TRANSFER OR ASSIGNMENT OF CLAIMS - No claim against Crowe, or any recovery from or against Crowe, may be sold, assigned or otherwise transferred, in whole or in part.

TIME LIMIT ON CLAIMS - In no event shall any action against Crowe arising from or relating to this engagement letter or the services provided by Crowe relating to this engagement be brought after the earlier of 1) two (2) years after the date on which occurred the act or omission alleged to have been the cause of the injury alleged; or 2) the expiration of the applicable statute of limitations or repose.

RESPONSE TO LEGAL PROCESS - If we are requested by subpoena, other legal process, or other proceedings to produce documents pertaining to you and we are not a named party to the proceeding, you will reimburse us for our professional time, plus out-of-pocket expenses, as well as reasonable attorney fees we incur in responding to such request.

MEDIATION - If a dispute arises, in whole or in part, out of or related to this engagement, or after the date of this agreement, between you or any of your affiliates or principals, and Crowe, and if the dispute cannot be settled through negotiation, you and Crowe agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute-resolution procedure. The results of mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation shall be shared equally by both parties.

JURY TRIAL WAIVER – FOR DISPUTES LITIGATED IN ANY FORUM OTHER THAN CALIFORNIA STATE COURT -- For all matters not brought in California state court, the parties agree to waive a trial by jury to facilitate judicial resolution and to save time and expense. Each party agrees that it has had the opportunity to have its legal counsel review this waiver. This waiver is irrevocable, may not be modified either orally or in writing, and shall apply to any subsequent amendments, renewals, or modifications to this Agreement. In the event of litigation, this Agreement may be filed as written consent to a trial by court.

FOR DISPUTES LITIGATED IN CALIFORNIA STATE COURT – Following mediation, all claims, causes of action or other disputes concerning this engagement (each a “Claim”), including questions of law or fact relating thereto, shall upon either party's request be determined by judicial reference pursuant to the California Code of Civil Procedure (“Reference”). The parties shall select a single neutral referee, who shall be an attorney who is also a certified public accountant. In the event that the parties cannot agree upon a referee, the referee shall be appointed by the court, but such referee shall be an attorney who is also a certified public accountant. The referee shall report a statement of decision to the court. Nothing in this paragraph shall limit the right of any party at any time to cease work or otherwise exercise or obtain self-help or provisional remedies. The parties shall bear the fees and expenses of the referee equally. The referee shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph. The parties acknowledge and agree that the Claims will not be adjudicated by a jury.

LEGAL AND REGULATORY CHANGE - The scope of services and the fees for the services covered by the accompanying letter are based on current laws and regulations. If changes in laws or regulations change your requirements or the scope of our work, you and we agree that our fees will be modified to a mutually agreed-upon amount to reflect the changed level of our effort.

NON-SOLICITATION - You and we acknowledge the importance of retaining key personnel. Accordingly, both parties agree that during the period of this agreement and for one year after its expiration or termination, neither party will solicit any personnel of the other party for employment without the written consent of the other party. If an individual becomes an employee of the other party, the other party agrees to pay a fee equal to the individual's compensation for the prior full twelve-month period to the original employer.

AFFILIATES - Crowe Horwath LLP ("Crowe") is an independent member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath International is a separate and independent legal entity. Crowe and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International. Crowe Horwath International does not render any professional services and does not have an ownership or partnership interest in Crowe. Crowe Horwath International and its other member firms are not responsible or liable for any acts or omissions of Crowe and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe.

NOTIFICATION OF NON-LICENSEE OWNERSHIP - Crowe Horwath LLP ("the Firm") and certain owners of the Firm are licensed by the California State Board of Accountancy. However, the Firm has owners not licensed by the California State Board of Accountancy who may provide client services under this agreement. If you have any questions regarding licensure of the personnel performing services under this engagement, please do not hesitate to contact us.

System Review Report

To the Partners of Crowe Horwath LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Crowe Horwath LLP (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Crowe Horwath LLP applicable to non-SEC issuers in effect for the year ended March 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Crowe Horwath LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
September 24, 2013

December 12, 2013

Charles M Allen, CPA
Crowe Horwath LLP
One Mid America Plaza, Suite 700
Oakbrook Terrace, IL 60181

Dear Mr. Allen:

It is my pleasure to notify you that on December 12, 2013 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is September 30, 2016. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Betty Jo Charles
Chair, National Peer Review Committee
nprc@aicpa.org 919 402-4502

cc: Scot D Ivey, Samuel E Johnson

Firm Number: 10014904

Review Number: 350003



COMMITTEE REPORTS

INFORMATION ITEM

ISSUE: Committee Reports are provided to the Board for their information.

RECOMMENDATION: None. These items are presented as information only.

FISCAL IMPACT: None.

BACKGROUND: Committee Reports are provided to Board for their information on other committees and excess providers meetings.

ATTACHMENT(S):

2. Executive Committee Meeting Minutes – May 29, 2014 (Draft)
3. Claims Committee Meeting Minutes – May 29, 2014 (Draft)
4. Police Risk Management Committee Meeting Minutes – May 8, 2014 (Draft)



**MINUTES OF THE
NCCSIF EXECUTIVE COMMITTEE MEETING
MAY 29, 2014**

MEMBERS PRESENT

Russell Hildebrand, City of Rocklin
Elizabeth Ehrenstrom, City of Oroville
John Lee, City of Lincoln
Paula Islas, City of Galt
Tim Sailsbery, City of Willows
Tim Chapa, City of Rio Vista
Corey Shaver, City of Nevada City

MEMBERS ABSENT

Jim Lindley, City of Dixon

GUESTS & CONSULTANTS

Michael Simmons, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Alana Theiss, James Marta & Company

A. CALL TO ORDER

The meeting was called to order at 10:32 a.m.

B. PUBLIC COMMENTS

There were no public comments made.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Corey Shaver **SECOND:** John Lee **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver

NAYS: None

ABSENT: Lindley



D. CONSENT CALENDAR

1. Executive Committee Meeting Minutes – March 13, 2014
2. Executive Committee Meeting Minutes – April 3, 2014
3. Investment Reports
 - a. Chandler Asset Management Short/Long Term – April 2104
 - b. Treasurer’s Report as of March 31, 2014

A motion was made to approve the Consent Calendar.

MOTION: Corey Shaver **SECOND:** Tim Chapa **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver

NAYS: None

ABSENT: Lindley

E. COMMITTEE REPORTS

1. Police Risk Management Committee Meeting Minutes – May 8, 2014 (Draft)
2. Risk Management Committee Meeting Minutes – April 24, 2014 (Draft)
3. Board of Directors Meeting Minutes – April 24, 2014 (Draft)

There was no discussion on these items.

F. FINANCIAL REPORTS

F1. Quarterly Financial Report for Period Ending March 31, 2014

Ms. Alana Theiss provided the Committee with a brief report on the Quarterly Financials ending March 31, 2014. She explained that the new actuarial report is incorporated into the Financial Report advising that operating expenses has dropped due to the correction of 4850 losses. Ms. Theiss also advised that she will be including a Safety Fund Utilization sheet along with the Budget to Actual Report going forward.

A motion was made to receive and file the Quarterly Financial Report for Period Ending March 31, 2014.

MOTION: Russell Hildebrand **SECOND:** Corey Shaver **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver

NAYS: None

ABSENT: Lindley

F2. Budget to Actual as of March 31, 2014

Ms. Theiss explained that the Budget to Actual reflects $\frac{3}{4}$ of the actual revenue vs. annual budgeted revenue and that a summary sheet is included with a few explanations from the accountant.



G. JPA BUSINESS

G1. Administrative Surplus Budget

Mr. Marcus Beverly explained that over time the budget for Administration of the NCCSIF programs develops a surplus as a result of expenses less than projected. As of June 30, 2013, the administrative budget had a surplus of \$223,959 in the liability program and \$564,121 in the Workers' Compensation program. He explained that historically this surplus has been used to offset administrative costs but have not been done since around 2010.

Mr. Beverly noted that at the December 12, 2013 Board meeting, members approved using a total of \$238,763 of the surplus as a credit toward the 2014/15 administrative budget. This year the Program Administrator has rounded up the amount to \$120,000 for each program which has been included the budget and deposit calculations to be discussed later on this agenda. Mr. Beverly recommends the development of a policy for treating surplus that accrues in the administrative budgets for the coverage programs, to include a contingency fund of at least 150% of the largest member's contribution. He also recommends developing and maintaining budget documents that will more clearly track for the accumulation and distribution of surplus in the future specifically the Safety Grant funds as they are currently being included in the Workers' Compensation Administration budget.

Mr. Beverly advised that this idea would help keep members' administrative expenses from increasing the first year in the event of a member leaving the organization. He explained that the City of Folsom is currently the largest member and their admin expense this year is roughly \$90,000 - \$98,000 in either program. Mr. Simmons provided a couple instances with other pools that have had this problem which prompted the Program Administrator's recommendation.

There was concern from the Committee regarding the amount of funding that should be incorporated into the policy and if using a percentage would be ideal as it would present a moving target that needs to be calculated on an annual basis depending on the largest members' administrative expense. Upon further discussion the Committee suggested a contingency of fund of \$100,000 in each program.

Mr. Sailsbery expressed that he would not like to see any increases in administrative surplus to help get to the recommended contingency reserve amount. Currently the administrative surplus amount does not require additional funding to meet the suggested amount.

A motion was made to recommend approval of the adoption of an administrative surplus policy and procedure to include a contingency fund of at least \$100,000 in each program.

MOTION: Russell Hildebrand **SECOND:** Paula Islas **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver

NAYS: None

ABSENT: Lindley



G2. 2014/15 NCCSIF Budget

Mr. Johnny Yang explained that the 2014/15 NCCSIF Budget will be approved at the upcoming June 12, 2014 Board of Directors meeting. He noted that Legal Services have decreased from \$15,000 to \$10,000. Actuarial Services are included at \$6,300 for the liability program and \$4,200 for Workers' Compensation which includes the \$2,000 credit received from CSAC for actuarial services each year. Bickmore's services have increased by \$4,960 to reflect the addition of Elk Grove. Lexipol's Law Enforcement Policy Manual was increased from \$100,000 to \$110,000 to reflect the addition of Elk Grove as well. Property Appraisals has been removed from the budget as they have been completed in 12/13 and 13/14. State Funding/Fraud Assessment has been increased from \$135,000 to \$145,000 in anticipation of increased as seen in prior years. Program Administration costs have been increased from \$332,100 to \$351,826 as approved by the Executive Committee. He then noted that this year \$50,000 has been requested by the Police Risk Management Committee for the initial purchase of Body Cameras for participating member agencies which will be reviewed and approved by the Board.

The committee asked that funding for a December meeting be included in the Budget. The Committee then briefly discussed situations with Occu-med noting that there have been issues and delays with respects to pre-employment services provided. With respects to the more complex cases Occu-med has provided great service.

A motion was made to recommend approval of the 2014/15 NCCSIF Budget as presented

MOTION: Paula Islas **SECOND:** Corey Shaver **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver
NAYS: None
ABSENT: Lindley

G3. 2014/15 Deposit Calculations

G3a. Liability

G3b. Workers' Compensation

Mr. Yang provided the Committee with an updated handout on the 2014/15 Liability and Workers' Compensation Deposit Calculations explaining that there had been updates on the CSAC-EIA premium and how the administrative surplus is applied. The calculations provided are solid pending approval of the Budget at the upcoming June 12, 2014 Board meeting.

A motion was made to recommend approval of the 2014/15 Liability and Workers' Compensation Deposit Calculations as presented.

MOTION: Russell Hildebrand **SECOND:** Corey Shaver **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver
NAYS: None
ABSENT: Lindley



G4. 2014/15 NCCSIF Liability Memorandum of Coverage

Mr. Beverly explained that the NCCSIF Liability Memorandum of Coverage (MOC) is an underlying coverage to the CJPRMA MOC. This year CJPRMA has approved two changes to their coverage that will be effective July 1, 2014.

This first change limits the coverage provided to any additional covered party to the amount specified in the contract. This amount is likely to be in excess of the coverage provided by NCCSIF and therefore NCCSIF should not follow this language.

The second change is with respects to coverage provided for fireworks displays or demonstrations “sponsored or controlled” by a Member. The new language states that in the event of a fireworks loss, any Member of CJPRMA that did not require the fireworks vendor to provide evidence of coverage and additional insured status with a limit of liability of at least \$5,000,000 on a project specific basis will have to pay 150% of their retained limit for that loss. In addition, the retained limit cannot be satisfied by the vendor’s insurance, as would normally be the case. This means that NCCSIF will be subject to a retained limit of \$750,000 in the event of a fireworks loss where the fireworks vendor was NOT required to provide additional insured coverage with a \$5,000,000 limit on a project specific basis. If NCCSIF were to follow this language in its MOC then Member would be subject to a retained or Banking Layer limit of \$75,000, or \$150,000 for Folsom.

Mr. Simmons explained that fireworks vendors will have trouble with this requirement as most carriers do not provide this amount of coverage on a project specific basis and that the Program Administrator recommends that NCCSIF follow the CJPRMA language with respects to fireworks vendors, but only as respects the increase on the Banking Layer. This is due to the fact that NCCSIF will be penalized \$750,000 from the Shared Risk Fund in the event of a firework loss where an NCCSIF Member does not require the property coverage. Having a 50% increase in the Banking Layer could be an incentive to NCCSIF Members to vigorously pursue the higher limits being required by CJPRMA.

The Program Administrator also recommends that NCCSIF does not follow the limitation of coverage provided by NCCSIF to limit coverage to any additional covered party to the amount specified in the contract. This is because almost all contracts require limits in excess of the limits provided by NCCSIF. NCCSIF’s limit of liability is \$500,000 and most contracts require a minimum of \$1,000 or \$2,000. Because NCCSIF has a separate section in the MOC for the NCCSIF Limit of Liability, NCCSIF is not subject to the CJPRMA MOC language and no change is required.

A motion was made to recommend approval of the 2014/15 NCCSIF Liability Memorandum of Coverage as recommended by the Program Administrator.

MOTION: Russell Hildebrand **SECOND:** Corey Shaver **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver

NAYS: None

ABSENT: Lindley



G5. Documentation of 4850 Benefits

G5a. NCCSIF Workers' Compensation Memorandum of Coverage

Mr. Beverly explained that NCCSIF Members have made the policy decision to not provide coverage for full salary continuation benefits payable under Labor Code 4850. The 4850 benefits are typically divided into two parts: the "regular" Temporary Disability (4850 TD) every employee receives and the amount that makes up the difference between the TD benefit and full salary (4850 Diff). In order to document NCCSIF's decision not to cover either portion of the 4850 benefits changes the Program Administrator recommends changes to the NCCSIF Workers' Compensation Memorandum of Coverage. He explained the recommended changes were made to Section G. Payments You Must Make, 6. "of your obligation to pay salary in lieu of temporary disability benefits are required under Labor Cost Section 4850 , **INCLUDING** to the extent you be responsible for temporary disability benefits if Labor code Section 4850 did not apply." There were a couple other grammatical revisions recommended. A red-line strikeout version of the recommended Workers' Compensation MOC was provided in the agenda packet.

A motion was made to recommend approval of the 2014/15 NCCSIF Workers' Compensation Memorandum of Coverage as recommended by the Program Administrator.

MOTION: Russell Hildebrand **SECOND:** Corey Shaver **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver
NAYS: None
ABSENT: Lindley

G5b. Policies and Procedures

Mr. Beverly advised that similar to the previous item the issue on 4850 should be addressed in the Workers' Compensation Policies and Procedures to correctly reflect how NCCSIF is currently addressing 4850 benefits. Copies of the recommended changed has been included in the agenda packet for the Committee's review.

A motion was made to recommend approval of the revisions to the NCCSIF Workers' Compensation Policies and Procedures as recommended by the Program Administrator.

MOTION: Russell Hildebrand **SECOND:** Paula Islas **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver
NAYS: None
ABSENT: Lindley

G6. 14-15 Property Renewal Update

Mr. Yang provided the Committee with the 2014/15 Property Deposit Calculations and Proposal. He explained that the rates have decreased by 2.12% from the prior year and that Total Insurable Values have increased 2.76% due to various changes throughout the year. The total premium increased .58% over the last year but costs for property appraisals were also included in last



year's premium. This would mean an overall decrease over the prior as property appraisals will not be included in the premium this year. The projected total premium is \$850,362 for NCCSIF's 2014/15 property coverage based on total insured values of \$852,917,151.

G7. 14-15 Crime Renewal Update

Mr. Yang explained that the Program Administrator is currently waiting for a couple of applications from members to obtain a quote from the underwriter. He does not expect much of an increase if any over the prior year and is currently working with the underwriter to obtain the quote to be provided at the upcoming Board meeting for approval.

G8. Vendor Contract Renewals

G8a. Bickmore

Mr. Beverly explained that Bickmore has provided an amendment to reflect the costs associated with the addition of the City of Elk Grove. This will increase the original not-to-exceed fee by \$4,960 for an amended not-to-exceed amount of \$160,220 annually. This revised amount will include mileage and travel expenses.

G8b. Crowe Horwath

Mr. Simmons explained that the Program Administrator has reached out to Crowe Horwath regarding renewal terms for Financial Auditing Services. Crowe has advised that a three year engagement letter for Financial Auditing Services will be provided at a flat fee of \$26,100 per year. The Program Administrator has not received the engagement letter but recommends approval of the three year engagement at no fee increase. A copy of the engagement letter will be provided to the Board for their records.

A motion was made to approve the Amendment to the Risk Control Services Agreement with Bickmore and renewal with Crowe Horwath for Financial Auditing Services.

MOTION: Russell Hildebrand **SECOND:** John Lee **MOTION CARRIED**
AYES: Cities of Rocklin, Oroville, Lincoln, Galt, Willows, Rio Vista, Nevada
NAYS: None.
ABSENT: City of Dixon

G9. Identity Fraud Coverage

Mr. Simmons explained that at the last EC meeting the Program Administrator discussed the preliminary quotation to provided Identity Fraud coverage to the employees of NCCSIF Members. The cost for this coverage is \$8,848 at a limit of liability of \$10,000 with a \$0 retention for coverage for ID Theft Resolution services for employees and their families. For a limit of liability of \$25,000 it will cost \$9,853.



A motion was made to recommend approval of the purchase of Identity Fraud Coverage for NCCSIF at the \$25,000 limit.

MOTION: Russell Hildebrand **SECOND:** Paula Islas **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Sailsbery, Chapa, Shaver
NAYS: None
ABSENT: Lindley

G10. Medical Provider Network Update

Mr. Beverly provided the Committee with an update regarding NCCSIF's new MPN program with WellComp explaining that the Program Administrator and Claims Administrator is aiming for an initial roll out of the MPN program by June 1, 2014.

G11. Round Table Discussion

Ms. Paula Islas asked that a presentation be provided to members regarding the Alliant Property Insurance Program and the coverages offered.

E. INFORMATION ITEMS

1. NCCSIF Organizational Chart
2. NCCSIF Travel Reimbursement Form
3. NCCSIF Resource Contact Guide

F. ADJOURNMENT

The meeting was adjourned at 12:21 p.m.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
MINUTES OF NCCSIF CLAIMS COMMITTEE MEETING
THURSDAY, MAY 29, 2014

MEMBERS PRESENT: John Lee, City of Lincoln
Liz Ehrenstrom, City of Oroville
Corey Shaver, City of Nevada City
Tim Chapa, City of Rio Vista
Russell Hildebrand, City of Rocklin

MEMBERS ABSENT: None.

CONSULTANTS: Michael Simmons, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Ben Burg, York Risk Services
Lela Casey, York Risk Services
Sara Ramirez, York Risk Services
Jennifer Nogosek, York Risk Services

Call to Order

The Claims Committee was called to order at 12:55 p.m.

A. Public Comment

No public comments were made.

B. NCCSIF Claims Committee Minutes for Approval

1. 03.13.14 Claims Committee Minutes (Draft)
2. 05.01.14 Special Claims Committee Minutes (Draft)

A motion was made to approve the NCCSIF Claims Committee Minutes as presented.

MOTION: Liz Ehrenstrom SECOND: John Lee MOTION CARRIED

AYES: Lee, Ehrenstrom, Shaver, Chapa, Hildebrand

NAYS: None

D. Closed Session – The Claims Committee went into closed session in accordance with Government Code Section 54956.95 at 12:56 p.m. and discussed the following claims:

Workers' Compensation

1. NCWA-554528 City of Auburn**

MOTION: Liz Ehrenstrom SECOND: Corey Shaver MOTION CARRIED

AYES: Lee, Ehrenstrom, Shaver, Chapa, Hildebrand

NAYS: None

2. NCWA-387542 City of Rocklin**

MOTION: Liz Ehrenstrom SECOND: John Lee

MOTION CARRIED

AYES: Lee, Ehrenstrom, Shaver, Chapa, Hildebrand

NAYS: None

3. NCWA-550504 City of Yuba City**

MOTION: Liz Ehrenstrom SECOND: John Lee

MOTION CARRIED

AYES: Lee, Ehrenstrom, Shaver, Chapa, Hildebrand

NAYS: None

Liability

1. Haught, Katrina M. City of Anderson
2. Cunningham, Briana vs. City of Colusa
3. Hoffman, Robin vs. City of Corning
4. Inc., AUTOMATIC RAIN COMPANY vs. City of Folsom
5. Han, Young; Han, Nam; Han David vs. City of Folsom
6. Valley Property Investments, LLC vs. City of Folsom
7. Bosch, Bill vs. City of Folsom
8. Larsen, Wyatt vs. City of Folsom
9. Cain, Janette vs. City of Gridley
10. Northern, Tiffany L vs. City of Jackson
11. Seiler, Susan vs. City of Lincoln
12. Brett, Frances vs. City of Marysville
13. Lucha, Daniel vs. City of Marysville
14. Tomko, Joleen Marie vs. City of Marysville
15. WGS Partnership vs. City of Oroville
16. Johnston, Scott E vs. City of Red Bluff
17. Freeman, Esther vs. City of Red Bluff
18. Stohler, Betty vs. City of Red Bluff
19. Eaton, Rick L vs. City of Rocklin
20. Roger-Vasselin, Victoria H (Deceased) vs. City of Yuba City
21. Lucha, Daniel vs. City of Yuba City
22. Funk, Harold A vs. Town of Paradise
23. Brinckerhoff, Melissa vs. Town of Paradise
24. Millner, Skyler vs. Town of Paradise

The Committee came out of closed session at 2:39 p.m.

E. Adjournment – The meeting was adjourned at 2:40 p.m.



**MINUTES OF THE
POLICE RISK MANGEMENT COMMITTEE MEETING
MAY 8, 2014**

MEMBERS PRESENT

Greg Bowman, City of Rio Vista
Stephen Rowe, Town of Paradise
John Ruffcorn, City of Auburn
Dean Price, City of Gridley
Allen Byers, City of Oroville
David Ibarra, City of Lincoln
Paul Nanfito, City of Red Bluff
Art Olsen, City of Elk Grove
Tim Foley, City of Nevada City
Ross Stark, City of Colusa
Forrest Richardson, City of Rocklin
Tracy Busby, City of Ione

GUESTS & CONSULTANTS

Josh Fitch, City of Colusa
Liz Ehrenstrom, City of Oroville
Tom Kline, Bickmore Risk Services
Johnny Yang, Alliant Insurance Services
James Hillary, VieVu
Ron Berryhill

A. CALL TO ORDER

The meeting was called to order at 10:05 a.m.

B. PUBLIC COMMENTS

There were no public comments.

C. CONSENT CALENDAR

C1. 02.14.14 Draft Police Risk Management Committee Meeting Minutes

A motion was made to approve the February 14, 2014 Draft Police Risk Management Committee Meeting Minutes.

MOTION: Dean Price

SECOND: Jason Browning

**MOTION CARRIED
UNANIMOUSLY**

D. RISK MANAGEMENT

D1. Risk Management Committee Meeting Summary

Mr. Tom Kline provided a summary of the Risk Management Committee (RMC) meeting on April 24, 2014 explaining that the Risk Management Committee reviewed the services provided by Bickmore to date. Mr. Kline noted that Mr. Ron Berryhill is in attendance today to provide a presentation on Wellness at today's meeting. The Police Risk Management Committee (PRMC) budget was also discussed at the Risk Management Committee meeting advising the current budget is \$12,000 and that the PRMC budget will be discussed at today's meeting.

D2. Body Camera Presentation

Mr. James Hillary from VieVu provided the Committee with a presentation on Body Cameras.

D3. Police Risk Management Committee Budget

Mr. Johnny Yang provided the PRMC with handouts at today's meeting. Handouts included were a Summary of Body Cameras Survey Results, Body Camera Comparisons and three Brochures of the cameras researched which were Scorpion, VieVu and WolfCom.

Mr. Kline advised that cameras range from \$99 with Scorpion to \$895 with VieVu. The PRMC expressed disinterest with the Scorpion cameras. The WolfCom cameras have been tested by some agencies and the PRMC expressed that as the cameras are lapel mounted and attached to officers' microphones, it made it difficult to use.

Mr. Yang explained that idea behind the recommended \$25,000 budget was to be able to outfit each member agency with 5 cameras as a starting point. After the first year of utilization a survey will be performed to determine if the organization should continue the purchase of additional cameras for member agencies. He explained this amount was formulated using an average price of the three cameras of \$500 for WolfCom but hearing feedback regarding the WolfCom unit it may not be desired by the PRMC. VieVu seems to be the preference of the PRMC.

Mr. Nanfita explained that in order for the use of these Body Cameras to be successful member would need to convince officers to use the cameras. A policy will be needed in order to roll out the utilization of the Body Cameras throughout the police department. He expressed that a small camera such as Scorpion would be easily lost or broken. With respects to WolfCom he foresees many issues with the unit being attached to officers' radios. He also advised that cameras are provided per shift rather than per officer in which case if a camera were to malfunction a backup can be used in its absence while being repaired or replaced.



The PRMC expressed concern regarding Vidmic cameras which are similar with WolfCom and he has seen that it affects radio transmission.

Mr. Kline asked if the PRMC would like to have another vendor contacted to compare with VieVu. The PRMC suggested contacting Taser for more information of their Body Cameras.

The PRMC also discussed the policies for the use of Body Cameras. Lexipol does have a policy on the use of Body Cameras but each agency will require their own for which the PRMC can discuss as needed. Server and storage component associated with the use of Body Cameras was also discussed which is dependent on each members' policies in place. Generally an hour of video will equate to 1 gigabyte of server space. Off-site cloud storage was also suggested for consideration. Mr. Nanfito suggested the PRMC Budget includes funds to assist in storage space.

Mr. Yang explained that \$25,000 does not seem suitable to start outfitting member agencies with the suggested 5 unit per agency. Mr. Nanfito suggested a \$50,000 budget for the initial roll out of Body Cameras. Mr. Yang explained the recommendation will be brought to the Risk Management Committee for approval then to the Board of Directors for approval at their June 12, 2014 meetings. Mr. Yang and Ms. Liz Ehrenstrom suggested \$50,000 is a good starting amount for implementation of Body Cameras.

A motion was made to recommend approval of \$50,000 to be budgeted to the Police Risk Management Committee Budget.

MOTION: Dean Price

SECOND: Jason Browning

**MOTION CARRIED
UNANIMOUSLY**

D4. Police Workers' Compensation Claims Analysis

Mr. Kline provided the PRMC with a brief summary of the Police Workers' Compensation Claims Analysis explaining that Strain is the leading type of Workers' Compensation loss, followed by Slip, Trip and Falls, Mental Stress and Physical Altercations. He also explained that provided in the analysis shows a breakout by year for the Strain losses of members with a police payroll ranging from \$2,000,000 - \$5,000,000 along with a 5 year average, number of officer and cost per officer.

D5. Round Table Discussion

Mr. Kline provided a history of the topics and trainings provided at prior PRMC meetings and asked what topic the PRMC would like to address at its next meeting. Mr. Yang suggested the discussion of Body Worn Camera policies and possibly creating a Risk Management Policy and Procedure to act as a recommended guideline for the Body Cameras. Mr. Kline advised that the next tentative PRMC meeting is scheduled for August 7, 2014. He suggested bringing a presenter to discuss Skelly Hearings, Police Officers Bill of Rights. Personnel Records and

Public Records Requests were brought up. Mr. Kline suggested bringing an Employee Practices attorney to address concerns of the PRMC Personnel Records, Public Records and Police Officer Bill of Rights.

E. WELLNESS & FITNESS PROGRAMS FOR POLICE

Mr. Ron Berryhill provided the Committee with a presentation on how an effective Wellness Program may help reduce the risks posed to an agency in terms of officer safety and the additional costs of having unhealthy officers. He also discussed what has been learned about wellness programs over the past 30 years, why programs fail, how to realize the promised benefits and the cost expectations of a comprehensive program.

F. INFORMATION ITEMS

- F1. NCCSIF Organizational Chart**
- F1. NCCSIF 2014 Meeting Calendar**
- F2. NCCSIF Resource Contact Guide**

These items were provided as information only.

G. ADJOURNMENT

The meeting was adjourned at 12:10 p.m.



BICKMORE PURCHASE BY YORK

INFORMATION ITEM

ISSUE: York Risk Services recently announced the purchase of Bickmore Risk Services. Both of these firms are major Service Provider partners with NCCSIF. York provides claims administration for the Workers' Compensation and General Liability programs, and Bickmore provides risk management consulting and actuary services to NCCSIF.

RECOMMENDATION: None, for information only.

FISCAL IMPACT: None. The current contracts for services and rates remain in place with no change.

BACKGROUND: York purchased NCCSIF's long-term claims administrator, Bragg & Associates, in 2008. Bickmore has been providing actuarial services for NCCSIF for at least the last six years and began providing comprehensive risk control services in 2012.

ATTACHMENT(S): Announcement from Bickmore



May 8, 2014

TO: Marcus Beverly, Vice President, Alliant

**FR: Rob Kramer, President, Program Administration
Jeff Johnston, Director, Risk Control Services**

RE: Bickmore Becomes a York Risk Services Group Company

Over the years, Bickmore has grown from an established California JPA administration firm to become a national leader in pool administration and comprehensive risk management services. We've expanded our breadth of services and professional talent through organic growth and through some exciting acquisitions.

Today, we are excited to announce that [York Risk Services Group](#), a company whose values and mission fall closely in line with ours, has acquired Bickmore.

How will this affect NCCSIF Services?

There will be minimal changes in day-to-day operations in the short-term. Your risk control team will not change and the account strategies, fees, and systems currently in place will remain in place. Administrators, Operations Managers, Account Executives, Claims Managers, Risk Management Consultants, and Actuaries (if part of your Bickmore team) will not change outside of the ordinary course of business.

Like Bickmore, York is committed to exceptional customer service and high-quality, meaningful solutions for our clients. This acquisition leverages the strengths of both companies to improve the breadth, depth, and quality of services we offer to our clients.

Over time, we will be able to offer more products and a heightened level service. York's vast corporate administration resources will provide additional back-office support, allowing Bickmore's working managers more time for customer engagement and service enhancements.

Will my fee structure change?

Your fee structure should remain the same for the foreseeable future, subject to normal contract adjustments and renewals.

Why did York acquire Bickmore?

York is committed to growing its specialized services in ways that add to its capabilities – not just to get bigger. Over the years, York has made a number of strategic acquisitions that has allowed them to expand their geographic base and enhance the products and services offered to customers. Bickmore and York's Public Entity business share many common clients. Bickmore, in becoming part of York, strengthens the commitment that York offers to public entity pools and JPAs in California. Enhancing capabilities by combining our strengths will

benefit customers and employees of both organizations. We have the opportunity to create a significant national presence in the pooling industry. Bickmore's expertise in this space enables York to continue to be an innovative leader throughout the pooling industry, and to create additional value to York clients through Bickmore's established consulting and actuarial practices.

Your account team will work with you to ensure that this transition goes smoothly and to maximize your service improvements. If you have any questions or concerns, please feel free to contact me at 916.244.1117 or rkramer@bickmore.net, or contact jjohnston@bickmore.net.

About York and Bickmore

York is a national risk management firm with over 3,800 employees and 95 offices nationwide. As a premier provider of insurance services including claims management, specialized loss adjusting, loss control and managed care. By acquiring Bickmore, York becomes the premier risk solutions company in the nation and adds the skills and experience of both our administration and consulting practices to their complementary service offerings.



**QUARTERLY FINANCIAL REPORT FOR PERIOD ENDING
MARCH 31, 2014**

ACTION ITEM

ISSUE: The Board receives quarterly a report on the financial status of NCCSIF. A presentation will be provided on NCCSIF's Financials for Quarter ending March 31, 2014 to the Board for their review.

RECOMMENDATION: Receive and file the Quarterly Financials as presented.

FISCAL IMPACT: Unknown.

BACKGROUND: Each quarter the Board reviews the quarterly financials for accuracy and refers questions for follow-up, or receives and files the report as presented.

ATTACHMENT(S): Quarterly Financial Report for Period Ending March 31, 2014

FINANCIAL REPORT

MARCH 31, 2014

AND FOR THE NINE MONTHS THEN ENDED

Northern California Cities Self Insurance Fund

Northern California Cities Self Insurance Fund
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March 31, 2014

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

ACCOUNTANT'S REPORT

Board of Directors
Northern California Cities Self Insurance Fund
701 Howe Avenue, Suite E3
Sacramento, CA 95825

We have compiled the accompanying statement of net position of Northern California Cities Self Insurance Fund as of March 31, 2014, and the related statement of revenues, expenses and changes in net position for the nine months then ended, and the supplementary information on pages 4 through 19 are presented for purposes of additional analysis and has been compiled from information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did become aware of certain departures from accounting principles generally accepted in the United States of America that are described in the following paragraph.

A statement of cash flows for the nine months ended March 31, 2014 has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results of operations.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Northern California Cities Self Insurance Fund.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
May 1, 2014

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Statement of Net Position
March 31, 2014**

Assets

Current Assets	
Cash	\$ 3,516,475
Interest Receivable	196,802
Excess Accounts Receivable	1,274,121
Prepaid Expense	<u>671,310</u>
Total Current Assets	<u>5,658,708</u>
Non-Current Assets	
Investments*	<u>41,017,063</u>
Total Assets	<u>\$ 46,675,771</u>

Liabilities & Net Position

Current Liabilities	
Accounts Payable	\$ 79,028
Deferred Revenue	<u>1,589,877</u>
Total Current Liabilities	<u>1,668,905</u>
Non-Current Liabilities	
Outstanding Liabilities*	32,714,055
ULAE*	<u>1,930,957</u>
Total Non-Current Liabilities	<u>34,645,012</u>
Total Liabilities	<u>\$ 36,313,917</u>
Net Position	<u>10,361,854</u>
Liability & Net Position	<u>\$ 46,675,771</u>

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Statement of Revenues, Expenses and Changes in Net Position
For the Nine Months Ended March 31, 2014**

Operating Income		
Administration Deposit	\$	819,685
Banking Layer Deposit		4,540,300
Shared Risk Layer		2,605,616
Excess Deposit/Premium		1,424,787
Property/Crime Insurance Income		693,870
Risk Management Grants		145,635
Other Income		919
Dividend Income		399,360
Total Operating Income		<u>10,630,172</u>
Operating Expenses		
Claims Paid		5,581,980
O/S Liability adj.		(829,611)
ULAE		13,104
Consultants		40,100
Administration-Other		11,066
Safety Service		333,353
Claims Administration		579,537
Program Administration		275,300
Board Expenses		6,423
Excess Insurance		1,356,668
Property/Crime Insurance Expense		707,874
Total Operating Expenses		<u>8,075,794</u>
Operating Income (Loss)		2,554,378
Non-Operating Income		
Change in Fair Market Value		(325,961)
Interest Income		739,932
Total Non-Operating Income		<u>413,971</u>
Change in Net Position		2,968,349
Beginning Net Position		<u>7,393,505</u>
Ending Net Position	\$	<u>10,361,854</u>

SUPPLEMENTARY INFORMATION

Selected Information
Substantially All Disclosures Required by Generally Accepted
Accounting Principles Are Not Included

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position - Liability
March 31, 2014**

	L Shar	L Admin	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione
Current Assets											
Cash	\$ 747,870	\$ 206,439	\$ 87,712	\$ 95,965	\$ 11,687	\$ 4,451	\$ 86,857	\$ 160,176	\$ 87,126	\$ 37,643	\$ 21,448
Interest Receivable	8,458	729	685	1,227	295	343	1,992	11,232	1,930	1,032	216
Excess Accounts Receivable	634,992	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	467,508	-	-	-	-	-	-	-	-	-	-
Total Current Assets	1,858,828	207,168	88,397	97,192	11,982	4,794	88,849	171,408	89,056	38,675	21,664
Non-Current Assets											
Investments*	4,061,545	207,876	62,869	30,137	31,644	4,785	98,106	1,398,178	79,176	124,810	3,829
Total Assets	\$ 5,920,373	\$ 415,044	\$ 151,266	\$ 127,329	\$ 43,626	\$ 9,579	\$ 186,955	\$ 1,569,586	\$ 168,232	\$ 163,485	\$ 25,493
Current Liabilities											
Accounts Payable	\$ 174	\$ 29,173	\$ 954	\$ 737	\$ 538	\$ 158	\$ 1,248	\$ 6,266	\$ 2,527	\$ 996	\$ 371
Deferred Revenue	785,672	127,664	9,396	16,176	7,541	4,753	9,994	109,028	24,912	8,969	3,201
Total Current Liabilities	785,846	156,837	10,350	16,913	8,079	4,911	11,242	115,294	27,439	9,965	3,572
Non-Current Liabilities											
Outstanding Liabilities*	5,505,893	-	2,061	20,068	36,310	114,393	4,762	653,409	237,272	109,963	24,523
Total Non-Current Liabilities	5,505,893	-	2,061	20,068	36,310	114,393	4,762	653,409	237,272	109,963	24,523
Total Liabilities	\$ 6,291,739	\$ 156,837	\$ 12,411	\$ 36,981	\$ 44,389	\$ 119,304	\$ 16,004	\$ 768,703	\$ 264,711	\$ 119,928	\$ 28,095
Net Position	(371,366)	258,207	138,855	90,348	(763)	(109,725)	170,951	800,883	(96,479)	43,557	(2,602)
Liability & Net Position	\$ 5,920,373	\$ 415,044	\$ 151,266	\$ 127,329	\$ 43,626	\$ 9,579	\$ 186,955	\$ 1,569,586	\$ 168,232	\$ 163,485	\$ 25,493

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position - Liability
March 31, 2014**

	City of Jackson	City of Lincoln	City of Marysville	City of Oroville	City of Paradise	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Current Assets											
Cash	\$ 12,654	\$ 72,456	\$ 16,286	\$ 60,469	\$ 84,159	\$ 61,175	\$ 21,660	\$ 41,780	\$ 25,508	\$ 67,961	\$ 2,011,482
Interest Receivable	488	1,607	1,636	1,181	1,794	1,251	494	3,838	660	2,882	43,970
Excess Accounts Receivable	-	-	-	-	-	-	-	-	-	-	634,992
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	467,508
Total Current Assets	13,142	74,063	17,922	61,650	85,953	62,426	22,154	45,618	26,168	70,843	3,157,952
Non-Current Assets											
Investments*	1,172	296,831	156,945	112,045	130,365	122,091	41,246	406,731	57,702	510,482	7,938,565
Total Assets	\$ 14,314	\$ 370,894	\$ 174,867	\$ 173,695	\$ 216,318	\$ 184,517	\$ 63,400	\$ 452,349	\$ 83,870	\$ 581,325	\$ 11,096,517
Current Liabilities											
Accounts Payable	\$ 1,749	\$ 2,034	\$ 2,719	\$ 899	\$ 3,596	\$ 995	\$ 1,000	\$ 2,826	\$ 14	\$ 3,325	\$ 62,299
Deferred Revenue	3,935	30,814	14,877	20,050	16,915	25,764	5,269	30,369	2,071	38,836	1,296,206
Total Current Liabilities	5,684	32,848	17,596	20,949	20,511	26,759	6,269	33,195	2,085	42,161	1,358,505
Non-Current Liabilities											
Outstanding Liabilities*	26,927	151,786	294,574	20,663	164,269	179,491	21,283	190,779	2,337	241,556	8,002,319
Total Non-Current Liabilities	26,927	151,786	294,574	20,663	164,269	179,491	21,283	190,779	2,337	241,556	8,002,319
Total Liabilities	\$ 32,611	\$ 184,634	\$ 312,170	\$ 41,612	\$ 184,780	\$ 206,250	\$ 27,552	\$ 223,974	\$ 4,422	\$ 283,717	\$ 9,360,824
Net Position	(18,297)	186,260	(137,303)	132,083	31,538	(21,733)	35,848	228,375	79,448	297,608	1,735,693
Liability & Net Position	\$ 14,314	\$ 370,894	\$ 174,867	\$ 173,695	\$ 216,318	\$ 184,517	\$ 63,400	\$ 452,349	\$ 83,870	\$ 581,325	\$ 11,096,517

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position - Liability
For the Nine Months Ended March 31, 2014**

	L Shar	L Admin	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione
Operating Income											
Administration Deposit	\$ -	\$ 382,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banking Layer Deposit	-	-	28,187	48,528	22,622	14,258	29,981	327,085	74,736	26,908	9,602
Shared Risk Layer	828,795	-	-	-	-	-	-	-	-	-	-
Excess Deposit/Premium	834,352	-	-	-	-	-	-	-	-	-	-
Property/Crime Insurance Income	693,870	-	-	-	-	-	-	-	-	-	-
Other Income	(10)	-	-	-	-	-	-	-	-	-	-
Dividend Income	399,360	-	-	-	-	-	-	-	-	-	-
Total Operating Income	2,756,367	382,991	28,187	48,528	22,622	14,258	29,981	327,085	74,736	26,908	9,602
Operating Expenses											
Claims Paid	1,501,616	-	67	8,708	31,952	47,543	3,363	311,227	60,519	16,527	3,284
O/S Liability adj.	(204,954)	-	(3,215)	(9,447)	(15,408)	70,390	(10,880)	(71,801)	136,903	57,188	(244)
Consultants	-	19,050	-	-	-	-	-	-	-	-	-
Administration-Other	-	33	-	-	-	-	-	-	-	-	-
Safety Service	-	172,261	-	-	-	-	-	-	-	-	-
Program Administration	-	145,525	-	-	-	-	-	-	-	-	-
Board Expenses	-	3,229	-	-	-	-	-	-	-	-	-
Excess Insurance	750,651	-	-	-	-	-	-	-	-	-	-
Property/Crime Insurance Expense	707,874	-	-	-	-	-	-	-	-	-	-
Total Operating Expense	2,755,187	340,098	(3,148)	(739)	16,544	117,933	(7,517)	239,426	197,422	73,715	3,040
Operating Income (Loss)	1,180	42,893	31,335	49,267	6,078	(103,675)	37,498	87,659	(122,686)	(46,807)	6,562
Non-Operating Income											
Change in Fair Market Value	(14,254)	(1,380)	(1,295)	(2,080)	(534)	(582)	(3,275)	(19,099)	(3,597)	(1,761)	(348)
Interest Income	(4,819)	(7,265)	2,306	1,127	613	1,188	8,892	33,605	7,308	4,837	1,163
Total Non-Operating Income	(19,073)	(8,645)	1,011	(953)	79	606	5,617	14,506	3,711	3,076	815
Change in Net Position	(17,893)	34,248	32,346	48,314	6,157	(103,069)	43,115	102,165	(118,975)	(43,731)	7,377
Beginning Net Position	(353,473)	223,959	106,509	42,034	(6,920)	(6,656)	127,836	698,718	22,496	87,288	(9,979)
Ending Net Position	\$ (371,366)	\$ 258,207	\$ 138,855	\$ 90,348	\$ (763)	\$ (109,725)	\$ 170,951	\$ 800,883	\$ (96,479)	\$ 43,557	\$ (2,602)

Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position - Liability
For the Nine Months Ended March 31, 2014

	City of Jackson	City of Lincoln	City of Marysville	City of Oroville	City of Paradise	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Operating Income											
Administration Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,991
Banking Layer Deposit	11,806	92,443	44,630	60,149	50,744	77,292	15,806	91,108	6,212	116,507	1,148,604
Shared Risk Layer	-	-	-	-	-	-	-	-	-	-	828,795
Excess Deposit/Premium	-	-	-	-	-	-	-	-	-	-	834,352
Property/Crime Insurance Income	-	-	-	-	-	-	-	-	-	-	693,870
Other Income	-	-	-	-	-	-	-	-	-	-	(10)
Dividend Income	-	-	-	-	-	-	-	-	-	-	399,360
Total Operating Income	11,806	92,443	44,630	60,149	50,744	77,292	15,806	91,108	6,212	116,507	4,287,962
Operating Expenses											
Claims Paid	13,746	41,912	43,715	525	22,751	41,333	23,796	85,187	409	65,303	2,323,483
O/S Liability adj.	(47,661)	(29,501)	227,481	7,295	(90,072)	66,909	(24,176)	51,635	(28,813)	48,669	130,298
Consultants	-	-	-	-	-	-	-	-	-	-	19,050
Administration-Other	-	-	-	-	-	-	-	-	-	-	33
Safety Service	-	-	-	-	-	-	-	-	-	-	172,261
Program Administration	-	-	-	-	-	-	-	-	-	-	145,525
Board Expenses	-	-	-	-	-	-	-	-	-	-	3,229
Excess Insurance	-	-	-	-	-	-	-	-	-	-	750,651
Property/Crime Insurance Expense	-	-	-	-	-	-	-	-	-	-	707,874
Total Operating Expense	(33,915)	12,411	271,196	7,820	(67,321)	108,242	(380)	136,822	(28,404)	113,972	4,252,404
Operating Income (Loss)	45,721	80,032	(226,566)	52,329	118,065	(30,950)	16,186	(45,714)	34,616	2,535	35,558
Non-Operating Income											
Change in Fair Market Value	(851)	(2,826)	(2,897)	(1,883)	(3,037)	(2,238)	(1,012)	(6,734)	(1,079)	(5,406)	(76,168)
Interest Income	851	2,934	4,711	3,447	6,655	2,296	1,456	15,884	3,202	12,563	102,954
Total Non-Operating Income	-	108	1,814	1,564	3,618	58	444	9,150	2,123	7,157	26,786
Change in Net Position	45,721	80,140	(224,752)	53,893	121,683	(30,892)	16,630	(36,564)	36,739	9,692	62,344
Beginning Net Position	(64,018)	106,120	87,449	78,190	(90,145)	9,159	19,218	264,939	42,709	287,916	1,673,349
Ending Net Position	\$ (18,297)	\$ 186,260	\$ (137,303)	\$ 132,083	\$ 31,538	\$ (21,733)	\$ 35,848	\$ 228,375	\$ 79,448	\$ 297,608	\$ 1,735,693

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position – Workers’ Compensation
March 31, 2014**

	WC Shar	WC Admin	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Elk Grove	City of Folsom	City of Galt	City of Gridley	City of Ione	City of Jackson
Current Assets													
Cash	\$ 100,943	\$ 93,223	\$ 22,508	\$ 54,959	\$ 17,678	\$ 86,902	\$ 65,507	\$ 159,793	\$ 198,910	\$ 34,288	\$ 82,814	\$ 73,397	\$ 80,876
Interest Receivable	69,637	1,258	1,514	2,712	652	759	4,404	1,211	24,829	4,267	2,282	478	1,079
Excess Accounts Receivable	639,129	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	203,802	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	1,013,511	94,481	24,022	57,671	18,330	87,661	69,911	161,004	223,739	38,555	85,096	73,875	81,955
Non-Current Assets													
Investments*	16,859,140	553,695	227,330	544,029	106,580	106,539	892,378	151,840	4,732,171	914,682	384,369	24,371	208,939
Total Assets	\$ 17,872,651	\$ 648,176	\$ 251,352	\$ 601,700	\$ 124,910	\$ 194,200	\$ 962,289	\$ 312,844	\$ 4,955,910	\$ 953,237	\$ 469,465	\$ 98,246	\$ 290,894
Current Liabilities													
Accounts Payable	\$ 1,437	\$ 13,439	\$ 38	\$ 60	\$ 15	\$ 17	\$ 96	\$ 29	\$ 549	\$ 103	\$ 50	\$ 10	\$ 25
Deferred Revenue	159,980	1,355	-	-	2,961	-	-	3,181	-	-	-	4,604	8,519
Total Current Liabilities	161,417	14,794	38	60	2,976	17	96	3,210	549	103	50	4,614	8,544
Non-Current Liabilities													
Outstanding Liabilities*	12,458,761	-	401,492	685,279	69,811	196,220	440,310	388,985	3,416,240	701,498	153,144	4,059	98,383
ULAE*	973,518	-	31,372	53,547	5,455	15,333	34,406	30,395	266,942	54,815	11,967	317	7,688
Total Non-Current Liabilities	13,432,279	-	432,864	738,826	75,266	211,553	474,716	419,380	3,683,182	756,313	165,111	4,376	106,071
Total Liabilities	\$ 13,593,696	\$ 14,794	\$ 432,902	\$ 738,886	\$ 78,242	\$ 211,570	\$ 474,812	\$ 422,590	\$ 3,683,731	\$ 756,416	\$ 165,161	\$ 8,990	\$ 114,615
Net Position	4,278,955	633,382	(181,550)	(137,186)	46,668	(17,370)	487,477	1,272,179	1,272,179	196,821	304,304	89,256	176,279
Liability & Net Position	\$ 17,872,651	\$ 648,176	\$ 251,352	\$ 601,700	\$ 124,910	\$ 194,200	\$ 962,289	\$ 1,694,769	\$ 4,955,910	\$ 953,237	\$ 469,465	\$ 98,246	\$ 290,894

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Net Position – Workers’ Compensation
March 31, 2014**

	City of Lincoln	City of Marysville	City of Nevada City	City of Oroville	City of Paradise	City of Placerville	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Current Assets												
Cash	\$ 20,409	\$ 18,510	\$ 30,910	\$ 36,860	\$ 38,670	\$ 45,707	\$ 60,108	\$ 3,339	\$ 54,241	\$ 39,412	\$ 85,029	\$ 1,504,993
Interest Receivable	3,553	3,617	1,249	2,610	3,966	2,581	2,765	1,093	8,484	1,460	6,372	152,832
Excess Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	639,129
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-	203,802
Total Current Assets	23,962	22,127	32,159	39,470	42,636	48,288	62,873	4,432	62,725	40,872	91,401	2,500,756
Non-Current Assets												
Investments*	536,737	751,447	303,660	470,084	837,910	635,286	498,135	215,629	1,700,728	258,444	1,164,375	33,078,498
Total Assets	\$ 560,699	\$ 773,574	\$ 335,819	\$ 509,554	\$ 880,546	\$ 683,574	\$ 561,008	\$ 220,061	\$ 1,763,453	\$ 299,316	\$ 1,255,776	\$ 35,579,254
Current Liabilities												
Accounts Payable	\$ 83	\$ 82	\$ 27	\$ 56	\$ 88	\$ 57	\$ 66	\$ 26	\$ 187	\$ 32	\$ 157	\$ 16,729
Deferred Revenue	-	7,434	-	-	-	-	-	25,070	76,066	2,735	1,766	293,671
Total Current Liabilities	83	7,516	27	56	88	57	66	25,096	76,253	2,767	1,923	310,400
Non-Current Liabilities												
Outstanding Liabilities*	531,812	674,536	175,511	168,398	710,819	446,787	758,726	142,924	831,764	54,292	1,201,985	24,711,736
ULAE*	41,555	52,708	13,714	13,159	55,543	34,912	59,286	11,168	64,993	4,242	93,922	1,930,957
Total Non-Current Liabilities	573,367	727,244	189,225	181,557	766,362	481,699	818,012	154,092	896,757	58,534	1,295,907	26,642,693
Total Liabilities	\$ 573,450	\$ 734,760	\$ 189,252	\$ 181,613	\$ 766,450	\$ 481,756	\$ 818,078	\$ 179,188	\$ 973,010	\$ 61,301	\$ 1,297,830	\$ 26,953,093
Net Position	(12,751)	38,814	146,567	327,941	114,096	201,818	(257,070)	40,873	790,443	238,015	(42,054)	8,626,161
Liability & Net Position	\$ 560,699	\$ 773,574	\$ 335,819	\$ 509,554	\$ 880,546	\$ 683,574	\$ 561,008	\$ 220,061	\$ 1,763,453	\$ 299,316	\$ 1,255,776	\$ 35,579,254

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position - Workers' Compensation
For the Nine Months Ended March 31, 2014

	WC Shar	WC Admin	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Elk Grove	City of Folsom	City of Galt	City of Gridley	City of Ione	City of Jackson
Operating Income													
Administration Deposit	\$ -	\$ 436,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banking Layer Deposit	-	-	79,221	100,014	39,026	57,989	167,548	376,638	729,388	158,159	41,147	28,759	62,738
Shared Risk Layer	1,776,821	-	-	-	-	-	-	-	-	-	-	-	-
Excess Deposit/Premium	590,435	-	-	-	-	-	-	-	-	-	-	-	-
Risk Management Grants	-	145,635	-	-	-	-	-	-	-	-	-	-	-
Other Income	929	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Income	2,368,185	582,329	79,221	100,014	39,026	57,989	167,548	376,638	729,388	158,159	41,147	28,759	62,738
Operating Expenses													
Claims Paid	1,306,569	-	153,747	66,491	55,619	13,810	22,763	64,821	414,344	143,828	(17,745)	-	3,914
O/S Liability adj.	(1,292,279)	-	(46,287)	198	(64,747)	(14,145)	(101,451)	388,985	382,261	(270,811)	(57,042)	1,289	(57,957)
ULAE	(53,781)	-	(2,080)	2,367	(4,597)	(383)	(6,068)	30,395	40,283	(17,824)	(3,736)	110	(3,992)
Consultants	-	21,050	-	-	-	-	-	-	-	-	-	-	-
Administration-Other	-	11,033	-	-	-	-	-	-	-	-	-	-	-
Safety Service	-	161,092	-	-	-	-	-	-	-	-	-	-	-
Claims Administration	-	186,394	11,575	15,063	5,909	7,994	11,898	5,185	104,391	22,562	7,245	-	4,330
Program Administration	-	129,775	-	-	-	-	-	-	-	-	-	-	-
Board Expenses	-	3,194	-	-	-	-	-	-	-	-	-	-	-
Excess Insurance	606,017	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	566,526	512,538	116,955	84,119	(7,816)	7,276	(72,858)	489,386	941,279	(122,245)	(71,278)	1,399	(53,705)
Operating Income (Loss)	1,801,659	69,791	(37,734)	15,895	46,842	50,713	240,406	(112,748)	(211,891)	280,404	112,425	27,360	116,443
Non-Operating Income													
Change in Fair Market Value	(108,698)	(3,805)	(2,784)	(4,475)	(1,148)	(1,252)	(7,045)	(1,064)	(41,074)	(7,738)	(3,787)	(748)	(1,830)
Interest Income	346,459	3,275	5,966	9,758	(1,202)	982	18,105	4,067	84,608	12,274	9,144	2,566	5,009
Total Non-Operating Income	237,761	(530)	3,182	5,283	(2,350)	(270)	11,060	3,003	43,534	4,536	5,357	1,818	3,179
Change in Net Position	2,039,420	69,261	(34,552)	21,178	44,492	50,443	251,466	(109,745)	(168,357)	284,940	117,782	29,178	119,622
Beginning Net Position	2,239,535	564,121	(146,998)	(158,364)	2,176	(67,813)	236,011	0	1,440,536	(88,119)	186,522	60,078	56,657
Ending Net Position	\$ 4,278,955	\$ 633,382	\$ (181,550)	\$ (137,186)	\$ 46,668	\$ (17,370)	\$ 487,477	\$ (109,745)	\$ 1,272,179	\$ 196,821	\$ 304,304	\$ 89,256	\$ 176,279

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Net Position - Workers' Compensation
For the Nine Months Ended March 31, 2014**

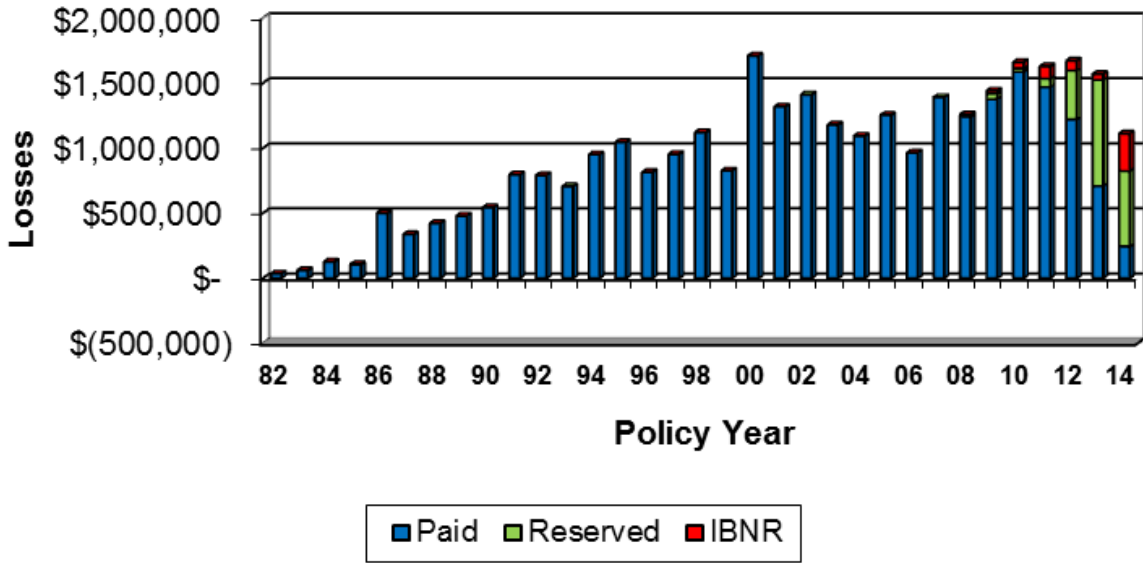
	City of Lincoln	City of Marysville	City of Nevada City	City of Oroville	City of Paradise	City of Placerville	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Operating Income												
Administration Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	436,694
Banking Layer Deposit	172,211	102,077	45,368	127,311	144,556	148,760	171,944	31,993	250,673	62,876	293,300	3,391,696
Shared Risk Layer	-	-	-	-	-	-	-	-	-	-	-	1,776,821
Excess Deposit/Premium	-	-	-	-	-	-	-	-	-	-	-	590,435
Risk Management Grants	-	-	-	-	-	-	-	-	-	-	-	145,635
Other Income	-	-	-	-	-	-	-	-	-	-	-	929
Total Operating Income	172,211	102,077	45,368	127,311	144,556	148,760	171,944	31,993	250,673	62,876	293,300	6,342,210
Operating Expenses												
Claims Paid	188,433	110,406	(8,357)	27,663	47,548	56,272	178,350	45,107	115,580	7,707	261,627	3,258,497
O/S Liability adj.	14,486	(28,818)	19,863	(100,091)	7,749	42,705	208,595	48,428	41,816	(74,845)	(7,811)	(959,909)
ULAE	2,907	162	2,086	(6,900)	3,019	4,724	18,188	4,108	5,979	(5,405)	3,542	13,104
Consultants	-	-	-	-	-	-	-	-	-	-	-	21,050
Administration-Other	-	-	-	-	-	-	-	-	-	-	-	11,033
Safety Service	-	-	-	-	-	-	-	-	-	-	-	161,092
Claims Administration	12,819	18,399	5,163	13,390	19,899	17,481	26,897	7,495	32,404	7,238	35,806	579,537
Program Administration	-	-	-	-	-	-	-	-	-	-	-	129,775
Board Expenses	-	-	-	-	-	-	-	-	-	-	-	3,194
Excess Insurance	-	-	-	-	-	-	-	-	-	-	-	606,017
Total Operating Expenses	218,645	100,149	18,755	(65,938)	78,215	121,182	432,030	105,138	195,779	(65,305)	293,164	3,823,390
Operating Income (Loss)	(46,434)	1,928	26,613	193,249	66,341	27,578	(260,086)	(73,145)	54,894	128,181	136	2,518,820
Non-Operating Income												
Change in Fair Market Value	(6,077)	(6,230)	(1,972)	(4,051)	(6,532)	(4,067)	(4,812)	(2,176)	(14,482)	(2,321)	(11,625)	(249,793)
Interest Income	17,083	17,346	4,889	(1,040)	11,612	5,089	14,506	5,148	35,676	3,963	21,697	636,978
Total Non-Operating Income	11,006	11,116	2,917	(5,091)	5,080	1,022	9,694	2,972	21,194	1,642	10,072	387,185
Change in Net Position	(35,428)	13,044	29,530	188,158	71,421	28,600	(250,392)	(70,173)	76,088	129,823	10,208	2,906,005
Beginning Net Position	22,677	25,770	117,037	139,783	42,675	173,218	(6,678)	111,046	714,355	108,192	(52,261)	5,720,156
Ending Net Position	\$ (12,751)	\$ 38,814	\$ 146,567	\$ 327,941	\$ 114,096	\$ 201,818	\$ (257,070)	\$ 40,873	\$ 790,443	\$ 238,015	\$ (42,054)	\$ 8,626,161

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Reconciliation of Claims Liability by Program
As of March 31, 2014 and June 30, 2013**

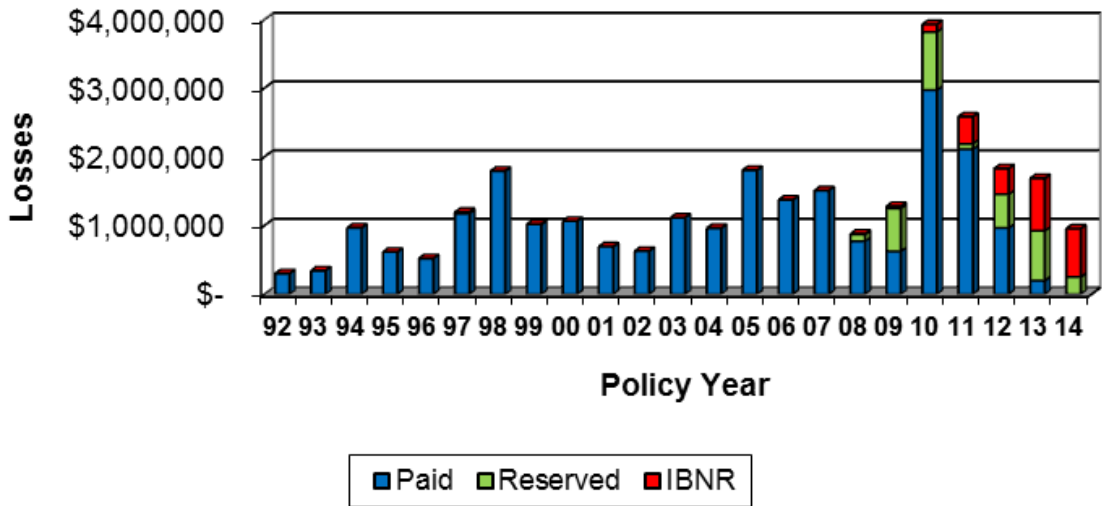
	Liability Banking 2014	Liability Shared Risk 2014	Total Liability Program		WC Banking 2014	WC Shared Risk 2014	Total WC Program		Totals	
			2014	2013			2014	2013	2014	2013
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	2,161,176	5,710,847	7,872,023	9,524,918	12,811,158	14,778,338	27,589,496	24,047,879	35,461,519	33,572,797
Incurred claims and claim adjustment expenses:										
Provision for insured events of the current fiscal year	1,111,536	952,769	2,064,305	2,769,500	2,876,102	1,429,609	4,305,711	6,075,112	6,370,016	8,844,612
Increases (Decreases) in provision for insured events of prior fiscal years	45,580	343,893	389,472	485,712	(591,804)	(1,415,320)	(2,007,124)	1,229,056	(1,617,651)	1,714,767
Change in provision for ULAE in current year	-	-	-	-	66,886	(53,781)	13,105	348,561	13,105	348,561
Total incurred claims and claim adjustment expenses	<u>1,157,116</u>	<u>1,296,662</u>	<u>2,453,778</u>	<u>3,255,212</u>	<u>2,351,183</u>	<u>(39,492)</u>	<u>2,311,692</u>	<u>7,652,729</u>	<u>4,765,470</u>	<u>10,907,940</u>
Payments:										
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	245,253	-	245,253	628,325	519,252	-	519,252	802,974	764,504	1,431,299
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	576,612	1,501,616	2,078,229	4,279,783	1,432,677	1,306,568	2,739,246	3,308,138	4,817,474	7,587,921
Total Payments	<u>821,865</u>	<u>1,501,616</u>	<u>2,323,481</u>	<u>4,908,108</u>	<u>1,951,929</u>	<u>1,306,568</u>	<u>3,258,497</u>	<u>4,111,112</u>	<u>5,581,979</u>	<u>9,019,220</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	<u>2,496,427</u>	<u>5,505,893</u>	<u>8,002,319</u>	<u>7,872,022</u>	<u>13,210,413</u>	<u>13,432,278</u>	<u>26,642,691</u>	<u>27,589,496</u>	<u>34,645,010</u>	<u>35,461,518</u>
Claims Liability	2,496,427	5,505,893	8,002,319	7,872,022	12,252,975	12,458,761	24,711,736	25,671,646	32,714,055	33,543,668
Claims ULAE	-	-	-	-	957,438	973,518	1,930,955	1,917,850	1,930,955	1,917,850
Total Claim Liabilities	<u>2,496,427</u>	<u>5,505,893</u>	<u>8,002,319</u>	<u>7,872,022</u>	<u>13,210,413</u>	<u>13,432,278</u>	<u>26,642,691</u>	<u>27,589,496</u>	<u>34,645,010</u>	<u>35,461,518</u>

Northern California Cities Self Insurance Fund
Graphical Summary of Claims
As of March 31, 2014

Liability - Banking



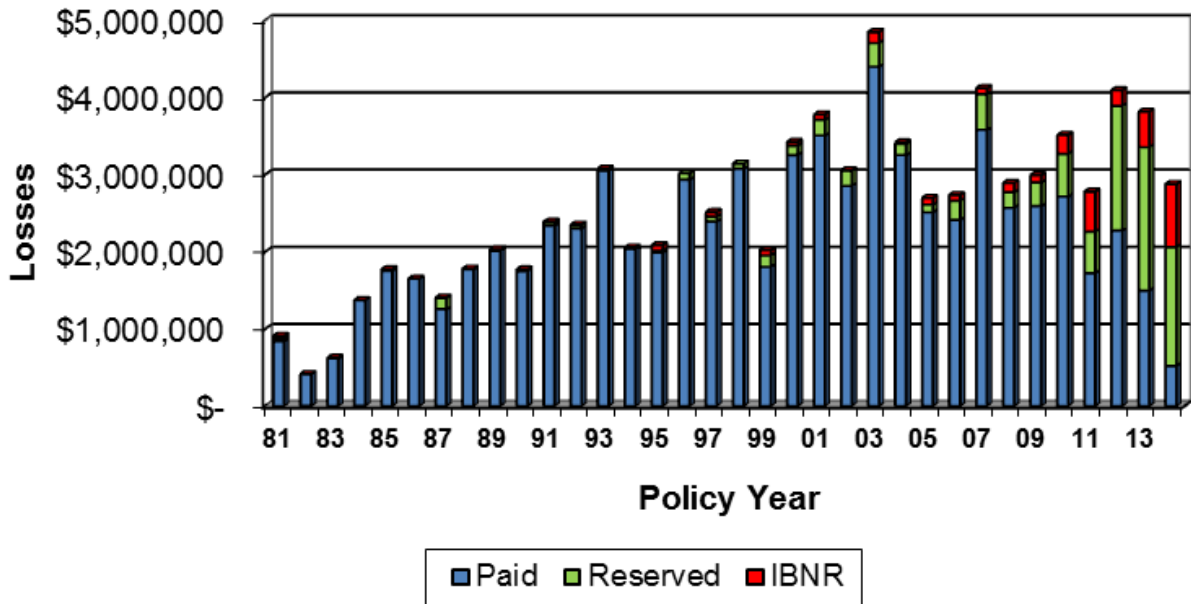
Liability - Shared



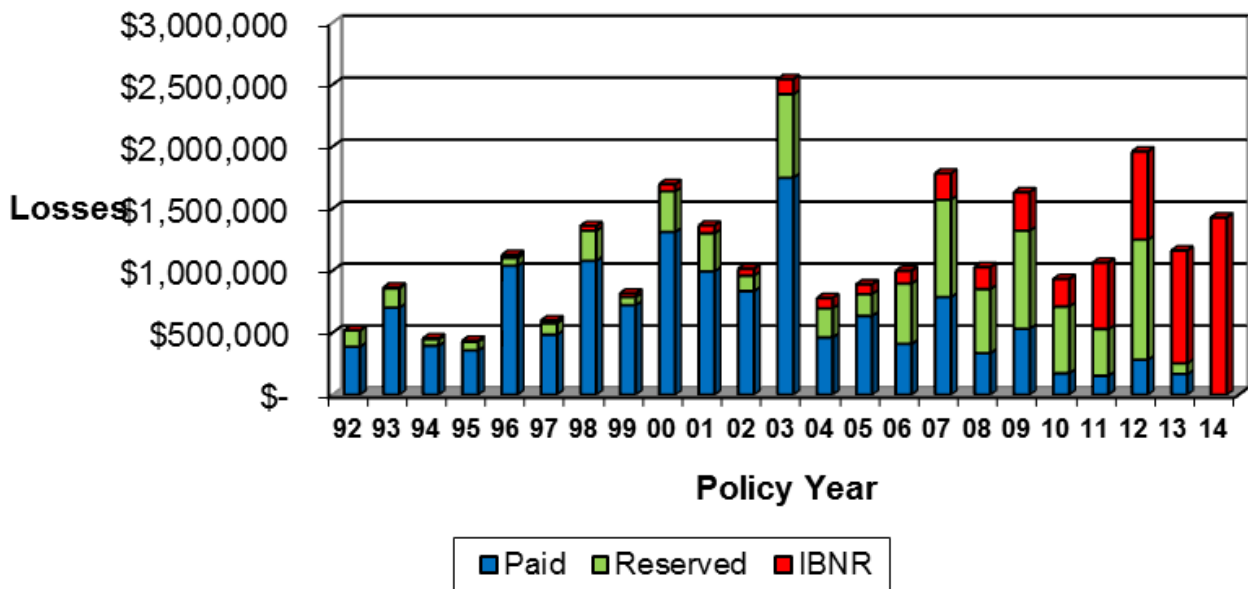
See Accompanying Accountant's Report

Northern California Cities Self Insurance Fund
Graphical Summary of Claims
As of March 31, 2014

Workers Compensation - Banking



Workers Compensation - Shared



See Accompanying Accountant's Report



BUDGET TO ACTUAL AS OF MARCH 31, 2014

INFORMATION ITEM

ISSUE: Members have asked to review this item at each meeting to ensure NCCSIF's progress. The Program Administrator will address items pertaining to the budget, updating members on the status of the current budget-to-actual.

RECOMMENDATION: None; NCCSIF is currently on track with the 2013/14 Budget year-to-date.

FISCAL IMPACT: None.

BACKGROUND: None.

ATTACHMENT(S): Budget to Actual as of March 31, 2014.

Northern California Cities Self Insurance Fund
Budget to Actual
As of March 31, 2014

	Budget 2013-2014			YTD Expended 2013-2014			Remaining 2013-2014		
	Total	WC	Liab	Total	WC	Liab	Total	WC	Liab
ADMIN BUDGET									
Administrative Revenue									
41010 Administrative Deposit - See Note 1	\$ 1,045,750	\$ 535,095	\$ 510,655	\$ 819,685	\$ 436,694	\$ 382,991	\$ 226,065	\$ 98,401	\$ 127,664
44030 Change in Fair Value - See Note 2	-	-	-	(5,185)	(3,805)	(1,380)	5,185	3,805	1,380
44040 Interest Income - See Note 2	-	-	-	(3,992)	3,274	(7,266)	3,992	(3,274)	7,266
44080 Risk Management Grants - See Note 3	-	-	-	145,635	145,635	-	(145,635)	(145,635)	-
Total Admin Revenue	\$ 1,045,750	\$ 535,095	\$ 510,655	\$ 956,143	\$ 581,798	\$ 374,345	\$ 235,242	\$ (46,703)	\$ 136,310
Administrative Expenses									
52100 Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52101 Claims Audit	7,000	7,000	-	-	-	-	7,000	7,000	-
52102 Financial Audit	26,100	13,050	13,050	26,100	13,050	13,050	-	-	-
52103 Legal Services	15,000	7,500	7,500	-	-	-	15,000	7,500	7,500
52104 Actuarial Services	10,000	4,000	6,000	11,500	6,750	4,750	(1,500)	(2,750)	1,250
52105 Computer Services	-	-	-	-	-	-	-	-	-
52106 JPA Accreditation	-	-	-	-	-	-	-	-	-
52107 Fidelity Bonds	2,000	1,000	1,000	2,500	1,250	1,250	(500)	(250)	(250)
52109 Miscellaneous Consultants	5,000	2,500	2,500	-	-	-	5,000	2,500	2,500
XXXXX Errors & Omissions	-	-	-	-	-	-	-	-	-
Total Admin Expenses	\$ 65,100	\$ 35,050	\$ 30,050	\$ 40,100	\$ 21,050	\$ 19,050	\$ 25,000	\$ 14,000	\$ 11,000
Safety Services									
52200 Safety Service	\$ 25,000	\$ -	\$ 25,000	\$ 8,150	\$ 4,075	\$ 4,075	\$ 16,850	\$ (4,075)	\$ 20,925
52201 Risk Mgmt Comm Services	25,000	12,500	12,500	44,428	22,964	21,464	(19,428)	(10,464)	(8,964)
52202 Risk Mgmt Comm Mtg Expense	1,000	500	500	-	-	-	1,000	500	500
52203 Police Risk Mgmt Comm Svcs	12,000	6,000	6,000	58	29	29	11,942	5,971	5,971
52204 On Site	155,260	77,630	77,630	85,908	42,954	42,954	69,352	34,676	34,676
XXXXX Yuba City On Site	-	-	-	-	-	-	-	-	-
52205 Hot Line	-	-	-	-	-	-	-	-	-
52206 Safety Library	-	-	-	-	-	-	-	-	-
52207 Seminars and PARMA	63,200	23,200	40,000	10,531	4,894	5,637	52,669	18,306	34,363
52208 Police Risk Mgmt Manual	100,000	-	100,000	96,550	-	96,550	3,450	-	3,450
52209 Safety Contingency	-	-	-	-	-	-	-	-	-
52210 Process Safety Mgmt Program	-	-	-	-	-	-	-	-	-
52211 Website Development	-	-	-	-	-	-	-	-	-
XXXXX TargetSolutions Fire Training Module	-	-	-	-	-	-	-	-	-
52212 Safety Service - Other do not use	-	-	-	-	-	-	-	-	-
52213 Property Appraisals	-	-	-	-	-	-	-	-	-
52214 OCCUMED	18,000	18,000	-	13,500	13,500	-	4,500	4,500	-
52215 Online Risk Management Services	20,000	10,000	10,000	3,104	1,552	1,552	16,896	8,448	8,448
52216 Backsafe	-	-	-	-	-	-	-	-	-
52217 Wellness Optional	13,840	13,840	-	13,838	13,838	-	2	2	-
Total Safety Services Expenses	\$ 433,300	\$ 161,670	\$ 271,630	\$ 276,067	\$ 103,806	\$ 172,261	\$ 157,233	\$ 57,864	\$ 99,369

Northern California Cities Self Insurance Fund
Budget to Actual
As of March 31, 2014

	Budget 2013-2014			YTD Expended 2013-2014			Remaining 2013-2014		
	Total	WC	Liab	Total	WC	Liab	Total	WC	Liab
ADMIN BUDGET CONTINUED									
Claims Administration									
52302 Claims Administration Fee	\$ 49,250	\$ 28,350	\$ 20,900	\$ 28,350	\$ 28,350	\$ -	\$ 20,900	\$ -	\$ 20,900
52303 Fraud Hotline	-	-	-	-	-	-	-	-	-
52305 MPN Services	12,000	12,000	-	11,000	11,000	-	1,000	1,000	-
52304 State Funding/Fraud Assessment	135,000	135,000	-	158,044	158,044	-	(23,044)	(23,044)	-
Total Claims Admin Expenses	\$ 196,250	\$ 175,350	\$ 20,900	\$ 197,394	\$ 197,394	\$ -	\$ (1,144)	\$ (22,044)	\$ 20,900
Program Administration									
52401 Program Administration Fee	\$ 270,000	\$ 122,475	\$ 147,525	\$ 233,766	\$ 109,008	\$ 124,758	\$ 36,234	\$ 13,467	\$ 22,767
52403 Accounting Services	62,100	31,050	31,050	41,534	20,767	20,767	20,566	10,283	10,283
Total Program Admin Expenses	\$ 332,100	\$ 153,525	\$ 178,575	\$ 275,300	\$ 129,775	\$ 145,525	\$ 56,800	\$ 23,750	\$ 33,050
Board Expenses									
52501 Executive Committee	\$ 2,000	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ 2,000	\$ 1,000	\$ 1,000
52502 Executive Committee Member Travel	5,000	2,500	2,500	1,996	981	1,015	3,004	1,519	1,485
52503 Board of Directors Meetings (includes Travel)	6,000	3,000	3,000	2,880	1,440	1,440	3,120	1,560	1,560
XXXXX Board of Directors Long Range Planning Session (every 3 years, 2012)	-	-	-	-	-	-	-	-	-
52504 Association Memberships	6,000	3,000	3,000	1,490	745	745	4,510	2,255	2,255
Total Board Expenses	\$ 19,000	\$ 9,500	\$ 9,500	\$ 6,366	\$ 3,166	\$ 3,200	\$ 12,634	\$ 6,334	\$ 6,300
Other Administration Expenses - Not identified with above budget line items									
52000 Administrative Expense	\$ -	\$ -	\$ -	\$ 59	\$ 29	\$ 30	\$ (59)	\$ (29)	\$ (30)
52001 Administration Expense - Other	-	-	-	6	3	3	(6)	(3)	(3)
Total Other Admin	\$ -	\$ -	\$ -	\$ 65	\$ 32	\$ 33	\$ (65)	\$ (32)	\$ (33)
Contingency Reserves	-	-	-	-	-	-	-	-	-
Total Admin Expenses	\$ 1,045,750	\$ 535,095	\$ 510,655	\$ 795,292	\$ 455,223	\$ 340,069	\$ 250,458	\$ 79,872	\$ 170,586
TOTAL ADMIN REVENUE OVER EXPENSES	\$ -	\$ -	\$ -	\$ 160,851	\$ 126,575	\$ 34,276	\$ (15,216)	\$ (126,575)	\$ (34,276)

Northern California Cities Self Insurance Fund
Budget to Actual
As of March 31, 2014

	Budget 2013-2014			YTD Expended 2013-2014			Remaining 2013-2014		
	Total	WC	Liab	Total	WC	Liab	Total	WC	Liab
BANKING LAYER BUDGET									
Banking Layer Revenue									
41020 Banking Layer Deposit - See Note 1	\$ 5,551,540	\$ 4,020,072	\$ 1,531,468	\$ 4,540,292	\$ 3,391,691	\$ 1,148,601	\$ 1,011,248	\$ 628,381	\$ 382,867
41050 Banking Layer Refund	-	-	-	-	-	-	-	-	-
43010 Banking Layer Assessment	-	-	-	-	-	-	-	-	-
41060 Liab Shared Risk Layer Transfer	-	-	-	-	-	-	-	-	-
44020 C.JPRMA Refund Transfer - See Note 4	(414,401)	-	(414,401)	-	-	-	(414,401)	-	(414,401)
44030 Change in Fair Value - See Note 2	-	-	-	(197,826)	(137,291)	(60,535)	197,826	137,291	60,535
44040 Interest Income - See Note 2	-	-	-	402,288	287,246	115,042	(402,288)	(287,246)	(115,042)
44010 Other Income	-	-	-	919	929	(10)	(919)	(929)	10
Total Banking Layer Revenue	\$ 5,137,139	\$ 4,020,072	\$ 1,117,067	\$ 4,745,673	\$ 3,542,575	\$ 1,203,098	\$ 391,466	\$ 477,497	\$ (86,031)
Banking Layer Expenses									
51100 Claims Paid - See Note 5	\$ 5,308,000	\$ 3,892,000	\$ 1,416,000	\$ 2,479,753	\$ 1,951,929	\$ 527,824	\$ 2,828,247	\$ 1,940,071	\$ 888,176
51110 Claims Refunds	-	-	-	(10,782)	(2,617)	(8,165)	10,782	2,617	8,165
51000 Claims Adjusting Fee - See Note 5	924,000	540,000	432,000	-	-	-	924,000	519,000	405,000
43030 Banking Layer Refund	-	-	-	-	-	-	-	-	-
51050 Voids - claims	-	-	-	(16,185)	(4,678)	(11,507)	16,185	4,678	11,507
51115 Claims Subrogation/Recoveries	-	-	-	(206,121)	(205,316)	(805)	206,121	205,316	805
51130 Claims Investigation Liab and WC	-	-	-	-	-	-	-	-	-
51135 Claims Admin - Liability	-	-	-	294,041	-	294,041	(294,041)	-	(294,041)
51140 Claims Excess Adj	-	-	-	(126,064)	(83,483)	(42,581)	126,064	83,483	42,581
51400 OS Liability Adjustment	-	-	-	(829,614)	(959,911)	130,297	829,614	959,911	(130,297)
51800 ULAE Adjustment	-	-	-	13,105	13,105	-	(13,105)	(13,105)	-
52300 Claims Admin - Monthly WC Only	-	-	-	393,143	393,143	-	(393,143)	(393,143)	-
Total Banking Layer Expenses	\$ 6,232,000	\$ 4,432,000	\$ 1,848,000	\$ 1,991,276	\$ 1,102,172	\$ 889,104	\$ 4,240,724	\$ 3,308,828	\$ 931,896
TOTAL BANKING REVENUE OVER EXPENSES	\$ (1,094,861)	\$ (411,928)	\$ (730,933)	\$ 2,754,397	\$ 2,440,403	\$ 313,994	\$ (3,849,258)	\$ (2,831,331)	\$ (1,017,927)

Northern California Cities Self Insurance Fund
Budget to Actual
As of March 31, 2014

	Budget 2013-2014			YTD Expended 2013-2014			Remaining 2013-2014		
	Total	WC	Liab	Total	WC	Liab	Total	WC	Liab
SHARED RISK LAYER BUDGET									
Shared Layer Revenue									
41030 Shared Risk Layer Deposit - See Note 1	\$ 3,179,888	\$ 2,074,828	\$ 1,105,060	\$ 2,605,616	\$ 1,776,821	\$ 828,795	\$ 574,272	\$ 298,007	\$ 276,265
41040 Excess Deposit/Premium - See Note 1	1,789,713	677,244	1,112,469	1,424,787	590,435	834,352	364,926	86,809	278,117
41060 Shared Risk Refund	-	-	-	-	-	-	-	-	-
42000 CJPRMA / Shared Risk Admin	-	-	-	-	-	-	-	-	-
43020 Shared Risk Layer Assessment	-	-	-	-	-	-	-	-	-
XXXX CJPRMA Refund	-	-	-	-	-	-	-	-	-
44030 Change in Fair Value	-	-	-	(122,952)	(108,698)	(14,254)	122,952	108,698	14,254
44040 Interest Income	-	-	-	341,640	346,459	(4,819)	(341,640)	(346,459)	4,819
44060 Property Premium - See Note 1	901,440	-	901,440	676,079	-	676,079	225,361	-	225,361
44070 Crime Premium - See Note 1	23,723	-	23,723	17,791	-	17,791	5,932	-	5,932
Total Shared Layer Revenue	<u>\$ 5,894,764</u>	<u>\$ 2,752,072</u>	<u>\$ 3,142,692</u>	<u>\$ 4,942,961</u>	<u>\$ 2,605,017</u>	<u>\$ 2,337,944</u>	<u>\$ 951,803</u>	<u>\$ 147,055</u>	<u>\$ 804,748</u>
Shared Layer Expenses									
51100 Claims Paid - See Note 5	\$ 3,396,000	\$ 2,030,000	\$ 1,366,000	\$ 3,167,337	\$ 1,602,663	\$ 1,564,674	\$ 228,663	\$ 427,337	\$ (198,674)
52401 CJPRMA/Shared Risk Layer Admin	-	-	-	-	-	-	-	-	-
54100 Excess Deposit/Premium Exp - See Note 6	1,378,682	792,215	586,467	1,356,668	606,017	750,651	22,014	186,198	(164,184)
54200 Safety Grant Fund	250,000	150,000	-	57,285	57,285	-	192,715	192,715	-
54150 Member Property Coverage - See Note 6	901,440	-	901,440	707,874	-	707,874	193,566	-	193,566
54150 Member Crime Coverage - See Note 6	23,723	-	23,723	-	-	-	23,723	-	23,723
Total Shared Layer Expenses	<u>\$ 5,949,845</u>	<u>\$ 2,972,215</u>	<u>\$ 2,877,630</u>	<u>\$ 5,289,164</u>	<u>\$ 2,265,965</u>	<u>\$ 3,023,199</u>	<u>\$ 660,681</u>	<u>\$ 806,250</u>	<u>\$ (145,569)</u>
TOTAL SHARED REVENUE OVER EXPENSES	\$ (55,081)	\$ (220,143)	\$ 265,062	\$ (346,203)	\$ 339,052	\$ (685,255)	\$ 291,122	\$ (659,195)	\$ 950,317
OTHER INCOME/(EXPENSE)									
44020 Dividend Income	-	-	-	399,360	-	399,360	(399,360)	-	(399,360)
52500 Board Expenses	-	-	-	(58)	(29)	(29)	58	29	29
Rounding	-	-	-	2	4	(2)	-	-	-
Total Other Income/(Expense)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399,304</u>	<u>\$ (25)</u>	<u>\$ 399,329</u>	<u>\$ (399,302)</u>	<u>\$ 29</u>	<u>\$ (399,331)</u>
TOTAL INCOME/(EXPENSE)	(1,149,942)	(632,071)	(465,871)	2,968,349	2,906,005	62,344	(3,573,352)	(3,617,072)	(501,217)

Northern California Cities Self Insurance Fund
Notes to Budget to Actual
As of March 31, 2014

1. Revenue Recognition

The budget presents revenue to be earned during the entire fiscal year. In accordance with the accrual basis of accounting, the YTD Expended columns show only the amount earned by the organization, year-to-date.

2. Investment Income

No budget is developed for the Change in Fair Value and Interest Income amounts, as it is difficult to predict the yield on the organization's portfolio.

3. Risk Management Grants

Individual members have elected to have amounts withheld from past refunds to fund risk management specific to their City. There is no budget for this income as it will be used for individual members' risk management, not for the organization as a whole.

4. CJPRMA Refund

For budgeting purposes, the CJPRMA refund is recorded in the year following its approval. In accordance with the accrual basis of accounting, the refund to the organization is recorded on the books in the period it was declared.

5. Claims Expenses

Claims related expenses are budgeted based on the "claims paid" and "claims adjusting fee" estimates only. Claims related expenses are recorded on the books in several additional categories. Review of the budget to actual performance of claims related items should take this into consideration.

6. Insurance Expense Recognition

The budget presents excess and other insurance expense based on the policy fee paid for entire fiscal year. In accordance with the accrual basis of accounting, the YTD Expended columns show only the portion of the policy used by the organization, year-to-date. The remainder of the policy fee paid, but not used to date is recorded in Prepaid Expenses on the Statement of Net Position, as applicable.



CONFLICT OF INTEREST CODE

ACTION ITEM

ISSUE: The NCCSIF Board of Directors is asked to review and approve the Conflict of Interest Code every even-numbered year, then send the Multi-County Agenda Biennial Notice to the California Fair Political Practices Commission (FPPC) advising whether there are updates. NCCSIF's Conflict of Interest Code has been amended to comply with new FPPC Filing requirements.

FISCAL IMPACT: None.

RECOMMENDATION: The Program Administrator recommends Board approval of the 2014 Conflict of Interest Code as presented. There have been no recommended changes this year. Program Manager Marcus Beverly will then sign and return the Multi-County Agenda Biennial Notice to the FPPC.

BACKGROUND: NCCSIF's Conflict of Interest Code was last updated in 2012 to reflect recommended changes by the FPPC. The Multi-County Agenda Biennial Notice to the FPPC must be submitted every even numbered year.

ATTACHMENTS:

1. Draft 2014 Conflict of Interest Code for NCCSIF

CONFLICT-OF-INTEREST CODE FOR THE
NORTHERN CALIFORNIA CITIES SELF-INSURANCE FUND

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Sec. 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix, designating positions and establishing disclosure categories, shall constitute the conflict-of-interest code of the **Northern California Cities Self-Insurance Fund (Fund)**.

Individuals holding designated positions shall file their statements of economic interests with the **Fund**, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008.) Upon receipt of the statements, the **Fund** shall make and retain copies and forward the originals to the **Fair Political Practices Commission**. All original statements will be retained by the **Fair Political Practices Commission**.

Appendix A
Designated Positions

<u>Designated Position</u>	<u>Assigned Disclosure Categories</u>
Program Administrator	2, 3, 4, 5
Claims Administrator	2, 3, 4, 5
Board Counsel	2, 3, 4, 5
Auditor	All
Risk Management Committee Members (excluding those who are also Board Members or Alternate Board Members)	2
Consultants	*

*Consultants are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation:

The President may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The President's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code (Gov. Code Section 81008).

Note: The positions of Program Administrator, Claims Administrator, Board Counsel, and Auditor are filled by outside consultants, but act in a staff capacity.

Appendix B Disclosure Categories

Category 1: Interests in real property located within the jurisdiction or within two miles of the boundaries of the jurisdiction or within two miles of any land owned or used by the Fund.

Category 2: Investments, business positions in business entities, and sources of income, including gifts, loans, and travel payments, from sources which are of the type to supply materials, products, supplies, commodities, services, machinery, vehicles, or equipment utilized by the Fund.

Category 3: Investments, business positions in business entities, and income, including gifts, loans, and travel payments, from sources which are of the type engaged in the business of insurance holding including, but not limited to, insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers and actuaries.

Category 4: Investments, business positions in business entities, and income, including gifts, loans, and travel payments, from sources which are financial institutions including, but not limited to, banks or savings and loan associations.

Category 5: Investments, business positions in business entities, and income, including gifts, loans, and travel payments, from sources which are business entities or persons who have filed a claim, or have a claim pending, against the Fund or any member of the Fund.

Public Officials Who Manage Public Investments

The following positions are not covered by the conflict-of-interest code because they must file a statement of economic interests pursuant to Government Code Section 87200 and, therefore, are listed for information purposes only:

- Members of the Board of Directors
- Alternate Members of the Board of Directors
- Treasurer
- Consultants who manage public investments

An individual holding the above listed position may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the determination whether a position is covered by section 87200.



ADMINISTRATIVE SURPLUS BUDGET

ACTION ITEM

ISSUE: Over time, when funds are not fully expended, the budget for Administration of the NCCSIF programs develops a surplus (Net Position) as a result of expenses being less than projected. As of June 30, 2013, the administration budget had a Net Position of \$223,959 in the Liability Program and \$253,566 in the Workers' Compensation program (\$564,121 less \$310,555 allocated to the Risk Management Grant Fund).

This surplus has a number of potential uses, including reducing the current administration expenses, funding special projects or risk management grants, and serving as a contingency fund in case of unexpected or unusual expenses or revenue shortfalls. The Board approved using a portion of the funds, \$120,000 from each Program, to reduce admin funding for 2014/15, leaving approximately \$103,000 and \$133,000 in the GL and WC Programs, respectively.

The Board is being asked to approve a policy to guide decisions regarding the use of surplus admin funds, including a contingency reserve benchmark to smooth funding as needed.

RECOMMENDATION: The Program Administrator and Executive Committee recommend the approval of a policy for treating surplus that accrues in the administrative budgets for the coverage programs, to include a contingency fund of up to \$100,000 in each program. The Program Administrator also recommends developing and maintaining budget documents that will more clearly track and account for the accumulation and distribution of surplus in the future.

FISCAL IMPACT: TBD; tracking the surplus more closely may allow us to budget less in the future and/or help to smooth funding in the event of unexpected expenses or revenue shortfalls. The benchmark of up to \$100,000 for each Program represents the approximate annual contribution of the largest member.

BACKGROUND: The current surplus has been building over time, with periodic allocations to subsidize admin funding or the Risk Management Grant Fund. At the Board meeting of December 12, 2013, Members approved using a total of \$238,763 of the surplus as a credit toward the 2014/15 administrative budget. The Program Administrator has rounded up the amount to \$120,000 for each program and included it in the budget. Per the report at the December Board meeting, \$310,555 of the WC admin surplus is allocated to the Risk Management Grant Fund.

ATTACHMENT(S): Draft Administrative Policy & Procedure # A21



ADMINISTRATIVE POLICY AND PROCEDURE #A-21

DRAFT

SUBJECT: ADMINISTRATIVE BUDGET CONTINGENCY RESERVE AND SURPLUS

Policy Statement:

It shall be the policy of the Northern California Cities Self Insurance Fund to establish a Contingency Reserve in the administrative budgets for each coverage program of up to \$100,000, or approximately the annual contribution of its largest member, and establish the following procedure relating to the use and distribution of funds that accrue in those budgets.

Procedure:

The NCCSIF administrator and accountant will prepare and track administrative budgets for each program that include a contingency reserve and the amount of expected gain or loss from each year's budget. The Board may allocate any funds that accrue as surplus (Net Position) in excess of the Contingency Reserve to other uses, including but not limited to reducing future administrative funding, risk management grant funding, or special projects.

Effective Date: tbd – *date passed by the Board*



2014/15 NCCSIF BUDGET

ACTION ITEM

ISSUE: On an annual basis, NCCSIF Board reviews and approves the budget for the next fiscal year. The preliminary budget is reviewed in the spring with the final budget reviewed and approved at the June Board meeting. Items highlighted in blue on the attached preliminary budget are items with substantial increase from last year. The Administrative Costs are discussed in more detail below. The budget-to-actual revenues provided by our accountant were reviewed as part of the development of the FY14/15 budget.

ADMINISTRATIVE EXPENSES

- The Claims Audits – Liability claims audit was performed in 13/14 therefore cost are allocated to the 14/15 year of \$7,350 for the Workers’ Compensation Claims Audit.
- The Financial Audit amount has been increased in accordance with the current contract with Perry Smith
- Legal Services have decreased from \$15,000 to \$10,000.
- Actuarial Services are included at \$6,300 for the liability and \$4,200 for the WC which includes the \$2,000 credit we received from CSAC for the actuarial each year.
- Computer Services remains at \$0 due to inactivity. This line item is for Accounting programming
- NCCSIF is accredited with excellence until September 2015. This cost occurs every three years.
- Fidelity Bonds are expected to remain the same at \$2,000. This is the bond for the JPA/Treasurer.
- Miscellaneous Consultants remains the same at \$5,000.
- Bickmore’s services have been broken out this year and include an increase of \$4,960 for the addition of Elk Grove leaving a total of \$160,220.
- Lexipol’s Law Enforcement Policy Manual has decreased from \$100,000 to \$96,500.
- Property Appraisal Budget has been removed as they have been completed in 12/13 and 13/14.



**Northern California Cities Self Insurance Fund
Board of Directors Meeting
June 12, 2014**

- Safety Services from OccuMed remains the same at \$23,000.
- Online Risk Management Services, for Target Solutions, was decreased from \$20,000 to \$14,000 to reflect actual usage.
- Wellness was increased from \$13,840 to \$14,150 to reflect additional increases per the agreement with ACI.
- State Funding/Fraud Assessment has been increased from \$135,000 to \$145,000 in anticipation of increases as seen in prior years.
- Program Administration costs have been increased from \$332,100 to \$351,826 to anticipate additional increases in the renewal of Program Administration and Accounting Services Agreements.
- \$50,000 has been requested by the Police Risk Management Committee for the initial purchase of Body Cameras for participating member agencies.

TOTAL ADMINISTRATIVE COSTS: These have increased to \$1,078,486 compared to \$1,045,750 last year, or .03%. Banking layer contributions are estimated at \$6,903,776 compared to \$5,551,540 which is a 24% increase from last year. Shared Risk Layer contributions are estimated at \$3,967,320 compared to \$3,179,888 for last year which is a 25% increase from last year. Workers' Compensation payroll has increased by 24% primarily due to the addition of Elk Grove.

The Banking layer or Shared Risk layer expenses do not yet show the refund and assessment as that is determined individually by Members. Total revenues are estimated at \$14,102,106 compared to \$12,077,653 last year.

RECOMMENDATION: The Program Administrator recommends that the Board approve the 2014-2015 NCCSIF budget.

FISCAL IMPACT: The overall preliminary revenues will be 17% higher than last year's revenues of \$12,077,653.

BACKGROUND: Annually NCCSIF sets a budget for revenues and expenses to be incurred during the fiscal year.

ATTACHMENT(S): 2014/15 NCCSIF Budget.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

BUDGET

July 1, 2014 to June 30, 2015

Chart of Acc't

REVENUES:

CATEGORY	PRIOR YEAR	TOTAL	WORKERS' COMP.	LIABILITY	PROPERTY	CRIME	ID FRAUD
41010 Program Administration	\$ 332,100	\$ 351,826	\$ 162,913	\$ 188,913			
Claims Administration	\$ 196,250	\$ 189,700	\$ 169,900	\$ 19,800			
Other Expenses	\$ 517,400	\$ 297,320	\$ 129,310	\$ 168,010			
Banking Layer Deposit	\$ 5,551,540	\$ 6,903,776	\$ 5,186,876	\$ 1,716,899			
CJPRMA Refund Distribution	\$ (414,401)	\$ (399,360)	\$ -	\$ (399,360)			
Shared Risk Layer Deposit	\$ 3,179,888	\$ 3,967,320	\$ 2,621,126	\$ 1,346,193			
Excess Coverage Deposit (CSAC and CJPRMA)	\$ 1,789,713	\$ 1,934,290	\$ 964,512	\$ 969,778			
Group Purchase Coverage	\$ 925,163	\$ 874,084			\$ 850,361	\$ 23,723	\$ 9,853
TOTAL REVENUES	\$ 12,077,653	\$ 14,118,955	\$ 9,234,638	\$ 4,010,234	\$ 850,361	\$ 23,723	\$ 9,853

Administrative Expenses:

52101 Claims Audit	\$ 7,000	\$ 7,350	\$ 7,350				
52102 Financial Audit	\$ 26,100	\$ 27,000	\$ 13,500	\$ 13,500			
52103 Legal Services	\$ 15,000	\$ 10,000	\$ 5,000	\$ 5,000			
52104 Actuarial Review	\$ 10,000	\$ 10,500	\$ 4,200	\$ 6,300			
52105 Computer Services	\$ -	\$ -	\$ -	\$ -			
52106 CAJPA Accreditation	\$ -	\$ -	\$ -	\$ -			
52107 Employee Dishonesty Bonds	\$ 2,000	\$ 2,000	\$ 1,000	\$ 1,000			
52109 Misc. Consulting/Contingency	\$ 5,000	\$ 5,000	\$ 2,500	\$ 2,500			
Total Administration Expenses	\$ 65,100	\$ 61,850	\$ 33,550	\$ 28,300			

Safety Services:

52204 Bickmore Onsite Risk Assessments	\$ 155,260	\$ 63,000	\$ 31,500	\$ 31,500			
52201 Outside Training	\$ 25,000	\$ 30,000	\$ 15,000	\$ 15,000			
52202 Risk Mgmt Comm Mtg Expense	\$ 1,000	\$ 1,000	\$ 500	\$ 500			
52204 Bickmore Police Risk Mgmt Comm Training	\$ 12,000	\$ 12,400	\$ 6,200	\$ 6,200			
52204 Bickmore Risk Control Service Days	\$ -	\$ 36,460	\$ 18,230	\$ 18,230			
52204 Bickmore Phone Consultation	\$ -	\$ 18,600	\$ 9,300	\$ 9,300			
52204 Bickmore Newsletter	\$ -	\$ 5,580	\$ 2,790	\$ 2,790			
52207 Seminars and PARMA	\$ 63,200	\$ 72,600	\$ 40,000	\$ 32,600			
52208 Lexipol Law Enforcement Policy Manual Updates DTBs	\$ 100,000	\$ 96,500	\$ 6,500	\$ 90,000			
52209 Police Risk Management Funds	\$ -	\$ 50,000	\$ 25,000	\$ 25,000			
52204 Bickmore Safety Training Coordination	\$ -	\$ 14,880	\$ 7,440	\$ 7,440			
52204 Bickmore Meeting Preparation	\$ -	\$ 9,300	\$ 4,650	\$ 4,650			
52214 OCCUMED Occupational Health Consulting	\$ 18,000	\$ 18,000	\$ 18,000	\$ -			
52215 Online Risk Management Services - TargetSolutions	\$ 20,000	\$ 14,000	\$ 7,000	\$ 7,000			
52217 ACL - Wellness Optional	\$ 13,840	\$ 14,150	\$ 14,150	\$ -			
Total Safety Services Expense	\$ 408,300	\$ 456,470	\$ 206,260	\$ 250,210			

Claims Administration

52302 Claims Administration Fee*(Paid through claims costs)	\$ 49,250	\$ 554,468	\$ 534,668	\$ 19,800			
Less WC Claims Administrative Costs \$534,668		\$ (534,668)	\$ (534,668)				
52303 Fraud Hotline	\$ -	\$ -	\$ -	\$ -			
52305 MPN Services*	\$ 12,000	\$ 24,900	\$ 24,900	\$ -			
52304 State Funding/Fraud Assessment	\$ 135,000	\$ 145,000	\$ 145,000	\$ -			
Total Claims Admin Expenses	\$ 196,250	\$ 189,700	\$ 169,900	\$ 19,800			

*MPN services are based o all members using program.

Program Administration

52401 Program Administration Fee	\$ 270,000	\$ 286,000	\$ 130,000	\$ 156,000			
52403 Accounting Services	\$ 62,100	\$ 65,826	\$ 32,913	\$ 32,913			
Total Program Admin Expenses	\$ 332,100	\$ 351,826	\$ 162,913	\$ 188,913			

Board Expenses

52501 Executive Committee	\$ 2,000	\$ 3,000	\$ 1,500	\$ 1,500			
52502 Executive Committee Member Travel	\$ 5,000	\$ 2,000	\$ 1,000	\$ 1,000			
52503 Board of Directors Meetings (includes Travel)	\$ 6,000	\$ 5,000	\$ 2,500	\$ 2,500			
XXXXX Board of Directors Long Range Planning Session (every 3 years)	\$ -	\$ 5,000	\$ 2,500	\$ 2,500			
52504 Association Memberships (PARMA, CAJPA, AGRIP)	\$ 6,000	\$ 4,000	\$ 2,000	\$ 2,000			
Total Board Expenses	\$ 19,000	\$ 19,000	\$ 9,500	\$ 9,500			

Other Administration Expenses - Not identified with above budget line items

52000 Administrative Expense	\$ -	\$ -	\$ -	\$ -			
52001 Administration Expense - Other	\$ -	\$ -	\$ -	\$ -			
Total Other Admin	\$ -	\$ -	\$ -	\$ -			

Total Admin Expenses **\$ 1,020,750** **\$ 1,078,846** **\$ 582,123** **\$ 496,723**

Net Loss/Admin Surplus Offset **\$ (120,000)** **\$ (120,000)**

\$ 462,123 **\$ 376,723**



2014/15 DEPOSIT CALCULATIONS - LIABILITY

ACTION ITEM

ISSUE: The 2014/15 Deposit Calculations for Liability are provided to the EC for their review and discussion as necessary. This year the Liability deposits are capped at a 25% maximum increase over the prior year. The Administrative Surplus offset has been applied to the Liability Administrative Expenses in the amount of \$120,000. The Board has increased the Confidence Level funding from 60% to 65% and the interest discount rate remains flat at 1.5%.

RECOMMENDATION: The Program Administrator and the EC recommend approval of the 2014/15 Deposit Calculations for Workers' Compensation as presented.

FISCAL IMPACT: Total funding for the Liability program deposit is \$4,241,390 which is 4.6% higher than last year's deposit of \$4,052,451. A CJPRMA refund of \$131,789 and the administrative surplus offset of \$120,000 are being applied to this year's deposit calculations. Assessments have not been included in these calculations but have been provided for members' records.

BACKGROUND: At the April 24, 2014 Board of Directors meeting the Board approved a final deposit of \$4,372,543 at the 65% confidence level. They also approved a Shared Risk Layer Assessment of \$332,429, Banking Layer Refunds of \$167,128 and Banking Layer Assessments of \$134,887.

On an annual basis, NCCSIF approves the allocation of program costs to the Members. Allocated costs are based on payroll and historical losses. The Banking layer is 75% loss sensitive and the Shared risk layer uses an experience modification formula to spread costs. CJPRMA or excess liability costs are based on the Banking layer calculation, but are only 25% loss sensitive. The Administrative costs are allocated 65% based on a percentage of the Banking, Shared and Excess costs and 35% allocated evenly.

ATTACHMENT(S):

1. 2014/15 Liability Deposit Calculations
2. 2014/15 Total Liability Funding per member

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
LIABILITY PROGRAM
July 1, 2014 to June 30, 2015

	Banking	Shared			
Funding Confidence Level:	65%	65%	Discounting Rate	1.50%	Capped
Banking Layer Funding	\$1,716,899		CJPRMA Premium:	\$969,778	Percentage
Shared Risk Layer Funding	\$1,346,193		Administrative Expenses:	\$496,723	25%

MEMBER ENTITY	BANKING LAYER	SHARED RISK	CJPRMA PREMIUM	ADMIN EXPENSE	CJPRMA REFUND	TOTAL DEPOSIT	LAST YEAR'S DEPOSIT	Total Deposit Perc Change	FINAL DEPOSIT	Final Deposit Perc Change	ADMIN SURPLUS OFFSET	REVISED DEPOSIT
Anderson	\$30,536	\$33,794	\$20,086	\$16,279	(\$2,730)	\$97,965	\$101,108	-3.11%	\$98,537	-2.54%	(\$3,933)	\$94,604
Auburn	\$77,771	\$67,601	\$43,064	\$22,614	(\$5,852)	\$205,198	\$164,013	25.11%	\$205,016	25.00%	(\$5,463)	\$199,553
Colusa	\$17,123	\$20,708	\$12,190	\$13,807	(\$1,657)	\$62,171	\$84,395	-26.33%	\$62,533	-25.90%	(\$3,335)	\$59,198
Corning	\$24,782	\$29,324	\$17,334	\$15,530	(\$2,356)	\$84,613	\$73,453	15.19%	\$85,106	15.86%	(\$3,752)	\$81,354
Dixon	\$36,556	\$58,837	\$36,669	\$23,784	(\$4,983)	\$150,864	\$157,486	-4.21%	\$151,743	-3.65%	(\$5,746)	\$145,997
Elk Grove					\$0							
Folsom	\$505,730	\$228,260	\$238,482	\$91,459	(\$32,409)	\$1,031,523	\$938,097	9.96%	\$1,037,538	10.60%	(\$22,095)	\$1,015,443
Galt	\$135,470	\$107,013	\$65,355	\$27,519	(\$8,882)	\$326,477	\$260,583	25.29%	\$325,729	25.00%	(\$6,648)	\$319,080
Gridley	\$54,518	\$42,240	\$28,472	\$17,886	(\$3,869)	\$139,247	\$111,123	25.31%	\$138,903	25.00%	(\$4,321)	\$134,582
Ione	\$14,063	\$13,173	\$8,340	\$12,238	(\$1,133)	\$46,680	\$42,280	10.41%	\$46,952	11.05%	(\$2,956)	\$43,995
Jackson	\$38,954	\$24,026	\$16,924	\$13,847	(\$2,300)	\$91,451	\$62,916	45.35%	\$78,645	25.00%	(\$3,345)	\$75,300
Lincoln	\$126,568	\$114,485	\$72,443	\$31,927	(\$9,845)	\$335,579	\$315,487	6.37%	\$337,536	6.99%	(\$7,713)	\$329,823
Marysville	\$82,163	\$39,133	\$29,715	\$15,606	(\$4,038)	\$162,580	\$125,128	29.93%	\$156,410	25.00%	(\$3,770)	\$152,640
Oroville	\$64,448	\$76,920	\$44,292	\$24,609	(\$6,019)	\$204,250	\$222,407	-8.16%	\$205,441	-7.63%	(\$5,945)	\$199,495
Town of Paradise	\$61,460	\$44,634	\$29,210	\$17,522	(\$3,969)	\$148,857	\$178,861	-16.78%	\$149,725	-16.29%	(\$4,233)	\$145,491
Red Bluff	\$123,604	\$67,635	\$46,286	\$19,404	(\$6,290)	\$250,640	\$204,323	22.67%	\$252,102	23.38%	(\$4,688)	\$247,414
Rio Vista	\$23,876	\$27,404	\$16,816	\$15,370	(\$2,285)	\$81,181	\$68,940	17.76%	\$81,655	18.44%	(\$3,713)	\$77,942
Rocklin	\$133,268	\$166,278	\$113,320	\$51,280	(\$15,400)	\$448,747	\$430,160	4.32%	\$451,363	4.93%	(\$12,389)	\$438,975
Willows	\$12,101	\$18,627	\$10,302	\$13,405	(\$1,400)	\$53,036	\$48,562	9.21%	\$53,345	9.85%	(\$3,239)	\$50,107
Yuba City	\$153,906	\$166,099	\$120,479	\$52,636	(\$16,373)	\$476,747	\$463,130	2.94%	\$479,527	3.54%	(\$12,716)	\$466,811
Total:	\$1,716,899	\$1,346,193	\$969,778	\$496,723	(\$131,789)	\$4,397,805	\$4,052,451	8.52%	\$4,397,805	8.52%	(\$120,000)	\$4,277,805

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

LIABILITY PROGRAM

PRELIMINARY Funding Option B @65%

July 1, 2014 to June 30, 2015

Funding Confidence Level:	65%	Discount Rate	1.50%
		CJPRMA	
Banking Layer Funding	\$ 1,716,899	Premium:	\$ 969,778
		Admin	
Shared Risk Layer Funding	\$ 1,346,193	Expenses:	\$ 509,223

MEMBER ENTITY	REVISED DEPOSIT	REVISED % CHANGE	SHARED ASSESSMENT	BANKING REFUND 35%	BANKING ASSESSMENT	Total All Costs
Anderson	\$94,604	-3.75%	\$ 9,296	\$ (12,819)		\$ 91,081
Auburn	\$199,553	24.15%	\$ 23,640	\$ (7,145)		\$ 216,048
Colusa	\$59,198	-26.82%	\$ 8,656		\$ 97	\$ 67,950
Corning	\$81,354	14.47%	\$ 10,405		\$ 28,137	\$ 119,897
Dixon	\$145,997	-4.49%	\$ 20,379	\$ (15,783)		\$ 150,594
Elk Grove						\$ -
Folsom	\$1,015,443	11.47%	\$ 35,484	\$ (53,736)		\$ 997,190
Galt	\$319,080	24.20%	\$ 22,912		\$ 35,358	\$ 377,350
Gridley	\$134,582	24.24%	\$ 7,360		\$ 1,927	\$ 143,870
Ione*	\$43,995	9.45%	\$ (828)		\$ 2,501	\$ 45,668
Jackson	\$75,300	25.00%	\$ 7,333		\$ 6,331	\$ 88,964
Lincoln	\$329,823	5.61%	\$ 27,124	\$ (16,998)		\$ 339,948
Marysville	\$152,640	25.00%	\$ 21,612		\$ 32,871	\$ 207,123
Oroville	\$199,495	-8.68%	\$ 28,892	\$ (12,856)		\$ 215,531
Town of Paradise	\$145,491	-17.55%	\$ 19,043		\$ 20,861	\$ 185,396
Red Bluff	\$247,414	21.25%	\$ 25,134		\$ 6,804	\$ 279,352
Rio Vista	\$77,942	17.01%	\$ 9,200	\$ (517)		\$ 86,624
Rocklin	\$438,975	3.94%	\$ 20,830	\$ (19,222)		\$ 440,583
Willows	\$50,107	8.59%	\$ 4,055	\$ (6,779)		\$ 47,383
Yuba City	\$466,811	2.49%	\$ 31,902	\$ (21,273)		\$ 477,441
Total:	\$ 4,277,805	7.90%	\$ 332,429	\$ (167,128)	\$ 134,887	\$ 4,577,993

*\$120,000 Admin Surplus Offset has been applied

*Shared assessment of \$600,000 is reduced by \$267,571 from CJPRMA refund



2014/15 DEPOSIT CALCULATIONS – WORKERS’ COMPENSATION

ACTION ITEM

ISSUE: The FY 2014/2015 Deposit Calculations for Workers’ Compensation are provided to the EC for their review and discussion as necessary. This year the Workers’ Compensation deposits are capped at a 40% maximum increase over the prior year. The Administrative Surplus offset has been applied to the Workers’ Compensation Administrative Expenses in the amount of \$120,000. The Board has increased the Confidence Level funding from 60% to 65% and the interest discount rate remains flat at 1.5%.

RECOMMENDATION: The Program Administrator and the EC recommend approval of the 2014/15 Deposit Calculations for Workers’ Compensation as presented.

FISCAL IMPACT: Total funding for the Workers’ Compensation program deposit is \$9,259,126 which is 7.82% higher than last year’s deposit of \$8,587,289. An Administrative Surplus offset of \$120,000 has been applied to this year’s deposit calculations. Assessments have not been included in these calculations but have been provided for members’ records.

BACKGROUND: At the April 24, 2014 Board of Directors meeting the Board approved a final deposit of \$9,359,396 at the 65% confidence level. They also approved a Shared Risk Layer Refund of \$131,757 and a Banking Layer Assessment of \$337,636.

On an annual basis, NCCSIF develops costs per Member based upon rating formulas adopted by NCCSIF. The annual cost for all Members combined is based on Actuarial projections, excess workers’ compensation quotation and administrative costs. Member’s individual costs are based on payroll and the most recent six years of loss history.

ATTACHMENT(S):

1. 2014/15 Workers’ Compensation Deposit Calculations
2. 2014/15 Total Workers’ Compensation Funding per member

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

WORKERS' COMPENSATION PROGRAM

July 1, 2014 to June 30, 2015

Banking

Shared

Funding Confidence Level:
Banking Layer Funding
Shared Risk Layer Funding

65%
\$5,186,876
\$2,621,126

65% Discounting Factor
CSAC-EIA Premium:
Administrative Expenses:

1.50%
\$964,512
\$582,123

**Capped
Percentage**
40%

MEMBER ENTITY	BANKING LAYER	SHARED RISK	CSAC PREMIUM (1)	ADMIN EXPENSE	TOTAL DEPOSIT	LAST YEAR'S DEPOSIT	Total Deposit Perc Change	FINAL DEPOSIT	Final Deposit Perc Change	ADMIN SURPLUS OFFSET	REVISED DEPOSIT
Anderson	\$110,453	\$46,295	\$16,639	\$16,441	\$189,827	\$183,914	3.21%	\$190,303	3.47%	(\$3,389)	\$186,914
Auburn	\$162,523	\$89,124	\$32,352	\$21,358	\$305,358	\$268,030	13.93%	\$306,124	14.21%	(\$4,403)	\$301,721
Colusa	\$57,634	\$31,881	\$12,048	\$13,247	\$114,810	\$108,743	5.58%	\$115,098	5.84%	(\$2,731)	\$112,367
Corning	\$90,459	\$42,158	\$13,611	\$15,233	\$161,461	\$143,992	12.13%	\$161,867	12.41%	(\$3,140)	\$158,726
Dixon	\$190,514	\$101,041	\$39,805	\$23,464	\$354,825	\$395,064	-10.19%	\$355,715	-9.96%	(\$4,837)	\$350,878
Elk Grove	\$740,270	\$406,122	\$131,113	\$65,529	\$1,343,034	\$1,280,050	4.92%	\$1,346,405	5.18%	(\$13,508)	\$1,332,896
Folsom	\$1,097,077	\$533,687	\$205,258	\$90,361	\$1,926,384	\$1,719,697	12.02%	\$1,931,218	12.30%	(\$18,627)	\$1,912,591
Galt	\$201,470	\$114,812	\$37,531	\$24,462	\$378,275	\$389,606	-2.91%	\$379,225	-2.66%	(\$5,043)	\$374,182
Gridley	\$52,511	\$51,831	\$15,460	\$14,058	\$133,860	\$132,747	0.84%	\$134,196	1.09%	(\$2,898)	\$131,298
Ione	\$15,263	\$17,084	\$5,352	\$10,408	\$48,107	\$71,018	-32.26%	\$48,228	-32.09%	(\$2,146)	\$46,082
Jackson	\$90,691	\$30,276	\$14,459	\$14,753	\$150,178	\$140,606	6.81%	\$150,555	7.08%	(\$3,041)	\$147,514
Lincoln	\$319,083	\$157,000	\$70,994	\$33,055	\$580,131	\$433,162	33.93%	\$581,587	34.27%	(\$6,814)	\$574,773
Marysville	\$228,436	\$50,757	\$24,614	\$22,239	\$326,046	\$216,705	50.46%	\$303,387	40.00%	(\$4,584)	\$298,802
Nevada City	\$48,564	\$27,709	\$10,394	\$12,585	\$99,252	\$111,121	-10.68%	\$99,501	-10.46%	(\$2,594)	\$96,907
Oroville	\$157,829	\$95,137	\$31,324	\$21,371	\$305,661	\$323,594	-5.54%	\$306,428	-5.30%	(\$4,406)	\$302,022
Town of Paradise	\$144,782	\$58,352	\$19,518	\$18,631	\$241,283	\$301,935	-20.09%	\$241,888	-19.89%	(\$3,841)	\$238,048
Placerville	\$148,963	\$82,941	\$26,531	\$20,222	\$278,657	\$331,579	-15.96%	\$279,357	-15.75%	(\$4,169)	\$275,188
Red Bluff	\$195,830	\$81,387	\$31,945	\$22,477	\$331,638	\$377,235	-12.09%	\$332,471	-11.87%	(\$4,633)	\$327,837
Rio Vista	\$48,594	\$41,079	\$14,291	\$13,354	\$117,317	\$100,335	16.93%	\$117,612	17.22%	(\$2,753)	\$114,859
Rocklin	\$395,386	\$219,678	\$81,180	\$39,687	\$735,931	\$633,442	16.18%	\$737,778	16.47%	(\$8,181)	\$729,597
Willows	\$92,302	\$29,968	\$12,648	\$14,730	\$149,649	\$143,882	4.01%	\$150,025	4.27%	(\$3,037)	\$146,988
Yuba City	\$598,244	\$312,809	\$117,442	\$54,458	\$1,082,954	\$780,830	38.69%	\$1,085,671	39.04%	(\$11,226)	\$1,074,445
Total	\$5,186,876	\$2,621,126	\$964,512	\$582,123	\$9,354,638	\$8,587,289	8.94%	\$9,354,638	8.94%	(\$120,000)	\$9,234,638

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

Worker's Compensation Program

PRELIMINARY Funding Option B @65%

July 1, 2014 to June 30, 2015

Funding Confidence Level:	65% Discount Rate	1.50%
	CSAC-EIA	
Banking Layer Funding	\$ 5,186,876	Premium: \$ 964,512
		Admin
Shared Risk Layer Funding	\$ 2,621,126	Expenses: \$ 583,123

MEMBER ENTITY	FINAL DEPOSIT	FINAL % CHANGE	SHARED REFUND*	BANKING ASSESSMENT	Total All Costs
Anderson	\$186,914	3.26%	\$ (3,860)	\$ 40,806	\$ 223,860
Auburn	\$301,721	14.11%	\$ (4,336)	\$ 57,732	\$ 355,117
Colusa	\$112,367	5.50%	\$ (2,926)	\$ -	\$ 109,441
Corning	\$158,726	12.12%	\$ (2,918)	\$ 18,826	\$ 174,634
Dixon	\$350,878	-10.01%	\$ (5,553)	\$ -	\$ 345,325
Elk Grove	\$1,332,896	5.18%	\$ -	\$ -	\$ 1,332,896
Folsom	\$1,912,591	12.34%	\$ (32,328)	\$ -	\$ 1,880,263
Galt	\$374,182	-2.74%	\$ (7,451)	\$ 11,974	\$ 378,705
Gridley	\$131,298	0.83%	\$ (3,394)	\$ -	\$ 127,904
Ione	\$46,082	-32.66%	\$ (338)	\$ -	\$ 45,744
Jackson	\$147,514	6.81%	\$ (1,840)	\$ -	\$ 145,674
Lincoln	\$574,773	34.30%	\$ (5,967)	\$ 30,156	\$ 598,962
Marysville	\$298,802	40.00%	\$ (4,319)	\$ 34,457	\$ 328,940
Nevada City	\$96,907	-10.80%	\$ (1,896)	\$ -	\$ 95,011
Oroville	\$302,022	-5.40%	\$ (6,961)	\$ -	\$ 295,061
Town of Paradise	\$238,048	-20.03%	\$ (5,399)	\$ 3,378	\$ 236,027
Placerville	\$275,188	-15.86%	\$ (5,961)	\$ 618	\$ 269,845
Red Bluff	\$327,837	-11.95%	\$ (6,333)	\$ 27,593	\$ 349,097
Rio Vista	\$114,859	16.89%	\$ (2,476)	\$ -	\$ 112,383
Rocklin	\$729,597	16.48%	\$ (13,347)	\$ -	\$ 716,250
Willows	\$146,988	3.98%	\$ (2,243)	\$ -	\$ 144,745
Yuba City	\$1,074,445	39.07%	\$ (11,911)	\$ 152,096	\$ 1,214,630
Total:	\$ 9,234,638	8.88%	\$ (131,757)	\$ 377,636	\$ 9,480,517

*\$120,000 Admin Surplus Offset has been applied

* Refund less \$200,000 Risk Management Grants and \$600,000 Banking Layer Offset

NOTE: No one is eligible for Banking Layer Refund as no one is funded in XS of 90%



2014/15 NCCSIF LIABILITY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The NCCSIF Liability Memorandum of Coverage (MOC) is an ‘underlying’ coverage to the CJPRMA MOC. This means that the NCCSIF coverage follows that provided by CJPRMA with the exception of any amending terms that are included in the NCCSIF Liability MOC. On an annual basis we review our coverage as compared to coverage provided by CJPRMA, as well as other pools in California, and make recommendations regarding potential changes.

This year CJPRMA has approved two changes to their coverage that will be effective July 1, 2014:

- The first change limits the coverage provided to any additional covered party to the amount specified in the contract. This amount is likely to be in excess of the coverage provided by NCCSIF and therefore NCCSIF should not follow this language.
- The second change is with respect to coverage provided for fireworks displays or demonstrations “sponsored or controlled” by a Member. The new language states that in the event of a fireworks loss, any Member of CJPRMA that did not require the fireworks vendor to provide evidence of coverage and additional insured status with a limit of liability of at least \$5,000,000 on a project specific basis will have to pay 150% of their retained limit for that loss. In addition, the retained limit cannot be satisfied by the vendor’s insurance, as would normally be the case.

NCCSIF will be subject to a retained limit of \$750,000 in the event of a fireworks loss where the fireworks vendor was NOT required to provide additional insured coverage with a \$5,000,000 limit on a project specific basis. If NCCSIF were to follow this language in its MOC then Members would be subject to a retained or Banking Layer limit of \$75,000, or \$150,000 for Folsom.

The NCCSIF Board needs to determine the benefits/impacts of following these changes.

RECOMMENDATION: The Program Administrator and the EC recommends approval of the 2014/15 Liability Underlying Memorandum of Coverage to the Board of Directors. With respect to the two changes noted above:

- The Program Administrator recommends that NCCSIF NOT follow the limitation of coverage provided by NCCSIF to limit coverage to any additional covered party to the amount specified in the contract. This is because almost all contracts require limits in excess of the limits provided by NCCSIF. Our limit of liability is \$500,000 and most contracts require a minimum of \$1,000,000 or \$2,000,000. Because we have a separate section in our MOC for the NCCSIF Limit of Liability we are not subject to the CJPRMA MOC language and no change is required.



- The Program Administrator recommends that NCCSIF follow the CJPRMA language with respect to fireworks vendors, but only as respects the increase on the Banking Layer. This is due to the fact that NCCSIF will be penalized \$750,000 from the Shared Risk Fund in the event of a fireworks loss where an NCCSIF Member does not require the proper coverage. Having a 50% increase in the Banking Layer could be an incentive to NCCSIF Members to vigorously pursue the higher limits being required by CJPRMA.

The Declarations Page of the NCCSIF MOC would be amended to add the following:

- 5. Banking Layer:** \$0 to \$50,000 each covered occurrence
- \$0 to \$75,000 each covered occurrence for any claim(s) arising out of any fireworks display or demonstration sponsored or controlled by a covered party, if the covered party has not secured an additional insured endorsement in its favor from the fireworks vendor's insurance or coverage provider with limits in an amount of at least \$5 million dedicated, project specific aggregate limit.**

Note: Folsom's Banking Layer would increase from \$100,000 to \$150,000

If the Board does not agree to go forward with this second limitation, then the NCCSIF Memorandum of Coverage would need the following change:

The definition of loss under the NCCSIF MOC would be amended to add the following:
"For any fireworks display or demonstration sponsored or controlled by the covered party, the Banking Layer Limit shown on the Declarations will remain unchanged for any claim(s) arising out of the fireworks display or demonstration, REGARDLESS of whether or not the covered party has secured an additional insured endorsement in its favor from the fireworks vendor's insurance or coverage provider with limits in an amount of at least \$5 million dedicated, project specific aggregate limit.

PLEASE NOTE THAT THIS AGENDA ITEM HAS BEEN SENT TO NCCSIF'S COVERAGE COUNSEL FOR REVIEW. ANY COMMENTS WILL BE BROUGHT TO THE MEETING.

FISCAL IMPACT: If the new CJPRMA provision applies to a claim, the NCCSIF Member will be subject to their Banking Layer (or 150% of that layer if the Board agrees to follow form) and NCCSIF's limit of liability will increase to \$750,000 for that loss.

BACKGROUND: On an annual basis the Program Administrator reviews the Underlying Memorandum of Coverage to determine if changes should be made. This year CJPRMA is adding two changes. The following explanatory language was provided by David Clovis, the Executive Director for CJPRMA. The changes are as follows:



1) Limitation of liability coverage limits on certificates of coverage.

Insurance Service Offices (ISO) adopted new forms effective 4/13/2013 that limit the amount of coverage based upon the specific limits identified in the contract between the parties. This limit applies specifically to all additional insured's that require coverage via a written contract and indemnification. The new ISO forms state as follows:

C. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance: The most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement described in Paragraph A.1.; or 2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less. This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

CJPRMA has amended their language as follows:

Section IV - the Authority's Limit of Coverage has been amended to add the following as a new second paragraph:

"For any person or entity that is a covered party under Definition 8(c), or 8(c) and (d), pursuant to a certificate of coverage duly issued by the Authority, the limit of coverage will be the lower of: (1) the Limit stated in the Declarations page for the Member Entity; (2) any limit stated in the Additional Covered Party certificate or (3) the amount required to be provided by contract or agreement with the Member Entity."

CJPRMA also has added to **Definition 8(c)** at the end:

"Coverage will not be broader than what the Member Entity is required by the contract or agreement to provide."

The addition of the above language is to limit both the exposure to loss by our members and CJPRMA. The second change to the MOC pertains to coverage for fireworks display.

2) Fireworks display certificate of insurance requirements.

CJPRMA receives numerous requests annually for certificates of coverage for activities related to 4th of July fireworks displays. These displays are primarily provided under contract with firms that specialize in fireworks display. A number of CJPRMA members have adopted a



**Northern California Cities Self Insurance Fund
Board of Directors Meeting
June 12, 2014**

minimum coverage limit to be provided by the vendor of five million dollars. Other members continue to obtain minimum limits of one to two million dollars of coverage.

July 4, 2004, the City of Marysville hosted an annual public fireworks display. The event had taken place for more than 30 years with annual crowds of about fifteen thousand spectators. The City hired Boom Boom Productions, Inc., a State licensed wholesaler and public display producer to provide the annual display. This display resulted in several serious injuries and a subsequent loss of limb. Boom Boom Productions, Inc., picked up the defense of the case and ultimately paid the settlement to the injured parties.

July 4, 2013, the City of Simi Valley, California hosted a planned fireworks display. An explosion occurred about 9:30 p.m., where witnesses recounted, "bits and pieces of the fireworks rained down on the people who were in the front". The news release on the incident indicated that at least 28 people were transported to the hospital with multiple injuries. As of this date, it is too early to know the full fiscal impact of this incident. These two incidents are only a small sampling of the potential injuries that can and do occur arising out of the use of the pyrotechnic firms.

CJPRMA continues to recommend that the pyrotechnic firms provide a minimum of five million dollars of coverage for the exposures. Members that do not utilize this current process expose other members to a risk that can be readily transferred through effective "Risk Transfer". This addendum would provide a financial incentive to members that utilize effective risk transfer and would provide a negative financial impact to members that fail to effectively transfer the risk. The approved language is added to the 2014-2015 Memorandum of Coverage:

"For any fireworks display or demonstration sponsored or controlled by the covered party, if the covered party has not secured an additional insured endorsement in its favor from the fireworks vendor's insurance or coverage provider with limits in an amount of at least \$5 million dedicated, project specific aggregate limit, the Retained Limit will not be satisfied by any payment by the insurance or coverage provider for the vendor (see Definition 25(d)), and must instead be paid by the covered party; and the applicable Retained Limit will be increased by 50% (fifty percent) for any claim(s) arising out of the fireworks display or demonstration."

ATTACHMENT(S): Draft 2014/15 NCCSIF Liability Memorandum of Coverage.

Please note the change in the Definition of Loss section dealing with the fireworks vendor has been added as if the recommended change has been approved. If the Executive Committee elects not to accept the change, then the second option would be added in the same place instead.



LIABILITY

UNDERLYING MEMORANDUM OF COVERAGE

The Northern California Cities Self Insurance Fund (hereinafter called NCCSIF) is an intergovernmental agency, risk sharing, joint powers authority, duly formed pursuant to California Government Code Sections 6500-6512, and other provisions of law.

This Memorandum of Coverage is a contract between the NCCSIF and its Members which sets forth certain duties, responsibilities and obligations of each party. This Memorandum of Coverage is not an insurance policy or document, and is not necessarily subject to the particular rules of law which apply to an insurance policy or to interpretation of insurance policies or insurance related documents.

1. INSURING AGREEMENT

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, NCCSIF agrees to pay on behalf of the Member a Loss resulting from any occurrence covered by the terms of the California Joint Powers Risk Management Authority (CJPRMA) Memorandum of Coverage effective for the Coverage Period under Item 3 of the Declarations to this Memorandum, except for the Limits of Liability and defense provisions and as amended within this Memorandum or by endorsement. The coverage afforded by this Memorandum shall be primary unless Other Insurance is applicable.

2. LIMITS OF LIABILITY

The Limits of Liability applicable to this Memorandum ~~are~~ is as stated under Item 7 of the Declarations.

3. EXCLUSIONS

- A. Exclusions No. 25 and No. 36, dealing with Transit Systems, of the CJPRMA Memorandum of Coverage do not apply to this Memorandum of Coverage.
- B. Exclusion No. 22 of the CJPRMA Memorandum of Coverage does not apply under this Memorandum to inverse condemnation liability arising from accidentally caused physical injury to or destruction of tangible property, including all resulting loss of use of such property, for which the covered party may be legally responsible.
- C. As stated under “Covered Party” definition, coverage does not apply to loss resulting from any employee or volunteer who has five or more than five violation



points as valued and enumerated on the Department of Motor Vehicles Negligent Operator Count sheet within the three years immediately preceding the loss.

However, this exclusion shall apply to the covered employee or volunteer only, and not the vicarious liability of the Member, except that if the Member knowingly permits a covered employee or volunteer to operate after accumulating five or more violation points, this exclusion applies to the Member as well.

4. DEFINITIONS

The conditions of this Memorandum of Coverage shall be applied as if the definitions of words listed below had been included with the word or words each time they appear in this Memorandum.

COVERED PARTY:

- (a) A member entity of NCCSIF. This includes all entities named in the Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board) or similar entities coming under the entity's direction or control, or for which the entity's board members sit as the governing body, except a hospital board or commission, regardless of how it is denominated.
- (b) Any person or entity identified as a covered party holding a certificate of coverage duly issued by the Authority, for occurrences during the coverage period identified in the certificate of coverage; if a particular activity is identified in the certificate of coverage, the person or entity is a covered party only for occurrences arising out of the described activity.
- (c) Any person who is an official, employee or volunteer of a person or entity covered by (a) or (b) herein, whether or not compensated, while acting in an official capacity for or on behalf of such person or entity, including while acting on any commission, regardless of how such body is denominated. Covered Party shall not include any person whose conduct is not within the course and scope of his or her employment or office with the covered party at the time of the act or acts that give rise to liability.
- (d) With respect to any automobile owned or leased by a covered party (described in (a) or (b) above), or loaned to or hired for use by or on behalf of the covered party, any person, while using such automobile, and any person or organization legally responsible for the use thereof, provided the actual use is with the express permission of the covered party, but this protection does not apply to the an covered party as respects:
 - 1) any employee or volunteer who has five or more than five violation points, as valued and enumerated on the Department of Motor Vehicles Negligent Operator Count sheet within the three years immediately preceding the "loss."

- 2) any person or organization, or any agent or employee thereof, operating an automobile sales agency, repair shop, service station, storage garage or public parking place, with respect to an occurrence arising out of the operation thereof; or
- 3) the owner or any lessee, other than the covered party, of any automobile hired by or loaned to the covered party or to any agent or employee of such owner or lessee.

This agreement does not provide uninsured or underinsured motorist coverage.

LOSS: The total of all defense costs incurred by the covered parties and all damages for which the covered parties are liable either by adjudication or by compromise with the written consent of NCCSIF, after making proper deduction for all recoveries and salvages, arising from an occurrence to which this coverage applies. Loss does not include attorneys' fees or costs awarded to the prevailing party in a suit except where such attorneys' fees or costs are attributable to a claim for damages covered by this Memorandum.

Additionally, for any claim or suit seeking damages that would be potentially covered by this Memorandum of Coverage but for the operation of an Exclusion, NCCSIF shall, upon request, include within the definition of loss, damages for which the covered parties are liable either by adjudication or by compromise up to the limit of coverage in the Member City's Banking Layer shown on the Declarations.

5. OTHER INSURANCE or COVERAGE

The coverage afforded by this Memorandum shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

6. NOTICE OF OCCURRENCE

Upon the happening of any occurrence likely to involve NCCSIF under this Memorandum, the Member shall give notice, either written or oral, as soon as practicable to the Claims Administrator of NCCSIF as listed in Item 10 of the Declarations. Such notice shall contain particulars sufficient to identify the Member and fullest information obtainable at the time. If legal proceedings are begun, the Member shall forward to the NCCSIF Claims Administrator each paper therein, or a copy thereof, received by the



Member or the Member's representative, together with copies of reports or investigations with respect to such claim proceedings.

7. DEFENSE

NCCSIF shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member that in the opinion of NCCSIF may create liability on the part of NCCSIF under the terms of this Memorandum of Coverage.

Additionally, for any claim or suit seeking Damages that would be potentially covered by this Memorandum of Coverage but for the operation of Exclusion, NCCSIF shall, upon request, reimburse the Member's cost of defense of the claim, up to the limit of coverage in the Member's Banking Layer shown in the Declarations. This supplemental defense cost coverage shall not apply to coverage in the pooled risk sharing layer shown in the Declarations.

8. PAYMENT OF LOSS

Upon final determination of Loss, NCCSIF will promptly pay on behalf of the Member the amount of Loss falling within the terms of this Memorandum of Coverage.

9. SUBROGATION

In the event of any payment under this Memorandum of Coverage, NCCSIF will be subrogated to all the Member City's rights of recovery against any person or organization and NCCSIF shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the Loss to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

10. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of NCCSIF.

11. ARBITRATION OF COVERAGE DISPUTES

COVERAGE DETERMINATIONS

The Claims Committee shall make the initial determination whether to deny coverage on all or part of a claim, or to reserve the Authority's right to deny coverage on all or part of a claim, if a loss subsequently exceeds the retained limit.

A decision by the Claims Committee to deny coverage can be appealed to the Board of Directors. Notice of such appeal shall be submitted in writing within thirty (30) calendar days of the date of the Claims Committee's written notice of decision.

The appeal shall be considered by the Board of Directors at the next regular or special meeting following receipt of the written appeal; if the appeal is received too late for inclusion in the agenda packet, it can be postponed to the next following Board meeting. The Program Administrator in conjunction with the Claims Committee and the covered party will have the right to submit written materials and present oral argument to the Board, subject to reasonable time constraints. Any dispute concerning a decision by the Board to deny coverage for all or part of a claim shall not be subject to any court action, but may instead be submitted to binding arbitration in accordance with the procedures set forth below. Notice of a request for binding arbitration by the covered party must be submitted within thirty (30) calendar days from the date of the noticed decision by the Board of Directors.

(a) **ARBITRATION PROCEDURES FOR RESOLVING DISPUTES**

1) **Selection of Arbitrators:**

If an appeal of a Board decision is submitted to arbitration, each side shall, within ten (10) calendar days, select one (1) arbitrator and submit his or her name in writing to the other side. Within ten (10) calendar days after their selection, these two arbitrators shall select a third independent arbitrator. If the two sides cannot agree on the selection of the third arbitrator within ten (10) calendar days, either side may petition the Sacramento County Superior Court for the appointment of the third arbitrator pursuant to the provisions of section 1281.6 of the California Code of Civil Procedure. The third arbitrator shall be an attorney and preside as the Chairperson of the arbitration panel. No arbitrator shall be employed or affiliated with the Authority or the covered party or parties.

The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the Chairperson, unless both sides agree to an extension. Each side shall pay the cost of its selected arbitrator and one-half of the cost of the third selected arbitrator. In addition, each side shall be responsible for its own cost and expense of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between either side and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

2) **Discovery**

The procedures set forth in Code of Civil Procedure section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (b).

3) Testimony Under Oath

The testimony of witnesses shall be given under oath.

4) Length of Hearing

The panel will endeavor to confine the length of the hearing to two (2) days. A decision of the panel shall be reported in writing. The written decision of the panel shall be given to both sides within thirty (30) calendar days of the close of the hearing.

5) Certified Shorthand Reporter

Either side wishing a certified shorthand reporter record shall make arrangements directly with a certified shorthand reporter and notify the other side of such arrangements in advance of the hearing. The requesting side shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

(b) FUNDING OF DEFENSE AND PAYMENT OF CLAIMS PENDING RESOLUTION OF DISPUTE

During the course of the arbitration proceedings provided herein, the covered party will be responsible for all fees and expenses for investigation, defense or litigation of a claim or lawsuit. In the event the arbitration panel determines that coverage applies for such defense costs, the Authority will reimburse the covered party as directed by the panel.

(c) EFFECTS OF ARBITRATION DECISIONS

All decisions on appeals, whether by the Board of Directors (after the time to request arbitration has expired) or by the arbitration panel, shall be final and binding upon the parties and shall not be subject to any further appeal or court action, except as provided in Code of Civil Procedures sections 1286.2 and 1286.4 (relating to fraud or corruption, etc.).

(d) GENERAL LAW

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with section 1280).

| 07/01/2014~~3~~
Date

Liz Ehrenstrom, NCCSIF President



LIABILITY AMENDATORY ENDORSEMENT

UNDERLYING MEMORANDUM OF COVERAGE

This endorsement is issued to:

The City of Folsom

The City of Lincoln

The City of Auburn

It is understood and agreed that Section 3, **Exclusion A** is deleted and replaced with the following:

With respect to the Members named above, Exclusions No. 2~~57~~ and No. 3~~68~~, dealing with Transit Systems, of the **California Joint Powers Risk Management Authority Memorandum of Coverage** do not apply to the **Northern California Cities Self Insurance Fund (NCCSIF) Underlying Memorandum of Coverage** for Liability. Notwithstanding what is stated in the applicable declarations, the limit of coverage described in this exception will be subject to a sublimit of \$250,000 each occurrence.

All other terms and conditions of this underlying memorandum of coverage are unchanged. If this endorsement is issued after the effective date of this underlying memorandum of coverage, then it must be signed by an Officer of NCCSIF.

Liz Ehrenstrom, NCCSIF President

| Endorsement Effective Date: July 1, 201~~4~~³



LIABILITY AMENDATORY ENDORSEMENT

UNDERLYING MEMORANDUM OF COVERAGE

This endorsement is issued to:

The City of Dixon

It is understood and agreed that Section 3, **Exclusion A** is deleted and replaced with the following:

Exclusions No. 257 and No. 368, dealing with Transit Systems, of the **California Joint Powers Risk Management Authority Memorandum of Coverage** apply to the **City of Dixon** of the **Northern California Cities Self Insurance Fund Underlying Memorandum of Coverage for Liability**.

All other terms and conditions of this underlying memorandum of coverage are unchanged. If this endorsement is issued after the effective date of this underlying memorandum of coverage, then it must be signed by an Officer of NCCSIF.

Liz Ehrenstrom, NCCSIF President

| Endorsement Effective Date: July 1, 20143

LIABILITY

UNDERLYING MEMORANDUM OF COVERAGE

DECLARATIONS

- | | |
|-----------------------------------|--|
| 1. Memorandum Number: | NCC13AND |
| 2. Member City: | City of Anderson
1887 Howard Street
Anderson, California 96007 |
| 3. Participating Agencies: | Anderson Public Financing Authority
Anderson Redevelopment Agency |
| 4. Coverage Period: | July 1, 2013 to June 30, 2014 |
| 5. Banking Layer: | \$0 to \$50,000 each covered occurrence

<u>\$0 to \$75,000 each covered occurrence for any claim(s) arising out of any fireworks display or demonstration sponsored or controlled by a covered party, if the covered party has not secured an additional insured endorsement in its favor from the fireworks vendor's insurance or coverage provider with limits in an amount of at least \$5 million dedicated, project specific aggregate limit.</u> |
| 6. Shared Risk Layer: | \$50,000 to \$500,000 each covered occurrence |
| 7. Limit of Liability: | \$450,000 each covered occurrence, as respects liability imposed by law for damages excess of banking layer because of bodily injury, property damage, personal injury, employment practices liability or public officials' errors and omissions. |
| 8. Deductible: | None |
| 9. Terms and Conditions: | The terms and conditions of this Memorandum of Coverage shall apply. |



10. Claims Administrator:

York Insurance Services Group, Inc.
1101 Creekside Ridge Drive, Suite 1101
PO Box 619058
Roseville, CA 95661
(916) 783-0100

Marcus Beverly, Program Administrator

July 1, 201⁴³
Date

SAMPLE



**DOCUMENTATION OF 4850 BENEFITS – NCCSIF WORKERS’
COMPENSATION MEMORANDUM OF COVERAGE**

ACTION ITEM

ISSUE: NCCSIF Members have made the policy decision to *not* provide coverage for full salary continuation benefits payable under Labor Code 4850 whenever a public safety officer is disabled due to employment-related injuries. The 4850 benefits are typically divided into two parts: the “regular” Temporary Disability (4850 TD) every employee receives and the amount that makes up the difference between the TD benefit and full salary (4850 Diff). In order to document NCCSIF’s decision not to cover either portion of the 4850 benefits changes are needed to the Memorandum of Coverage (MOC).

RECOMMENDATION: The Program Administrator and the EC recommends approval of the changes to the MOC for 2014/15.

FISCAL IMPACT: None

BACKGROUND: The NCCSIF Members made the decision not to cover the 4850 TD benefits several years ago. This is a unique position. Other pools, including NCCSIF’s excess coverage provider CSAC-EIA, cover 4850 TD but exclude 4850 Diff, and that is how the NCCSIF WC MOC is currently written.

The decision is based on ease of administration of payroll and the fact that the impact of the employee being on TD is immediately and directly felt by the department, thereby increasing the incentive to return the person to work.

ATTACHMENT(S): Redline version of revised MOC for 2014/15
(Change is to Section G., item 6, page 4.)



WORKERS' COMPENSATION & EMPLOYER'S LIABILITY

MEMORANDUM OF COVERAGE

The Northern California Cities Self Insurance Fund (hereinafter called NCCSIF) is an intergovernmental agency, risk sharing, joint powers authority, duly formed pursuant to California Government Code Sections 6500-6512, and other provisions of law.

This Memorandum of Coverage is a contract between the NCCSIF and its Members that sets forth certain duties, responsibilities and obligations of each party. This Memorandum of Coverage is not an insurance policy or document, and is not necessarily subject to the particular rules of law that apply to an insurance policy or to interpretation of insurance policies or insurance related documents.

INTRODUCTION

In return for the payment of the premium and subject to all terms and conditions of this agreement, Northern California Cities Self Insurance Fund (NCCSIF) agrees with you (the Member agency named in the Declarations) as follows:

GENERAL SECTION

A. THE AGREEMENT

This agreement includes the Declarations and all endorsements and schedules attached to it. It is a coverage agreement between you and us. The only agreements relating to this coverage are stated in this coverage agreement.

The terms of this agreement may not be changed or waived except by endorsement issued by us to be part of this agreement. You are responsible for telling us at once when the information contained in this agreement is no longer accurate for your operations.

This agreement, including the Declarations, endorsements and schedules attached to it, and any specified section of the JPA Agreement or Bylaws constitutes the entire coverage agreement. No condition, provision, agreement or understanding not stated in this coverage agreement will affect any rights, duties or privileges in connection with this coverage agreement.

B. WHO IS COVERED

The Member Agency named in the Declarations is covered for liability to its employees, subject to the provisions of this agreement.



C. WORKERS' COMPENSATION LAW

Workers' compensation law means the Workers' Compensation Laws of the State of California (which include injury by both accident and disease). It includes any amendments to that law that are in effect during the coverage period. It does not include the provisions of any law that provide non-occupational disability benefits. The term "Workers' Compensation Law" shall also include the United States' Longshore and Harbor Workers Compensation Act, also known as LHWCA (33 USC Sections 901-950).

D. LOCATIONS

This agreement covers all of your workplaces in California and in other states if listed unless you have other insurance, are self-insured or covered under another Joint Powers Authority for such workplaces.

E. WHO IS ELIGIBLE FOR BENEFITS

Your employees (or in the event of their death, their dependents) are eligible for benefits under this agreement, except that employees who are excluded under Workers' Compensation Law are not eligible for benefits under this agreement unless they have been included on the Declarations or by endorsement.

PART ONE — WORKERS' COMPENSATION COVERAGE

A. HOW THIS COVERAGE APPLIES

This workers' compensation coverage applies to bodily injury by accident or bodily injury by disease, including resulting death, subject to the following conditions:

1. Bodily injury by accident must occur during the coverage period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. Your employee's exposure to those conditions causing or aggravating such bodily injury by disease must occur during the coverage period.

B. WE WILL PAY

We will pay promptly when due to those eligible under this agreement the benefits required of you by the workers' compensation law, in excess of the Member Retention specified in Item 3 of the Schedule and subject to the limit specified in Item 5 of the Schedule. As respects the United States and Longshore and Harbor Workers Compensation Act (33 USC Sections 901-950), coverage for loss shall be limited, by amount and time of payment, to the benefits which would be available under the Workers' Compensation Act of the state where the injured employee is normally employed, if that law applied.



C. RIGHT TO ASSOCIATE IN DEFENSE

We have no duty to investigate, handle, settle or defend any claims, suits or proceedings against you. We have the discretionary right—and shall be given the opportunity by you—to associate with you in the defense, investigation or settlement of any claim, suit or proceeding that appears to involve indemnity by NCCSIF. In such association, you and NCCSIF shall cooperate in all aspects of defense, investigation, or settlement.

D. WE WILL ALSO PAY

Subject to the Member Retention specified in Item 4 and limit specified in Item 6 of the Schedule, we will also pay these costs, in addition to other amounts payable under this coverage as part of any claim, proceeding or suit we defend:

1. Reasonable expenses incurred at our request, but not loss of earnings
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the amount payable under this coverage
3. Litigation costs taxed against you
4. Interest on an award or judgment as required by law
5. Expenses we incur

E. OTHER INSURANCE

We will not pay more than our share of benefits and costs covered by this agreement and other insurance or self-insurance. All shares will be equal until the loss is paid.

F. LIMIT OF LIABILITY

Our liability to pay for damages is limited. Our limit of liability is shown in Item 6 of the Schedule of Declarations. It is the most we will pay for all damages covered by this coverage because of bodily injury to one or more employees in any one accident or occurrence, or series of accidents or occurrences, arising out of any one event. We will not pay any claims for damages after we have paid the limit of our liability under this coverage as explained above.

G. PAYMENTS YOU MUST MAKE

You are responsible for any payments of benefits required under the Workers' Compensation Law within the retention and those payments in excess of the benefits regularly provided by the workers' compensation law including, but not limited to, those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;

3. you fail to comply with a health or safety law or regulation;
4. you discharge, coerce or otherwise discriminate against any employee in violation of the law;
5. of injury to an employee under the minimum age specified in the workers' compensation law and illegally employed at the time of injury;
6. of your obligation to pay salary in lieu of temporary disability benefits as required under Labor Code Section 4850, ~~including except~~ to the extent ~~that~~ you would be responsible for temporary disability benefits if Labor code Section 4850 did not apply;
7. of your obligations pursuant to Labor Code Section 4856;
8. of your obligations arising out of operations for which you have rejected any Workers' Compensation Law; or
9. of your obligations for discrimination against any employee for the filing of a claim for Workers' Compensation coverage, or for discrimination of an employee that has agreed to testify in another employee's workers' compensation claim.

H. RECOVERY FROM OTHERS

We may enforce your rights, and the rights of persons entitled to the benefits of this coverage, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

I. STATUTORY PROVISIONS

These statements apply where they are required by law:

1. As between an injured worker and us, we have notice of injury when you have notice.
2. We are directly and primarily liable to any person entitled to the benefits payable by this coverage, subject to the provisions, conditions and limitations of this agreement.
3. Jurisdiction over you is jurisdiction over us for purposes of the workers' compensation law. We are bound by decisions against you under that law, subject to the provisions of this agreement that are not in conflict with that law.
4. Terms of this coverage that conflict with the workers' compensation insurance law are changed by this statement to conform to that law.
5. Your employee has a first lien upon any amount that becomes owing to you by us because of this agreement and in the case of your legal incapacity or inability to receive the money and pay it to the claimant; we will pay it directly to the claimant.

Nothing in these paragraphs relieves you of your duties under this agreement.



PART TWO — EMPLOYER’S LIABILITY COVERAGE

A. HOW THIS COVERAGE APPLIES

This employer’s liability coverage applies to bodily injury by accident or bodily injury by disease, including resulting death, subject to the following conditions:

1. The bodily injury must arise out of and in the course of the injured employee’s employment by you.
2. The employment must be necessary or incidental to your work in the State of California.
3. Bodily injury by accident must occur during the coverage period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee’s last day of exposure to the conditions causing or aggravating such bodily injury by disease OR the date upon which the employee first suffered disability and either knew, or in the exercise of reasonable diligence should have known, that such disability was caused by his or her employment which ever comes first and must occur during the coverage period.
5. If you are sued, the suit and any related legal actions for damages for bodily injury by accident or by disease must be brought under the laws of the State of California.

B. WE WILL PAY

We will pay all sums over the amount stated as the Members’ Retained Limit in Item 3 of the Schedule you legally must pay as damages because of bodily injury to your employees eligible for benefits under this agreement, provided the bodily injury is covered by this employer’s liability coverage and subject to the limit specified in Item 6 of the Schedule.

The damages we will pay over the amount stated as the Members’ Retained Limit in Item 3 of the Schedule, where recovery is permitted by law, include damages:

1. for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. for care and loss of services; and
3. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;

provided that these damages are the direct consequence or bodily injury that arises out of and in the course of the injured employee’s employment by you, and



4. because of bodily injury to your employee that arises out of and in the course of employment claimed against you in a capacity other than as employer.

C. EXCLUSIONS

This agreement does not cover:

1. liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. punitive or exemplary damages where coverage for such liability is prohibited by law or contrary to public policy;
3. bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. any obligation imposed by a workers' compensation, occupational disease, unemployment compensation or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by you;
6. damages arising out of the discharge of, coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against, or termination of any employee, or any personnel practices, policies, acts or omissions;
7. damages for discrimination against any employee for the filing of a claim or for discrimination of an employee that has agreed to testify in another employee's workers' compensation claim.

D. RIGHT TO ASSOCIATE IN DEFENSE

We have no duty to investigate, handle, settle or defend any claims, suits or proceedings against you.

We have the discretionary right—and shall be given the opportunity by you—to associate with you in the defenses, investigation, or settlement of any claim, suit or proceeding which appears to involve indemnity by NCCSIF. In such association, you and NCCSIF shall cooperate in all aspects of defense, investigation or settlement.

E. WE WILL ALSO PAY

Subject to the Member Retention specified in Item 3 of the Schedule and subject to the limit specified in Item 6 of the Schedule, we will also pay these costs, in addition to other amounts payable under this coverage, as part of any claim, proceeding or suit we defend;

1. reasonable expenses incurred at our request, but not loss of earnings;



2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the limit of our liability under this coverage;
3. litigation costs taxed against you;
4. interest on a judgment as required by law; and
5. expenses we incur.

F. OTHER INSURANCE

We will not pay more than our share of damages and costs covered by this coverage and any other insurance, self-insurance or any other employers' liability by a Joint Powers Authority. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self insurance will be equal until the loss is paid.

G. LIMIT OF LIABILITY

Our liability to pay for damages is limited. Our limit of liability is shown in Item 6 of the Schedule of Declarations. It is the most we will pay for all damages covered by this coverage because of bodily injury to one or more employees in any one accident or occurrence, or series of accidents or occurrences, arising out of any one event.

We will not pay any claims for damages after we have paid the limit of our liability under this coverage as explained above.

H. RECOVERY FROM OTHERS

We may enforce your rights to recover our payment from anyone liable for an injury covered by this coverage. You will do everything necessary to protect those rights for us and to help us enforce them.

I. ACTIONS AGAINST US

There will be no right of action against us under this coverage unless;

1. you have complied with all the terms of this agreement; and
2. the amount you owe has been determined with our consent or by actual trial and final judgment.

This coverage does not give anyone the right to add us as a defendant in an action against you to determine your liability.



PART THREE — COVERAGE OUTSIDE OF CALIFORNIA

This coverage is identical to Part One (Workers' Compensation Coverage) of this agreement. It applies to your employees who are hired in California and are eligible for benefits under this agreement while they are working anywhere outside of California.

PART FOUR — YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs which may be covered by this agreement. Your other duties are listed here:

1. Provide for immediate medical and other services required by the workers' compensation law.
2. Give us or our representative the names and addresses of the injured persons and of witnesses, and other information we may need.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.
4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses within our layer of coverage, except at your own cost.

PART FIVE — PREMIUM

A. PREMIUM

1. All premiums for this agreement will be determined by the Northern California Cities Self Insurance Fund.
2. Remuneration is part of the premium basis. This premium basis includes payroll and all other remuneration paid or payable during the coverage period for the services of:
 - a. all your employees eligible for benefits under this agreement while engaged in work covered by this agreement; and
 - b. all other persons engaged in work that could make us liable under Part One (Worker's Compensation Coverage) of this agreement. If you do not have the payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph will not apply if you



give us proof that the employers of these persons lawfully secured their workers' compensation obligations.

B. PREMIUM PAYMENTS

You will pay all premium when due.

C. FINAL PREMIUM

The premium shown on the Declarations and on the schedules and endorsements, if any, is an estimate. The final premium will be determined after this agreement ends by using the actual, not the estimated, premium basis and actual losses. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the minimum premium for this agreement as determined by the various layer funding formulas.

D. RECORDS

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

E. AUDIT

You will let us examine and audit all your records that relate to this agreement. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records and programs for storing and retrieving data. We may conduct the audits during regular business hours during the coverage period and within three years after the coverage period ends. Information developed by audit will be used to determine final premium.

F. RATE CHANGES

This agreement is issued by us and accepted by you with the agreement that you will accept any increase in premium or in the rates of premium which may be promulgated under any rating plan approved by the Northern California Cities Self Insurance Fund, and that the effective date of any such increase shall be the effective date thereof fixed in accordance with the provisions of any such rating plan approved by the Executive Committee. Also the rates used to determine the premium are subject to increase during the term of the agreement if an increase in rates applicable to agreements in force is approved by the Executive Committee of Northern California Cities Self Insurance Fund, and that the effective date of any such increase shall be the date fixed by the Executive Committee.



PART SIX — CONDITIONS

A. INSPECTION

We have the right, but are not obliged, to inspect your workplaces at any reasonable time. Our inspections relate to the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help to reduce losses, we do not undertake to perform the duty of any person to provide for the health and safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws regulations, codes or standards.

B. LONG TERM POLICY

If this policy is written for a period longer than one year, all the provisions of this agreement shall apply separately to each consecutive twelve month period, or if the first or last period is less than twelve months, in the same manner as if a separate agreement had been written for each consecutive period. Until your policy terminates, your deposit premium will be transferred to each consecutive coverage period to act as a deposit in the same manner as if a separate agreement had been written.

C. TRANSFER OF YOUR RIGHTS AND DUTIES

Your rights or duties under this agreement may not be transferred without our written consent.

D. OUR NOTICE TO YOU

Mailing documents that relate to this agreement to you at the mailing address shown in the Declarations will be sufficient to prove notice to you of that document.

E. CANCELLATION AND WITHDRAWAL

You may withdraw as a party to this agreement and as a participant in the coverage provided you meet the requirements, as specified in the Joint Exercise of Power Agreement, Bylaws and Participation Agreement.

If cancellation by Northern California Cities Self Insurance Fund or you is effective before the end of the coverage year, Northern California Cities Self Insurance Fund will return to you the amount of any unearned premium payment from you for the coverage year. Such amount will be computed on a pro-rata basis from the effective date of cancellation.



F. ARBITRATION OF COVERAGE DISPUTES

1. Coverage Determinations

The Third Party Administrator or JPA Counsel shall make the initial determination whether to deny coverage on all or part of a claim, or to reserve the Northern California Cities Self Insurance Fund's right to deny coverage on all or part of a claim, if a loss subsequently exceeds the retained limit.

A decision to deny coverage can be appealed to the Board of Directors. Notice of such appeal shall be submitted in writing within thirty (30) calendar days of the date of written notice of decision.

The appeal shall be considered by the Board of Directors at the next regular or special meeting following receipt of the written appeal; if the appeal is received too late for inclusion in the agenda packet, it can be postponed to the next following Board meeting. The Program Administrator and the covered party will have the right to submit written materials and present oral argument to the Board, subject to reasonable time constraints. Any dispute concerning a decision by the Board to deny coverage for all or part of a claim shall not be subject to any court action, but may instead be submitted to binding arbitration in accordance with the procedures set forth below. Notice of a request for binding arbitration by the covered party must be submitted within thirty (30) calendar days from the date of the noticed decision by the Board of Directors.

(a) Arbitration Procedures for Resolving Disputes

1) Selection of Arbitrators

If an appeal of a Board decision is submitted to arbitration, each side shall, within ten (10) calendar days, select one (1) arbitrator and submit his or her name in writing to the other side. Within ten (10) calendar days after their selection, these two arbitrators shall select a third independent arbitrator. If the two sides cannot agree on the selection of the third arbitrator within ten (10) calendar days, either side may petition the Sacramento County Superior Court for the appointment of the third arbitrator pursuant to the provisions of section 1281.6 of the California Code of Civil Procedure. The third arbitrator shall be an attorney and preside as the Chairperson of the arbitration panel. No arbitrator shall be employed or affiliated with you or NCCSIF.

The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the Chairperson, unless both sides agree to an extension.

Each side shall pay the cost of its selected arbitrator and one-half of the cost of the third selected arbitrator. In addition, each side shall be responsible for its own cost and expense of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between either side and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

2) **Discovery**

The procedures set forth in Code of Civil Procedure section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (b).

3) **Testimony Under Oath**

The testimony of witnesses shall be given under oath.

4) **Length of Hearing**

The panel will endeavor to confine the length of the hearing to two (2) days. A decision of the panel shall be reported in writing. The written decision of the panel shall be given to both sides within thirty (30) calendar days of the close of the hearing.

5) **Certified Shorthand Reporter**

Either side wishing a certified shorthand reporter record shall arrange directly with a certified shorthand reporter and notify the other side of such arrangements in advance of the hearing. The requesting side shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

(b) **Funding of Defense and Payment of Claims Pending Resolution of Dispute**

During the course of the arbitration proceedings provided herein, the *covered party* will be responsible for all fees and expenses for investigation, defense or litigation of a claim or lawsuit. In the event the arbitration panel determines that coverage applies for such *defense costs*, the *Authority* will reimburse the *covered party* as directed by the panel.



(c) **Effects of Arbitration Decisions**

All decisions on appeals, whether by the Board of Directors (after the time to request arbitration has expired) or by the arbitration panel, shall be final and binding upon the parties and shall not be subject to any further appeal or court action, except as provided in Code of Civil Procedures sections 1286.2 and 1286.4 (relating to fraud or corruption, etc.).

(d) **General Law**

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with section 1280).

| July 1, 2014~~3~~

Date

Liz Ehrenstrom, NCCSIF President



DOCUMENTATION OF 4850 BENEFITS – POLICIES AND PROCEDURES

ACTION ITEM

ISSUE: NCCSIF members have made a policy decision to *not* provide coverage for full salary continuation benefits payable under Labor Code 4850 whenever a public safety officer is disabled due to employment-related injuries. In order to document NCCSIF’s decision regarding these benefits and see that it is followed by the various parties that help to manage the Workers’ Compensation Program changes are needed to three of NCCSIF’s Policies and Procedures (P&P), WC-1, WC-2, and WC-3.

RECOMMENDATION: The Program Administrator and the EC recommend approval of the changes to the P&Ps per the attached red-lined versions of the current documents.

FISCAL IMPACT: None

BACKGROUND: NCCSIF Members made the decision several years ago not to cover 4850 benefits. However, key documents and procedures were not updated to reflect this decision and as a result over time inconsistencies developed in how benefits were paid and reported.

For example, this decision was not communicated to the actuary, and as a result he previously included the Temporary Disability (TD) portion of the 4850 benefit in his calculations. In addition, some reports sent to the accountant and Members did not clearly reflect what was paid and what was “vouchered”.

The 4850 TD benefits are covered by NCCSIF’s excess coverage provider, CSAC-EIA, so we need to track them for credit toward the SIR. This is done by issuing vouchers instead of checks for both the 4850 TD (approximately 67% of salary) and the remaining salary continuation benefits (called 4850 Diff by our claims administrator).

We have asked for more detail on the monthly payment registers sent to NCCSIF’s accountant and members, to clearly show vouchers and checks.

ATTACHMENT(S): (Redlined versions of P&P’s)

WC1: Shared Risk Layer Deposit Development Plan

WC2: Workers’ Compensation Claims Administration General Guidelines and Standards

WC3: Formula for Determining Workers’ Compensation Annual Deposit



WORKERS' COMPENSATION POLICY AND PROCEDURE #WC-1

Subject: SHARED RISK LAYER WORKERS' COMPENSATION DEPOSIT DEVELOPMENT PLAN

Policy Statement:

It shall be the policy of the Northern California Cities Self-Insurance Fund to determine the Shared Risk Layer Workers' Compensation Deposit Development in the method outlined in the following procedure.

Procedure:

Deposits: NCCSIF will collect a deposit from each member each year. The deposits will provide funds to pay claims if necessary. The deposits will be credited with investment income at the rate earned on the Authority's investments.

The deposits do not affect the members' actual costs.

Deposits for each member for each year are determined by the Board. New deposits for the risk-sharing layer as a whole will be based upon rates determined by an actuarial study. Successive years will be subject to review and adjustment by the Authority. Exposures should not reflect activities excluded by the Agency's Memorandum of Coverage, [including payments for benefits under Labor Code 4850](#). Exposures will be audited at the end of each program year.

Deposits for the twelve-month period beginning each July 1 are due and payable each July 1.

Pooled Costs: The pooled costs of each year (called a Program Year) will include only pooled losses and loss expenses.

Each member's experience will be given weight to the extent that such experience is credible. The weights will range from 65% to 75% % for the largest cities and to about 10% for the smallest members. This ensures that large cities will be extensively experience rated, and that small cities won't get by with only nominal allocations just because of a few years of good fortune in claims experience.

Adjustments to the Shared Risk Layer will be in accordance with Policy and Procedure A-12 Shared Risk Layer Plan Fund Adjustments.

WORKERS' COMPENSATION
DEPOSIT DEVELOPMENT PLAN

Each member's share of deposit will depend on its size, special exposure surcharges, and its Experience Modification.

A member's Experience Modification reflects its own loss experience rate to the extent it is credible. To the extent that the member's own experience is not credible, the Experience Modification reflects the average experience of all members.

- 1) Reported Workers' Compensation Losses - Member's share of past paid losses and case reserves \$ 100,000 excess of \$ 20,000 incurred in the prior five full coverage years.
- 2) Percentage Reported Workers' Compensation Losses - Member's % share of paid losses and case reserves \$ 100,000 excess of \$ 20,000 incurred in the prior five full coverage years.
- 3) Pool Deposit Basis (Workers' Compensation Payroll) - Member's deposit basis during the twelve-month program year.
- 4) Percentage Pool Deposit Basis (Percentage Payroll) - Member's share of all deposit bases during the twelve-month program year.
- 5) Relative Loss Rate - Member's share of losses divided by member's share of deposit basis.
- 6) Credibility Factor -
$$\frac{\text{Member's Deposit Basis}}{\text{Member's Deposit Basis} + (\text{Member's Deposit Basis that will create a credibility of 65\% - 75\% for largest Member.})}$$
- 7) Experience Modification - Member's credibility times relative loss rate, plus (1.0 - Member's Credibility) times average Relative Loss Rate.
- 8) Special Exposure Factor - Any special exposure surcharges will be agreed upon before the beginning of the program year.
- 9) Total Exposure - Member's Deposit Basis times the experience modification times the special exposure factor.
- 10) Percentage Total Exposure - Member's percentage share of total exposure.

Effective Date: June 28, 1991

First Revision: April 13, 2007

Second Revision: **TBD**



WORKERS' COMPENSATION POLICY AND PROCEDURE #WC-2

SUBJECT: WORKERS' COMPENSATION CLAIMS ADMINISTRATION GENERAL GUIDELINES AND STANDARDS

Policy Statement:

It shall be the policy of the Northern California Cities Self-Insurance Fund to ensure that Worker's Compensation claims are administrated by the following general guidelines and standards.

Processing:

1. All files will be created, reserved and assigned the proper code number and entered into the computer within five working days following the receipt of the First Report of Inquiry.
2. A diary system will be established so that each case is reviewed at least every thirty (30) days.
3. Payments will be made promptly as required by State code. All payments for Labor Code 4850 benefits will be made by accounting entry or voucher instead of a check from NCCSIF funds. NCCSIF does not cover 4850 benefits of any kind.
4. No penalties shall be paid by the member city unless it can be shown that late filing of the report is the reason for the penalty. Late filing is when the claim administrator has not received the first report within five (5) days of knowledge of injury or disability by the employer.
5. All payments, reserve revisions and file closing will be promptly entered into the computer system.
6. The reserve will take into consideration all potential payments, including "allocated expenses."

File Documentation:

1. The basis for all initial reserves, reserve revisions and payments will be clearly explained in the file.
2. Specific direction on the investigation and handling of all indemnity cases will be established with ten (10) working days of receipt of the First Report and clearly evidenced in the file. The extent of the direction will be clearly based upon the seriousness or complexity of the case.

3. An initial file summary will be completed on all indemnity cases involving disability payments within fifteen (15) days of receipt of the First Report.
4. Updated case analysis summaries will be completed and placed in any indemnity file at least every thirty (30) days after completion of the initial summary unless an extended diary up to ninety (90) days is warranted. This will include any and all information that related to the direction and value of the case, as well as further work to be done and a target day for completion.
5. All phone conversations, discussions and meetings held on the case will be clearly documented in each file.

Investigation:

1. Within three (3) working days of receipt of the First Report, contact will be made with the member agency in order to determine if compensability is to be acknowledged or questioned when not self-evident on member city's report.
2. On all questionable indemnity cases, informative statements will be obtained from anyone who may have knowledge of the injury, including the claimant, witnesses and supervisor within ten (10) calendar days of receipt of the First Report, unless the file reflects a reasonable explanation for a delay in obtaining same.
3. The medical facility will be contacted prior to making the initial indemnity payment to establish the extent of injury, length of disability, and causal relationship of the injury to the job or alleged work-related incident.
4. A medical report will be requested within twenty (20) days of the first day of lost time and as often as needed thereafter to justify continuing indemnity payments.
5. Personal contact on non-litigated indemnity cases will be maintained with the injured employee on a periodic, ongoing basis (initial, within three (3) days of receipt of First Report and follow up within every thirty (30) days thereafter until return to work) to control their medical progress and timely return to work.
6. Where the length of disability is questioned and upon prior approval by the member, a field activity check/surveillance will be conducted on the injured employee in order to determine if there is any work capability. All investigations will be coordinated with appropriate member city personnel on a case-by-case basis.
7. Where medical evaluation is questioned, an independent medical examination will be scheduled with a qualified physician, providing to the physician any relevant medical and job information that will assist the physician in making an objective evaluation. Copies of medical evaluations will be provided to the member city.

8. Any medical bills received will be reviewed prior to payment with regard to causal relationship to the accident/work-related injury.
9. Where needed, rehabilitation and/or retraining will be recommended and the progress will be closely monitored and controlled. The first evaluation as to the appropriateness of rehab will take place according to Workers' Compensation State requirements.
10. Subrogation will be promptly recognized and investigated.
11. All reserves will be evaluated for accuracy, based on information at hand, every time the case is handled and/or reviewed.
12. All "medical only" cases will be reviewed for closing at least every ninety (90) days.
13. Settlement evaluation will be made promptly, based on information included in the file, as well as other criteria by which a value may be based.
14. Where warranted, settlement will be pursued in a timely and aggressive manner, and all negotiations will be handled or managed internally by the claims person assignment to the case or qualified attorney under direction of the Claim Administrator.
15. Settlement authority will be granted in accordance with the policy established by NCCSIF.

Medical Control

1. Recommend the composition of medical facilities and panels in conjunction with the member agencies.
2. Maintain close liaison with doctors and assure maximum efficiency in the management of claims and compliance with State laws regarding provision of job descriptions to determine return to work possibilities.
3. Review every Doctor's First Report and initiate the proper procedure in each claim.
4. Audit all medical bills at the level determined by the JPA. Use of PCC, Med-Date, or other software is strongly recommended.
5. Provide each member city with copies of medical evaluations as requested by the member.

Litigation Management

1. Good judgment will be used in deciding on the need for legal counsel.
2. Within three (3) working days of referral of the case to defense counsel, a letter will be directed to the attorney, with a copy to the agency outlining the case status, work to be done, by whom and in what time frame.

3. Defense counsel will not do anything that could be accomplished just as effectively, efficiently, and economically by the Claim Administrator.
4. Within thirty (30) days after receipt of the case, defense counsel's written opinion as to compensability, value and settlement/defense strategy will be obtained. A copy will be provided to the member city.
5. Itemized legal bills will be solicited and reviewed for payment at least quarterly, or more frequently, if appropriate.

Reporting Requirements

1. Monthly loss runs shall be provided to the NCCSIF Program Administrator, the member city and the excess insurance carrier.
2. As to any claim:
 - o reserved at \$15,000 and above, and/or
 - o involving serious injury (death, heart attack, back problems involving surgery, serious burns, brain damage, or any other extreme permanent injury), and/or
 - o in litigation
 - a. An initial written captioned report will be completed and submitted to the member city within thirty (30) days after the defined reporting condition is met.
 - b. Supplemental written status reports will be completed and submitted to the agency at least every ninety (90) days following the initial report and should include any pertinent information that could reasonably affect the ultimate value of the claim.
3. Within ten (10) days from a reserve increase of \$15,000 or more, a written notification of the fact of the increase and the basis for it will be sent to the member agency.
4. Obtain monthly, or more frequently, if appropriate, itemized billings from outside adjusters/investigators and legal counsel for payment consideration.
5. Report as appropriate to the NCCSIF Program Administrator, the Excess Insurance carrier, and the member agency necessary information on the current status of claims as required by the excess carrier.
6. Reconciliation of bills paid on a frequency determined by NCCSIF.

Communications

1. Open communications will exist and be maintained bilaterally between NCCSIF members and the Claims Administrator. Phone calls will be returned promptly.
2. The Claim Administrator will provide NCCSIF with notices dealing with changes or proposed changes in Workers' Compensation administrative procedures and laws.

Review Procedures

1. NCCSIF, its Program Administrator, and its member agencies shall have the right to audit any and all of its claim files during normal business hours and/or to employ an outside auditor for the purpose, providing such auditor is not employed by a competitor of the Claim Administrator.

Self Insured Annual Report

Prepare on behalf of each member agency, the Public Self Insurer's Annual Report in accordance with current State requirements.

THE ABOVE STANDARDS AND GUIDELINES ARE INTENDED TO PROVIDE A GENERAL IDEA AS TO THE LEVEL OF SERVICE THAT IS DESIRED. COMMUNICATION IS EXTREMELY IMPORTANT, AS IS THE ABILITY TO PROVIDE QUALITY SERVICE.

REGARDLESS OF THE ABOVE STANDARDS AND GUIDELINES, THE STATE WORKERS' COMPENSATION LAWS SHALL ALWAYS TAKE PRECEDENCE IN THE ADMINISTRATION OF CLAIMS.

Effective Date: June 28, 1991

Revised: TBD



WORKERS' COMPENSATION POLICY AND PROCEDURE #WC-3

SUBJECT: FORMULA FOR DETERMINING WORKERS' COMPENSATION ANNUAL DEPOSIT

The Workers' Compensation Annual Deposit shall be calculated ~~annually~~ based on five cost components ~~that comprise the annual deposit~~.

The five cost components are as follows:

I. BANKING LAYER LOSS FUND

The Banking Layer Loss Fund represents an amount determined annually by an outside actuary and approved ~~annually~~ by the Board of Directors to fund the losses occurring within the Banking Layer during the next fiscal year. Two factors are used for determining the amount of each Member's share of the Banking Layer Loss Fund. The first calculation factor is based on Average Total Incurred Losses, without credit for any Labor Code 4850 benefits, within the Banking Layer and yields 75% of the total Banking Layer Loss Fund. The second factor is based on WCIRB* Loss Rate Premium and yields 25% of the total Banking Layer Loss Fund. The formulas for the two factors are:

* WCIRB means Workers' Compensation Insurance Rate Bureau.

FORMULAS

Factor 1: Average Total Incurred Losses within the Banking Layer

$$\begin{aligned}
 & \text{City's Five Year Average Incurred Losses for the Banking Layer} \\
 & \quad \text{beginning six years prior and ending one year prior (\$)} \\
 & \qquad \qquad \qquad / \\
 & \text{JPA's Five Year Total Average Incurred Losses for the Banking Layer (\$)} \\
 & \qquad \qquad \qquad = \\
 & \text{City's Percentage of JPA's Five Year Total Average Incurred Losses (\%)} \\
 & \qquad \qquad \qquad \times \\
 & \qquad \qquad \text{Weighting Factor of 75\%} \\
 & \qquad \qquad \qquad \times \\
 & \qquad \qquad \text{Banking Layer Loss Fund (\$)} \\
 & \qquad \qquad \qquad = \\
 & * 75\% \text{ of the Banking Layer Loss Fund Based on Average Total Incurred Losses (\$)}
 \end{aligned}$$

Factor 2: WCIRB Pure Loss Rate Premium

$$\begin{aligned} & \text{City's WCIRB Pure Loss Rate Premium (\$)} \\ & \quad / \\ & \text{JPA's Total WCIRB Pure Loss Rate Premium (\$)} \\ & \quad = \\ & \text{City's Percentage of the WCIRB Pure Loss Rate Premium (\$)} \\ & \quad \times \\ & \text{Weighting Factor of 25\%} \\ & \quad \times \\ & \text{Banking Layer Loss Fund (\$)} \\ & \quad = \\ & * 25\% \text{ of the Banking Layer Loss Fund Based on WCIRB Loss Rate Premium} \end{aligned}$$

(* The sum of Factors 1 and Factor 2 equal the Banking Layer Loss Fund.)

II. PLAN FUND ADJUSTMENT

In accordance with Policy and Procedure #A-1 the Plan Fund Adjustments are calculated annually and presented to the Board of Directors at its meeting in March. Members reflecting a negative adjustment balance will be required to pay to the Treasurer twenty percent (20%) of the deficit adjustment balance in two installments -- on September 15 and December 31. If the negative adjustment balance is \$10,000 or less then it will be paid in one installment. Members eligible for a refund can apply the refund to the total Workers' Compensation Annual Deposit thereby reducing the amount due.

III. SHARED RISK LAYER

The formula for allocation of the Shared Risk Layer Loss Fund is determined separately under Policy and Procedure #WC-1.

IV. EXCESS INSURANCE OR COVERAGE

The component for the cost of the excess insurance is calculated in the following manner:

FORMULAS

Factor 1: Average Total Incurred Losses within the Banking Layer

$$\begin{aligned} & \text{City's Five Year Average Incurred Losses within the Banking Layer beginning six years prior} \\ & \quad \text{and ending one year prior (\$)} \\ & \quad / \\ & \text{JPA's Five Year Total Average Incurred Losses within the Banking Layer (\$)} \\ & \quad = \\ & \text{City's percentage of JPA's Five Year Total Incurred Losses (\%)} \\ & \quad \times \\ & \text{Weighting Factor of 25\% (\%)} \end{aligned}$$

$$\begin{aligned}
 & \text{X} \\
 & \text{Excess Workers' Compensation Premium or Deposit} \\
 & = \\
 & * 25\% \text{ of the Excess Insurance or Coverage Based on Average Total Incurred Losses (\$)}
 \end{aligned}$$

Factor 2: WCIRB Pure Loss Rate Premium

$$\begin{aligned}
 & \text{City's WCIRB Pure Loss Rate Premium (\$)} \\
 & / \\
 & \text{JPA's Total WCIRB Pure Loss Rate Premium (\$)} \\
 & = \\
 & \text{City's Percentage of the Total WCIRB Pure Loss Rate Premium (\%)} \\
 & \text{X} \\
 & \text{Weighting Factor of 75\%} \\
 & \text{X} \\
 & \text{Excess Workers' Compensation Premium or Deposit} \\
 & = \\
 & * 75\% \text{ of the Excess Insurance or Deposit based on WCIRB Loss Rate Premium (\$)}
 \end{aligned}$$

(* The sum of Factors 1 and 2 equal the total excess workers' compensation premium or deposit.)

V. ADMINISTRATIVE COSTS

Administrative costs are separated into two sections, one allocated on a percentage of Members share of Banking, Shared and Excess Premiums representing 65% of the Administrative Costs and the second allocated equally to all members and representing 35% of the Administrative Costs.

MAXIMUM DEPOSIT

The developed premium for the Banking Layer Loss Fund, the Shared Risk Layer and the Excess Workers' Compensation Premium will be developed annually as a net rate per \$100 of payroll per member. This net rate will not increase for any member on a year to year basis by more than a percentage determined annually by the Board of Directors. If any member's deposit would exceed that amount then it will be capped with the resulting cost spread among the other members.

Effective Date: December 6, 1996

First Revision: April 13, 2007

Second Revision: TBD



2014/15 PROPERTY RENEWAL

ACTION ITEM

ISSUE: The Board will be provided with 2014/15 Property Renewal Proposal for review and approval. The NCCSIF Property Program is covered through the Alliant Property Insurance Program (APIP) which renews July 1, 2014. The Property rates have decreased by 2.12% from the prior year. Total Insurable Values increased 2.76% due to various changes throughout the year. The total premium increased .58% over last year. In 2013/14 Property appraisals were included in the property appraisal in the amount of \$56,000 which were included in the Budget but allocated to the 2013/14 property premium. Below are major coverage changes for the 2014/15 policy year.

RECOMMENDATION: The Program Administrator recommends approval of the 2014/15 Property Program Renewal with the Alliant Property Insurance Program (APIP).

FISCAL IMPACT: The projected total premium of \$850,362 is based on total insured values of \$852,917,151.

BACKGROUND: NCCSIF provides optional property insurance for their members through the Alliant Property Insurance Program. This is a joint purchase insurance program currently providing members up to \$1,000,000,000 in all risk limits. Premiums are based on each member's exposures which are provided via a schedule of insured locations.

ATTACHMENT(S):

1. 2014/15 Property Deposit Calculations
2. 2014/15 NCCSIF Property Proposal
3. 2014/15 NCCSIF Boiler and Machinery Proposal
4. 2014/15 NCCSIF Pollution Liability Proposal
5. 2014/15 List of Named Insured
6. 2014/15 TRIA Selection
7. 2014/15 Surplus Lines Disclosure
8. 2014/15 Claims Acknowledgement and Procedures

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
PROPERTY PROGRAM
July 1, 2014 to June 30, 2015

Member	Property Deductible	2014-2015 Property Values	2014-2015 Contractor's Equipment	2014-2015 Primary Property Premium	2014-2015 Excess Property Premium	2014-2015 CE Premium	Estimated ABS Fees	Estimated SLT&F	2014-2015 Projected Boiler Premium	Total All Risk Property Premium
PROPERTY		\$0.0621752	\$0.0621790				\$21,624	\$25,774	\$9,735	
Anderson	\$5,000	\$27,560,722	\$453,620	\$16,854	\$4,940	\$282	\$699	\$833	\$315	\$23,922
Auburn	\$5,000	\$18,796,066	\$51,670	\$11,496	\$3,369	\$32	\$477	\$568	\$215	\$16,156
Colusa	\$5,000	\$34,844,278	\$14,296	\$21,656	\$6,245	\$9	\$883	\$1,053	\$398	\$30,244
Dixon	\$5,000	\$28,948,853	\$804,340	\$17,499	\$5,188	\$500	\$734	\$875	\$330	\$25,127
Folsom	\$5,000	\$197,265,906	\$13,532,446	\$107,668	\$35,356	\$8,414	\$5,001	\$5,961	\$2,252	\$164,652
Galt	\$5,000	\$64,382,218	\$474,957	\$39,734	\$11,539	\$295	\$1,632	\$1,946	\$735	\$55,882
Gridley	\$5,000	\$23,469,545	\$516,649	\$14,271	\$4,206	\$321	\$595	\$709	\$268	\$20,371
Ione	\$5,000	\$11,288,509	\$110,338	\$5,999	\$2,023	\$69	\$286	\$341	\$129	\$8,847
Lincoln	\$5,000	\$118,288,455	\$3,154,392	\$64,745	\$21,201	\$1,961	\$2,999	\$3,574	\$1,350	\$95,831
Marysville	\$5,000	\$27,444,119	\$913,902	\$16,495	\$4,919	\$568	\$696	\$829	\$313	\$23,821
Oroville	\$5,000	\$30,536,375		\$18,986	\$5,473	\$0	\$774	\$923	\$349	\$26,505
Paradise	\$5,000	\$8,140,718	\$516,650	\$4,740	\$1,459	\$321	\$206	\$246	\$93	\$7,066
Red Bluff	\$5,000	\$43,854,240	\$2,448,060	\$24,685	\$7,860	\$1,522	\$1,112	\$1,325	\$501	\$37,005
Rocklin	\$5,000	\$79,198,069	\$15,862,443	\$39,379	\$14,195	\$9,863	\$2,008	\$2,393	\$904	\$68,742
Yuba City	\$5,000	\$138,899,078	\$112,265	\$83,767	\$24,895	\$70	\$3,522	\$4,197	\$1,585	\$118,036
Subtotal Prop/Boiler		\$852,917,151	\$38,966,028	\$487,975	\$152,867	\$24,229	\$21,624	\$25,774	\$9,735	\$722,203

FLOOD	Flood Limit	2014-2015 Flood Values	2014-2015 Flood Premium	2014-2015 Flood Rate	2014-2015 Flood Premium
Auburn	\$17,000,000	\$18,796,066	\$4,941	0.026288	\$4,941
Ione	\$10,000,000	\$11,288,509	\$2,968	0.026288	\$2,968
Marysville Flood	\$15,000,000	\$27,444,119	\$7,215	0.026288	\$7,215
Yuba City Flood	\$10,000,000	\$138,899,078	\$36,514	0.026288	\$36,514
Subtotal Flood		\$196,427,772	\$51,637		\$51,637

VEHICLES	Vehicle Deductible	2014-2015 Vehicle Values	2014-2015 Vehicle Premium	2014-2015 Vehicle Rate	2014-2015 Vehicle Premium
Auburn	\$10,000	\$254,705	\$669	\$0.26284	\$669
Folsom Vehicles	\$5,000	\$10,564,516	\$27,768	\$0.26284	\$27,768
Ione	\$5,000	\$1,529,737	\$4,021	\$0.26284	\$4,021
Lincoln Vehicles	\$7,500	\$11,001,013	\$28,915	\$0.26284	\$28,915
Red Bluff Vehicles	\$5,000	\$1,703,748	\$4,478	\$0.26284	\$4,478
Yuba City Vehicles	\$5,000	\$4,059,443	\$10,670	\$0.26284	\$10,670
Subtotal Vehicles		\$29,113,162	\$76,521		\$76,521

GRAND TOTAL: **\$850,361**



**ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

PROPERTY PROPOSAL

TYPE OF INSURANCE: Insurance Reinsurance

NAMED INSURED: Northern California Cities Self Insurance Fund

DECLARATION: 4-Cities 4

POLICY PERIOD: July 1, 2014 to July 1, 2015

COMPANIES: See Attached List of Companies

**TOTAL INSURED
VALUES:** \$ 852,917,151 as of May 21, 2014

**ALL RISK
COVERAGES &
LIMITS:**

- \$ 1,000,000,000 Per Occurrence: All Perils, Coverages (subject to policy exclusions) and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.

- \$ 15,000,000 For City of Marysville only; \$10,000,000 For City of Yuba City only; \$17,000,000 For City of Auburn only; \$10,000,000 For City of Ione only Flood Limit - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)

- \$ 15,000,000 For City of Marysville only; \$10,000,000 For City of Yuba City only; \$17,000,000 For City of Auburn only; \$10,000,000 For City of Ione only Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A & V (inclusive of all 100 year exposures). This Sublimit does not increase the specific flood limit of liability for those Members(s)/Entity(ies) that purchase this optional dedicated coverage.

- Not Covered Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)

- \$ 100,000,000 Combined Business Interruption, Rental Income and Tax Revenue Interruption and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Member(s)/Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc., this sublimit amount is limited to \$500,000 per Member/Entity subject to maximum of \$2,500,000 Per Occurrence for Business Interruption, Rental Income and Tuition Income combined, and \$5,000,000 per occurrence for Tax Revenue Interruption. Coverage for power generating plants is excluded, unless otherwise specified.

2014-2015 Alliant Property Insurance Program (APIP) Property Proposal
Northern California Cities Self Insurance Fund

\$	50,000,000	Extra Expense
\$	25,000,000	Miscellaneous Unnamed Locations for existing Members Excluding Earthquake coverage for Alaska and California Members. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
	180 Days	Extended Period of Indemnity
See Policy Provisions	\$25,000,000	Automatic Acquisition up to \$100,000,000 or a member's Policy Limit of Liability if less than \$100,000,000 for 90 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sublimit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
\$	1,000,000	Unscheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item
\$	5,000,000	Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item. Higher limits available for members with scheduled values greater than \$5,000,000 for an additional premium with underwriting approval
\$	50,000,000	Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations.
\$	25,000,000	Course of Construction and Additions (including new) for projects with completed values not exceeding the sublimit shown. Projects valued between \$25,000,001 and \$50,000,000 can be added for an additional premium with underwriting approval
\$	2,500,000	Money & Securities for named perils only as referenced within the policy
\$	2,500,000	Unscheduled Fine Arts
\$	250,000	Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all insureds / members per declaration

2014-2015 Alliant Property Insurance Program (APIP) Property Proposal
 Northern California Cities Self Insurance Fund

\$	500,000	Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
\$	25,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery)
\$	25,000,000	Transit
\$	2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence
\$	2,500,000	Unscheduled Watercraft up to 27 feet
	Included	Per Occurrence for Off Premises Vehicle Physical Damage
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations
\$	5,000,000	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage
\$	5,000,000	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage
\$	3,000,000	Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately
\$	500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately
\$	1,000,000	Claims Preparation Expenses
\$	50,000,000	Expediting Expenses
\$	1,000,000	Personal Property Outside of the USA
\$	100,000,000	Per Member/Entity Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 18-21, 25-30 and 32-34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)

2014-2015 Alliant Property Insurance Program (APIP) Property Proposal
Northern California Cities Self Insurance Fund

\$	300,000,000	Per Member/Entity for Terrorism (Excess Layer) subject to;
\$	800,000,000	Per Occurrence, All Members combined in Declarations 1-9, 11-14, 18-21, 25-30 and 32-34 for Terrorism (Excess Layer) subject to;
\$	800,000,000	Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 11-14, 18-21, 25-30 and 32-34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)
	Not Covered	Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.
	Included	Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles
	Included	See Alliant Property Insurance Program (APIP) Pollution Liability Insurance Summary for applicable limits and deductibles

VALUATION:

- Repair or Replacement Cost
- Actual Loss Sustained for Time Element Coverages
- Contractor’s Equipment / either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

**EXCLUSIONS
(Including but not limited to):**

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

Deductibles: If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable. (The Deductible amounts set forth below apply Per Occurrence unless indicated otherwise).

**“ALL RISK”
DEDUCTIBLE:**

\$	5,000	Per Occurrence, which to apply in the event a more specific deductible is not applicable to a loss
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**DEDUCTIBLES FOR
SPECIFIC PERILS
AND COVERAGES:**

\$	100,000	All Flood Zones Per Occurrence excluding Flood Zones A & V
\$	250,000	Per Occurrence for Flood Zones A & V (inclusive of all 100 year exposures)
	Not Covered	Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the stated minimum.

2014-2015 Alliant Property Insurance Program (APIP) Property Proposal
 Northern California Cities Self Insurance Fund

\$	1,000	Per Occurrence for Specially Trained Animals
\$	500,000	Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
\$	10,000	Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
\$	50,000	Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
\$	10,000	Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits
\$	50,000	Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits
	24 Hour Waiting Period	for Service Interruption for All Perils and Coverages
	2.5% of Annual Tax Value	per Location for Tax Interruption
\$	5,000	for Yuba City, City of Ione, City of Red Bluff, City of Folsom; \$7,500 for City of Lincoln ONLY; \$10,000 for City of Auburn, Not Covered for all others. Per Occurrence for Off Premises Vehicle Physical Damage. If Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off-premises on a Per Occurrence basis, unless otherwise stated. If Off-Premises coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk (Basic) deductible.
	RC	Vehicle Valuation Basis
\$	5,000	Per Occurrence for Contractor's Equipment
\$	5,000	Per Occurrence for Primary Terrorism
\$	500,000	Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)

Included Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary

for details of coverage terms, limits and deductibles.
(Cyber Liability)

TERMS & CONDITIONS: 25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is 100% Earned at Inception

Except Pollution Liability Premium is 100% Earned at Inception

NOTICE OF CANCELLATION: 90 Days except 10 Days for non-payment of premium

	Annual Cost*
Total Property Premium:	\$ 793,229.00
Excess Boiler:	\$ 9,735.00
ABS Fee:	\$ 21,624.00
SLT&F's (Estimate)	\$ 25,773.59
Broker Fee:	\$ 0.00
TOTAL COST †: (Including Taxes and Fees)	\$ 850,361.59
*Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment.	
† TOTAL COST includes: all premiums, , underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes	

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

QUOTE VALID UNTIL: July 1, 2014

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861
Marcus Beverly
Vice President

Johnny Yang
Assistant Account Representative

NOTES:

- Major pending and approved changes to the APIP Program are described in the Executive Summary.

- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194 Disclosure and General Broker Compensation Disclosure

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York and other States. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the

producer.



**ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

BOILER & MACHINERY PROPOSAL

PROGRAM: Northern California Cities Self Insurance Fund

NAMED INSURED: Northern California Cities Self Insurance Fund

POLICY PERIOD: July 1, 2014 to July 1, 2015

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: \$ 852,917,151 as of May 21, 2014

STATUS/RATING: See Attached List of Companies

COVERAGES & LIMITS:

\$	100,000,000	Boiler Explosion and Machinery Breakdown, (for those Member(s)/Entity(ies) that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:
	Included	Jurisdictional and Inspections
\$	10,000,000	Per Occurrence for Service/Utility/Off Premises Power Interruption
	Included	Per Occurrence for Consequential Damage/Perishable Goods/Spoilage
\$	10,000,000	Per Occurrence for Electronic Data Processing Media and Data Restoration
\$	2,000,000	Per Occurrence, Per Member/Entity and in the Annual Aggregate per declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
\$	10,000,000	Per Occurrence for Hazardous Substances/ Pollutants/Decontamination
	Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes

NAMED INSURED CLAUSE: Named Insured covers entities you acquire or in which you have 50% or more ownership or contractual control prior to loss

NEWLY ACQUIRED

LOCATIONS: \$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding

VALUATION: Repair or Replacement except Actual Loss sustained for all Time Element coverages

EXCLUSIONS

(Including but not limited to):

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

OBJECTS EXCLUDED:

(Including but not limited to):

- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

NOTICE OF

CANCELLATION: 90 days except 10 days for non-payment of premium

DEDUCTIBLES:

\$ 2,500 Except as shown for Specific Objects or Perils

\$ 2,500 Electronic Data Processing Media

\$ 2,500 Consequential Damage

\$ 2,500 Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface

\$ 50,000 Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface

\$ 100,000 Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface

\$ 250,000 Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface

\$ 350,000 Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

10 per foot / \$2,500 Minimum Deep Water Wells

24 Hours Business Interruption/Extra Expense Except as noted below

30 Days Business Interruption – Revenue Bond

24 Hour Waiting Period – Utility Interruption

5 x 100% of Daily Value – Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

5 x 100% of Daily Value – Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities

	Annual Cost*
COST:	Cost is included on Property Proposal

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

BROKER: ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

Marcus Beverly
Vice President

Johnny Yang
Assistant Vice President

NOTES:

- *Major pending and approved changes to the APIP Program are described in the Executive Summary.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194 Disclosure and General Broker Compensation Disclosure

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York and other States. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the

producer.

Alliant Property Insurance Program (APIP)

POLLUTION LIABILITY COVERAGE PROPOSAL

TYPE OF INSURANCE: Insurance Reinsurance

TYPE OF COVERAGE: Claims Made and Reported Pollution Liability

PROGRAM: Alliant Property Insurance Program (APIP)

NAMED INSURED: Any member(s), entity(ies), agency(ies), organization(s), enterprise(s), pool(s), Joint Powers Authority(ies) and/or individual(s) attached to each Declaration insured as per schedule on file with Insurer, listed below.

POLICY PERIOD: July 1, 2014 to July 1, 2015

RETROACTIVE DATE: July 1, 2011 for existing members included on the 2011-2012 policy at inception; For all other members the Retroactive date is the date of addition to the Program.

COMPANY: Illinois Union Insurance Company

A.M. BEST INSURANCE RATING:: A+, Superior, Financial Category XV
(\$2 Billion or greater)
Effective June 14, 2013

STANDARD & POORS RATING: AA- (Very Strong) *Pulled as of March 11, 2014*

ADMITTED STATUS: Non-Admitted in all states except Illinois

POLICY NUMBER: PPE G24544837 004

COVERAGE LOCATION: Per the following SOVs submitted on 6/30/2014:

1. PEPIC DEC 1 – SOVs
2. PEPIC DEC 2 – SOVs
3. PEPIC DEC 3 – SOVs
4. PEPIC DEC 4 – SOVs
5. PEPIC DEC 5 – SOVs
6. PEPIC DEC 8 – SOVs (Excludes SPIP)
7. PEPIC DEC 11 – SOVs
8. PEPIC DEC 12 – SOVs
9. PEPIC DEC 19 – SOVs
10. PEPIC DEC 20 – SOVs
11. PEPIC DEC 21 – SOVs
12. PEPIC DEC 25 – SOVs
13. PEPIC DEC 26 – SOVs
14. PEPIC DEC 27 – SOVs
15. PEPIC DEC 28 – SOVs
16. PEPIC DEC 30 – SOVs
17. PEPIC DEC 33 – SOVs
18. PEPIC DEC 34 – SOVs

Any properly permitted and licensed non-owned disposal sites that has not been identified by the United States EPA National Priorities List, CERCLIS list or any functional equivalent of those listings, and is not undergoing voluntary or regulatory required remediation at the time the waste was received for disposal.

COVERAGES & LIMITS:

\$ 1,000,000 **Per Pollution Condition**
\$ 1,000,000 Per Member Aggregate
\$ 1,000,000 Per Pool Member
\$ 2,000,000 Per Pool Aggregate

\$ 1,000,000 Fungi & Legionella Sublimit
\$ 1,000,000 Business Income & Extra Expense

\$25,000,000 **Policy Aggregate**

**EXTENDED
REPORTING PERIOD:**

For First Named Insured - To be determined at the time of election (additional premium can apply); Ninety (90) day basic extended reporting period available without additional premium

**SPECIFIC
COVERAGE
PROVISIONS:**

CLAIMS MADE AND REPORTED

Coverage A – New Pollution Conditions:

Third party bodily injury and property damage, first party and third party remediation costs and associated legal defense expense arising out of a pollution condition on, at, under, or migrating from a covered location, provided that the pollution condition commences on or after the retroactive date.

Coverage B – New Pollution Conditions From Covered Operations:

Third party bodily injury, property damage, remediation costs and associated legal defense expense resulting from a covered operation, provided that the pollution condition commences on or after the retroactive date.

Covered operations means (1) transportation and (2) street construction and repair services, utility construction and repair services, refuse collection, and spraying operations, including but not limited to the application of pesticides, herbicides or fertilizers in liquid or dry form, which are performed by or on behalf of a “named insured” outside the physical boundaries of a covered location.

Blanket Non-Owned Disposal Site (NODS) coverage, third party trigger only.

First and third party transportation of waste coverage

Illicit Abandonment has been added to the definition of pollution condition

Defense Costs and Expenses are within Limits of Liability

The insurance afforded by this Policy shall apply in excess of and shall not contribute with any other such insurance.

Loss covered pursuant to a Federal, State, County or Municipality administered underground storage tank fund, or any functional equivalent to such fund, shall be considered primary insurance, to which the coverage afforded pursuant to this Policy shall only apply in excess. *This includes storage tank pollution liability insurance.*

Underlying SIR shall erode the SIR on this policy, in the event there is an underlying policy where the SIR is paid and limits are exhausted there would be no SIR in order to access the PEP/IP coverage limits.

Jurisdiction and Venue and Choice of Law Condition has been deleted

**SPECIFIC
COVERAGE
PROVISIONS (cont.):**

Coverage for mid-term transactions for values that are less than \$25,000,000, shall automatically be added as a covered location.

Automatic Acquisition and Due Diligence – Property purchased in the amount of or in excess of \$25,000,000 need to be reported within 90 days, along with a Phase I Environmental Site Assessment, or two (2) years of property insurance loss runs or a completed, signed application

Solely with respect to “fungi”, the definition of “remediation costs” shall not include restoration costs

**EXCLUSIONS
(Including but not
limited to):**

Coverage does not apply to any claim or loss from:

- Asbestos and Lead Based Paint. *This exclusion does not apply to Third-party claims for Bodily Injury, Property Damage (non-governmental claims for property damage only) and any associated legal defense costs. Also does not apply to remediation costs for asbestos or lead-based paint discovered in soil or groundwater (not arising out of a water storage tank).*
- Contractual Liability
- Divested Property
- Employer’s Liability
- Fines and Penalties
- First Party Property Damage – *Does not apply to remediation costs*
- Fraud or Misrepresentation
- Insured’s Internal Expenses
- Insured vs. Insured
- Intentional Non-Compliance
- Landfills, Recycling Facilities, or Oil and/or Gas Producing or Refining Facilities
- Ports – *defined as a location on the coast or any other body of water where ships or watercraft can dock and transfer cargo to or from land and engages in the business of importing/exporting of goods*
- Airports – *defined as a location whereby enplanement occurs and/or cargo is transported for a fee and the following operations are conducted: storage, transportation and dispensing of fuel and/or de-icing solutions*
- Material Change in Risk
- Naturally Occurring Materials
- Pre-Existing Conditions
- Products Liability. *Does not apply to pollution conditions directly related to reclaimed or recycled water processed at any covered location that is also a wastewater treatment plant.*
- Professional Liability
- Regulatory Compliance
- Work Product
- Use, maintenance or operation of an automobile, aircraft, watercraft or other conveyance beyond the boundaries of a covered location. *This exclusion does not apply to transportation and the loading/unloading of an automobile.*
- War or Terrorism

RETENTION:

\$ 75,000 Per Pollution Condition
\$750,000 Underground Storage Tanks Specific
\$10,000 In the event that a loss concurrently triggers both, the Insured’s Property policy and this Premises Pollution Liability policy, then a \$10,000 SIR for “fungi” shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.

LOSS REPORTING REQUIREMENTS:	Written notice of any claim or pollution condition, within seven (7) days of discovery for pollution conditions requiring immediate emergency response. Concurrently, please send to: 1) ACE Environmental Risk Claims Manager ACE USA Claims P.O. Box 5103 Scranton, PA 18505-0510 Environmental Emergency: 888-310-9553 (800) 951-4119(Fax) CasualtyRiskEnvironmentalFirstNotice@acegroup.com 2) Robert Frey Alliant Insurance Services, Inc. 100 Pine Street, 11th Floor San Francisco, CA 94111-5101 415-403-1445 415-402-0773 – fax rfrey@alliantinsurance.com
NOTICE OF CANCELLATION:	60 days except 15 days for non-payment of premium
REINSTATEMENT PROVISIONS:	Not Provided.
POLLUTION LIABILITY COST:	Cost is included in Total Property Premium 100% Earned Premium at Inception
OTHER SERVICES:	Value-Added Engineering Package: <ul style="list-style-type: none">○ <u>Mold Awareness Training</u><ul style="list-style-type: none">○ ACE will offer a single Mold Awareness Training Presentation, provided by ACE ESIS personnel, for little or no additional cost. Must be held at one central location or online.○ <u>Due Diligence Program Overview</u><ul style="list-style-type: none">○ ACE will provide up to 50 First Search Reports of government environmental databases for no additional charge○ <u>Asbestos-Containing Materials (ACM)/Lead Based Paint (LBP) Plan</u><ul style="list-style-type: none">○ ACE will assist the member in the creation of a single ACM/LBP plan for a minimal additional cost○ <u>Mold Operations & Maintenance (O&M) Plan</u><ul style="list-style-type: none">○ ACE will assist the member in the creation of a single Mold O&M plan for a minimal additional cost

QUOTE VALID UNTIL: July 1, 2014

BROKER: ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

NOTES: Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

This Proposal of insurance is provided as a matter of convenience and information only. All information included in this Proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194 Disclosure and General Broker Compensation Disclosure

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York and other States. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

Proposed Changes for 2014-2015 Policy Term

The following items are to be revised for the 2014-2015 policy term.

Coverage	2013-2014 Pollution Coverage	2014-2015 Pollution Coverage
Fungi & Legionella Sublimit	\$ 200,000 Fungi & Legionella Sublimit	\$ 1,000,000 Fungi & Legionella Sublimit
Business Income & Extra Expense	(Not Covered)	\$ 1,000,000 Business Income & Extra Expense



ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

2014-2015

NAMED INSURED

AS OF 05/21/2014

MEMBER: Northern California Cities Self Insurance Fund
c/o Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, CA 94111

NAMED INSURED:

Northern California Cities Self-Insurance Fund

City of Anderson

City of Auburn

City of Colusa

City of Dixon

City of Folsom

City of Galt

City of Gridley

City of Ione

City of Lincoln

City of Marysville

City of Oroville

City of Red Bluff

City of Rocklin

City of Yuba City

Town of Paradise

First Named Insured Member shall be deemed the sole agent of each and every named insured for the purpose of:

- (1) Giving notice of cancellation,
- (2) Giving instructions for changes in the Policy and accepting changes in this Policy
- (3) The payment of assessments / premiums or receipt of return assessments / premiums.



ALLIANT INSURANCE SERVICES

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

May 21, 2014

Member: **Northern California Cities Self Insurance Fund**

We are required to send you this notice pursuant to federal legislation concerning terrorism insurance.

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.



ALLIANT INSURANCE SERVICES

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

WHAT YOU NEED TO DO NOW:

PLEASE "X" ONE OF THE BOXES BELOW AND RETURN THIS FORM TO YOUR INSURANCE BROKER.

<input type="checkbox"/>	I am interested in receiving a quote for Terrorism coverage as required to be offered under the Act. Please provide me with a quote.
<input type="checkbox"/>	I decline to purchase the Terrorism coverage as required to be offered under the Act.

Policyholder/applicant signature

Print Name

Date

Northern California Cities Self Insurance Fund

NOTICE:

- 1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG**
- 5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE’S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.**
- 6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC’S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED**

NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR “SURPLUS LINE” BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER’S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Date: _____

Insured: _____

D-1 (Effective July 21, 2011)

ALLIANT INSURANCE SERVICES

APIP Claims Reporting Acknowledgement(s) Receipt Form

The Claims Reporting Forms are being included with your packet to ensure claims reporting procedures are known and available for future reference. Please review the information. We ask that you share these critical documents with all members of your team (and Pool Members and their staffs where applicable.)

We request that you review the items indicated attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned email or mail to have it be included in your insurance records.

APIP Property Claims Reporting

Cyber Claims Reporting (*this is a claims made policy*) if coverage is purchased

Pollution Liability Claims Reporting (*this is a claims made policy*) if coverage is purchased

Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs

In effect: July 1, 2014 until further notice

I have read and been informed about these separate reporting requirements under the coverage parts that apply to our entity as indicated above and provided through APIP by Alliant.

Insured Entity Name: Northern California Cities Self Insurance Fund

Authorized Signature: _____

Print Name

Date

Title



ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM SUMMARY OF CLAIMS REPORTING

I. First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Email: rfrey@alliant.com Cell: (415) 518-8490 <i>After hours claims reporting number</i>	Diana Walizada Assistant Vice President Voice: (415) 403-1453 Email: dwalizada@alliant.com
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Address: Alliant Insurance Services, Inc.
100 Pine St, 11th Floor
San Francisco CA 94111
Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466

Please be sure to copy APIP's Claim Administrator on all Claims correspondence:

Cathryn O'Meara
McLaren's
1301 Dove St., Suite 200
Newport Beach, CA 92660
Voice: (949) 757-1413 Fax: (949) 757-1692
Email: cathryn.omeara@mclarens.com

II. Cyber Carrier Beazley NY needs to also be provided with Notice of Claim immediately (If coverage applies):

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Cell: (415) 518-8490 After hours Email: rfrey@alliant.com	Beth Diamond Beazley Group 1270 Avenue of the America's, Suite 1200 New York, NY 10020 Telephone: (646) 943-5900 Fax: (546) 378-4039 Email: tmbclaims@beazley.com
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Elaine G. Kim, CISR
Claims Advocate, Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1458 Fax: (415) 403-1466
Email: ekim@alliant.com

III. Pollution Liability Carrier ACE Environmental, Risk Claims Manger (if coverage applies):

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Cell: (415) 518-8490 After hours Email: rfrey@alliant.com	ACE USA Claims PO Box 5103 Scranton, PA 18505-0510 Environmental Emergency: (888) 310-9553 Fax: (800) 951-4119 Email: CasualtyRiskEnvironmentalFirstNotice@acegroup.com
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Diana Walizada
Assistant Vice President
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1453 Fax: (415) 403-1466
Email: dwalizada@alliant.com

PROPERTY LOSS REPORTING:

- 1) Follow your organization's procedures for reporting and responding to an incident*
- 2) Alert local emergency authorities, as appropriate*
- 3) Report the incident to Alliant Insurance Services immediately at:*

877-725-7695

All property and boiler & machinery losses must be reported as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) Report the incident to McLarens AND your Alliant representative*



PROPERTY FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

BY MAIL: 100 Pine Street, 11th Floor, San Francisco, CA 94111

BY FAX: (415) 403-1466

BY EMAIL: dwalizada@alliant.com

COPY APIP Claims Administrator: cathryn.omeara@mclarens.com and your Alliant representative

Today's Date: _____

Type of Claim: (check all that apply)

Real Property

Vehicles

Personal Property

Boiler & Machinery

Other

Insured's Name & Contact Information

Company Name: _____
Point of Contact: _____
Phone #: _____
Address: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Diana Walizada

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Fax #: 415-403-1466

Policy Information

Policy Number: _____ Policy Period: 07/01/2014 to 07/01/2015

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible: _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____ **Signature:** _____



CYBER LOSS REPORTING:

- 1) *Follow your organization's procedures for reporting and responding to an incident*
- 2) *Alert authorities, as appropriate*
- 3) *Report the incident to Beazley Group immediately at:*

646-943-5900

All Cyber losses must be reported as soon as practicable upon knowledge by the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to Alliant Claims Department and your Alliant representative*

SPECIAL NOTE REGARDING PRIVACY NOTIFICATION COSTS:

The policy provides a \$500,000 Aggregate Limit for Privacy Notification Costs. If you utilize a Beazley claims response vendor, the limit is increased to \$1,000,000.

Please contact Beazley for a list of approved vendors.

SEND TO: Beazley Group

BY MAIL: 1270 Avenue of the America's, Suite 1200, New York, NY 10020

BY FAX: (546) 378-4039

BY EMAIL: tmbclaims@beazley.com

CC Alliant Claims Department: ekim@alliant.com And your Alliant representative

Today's Date: _____

Insured's Name & Contact Information

Company Name: _____ **Point of Contact:** _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims **Point of Contact:** Elaine G. Kim, CISR

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 877-725-7695 Fax #:415-403-1466

Policy Information

Policy Number: _____ **Policy Period:** 7/1/14 to 7/1/15

Limits of Liability: _____ per _____ agg **Self-Insured Retention/Deductible** _____

Loss Information

Date of Incident/Claim: _____ **Location:** _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____ **Signature:** _____

CYBER LOSS REPORTING

A. REFER TO YOUR POLICY FOR COMPLETE CLAIM REQUIREMENTS

B. IMPORTANT POLICY LANGUAGE REGARDING:

NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM

1. If any **Claim** is made against the **Insured**, the **Insured** shall, as soon as practicable upon knowledge by the **Insured**, forward to the Underwriters through persons named in Item 9.A. of the Declarations written notice of such **Claim** in the form of a telecopy, or express or certified mail together with every demand, notice, summons or other process received by the **Insured** or the **Insured's** representative; provided that with regard to coverage provided under Insuring Agreements I.A. and I.C., all **Claims** made against any **Insured** must be reported no later than the end of the **Policy Period**, in accordance with the requirements of the **Optional Extension Period** (if applicable), or within thirty (30) days after the expiration date of the **Policy Period** in the case of **Claims** first made against the Insured during the last thirty (30) days of the **Policy Period**.
2. With respect to Insuring Agreement I.B. for a legal obligation to comply with a **Breach Notice Law** because of an incident (or reasonably suspected incident) described in Insuring Clause I.A.1 or I.A.2, such incident or reasonably suspected incident must be reported as soon as practicable during the **Policy Period** after discovery by the Insured. For such incidents or suspected incidents discovered by the **Insured** within 60 days prior to expiration of the Policy, such incident shall be reported as soon as practicable, but in no event later than 60 days after the end the **Policy Period**, provided; if this Policy is renewed by Underwriters and covered **Privacy Notification Costs** are incurred because of such incident or suspected incident reported during the 60 day post **Policy Period** reporting period, then any subsequent **Claim** arising out of such incident or suspected incident is deemed to have been made during the **Policy Period**.
3. With respect to Insuring Agreements I.A. and I.C., if during the **Policy Period**, the **Insured** first becomes aware of any circumstance that could reasonably be the basis for a **Claim** it may give written notice to Underwriters in the form of a telecopy, or express or certified mail through persons named in Item 9.A. of the Declarations as soon as practicable during the **Policy Period** of:
 - a. the specific details of the act, error, omission, or **Security Breach** that could reasonably be the basis for a **Claim**;
 - b. the injury or damage which may result or has resulted from the circumstance; and
 - c. the facts by which the **Insured** first became aware of the act, error, omission or **Security Breach**

Any subsequent **Claim** made against the **Insured** arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to the Underwriters.

4. A **Claim** or legal obligation under section X.A.1 or X.A.2 above shall be considered to be reported to the Underwriters when written notice is first received by Underwriters in the form of a telecopy, or express or certified mail or email through persons named in Item 9.A. of the Declarations of the **Claim** or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a **Claim** if provided in compliance with sub-paragraph X.A.3. above.

POLLUTION CLAIMS REPORTING



Environmental Risk

IN THE EVENT OF AN ENVIRONMENTAL EMERGENCY:

- 1) *Follow your organization's procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to ACE Environmental Risk immediately at:*

888-310-9553

All pollution incidents must be reported within 7 days of discovery

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident. You will be contacted by a trained representative of ACE to discuss further response steps as soon as possible.

- 4) *Report the incident to your Alliant representative*

DO follow your organization's detailed response plan
DO contact your management as well as appropriate authorities
DO ensure anyone who could come in contact with a spill or release is kept away

DO NOT ignore a potential spill or leak
DO NOT attempt to respond beyond your level of training or certification



ACE ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

SEND TO: ACE Environmental Risk Claims Manager

BY MAIL: ACE USA Claims, P.O. Box 5103, Scranton, PA 18505-0510

BY FAX: (800) 951-4119

BY EMAIL: CasualtyRiskEnvironmentalFirstNotice@acegroup.com

CC Alliant Insurance: dwalizada@alliant.com And your Alliant representative

Today's Date: _____

Notice of: (check all that apply)

- Pollution Incident
- Third-Party Claim
- Potential Claim
- Litigation Initiated
- Other _____

Insured's Name & Contact Information

Company Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Diana Walizada

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 415) 403-1453

Policy Information

Policy Number: _____ Policy Period: 7/1/14 to 7/1/15

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Claimant Name/Address: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____ Signature: _____

A. REFER TO YOUR POLICY FOR COMPLETE CLAIM REQUIREMENTS

B. IMPORTANT POLICY LANGUAGE REGARDING:

VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item 7.a. of the Declarations to this Policy. Notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;
2. The identity of the “covered location” or “covered operations”;
3. The nature of the “claim” or “pollution condition”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “pollution condition”. In the event of a “pollution condition”, the “insured” must also take all reasonable measures to provide immediate verbal notice to the Insurer.

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “bodily injury”, “property damage”, “remediation costs” or “legal defense expense” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. **Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)**

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.



2014/15 CRIME RENEWAL

ACTION ITEM

ISSUE: The Board will be provided with the 2014/15 Crime Proposal for their review and approval.

RECOMMENDATION: The Program Administrator recommends approval of the 2014/15 Crime Renewal with National Fire Union Insurance of Pittsburg PA.

FISCAL IMPACT: Expected to remain flat at \$23,723. This is currently under review by the underwriter.

BACKGROUND: The NCCSIF Crime Policy is through National Union Fire Insurance Co. of Pittsburg. Chartis carries an A.M. Best rating of A, XV (\$2 billion or greater). Member costs are allocated based on number of employees. Current members in the Crime program are: Cities of Anderson, Auburn, Colusa, Dixon, Galt, Gridley, Ione, Lincoln, Marysville, Oroville, Red Bluff, Rocklin, Yuba City and the Town of Paradise.

ATTACHMENT(S): NCCSIF 2014/15 Crime Proposal (Handout)



IDENTITY FRAUD COVERAGE

ACTION ITEM

ISSUE: At the last EC meeting, the Program Administrator discussed the preliminary quotation to provide Travelers Insurance Company Fraud ID coverage to employees of NCCSIF Member. The EC asked the Program Administrator to proceed to finalize the quotation for consideration at the next meeting. The final quotation has been received and is presented for approval. This would be added to the Administrative Budget as an Administrative Expense and would be allocated equally to Workers' Compensation as it is an employee benefit.

RECOMMENDATION: The Program Administrator and the EC recommend approval of the purchase of ID Fraud Coverage as quoted by Travelers Insurance Company.

FISCAL IMPACT: \$9,853 at a limit of liability of \$25,000 with \$0 retention for coverage for ID Theft Resolution services for employees and their families. Please refer to quotation sheet attached. Alliant would receive a 15% commission or \$1,478 for this purchase.

BACKGROUND: Due to the increasing instances of electronic ID theft, best exemplified by the Target and Macy's data losses last fall. ID Fraud resolution takes on average 37 hours and \$535 in costs in out-of-pocket expenses. We approached Travelers Insurance this Spring to obtain a quotation to provide Member's employees with ID Fraud Resolution services. The coverage provides:

- Expense reimbursement for expenses associated with resolving a fraud event
- Online education resources to help prevent becoming a victim
- 24/7 access to an expert fraud specialist
- Document Replacement help (social security card, birth certificate, passport, etc.)
- Help through the resolution process

ATTACHMENT(S): Travelers quotation to NCCSIF and brochure on ID Fraud Resolution coverage.



John Pearson
 The Travelers Companies, Inc.
 Bond & Financial Products

(860) 954-2650

One Tower Square, 2SHS
 Hartford, CT 06183

April 30, 2014

Marylin Kelley
 Alliant Insurance Services, Inc.
 100 Pine Street, 11th Floor
 San Francisco, CA 94111-5101

**RE: Northern California Cities Self Insurance Fund
 Identity Fraud Expense Reimbursement Master Policy
 QUOTATION
 ID-1000SL ID Fraud Master Declaration**

Dear Marylin,

On behalf of Travelers Excess and Surplus Lines Company we are pleased to offer this quotation for Identity Fraud Expense Reimbursement Insurance pursuant to the following terms and conditions:

Option 1:

Identity Fraud Expense Reimbursement	Limit of Liability	Retention	Estimated Premium-Member Only Coverage	Estimated Premium - Member and Family Coverage	Estimated Premium Including ID Theft Resolution Services (Contemplates Member & Family Coverage)
Option 1	\$10,000	\$0	\$2,945	\$4,639	\$8,848
Option 2	\$25,000	\$0	\$3,584	\$5,644	\$9,853

ENDORSEMENTS: The titles and headings are for convenience only. Please refer to the policy and endorsements for a description of coverage:

ID-1006 SCHEDULE OF MEMBERSHIP PROGRAMS
 ID-1013 FAMILY COVERAGE ENDORSEMENT
 ID-1019 RESOLUTION SERVICES ENDORSEMENT
 ILT-1069 SERVICE OF LAWSUIT ENDORSEMENT

TERMS:

Commission: 15%



John Pearson

The Travelers Companies, Inc.
Bond & Financial Products

(860) 954-2650

One Tower Square, 2SHS
Hartford, CT 06183

The quote(s) contained in this document are valid for 30 days and are subject to the provision of, and Travelers' review and acceptance of, the required underwriting information noted below. Travelers reserves the right to change the quotes in this document, or to refuse to bind coverage entirely, based on review of the required underwriting information or based on adverse change in the risk(s) to be insured prior to the effective date of the policy(ies) noted in this document.

CONTINGENCIES: This quote is subject to the underwriter's receipt and satisfactory review of the following prior to the quotation expiration date set forth below:

1. N/A

Thank you for the opportunity to offer this insurance proposal. We look forward to discussing this opportunity with you further.

Sincerely,

John Pearson

John Pearson
Private & Non-Profit Liability
Bond & Financial Products



MEDICAL PROVIDER NETWORK UPDATE

INFORMATION ITEM

ISSUE: The Board will receive a verbal update regarding NCCSIF's new MPN program with WellComp. The initial roll out of the MPN program was June 1, 2014.

RECOMMENDATION: None. This is provided for information only.

FISCAL IMPACT: TBD; WellComp will provide analysis of claim cost savings as MPN utilization is implemented.

BACKGROUND: NCCSIF has approved an initial 1 year agreement with WellComp for MPN Services. NCCSIF's previous MPN Service Provider was Professional Dynamics.

ATTACHMENT(S): None.



ROUND TABLE DISCUSSION
INFORMATION ITEM

ISSUE: The floor will be open to the Board for discussion.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: The item is to the Board members for any topics or ideas that members would like to address.

ATTACHMENT(S): None.

NCCSIF Organizational Chart

BOARD OF DIRECTORS			
Jeff	Kiser		City of Anderson
Shari	Conley		City of Auburn
Toni	Benson		City of Colusa
John	Brewer		City of Corning
Jim	Lindley	EC	City of Dixon
Brad	Koehn		City of Elk Grove
Bruce	Cline		City of Folsom
Paula	Islas		City of Galt
TBD			City of Gridley
Ed	Pattison		City of Lone
Michael	Daly		City of Jackson
John	Lee	EC	City of Lincoln
Matt	Michaelis		City of Marysville
Corey	Shaver	EC	City of Nevada City
Liz	Ehrenstrom	P	City of Oroville
Gina	Will		Town of Paradise
Dave	Warren		City of Placerville
Sandy	Ryan		City of Red Bluff
Tim	Chapa	EC	City of Rio Vista
Russell	Hildebrand	VP	City of Rocklin
Tim	Sailsbery	T	City of Willows
Natalie	Walter		City of Yuba City

ALTERNATES		
TBD		City of Anderson
Joanna	Belanger	City of Auburn
Cathy	Higgins	City of Colusa
Tom	Watson	City of Corning
George	Silva	City of Dixon
Jonathan	Hobbs	City of Elk Grove
Kristine	Wilfong	City of Folsom
Jason	Behrmann	City of Galt
Elisa	Arteaga	City of Gridley
Jane	Wright	City of Lone
TBD		City of Jackson
Sheila	Vanzandt	City of Lincoln
Walter	Munchheimer	City of Marysville
Catrina	Olson	City of Nevada City
TBD		City of Oroville
Crystal	Peters	Town of Paradise
John	Driscoll	City of Placerville
Cheryl	Smith	City of Red Bluff
Marni	Rittburg	City of Rio Vista
Michael	Green	City of Rocklin
Steve	Holsinger	City of Willows
Robin	Bertagna	City of Yuba City

EXECUTIVE COMMITTEE			
Liz	Ehrenstrom	P	City of Oroville
Russell	Hildebrand	VP	City of Rocklin
Paula	Islas	S	City of Galt
Tim	Sailsbery	T	City of Willows
Jim	Lindley	EC	City of Dixon
John	Lee	EC	City of Lincoln
Corey	Shaver	EC	City of Nevada City
Tim	Chapa	EC	City of Rio Vista

RISK MANAGEMENT COMMITTEE		
Juanita	Barnett	City of Anderson
Robert	Richardson	City of Auburn
Shelly	Kittle	City of Colusa
Tom	Watson	City of Corning
Kim	Stalie	City of Dixon
Brad	Koehn	City of Elk Grove
Bruce	Cline	City of Folsom
Paula	Islas	City of Galt
Karin	Helvey	City of Gridley
Ed	Pattison	City of Lone
Carla	Soracco	City of Jackson
John	Lee	City of Lincoln
Matt	Michaelis	City of Marysville
Catrina	Olson	City of Nevada City
Liz	Ehrenstrom	City of Oroville
Crystal	Peters	Town of Paradise
Dave	Warren	City of Placerville
Sandy	Ryan	City of Red Bluff
Marni	Rittburg	City of Rio Vista
Russell	Hildebrand	City of Rocklin
Wayne	Peabody	City of Willows
Natalie	Walter	City of Yuba City

PROGRAM ADMINISTRATORS		
Marcus	Beverly	Alliant Insurance Services
Michael	Simmons	Alliant Insurance Services
Joan	Crossley	Alliant Insurance Services
Johnny	Yang	Alliant Insurance Services
Laurence	Voiculescu	Alliant Insurance Services

ADVISORS		
Byrne	Conley	Byrne and Conleys
James	Marta	James Marta & Company

RISK CONTROL CONSULTANTS		
Henri	Castro	Bickmore
Jeff	Johnston	Bickmore
Tom	Kline	Bickmore

P = President	VP = Vice President
S = Secretary	T = Treasurer

2014 MEETING CALENDAR

BOARD OF DIRECTORS 12:00 p.m.	EXECUTIVE COMMITTEE 10:30 a.m.	CLAIMS COMMITTEE 12:30 p.m.
April 24	March 13	March 13
June 12	May 29	May 29
October 9	September 18	September 18
December 11	November 13	November 13*

RISK MANAGEMENT COMMITTEE 9:30 a.m.	POLICE RISK MANAGEMENT COMMITTEE 10:30 a.m.	FINANCE COMMITTEE 10:30 a.m.
January 9	February 20	As Needed
April 24	May	
June 12	September	
October 9	December	
December 11		

ALL MEETINGS ARE SCHEDULED ON THURSDAYS

Risk Management Committee meetings are scheduled for 9:30 a.m.

Board of Director Meetings will start at 12:00 p.m.

**This meeting will follow the EC meeting, as the Claims Committee members will be selected at that meeting.*

CJPRMA 2014 MEETING DATES –

EXECUTIVE COMMITTEE	BOARD OF DIRECTORS
January 16	March 20
April 17	May 13,14 & 15
July 17	October 23
September 19	December 18
November 20	

Northern California Cities State Self Insurance Fund

Travel Reimbursement Expense Form

Member Representative: _____

Entity: _____

Payee Address: _____

Meeting or Committee: _____

Date of Meeting: _____

Location of Meeting: _____

Total Mileage: _____

Payment Made to:

Signature _____ Date _____

2013 NCCSIF RESOURCE CONTACT GUIDE

PROGRAM ADMINISTRATION Alliant Insurance Services, Inc. www.alliantinsurance.com Main: (916) 643-2700 Fax: (916) 643-2750		
SUBJECT	MAIN CONTACT	
COVERAGE / RISK MANAGEMENT ISSUES – <ul style="list-style-type: none"> ➤ Certificates of coverage, additions/deletions of coverages, special events liability coverage, automobile identification cards, auto/mobile equipment physical damage programs ➤ Coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development ➤ Insurance Requirements in Contracts (IRIC), hold harmless agreements, indemnification clauses, safety program planning, RFPs for JPA services & audits, third party contract review 	Marcus Beverly Michael Simmons Johnny Yang Joan Crossley	
JPA MANAGEMENT ISSUES – program budget/funding, financial analysis, coordination w/financial auditor/JPA accountant	Marcus Beverly Marylin Kelley Johnny Yang Joan Crossley	
JPA ADMINISTRATIVE ISSUES – meeting agendas; minutes; development/maintenance of governing documents, development/interpretation of policies & procedures, JPA state compliance, Form 700, changes in Board members.	Johnny Yang Marcus Beverly Joan Crossley	
COVERAGE ISSUES - coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development	Marcus Beverly Michael Simmons Johnny Yang Joan Crossley	
Mike Simmons Marcus Beverly Johnny Yang Joan Crossley Marylin Kelley	(415) 403-1425 / (925) 708-3374 (cell) (916) 643-2704 (916) 643-2712 (916) 643-2708 (415) 403-1448	msimmons@alliant.com marcus.beverly@alliant.com jyang@alliant.com jcrossley@alliant.com mkelley@alliant.com

2013 NCCSIF RESOURCE CONTACT GUIDE

<p style="text-align: center;"><u>ACCOUNTING SERVICES</u> James Marta & Company CPAs 701 Howe Avenue, Suite E3 Sacramento, California 95825 Main: (916) 993-9494 · Fax: (916) 993-9489 www.jpmpca.com Jim Marta - jmarta@jpmpca.com</p>	<p style="text-align: center;"><u>EMPLOYEE ASSISTANCE PROGRAM</u> ACI Specialty Benefits Corporation 5414 Oberlin Drive, Suite 240 San Diego, California 92121 Main: (858) 452-1254 · Fax: (858) 452-7819 www.acieap.com Tori Barr - tbarr@acieap.com</p>		
<p><u>CLAIMS ADMINISTRATION / LOSS CONTROL</u> York Risk Services Group, Inc. www.yorkrsg.com P.O. Box 619058 Roseville, CA 95661-9058 (800) 922-5020 · Fax (800) 921-7683</p>			
LIABILITY CONTACTS	WORKERS' COMPENSATION		
<p>Jennifer Nogosek Unit Manager (916) 960-0997 jennifer.nogosek@yorkrsg.com</p> <p>Cameron Dewey Senior Adjuster - Redding (530) 243-3249 cameron.dewey@yorkrsg.com</p> <p>Shawn Millar Senior Adjuster - Chico (530) 345-5998 shawn.millar@yorkrsg.com</p> <p>Olivia Doney Adjuster - Chico (530) 345-5883 olivia.doney@yorkrsg.com</p> <p>Dan Lamb Senior Adjuster - Foothills (209) 795-0742 dan.lamb@yorkrsg.com</p> <p style="text-align: center;"><u>RESOURCES</u></p> <p>Tom Baber Vice President Liability (916) 746-8834 tom.baber@yorkrsg.com</p> <p>Mike Berndt Assistant Vice President (916) 746-8828 mike.berndt@yorkrsg.com</p>	<p>Bernard Sarmiento Senior Adjuster - Roseville (916) 960-0902 bernard.sarmiento@yorkrsg.com</p> <p>D'Ana Seivert Adjuster - Roseville (916) 960-0987 d'ana.seivert@yorkrsg.com</p> <p>Erica Nichols Adjuster - Roseville (916) 960-1026 erica.nichols@yorkrsg.com</p> <p>Erik Baldwin Adjuster - Roseville (916) 746-8856 erik.baldwin@yorkrsg.com</p> <p>John Tucker Senior Adjuster - Stockton (209) 320-0804 john.tucker@yorkrsg.com</p> <p>Craig Wheaton, J.D. Assistant Vice President Liability - Roseville (916) 960-0988 craig.wheaton@yorkrsg.com</p>	<p>Lela Casey Senior Claims Examiner lela.casey@yorkrsg.com</p> <p>Federica Simpson Future Medical Examiner (916) 960-1021 federica.simpson@yorkrsg.com MO's and FM's for Kelly's cities</p> <p>Michelle Bridges Senior Claims Examiner michelle.bridges@yorkrsg.com</p> <p>Debra Yokota Regional Vice President Workers' Compensation (916) 960-0965 debra.yokota@yorkrsg.com</p>	<p>Christine Stillwell Future Medical Examiner (916) 960-0950 christine.stillwell@yorkrsg.com MO's and FM's for Carol and Teresa's cities</p> <p>Ben Burg Unit Manager (916) 960-0946 ben.burg@yorkrsg.com</p> <p style="text-align: center;"><u>RESOURCES</u></p> <p>Kelli Vitale Carson Assistant Vice President Workers' Compensation (916) 960-0998 kelli.vitalecarson@yorkrsg.com</p>