



President
Ms. Elizabeth Ehrenstrom
City of Oroville

Vice President
Ms. Kristine Haile
City of Folsom

Treasurer
Mr. Tim Sailsbery
City of Willows

Secretary
Ms. Gina Will
Town of Paradise

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND EXECUTIVE COMMITTEE MEETING AGENDA

DATE / TIME: Thursday, March 26, 2020 at 10:00 a.m.

LOCATION: WebEx Teleconference
Call-in Number: (877) 309-3457
Access Code: 648 907 857

A - Action
I - Information

1 - Attached
2 - Hand Out
3 - Separate Cover
4 - Verbal

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.

A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF AGENDA AS POSTED

A 1

D. PUBLIC COMMENTS

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

pg. 5 **E. 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 Executive Committee may request any item to be considered separately.

pg. 6 1. Executive Committee Meeting Minutes - December 4, 2019

pg. 11 2. Check Register from January 1, 2020 to February 28, 2020

3. Investment Reports

pg. 13 a. Chandler Asset Management Short/Long Term - January 2020 to February 2020

pg. 29 b. Local Agency Investment Fund (LAIF) Report as of December 31, 2019

pg. 30 c. Treasurer's Report as of December 31, 2019



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pg. 31	F. GENERAL RISK MANAGEMENT ISSUES	I 4
	<i>This is an opportunity for a member to discuss a topic of interest or seek guidance and input from the group about a current issue, risk management topic or exposure the member is facing.</i>	
	G. ADMINISTRATION REPORTS	I
	1. President’s Report	4
	<i>Elizabeth Ehrenstrom will address the Committee on items pertaining to NorCal Cities.</i>	
	2. CJPRMA Update	4
	<i>Veronica Rodriguez will update the Board on CJPRMA matters pertinent to NorCal Cities. Minutes of the last meeting can be found at http://www.cjprma.org</i>	
	3. Program Administrator’s Report	4
	<i>Alliant will address the Committee on items pertaining to NorCal Cities.</i>	
	a. Form 700 - Last Day to File April 1, 2020	
	b. New NCCSIF Staff	
pg. 32	4. FY 19/20 EIA Member Annual Report	1
	<i>Marcus Beverly will provide an update on the benefits achieved as a result of NCCSIF’s participation in the EIA’s program.</i>	
	H. JPA BUSINESS	
	1. Actuarial Services	A 1
pg. 49	a. Actuarial Study for Workers’ Compensation Program	
	<i>The Committee will review and may recommend the Draft Actuarial Study for the Workers’ Compensation Program.</i>	
pg. 86	b. Actuarial Study for Liability Program	
	<i>The Committee will review and may recommend the Draft Actuarial Study for the Liability Program.</i>	
	2. Workers’ Compensation Program	A 1
pg. 129	a. Annual Banking Plan Adjustments - James Marta & Company	
	<i>The Committee will review and may recommend adjustments to the Banking Layer for the Workers’ Compensation program.</i>	



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pg. 131 b. **Annual Shared Risk Plan Adjustments - Alliant Insurance Services**
The Committee will review and may recommend adjustments to the Shared Risk Layer for the Workers' Compensation program.

pg. 133 c. **FY 20/21 Deposit Premium Calculations**
The Committee will review and may recommend the Preliminary Deposit Premium Calculations for the Workers' Compensation Program.

3. Liability Program **A 1**

pg. 138 a. **Annual Banking Plan Adjustments - James Marta & Company**
The Committee will review and may recommend adjustments to the Banking Layer for the Liability program.

pg. 140 b. **Annual Shared Risk Plan Adjustments - Alliant Insurance Services**
The Committee will review and may recommend adjustments to the Shared Risk Layer for the Liability program.

pg. 142 c. **FY 20/21 Deposit Premium Calculations**
The Committee will review and may recommend the Preliminary Deposit Premium Calculations for the Liability Program.

pg. 145 4. **RFP Responses for Independent Financial Audit Services** **A 3**
The Committee will review the responses received for the RFP and may approve or provide direction regarding a firm for financial audit services.

pg. 146 5. **FY 20/21 NCCSIF Administration Budget** **I 1**
The Committee will review the Preliminary Admin Budget.

pg. 150 6. **Resolution Establishing Local Claims Procedure Regulations** **A 1**
The Committee will be presented with a sample resolution establishing Claims Procedures for exempt Tort Claims.

pg. 163 7. **Policy and Procedure Revisions** **A 1**
The Committee will review and may recommend or provide direction on revisions to the following Policies:
a. A-17: Shared Risk Layer Plan Target Funding Policy
b. A-15: Travel Expenses



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020**

Agenda Item E.

CONSENT CALENDAR

ACTION ITEM

ISSUE: The Executive Committee reviews items on the Consent Calendar, and if any item requires clarification or discussion a Member should ask that it be removed for separate action. The Committee should then consider action to approve the Consent Calendar excluding those items removed. Any items removed from the Consent Calendar will be placed later on the agenda in an order determined by the President.

RECOMMENDATION: Adoption of the Consent Calendar after review by the Committee.

FISCAL IMPACT: None.

BACKGROUND: Routine items that generally do not require discussion are regularly placed on the Consent Calendar for approval.

ATTACHMENT(S):

1. Executive Committee Special Meeting Minutes - December 4, 2019
2. Check Register from January 1, 2020 to February 28, 2020
3. Investment Reports
 - a. Chandler Asset Management Short/Long Term - January 2020 to February 2020
 - b. Local Agency Investment Fund (LAIF) Report as of December 31, 2019
 - c. Treasurer's Report as of December 31, 2019



**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
EXECUTIVE COMMITTEE MINUTES
VIA TELECONFERENCE
DECEMBER 4, 2019**

COMMITTEE MEMBERS PRESENT

Liz Ehrenstrom, City of Oroville - President (**Chair**)
Kristine Haile, City of Folsom - Vice President
Tim Sailsbery, City of Willows - Treasurer
Gina Will, Town of Paradise - Secretary
Elisa Arteaga, City of Gridley
Loree' McCay, City of Nevada City

COMMITTEE MEMBERS ABSENT

Veronica Rodriguez, City of Lincoln - CJPRMA Board Representative
Joanne Narloch, City of Galt
Jen Lee, City of Rio Vista

CONSULTANTS & GUESTS

Marcus Beverly, Alliant Insurance Services Michael Simmons, Alliant Insurance Services
Raychelle Maranan, Alliant Insurance Services

A. CALL TO ORDER

Chair Liz Ehrenstrom called the meeting to order at 10:04 a.m.

B. ROLL CALL

Roll call was made and the above mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Gina Will

SECOND: Loree McCay

**MOTION CARRIED
UNANIMOUSLY**

Ayes: Ehrenstrom, Haile, Will, Arteaga, McCay

Nays: None

D. PUBLIC COMMENTS

There were no public comments.

E. CONSENT CALENDAR

1. Executive Committee Meeting Minutes - September 26, 2019 (Draft)
2. FY 19/20 Liability Claims Auditing Services Agreement with Risk Management Services



**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
EXECUTIVE COMMITTEE MINUTES
VIA TELECONFERENCE
DECEMBER 4, 2019**

A motion was made to approve the Consent Calendar as presented.

MOTION: Elisa Arteaga

SECOND: Gina Will

**MOTION CARRIED
UNANIMOUSLY**

Ayes: Ehrenstrom, Haile, Will, Arteaga, McCay

Nays: None

F. GENERAL RISK MANAGEMENT ISSUES

Mr. Marcus Beverly reminded the Committee that Laura Cole of Cole Pro Media, a Public Relations Risk Management firm, will provide a presentation on best practices for putting together a critical incident video at the January 2020 Board meeting. Mr. Beverly suggested having a contract in place with Laura Cole on a retainer basis in case a need should arise for her services and she can respond immediately. The Committee concurred and a draft general retainer agreement will be presented at the next EC meeting.

G. ADMINISTRATION REPORTS

G.1. President's Report

Chair Ehrenstrom had no items to report.

G.2. CJPRMA Update

Mr. Beverly indicated that Veronica Rodriguez from the City of Lincoln, NCCSIF's new CJPRMA Board Representative attended the recent CJPRMA meeting. Unfortunately, Veronica was not able to attend the meeting to provide an update. Essentially, the rate is up by 25% and the pool may need to take on a higher SIR (Self Insured Retention), \$750,000 likely for FY 20/21. Mr. Michael Simmons noted that is to be expected of the current volatile liability market: rates have been increasing and carriers have been reducing capacity. Alliant is closely watching how the excess pool program develops their funding concept and rates in the coming months.

G.3. Program Administrator's Report

Mr. Simmons provided the Committee with an update regarding his upcoming retirement and noted that Conor Boughy will be stepping in to the peer advisor role. The Committee directed the Program Administrators to e-mail Mike's letter to the Board ahead of the January meeting to keep members apprised of the service team transition plan.



**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
EXECUTIVE COMMITTEE MINUTES
VIA TELECONFERENCE
DECEMBER 4, 2019**

H. JPA BUSINESS

H.1. Bylaws Amendment - Terms of Officers

At the October 24, 2019 meeting, Mr. Beverly indicated that the Board changed the terms of the Executive Committee (EC) from a calendar year to a fiscal year rotation. The EC also agreed to change the terms of the Officers of the JPA from a calendar year to a fiscal year, but that change requires an amendment to the Bylaws. The proposed change is to Section 5, Officers of the Authority, paragraph B., changing the terms of office for the Officers of the JPA from a calendar year rotation to a fiscal year rotation, to coincide with the current rotation for the EC.

A motion was made to approve a 30-day notice of an amendment to the Bylaws to change the Officer's terms of office from calendar year to fiscal year.

MOTION: Elisa Arteaga

SECOND: Loree McCay

**MOTION CARRIED
UNANIMOUSLY**

Ayes: Ehrenstrom, Haile, Will, Arteaga, McCay

Nays: None

H.2. Policy and Procedure Revisions

H.2.a. A-16: Segregation of Accounting Duties

H.2.b. A-4: Quarterly Financial Statements

H.3.c. A-18: Finance Committee Composition and Duties

H.3.d. A-13: Review and Control of Investment Activities

The above items were reviewed altogether.

Mr. Beverly indicated that the Program Administrators are undertaking a review of NCCSIF Policies and Procedures (P&P) and the following Administrative Policies relating to the Treasurer's responsibility, preparation of quarterly financial statements and segregation of accounting duties are out of date and will need to bring current:

- a. P&P A-16: Segregation of Accounting Duties - introduces the role of the Financial Consultant as distinct from the Treasurer.
- b. P&P A-4: Quarterly Financial Statement - principal change is to replace references to the Treasurer's preparation of the financial statements with the Financial Consultant.
- c. P&P A-18: Finance Committee Composition and Duties - being updated to note that the Executive Committee performs the duties on a regular basis and convenes the Finance Committee as needed.



**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
EXECUTIVE COMMITTEE MINUTES
VIA TELECONFERENCE
DECEMBER 4, 2019**

- d. P&P A-13: Review and Control of Investment Activities - references the Executive Committee's normal role in review and control of investment activities. The Committee suggested to remove reference to specific name of banks in the policy as a good practice, thereby changing Chandler Asset Management to "Asset Company" and Bank of New York to "Custodial Bank."

It was noted that the Finance Committee had been dormant for some time and no one is currently appointed on the committee. The Executive Committee discussed reestablishing the Finance Committee and deemed it necessary to have a functional committee. The Finance Committee must meet at minimum once a year during the wrap up meeting with financial auditor and financial consultant as part of the financial audit oversight process.

A motion was made to approve the changes to P&P A-16: Segregation of Accounting Duties as presented; P&P A-4: Quarterly Financial Statements as presented; P&P A-18: Finance Committee Composition and Duties as presented; and P&P A-13: Review and Control of Investment Activities as amended.

MOTION: Loree McCay

SECOND: Kristine Haile

**MOTION CARRIED
UNANIMOUSLY**

Ayes: Ehrenstrom, Haile, Will, Arteaga, McCay

Nays: None

H.3. January 2020 Long Range Planning and Board Meeting Draft Agenda

Mr. Beverly reviewed the draft agenda for the upcoming Long-Range Planning (LRP) and Board of Directors meeting in January with one additional item pertaining to the Bylaw change now that the EC provided direction.

A motion was made to approve the draft agenda for the January 16, 2020 LRP and Board meeting as amended to include the proposed Bylaw amendment.

MOTION: Elisa Arteaga

SECOND: Gina Will

**MOTION CARRIED
UNANIMOUSLY**

Ayes: Ehrenstrom, Haile, Will, Arteaga, McCay

Nays: None

I. INFORMATION ITEMS

1. NCCSIF Organizational Chart
2. NCCSIF 2020 Meeting Calendar

There was no discussion on these items.



**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
EXECUTIVE COMMITTEE MINUTES
VIA TELECONFERENCE
DECEMBER 4, 2019**

J. ADJOURNMENT

The meeting was adjourned at 10:38 a.m.

Respectfully Submitted,

Gina Will, Secretary

Date

Company Name: NCCSIF
Report Name: NCCSIF Check Register Board Report
Created On: 1/22/2020

Check#	Date	Vendor	Account Title	Account Memo	Amount
11735	1/3/2020	AGRIP	Assoc Memberships	52504 2/20-1/21 AGRIP Memb Rnwl	2,557.52
11733	1/3/2020	Alliant Ins Svcs	Prog Admin Fee	52401 Jan 20 Prog Admin Fee	28,248.83
11734	1/3/2020	CJPRMA	Other Ins Exp	54150 19/20 Drone Prem Marysville	296.00
11738	1/20/2020	CAM, Inc.	Investment Inc	44040 Dec 2019 Investment Mgmt Svcs	4,665.89
11737	1/20/2020	Gibbons & Conley	Legal Svcs	52103 12/19 Gen Matters	661.12
11731	1/3/2020	JM & Co, LLP	Acctg Svcs	52403 Dec 2019 Acctg Svcs	8,800.00
11739	1/20/2020	Real Food Catering	BOD LR Planning	52509 Catering 1/16/20 LRP BOD Mtg	1,029.00
11736	1/20/2020	York	Claims Admin	52300 12/19 Mnthly Claims Adm Fee	50,699.33
11732	1/3/2020	York Risk Svcs	On Site	52204 Safety & Risk Ctrl Svcs -1/2020	14,873.33
11740	1/21/2020	York Risk Svcs	Claims Adm/Liab	51135 12/19 Liab Svc Fees	3,081.50

Company Name: NCCSIF
Report Name: NCCSIF Check Register Board Report
Created On: 2/25/2020

Check#	Date	Vendor	Account Title	Account	Memo	Amount
11741	2/6/2020	City of Anderson	Seminars & PARMA	52207	11.19 CalPELRA Reimb	3,660.24
11742	2/6/2020	York Risk Svcs Grp	Claims Admin - Liab	51135	Dec 2019 Liab Claims Admin	20,661.66
11743	2/6/2020	Rachel Ancheta	Board Meetings	52503	01.16.2020 BOD Mtg	51.64
11744	2/6/2020	Stephanie Van Steyn	Board Meetings	52503	1.16.2020 BOD Mtg	53.13
11745	2/6/2020	Liz Ehrenstrom	Board Meetings	52503	01.16.2020 BOD Mtg	69.00
11746	2/6/2020	Jose Jasso	Board Meetings	52503	01.16.2020 BOD Mtg	78.66
11747	2/6/2020	Gina Will	Board Meetings	52503	1.16.2020 BOD Mtg	79.35
11748	2/6/2020	Liz Cottrell	Board Meetings	52503	01.16.2020 BOD Mtg	193.20
11749	2/6/2020	Dave Warren	Board Meetings	52503	01.16.2020 BOD Mtg	44.05
11750	2/6/2020	Spencer Morrison	Board Meetings	52503	01.16.2020 BOD Mtg	41.86
11751	2/6/2020	Jim Ramsey	Board Meetings	52503	01.16.2020 BOD Mtg	34.50
11752	2/6/2020	Loree McCay	Board Meetings	52503	01.16.2020 BOD Mtg	39.68
11753	2/6/2020	CAM, Inc.	Investment Income	44040	Jan 2020	4,690.12
11754	2/6/2020	Alliant Ins Svcs Inc	Program Admin Fee	52401	Feb 20 Prog Admin Fee	28,248.83
11755	2/6/2020	York Risk Svcs Grp	On Site	52204	Safety & Risk Ctrl Svcs 02/20	14,873.33
11756	2/6/2020	JM and Co LLP	Acctg Services	52403	Jan 2020 Acctg Svcs	8,831.41
11757	2/6/2020	York	Claims Admin - Liab	51135	Nov 2019 Liab Claims Admin	20,661.66
			Clms Admin Mo WC	52300	Jan 20 Mo WC Clms Admin Fee	50,699.33
11758	2/20/2020	Risk Mgmt Svcs	Claims Audit	52101	Jan 18-21 Liab Claim Audit	6,625.00
11759	2/20/2020	Raychelle Maranan	RMC Svcs	52201	Catering Reim 02/06 PRMC Mtg	506.30
11760	2/20/2020	Gibbons & Conley	Legal Services	52103	Jan 2020 Gen Matters	43.00
11761	2/20/2020	York	Claims Admin - Liab	51135	Jan 2020 Liab Claims Admin	20,661.66
11762	2/20/2020	York Risk Svcs Grp	Claims Admin - Liab	51135	Jan 2020 Liab Service Fees	1,347.70



Northern CA Cities Self Ins. Fund Short Term - Account #170

MONTHLY ACCOUNT STATEMENT

JANUARY 1, 2020 THROUGH JANUARY 31, 2020

Chandler Team:

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

Custodian

Bank of New York Mellon
Lauren Dehner
(904) 645-1918

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.41
Average Coupon	2.25%
Average Purchase YTM	2.18%
Average Market YTM	1.54%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.71 yrs
Average Life	2.53 yrs

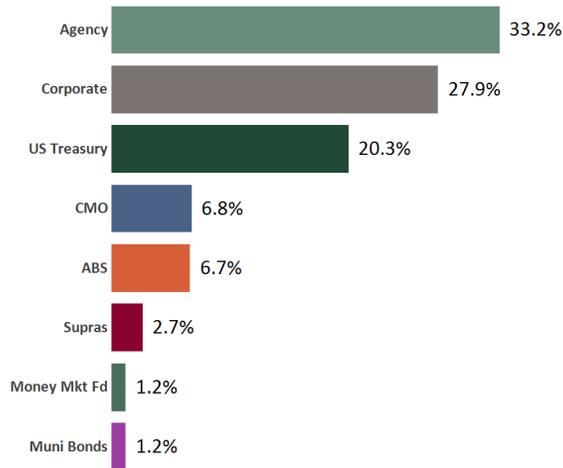
ACCOUNT SUMMARY

	Beg. Values as of 12/31/19	End Values as of 1/31/20
Market Value	27,016,555	27,241,375
Accrued Interest	134,167	130,720
Total Market Value	27,150,723	27,372,095
Income Earned	49,143	49,260
Cont/WD		-763
Par	26,607,947	26,665,990
Book Value	26,701,857	26,757,019
Cost Value	26,686,962	26,739,694

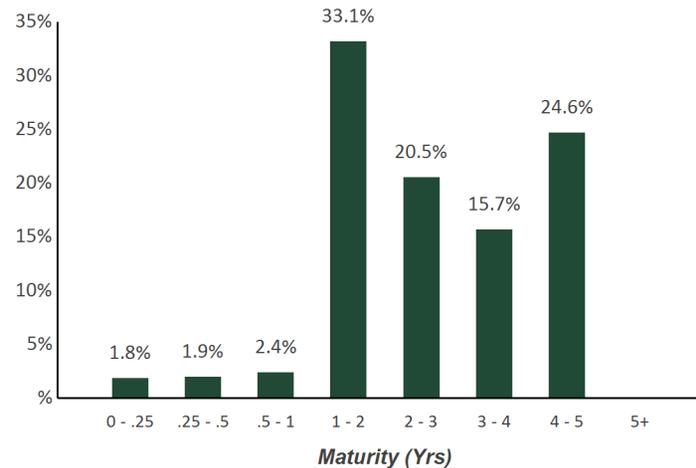
TOP ISSUERS

Government of United States	20.3%
Federal Home Loan Bank	14.7%
Federal National Mortgage Assoc	14.5%
Federal Home Loan Mortgage Corp	10.8%
Inter-American Dev Bank	2.0%
Honda ABS	2.0%
John Deere ABS	1.6%
Deere & Company	1.4%
Total	67.3%

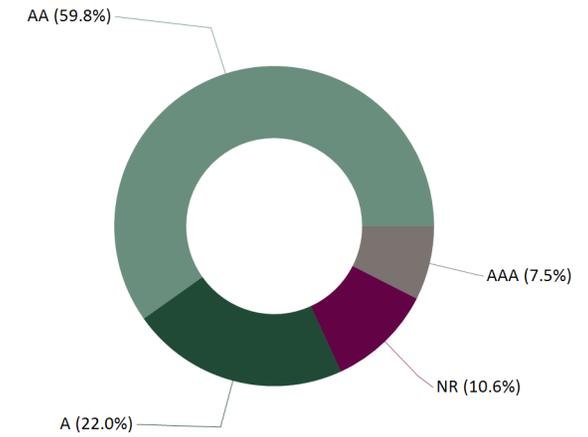
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized								
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	12/31/1997
Northern CA Cities Self Ins. Fund Short Term	0.82%	1.02%	0.82%	4.93%	3.72%	2.61%	1.89%	1.96%	3.86%
ICE BAML 1-5 Yr US Treasury/Agency Index	0.86%	0.90%	0.86%	4.75%	3.58%	2.35%	1.65%	1.70%	3.54%
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.86%	0.94%	0.86%	4.91%	3.67%	2.47%	1.77%	1.86%	3.65%

Statement of Compliance

As of January 31, 2020



Northern California Cities Self-Insurance Fund - Short Term

The portfolio complies with state law and with the Client's investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody's; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody's; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% per issuer (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies

Reconciliation Summary

As of January 31, 2020



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$26,701,856.64
Acquisition		
+ Security Purchases	\$638,609.33	
+ Money Market Fund Purchases	\$686,532.55	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$1,325,141.88
Dispositions		
- Security Sales	\$443,547.78	
- Money Market Fund Sales	\$468,912.40	
- MMF Withdrawals	\$762.50	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$320,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$38,815.08	
Total Dispositions		\$1,272,037.76
Amortization/Accretion		
+/- Net Accretion	(\$1,159.31)	
		(\$1,159.31)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	\$3,217.56	
		\$3,217.56
ENDING BOOK VALUE		\$26,757,019.01

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$114,859.59
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$443,547.78	
Accrued Interest Received	\$4,045.69	
Interest Received	\$49,693.32	
Dividend Received	\$127.61	
Principal on Maturities	\$320,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$38,815.08	
Total Acquisitions	\$856,229.48	
Dispositions		
Withdrawals	\$762.50	
Security Purchase	\$638,609.33	
Accrued Interest Paid	\$0.00	
Total Dispositions	\$639,371.83	
ENDING BOOK VALUE		\$331,717.24



Northern Cal. Cities Self Ins. Fund Long Term - Account #171

MONTHLY ACCOUNT STATEMENT

JANUARY 1, 2020 THROUGH JANUARY 31, 2020

Chandler Team:

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

Custodian

Bank of New York Mellon
Lauren Dehner
(904) 645-1918

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	3.48
Average Coupon	2.43%
Average Purchase YTM	2.37%
Average Market YTM	1.56%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	3.79 yrs
Average Life	3.73 yrs

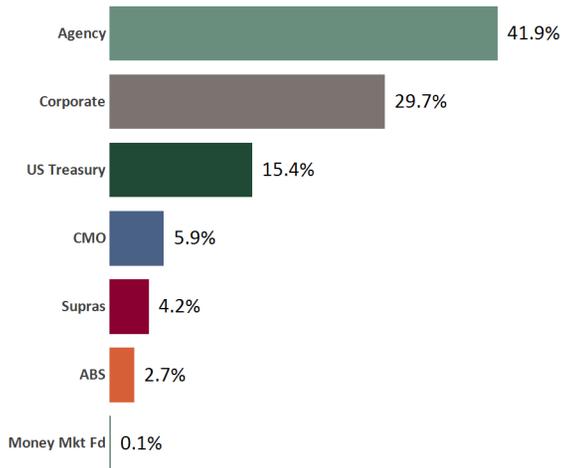
ACCOUNT SUMMARY

	Beg. Values as of 12/31/19	End Values as of 1/31/20
Market Value	28,258,555	28,622,171
Accrued Interest	167,620	165,350
Total Market Value	28,426,175	28,787,521
Income Earned	54,960	55,080
Cont/WD		0
Par	27,648,243	27,712,636
Book Value	27,698,666	27,758,929
Cost Value	27,713,330	27,772,921

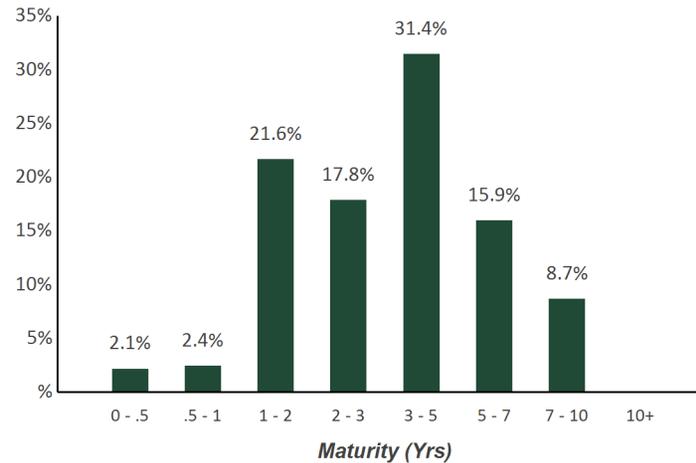
TOP ISSUERS

Federal Home Loan Bank	22.4%
Government of United States	15.4%
Federal National Mortgage Assoc	10.6%
Federal Home Loan Mortgage Corp	9.5%
Tennessee Valley Authority	5.3%
Inter-American Dev Bank	3.6%
US Bancorp	1.5%
State Street Bank	1.4%
Total	69.8%

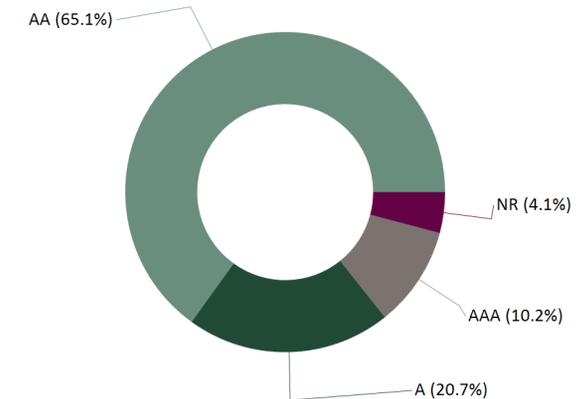
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2006	
Northern Cal. Cities Self Ins. Fund Long Term	1.27%	1.20%	1.27%	6.48%	4.62%	3.24%	2.30%	2.78%	3.86%	
ICE BAML 1-10 Yr US Treasury/Agency Index	1.38%	1.12%	1.38%	6.13%	4.45%	2.94%	1.93%	2.42%	3.49%	
ICE BAML 1-10 Yr US Corporate/Govt Rated AAA-A Idx	1.37%	1.25%	1.37%	6.70%	4.72%	3.29%	2.25%	2.79%	3.66%	

Statement of Compliance

As of January 31, 2020



Northern California Cities Self-Insurance Fund - Long Term

The portfolio complies with state law and with the Client's investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody's; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies

Reconciliation Summary

As of January 31, 2020



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$27,698,665.66
Acquisition		
+ Security Purchases	\$743,385.07	
+ Money Market Fund Purchases	\$573,147.47	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$1,316,532.54
Dispositions		
- Security Sales	\$644,309.23	
- Money Market Fund Sales	\$568,545.81	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$45,209.13	
Total Dispositions		\$1,258,064.17
Amortization/Accretion		
+/- Net Accretion	(\$1,119.52)	
		(\$1,119.52)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	\$2,914.74	
		\$2,914.74
ENDING BOOK VALUE		\$27,758,929.25

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$28,654.36
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$644,309.23	
Accrued Interest Received	\$4,128.46	
Interest Received	\$54,259.65	
Dividend Received	\$80.26	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$45,209.13	
Total Acquisitions	\$747,986.73	
Dispositions		
Withdrawals	\$0.00	
Security Purchase	\$743,385.07	
Accrued Interest Paid	\$0.00	
Total Dispositions	\$743,385.07	
ENDING BOOK VALUE		\$33,256.02



Northern CA Cities Self Ins. Fund Short Term - Account #170

MONTHLY ACCOUNT STATEMENT

FEBRUARY 1, 2020 THROUGH FEBRUARY 29, 2020

Chandler Team:

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

Custodian

Bank of New York Mellon
Lauren Dehner
(904) 645-1918

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.48
Average Coupon	2.25%
Average Purchase YTM	2.15%
Average Market YTM	1.18%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.74 yrs
Average Life	2.59 yrs

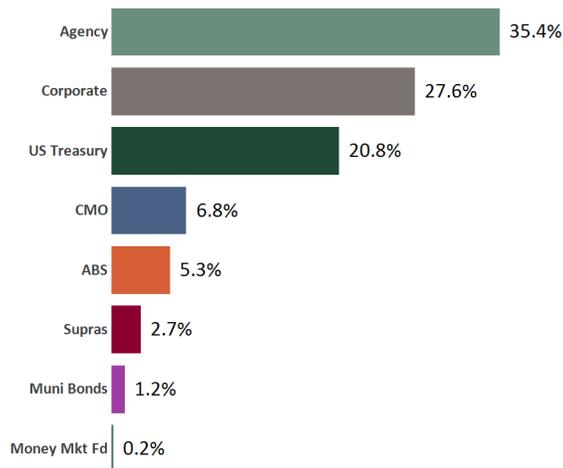
ACCOUNT SUMMARY

	Beg. Values as of 1/31/20	End Values as of 2/29/20
Market Value	27,241,375	27,518,820
Accrued Interest	130,720	133,636
Total Market Value	27,372,095	27,652,456
Income Earned	49,260	51,212
Cont/WD		0
Par	26,665,990	26,707,323
Book Value	26,757,019	26,810,821
Cost Value	26,739,694	26,797,735

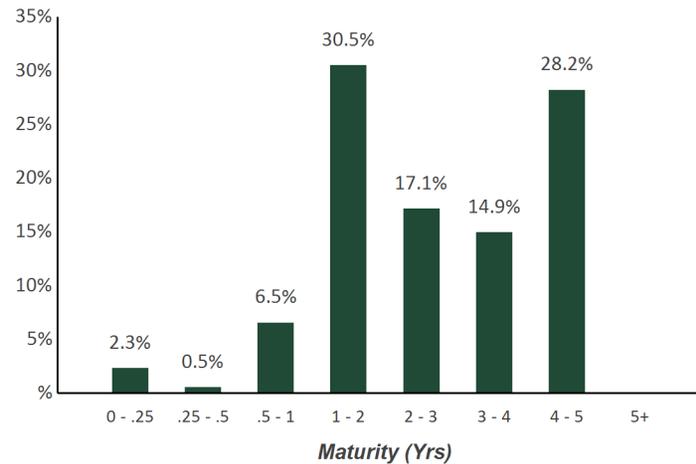
TOP ISSUERS

Government of United States	20.8%
Federal Home Loan Bank	14.7%
Federal National Mortgage Assoc	14.5%
Federal Home Loan Mortgage Corp	13.0%
Inter-American Dev Bank	2.0%
Honda ABS	1.9%
John Deere ABS	1.6%
Deere & Company	1.4%
Total	69.9%

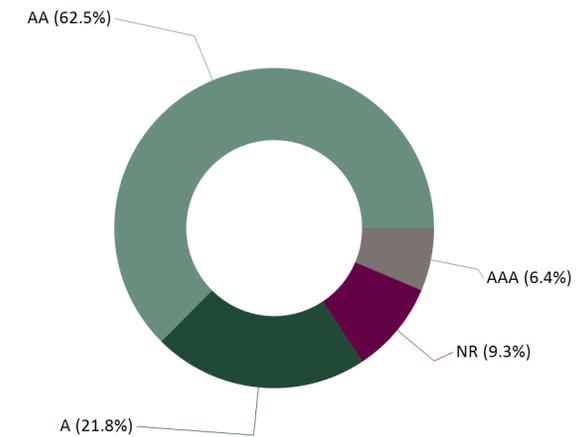
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized								
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	12/31/1997
Northern CA Cities Self Ins. Fund Short Term	1.02%	2.05%	1.85%	5.85%	4.34%	2.89%	2.18%	2.03%	3.89%
ICE BAML 1-5 Yr US Treasury/Agency Index	1.16%	2.18%	2.03%	5.92%	4.24%	2.69%	1.99%	1.78%	3.58%
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	1.11%	2.15%	1.98%	6.00%	4.33%	2.79%	2.09%	1.94%	3.69%

Statement of Compliance

As of February 29, 2020



Northern California Cities Self-Insurance Fund - Short Term

The portfolio complies with state law and with the Client's investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody's; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody's; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% per issuer (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies

Reconciliation Summary

As of February 29, 2020



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$26,757,019.01
Acquisition		
+ Security Purchases	\$1,134,084.03	
+ Money Market Fund Purchases	\$782,284.70	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$1,916,368.73
Dispositions		
- Security Sales	\$263,957.62	
- Money Market Fund Sales	\$1,070,908.64	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$170,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$365,043.07	
Total Dispositions		\$1,869,909.33
Amortization/Accretion		
+/- Net Accretion	\$1,836.90	
		\$1,836.90
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	\$5,505.34	
		\$5,505.34
ENDING BOOK VALUE		\$26,810,820.65

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$331,717.24
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$263,957.62	
Accrued Interest Received	\$1,167.78	
Interest Received	\$47,891.65	
Dividend Received	\$140.93	
Principal on Maturities	\$170,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$365,043.07	
Total Acquisitions	\$848,201.05	
Dispositions		
Withdrawals	\$0.00	
Security Purchase	\$1,134,084.03	
Accrued Interest Paid	\$2,740.96	
Total Dispositions	\$1,136,824.99	
ENDING BOOK VALUE		\$43,093.30



Northern Cal. Cities Self Ins. Fund Long Term - Account #171

MONTHLY ACCOUNT STATEMENT

FEBRUARY 1, 2020 THROUGH FEBRUARY 29, 2020

Chandler Team:

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

Custodian

Bank of New York Mellon
Lauren Dehner
(904) 645-1918

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.



PORTFOLIO CHARACTERISTICS

Average Modified Duration	3.53
Average Coupon	2.42%
Average Purchase YTM	2.36%
Average Market YTM	1.22%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	3.84 yrs
Average Life	3.77 yrs

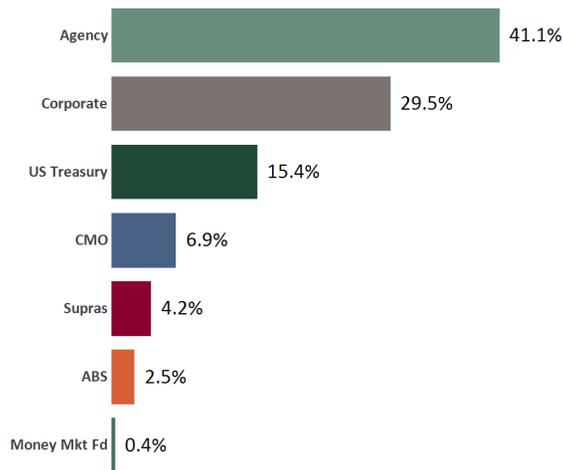
ACCOUNT SUMMARY

	Beg. Values as of 1/31/20	End Values as of 2/29/20
Market Value	28,622,171	29,032,755
Accrued Interest	165,350	162,876
Total Market Value	28,787,521	29,195,631
Income Earned	55,080	55,535
Cont/WD		0
Par	27,712,636	27,763,275
Book Value	27,758,929	27,818,105
Cost Value	27,772,921	27,797,437

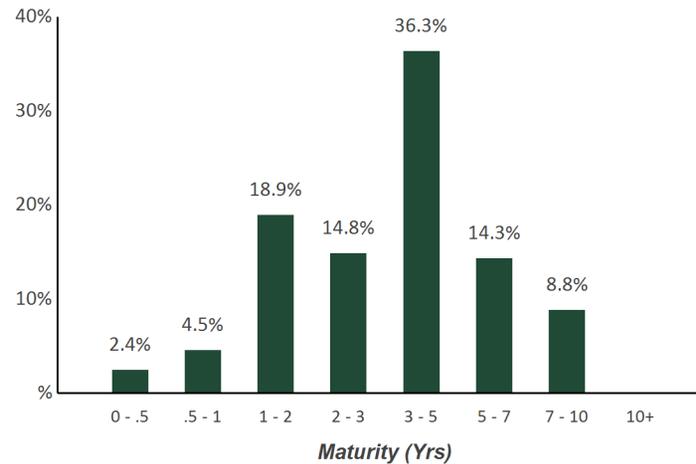
TOP ISSUERS

Federal Home Loan Bank	19.4%
Government of United States	15.4%
Federal Home Loan Mortgage Corp	12.6%
Federal National Mortgage Assoc	10.7%
Tennessee Valley Authority	5.2%
Inter-American Dev Bank	3.6%
US Bancorp	1.5%
State Street Bank	1.4%
Total	69.9%

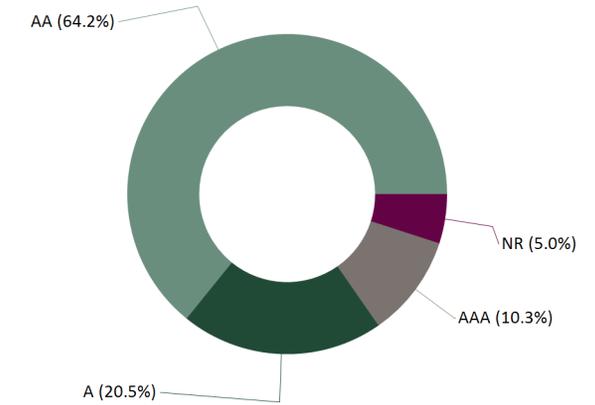
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2006	
Northern Cal. Cities Self Ins. Fund Long Term	1.42%	2.74%	2.71%	7.87%	5.53%	3.61%	2.75%	2.87%	3.94%	
ICE BAML 1-10 Yr US Treasury/Agency Index	1.60%	2.98%	3.00%	7.89%	5.43%	3.39%	2.44%	2.54%	3.58%	
ICE BAML 1-10 Yr US Corporate/Govt Rated AAA-A Idx	1.48%	2.92%	2.87%	8.24%	5.69%	3.67%	2.71%	2.89%	3.75%	

Statement of Compliance

As of February 29, 2020



Northern California Cities Self-Insurance Fund - Long Term

The portfolio complies with state law and with the Client's investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by one NRSRO; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's ; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAIF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies

Reconciliation Summary

As of February 29, 2020



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$27,758,929.25
Acquisition		
+ Security Purchases	\$925,968.08	
+ Money Market Fund Purchases	\$378,120.67	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$1,304,088.75
Dispositions		
- Security Sales	\$902,743.70	
- Money Market Fund Sales	\$291,704.61	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$50,776.96	
Total Dispositions		\$1,245,225.27
Amortization/Accretion		
+/- Net Accretion	(\$854.48)	
		(\$854.48)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	\$1,167.15	
		\$1,167.15
ENDING BOOK VALUE		\$27,818,105.40

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$33,256.02
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$902,743.70	
Accrued Interest Received	\$7,586.83	
Interest Received	\$51,452.45	
Dividend Received	\$71.78	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$50,776.96	
Total Acquisitions	\$1,012,631.72	
Dispositions		
Withdrawals	\$0.00	
Security Purchase	\$925,968.08	
Accrued Interest Paid	\$247.58	
Total Dispositions	\$926,215.66	
ENDING BOOK VALUE		\$119,672.08



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name	NO CAL CITIES SELF INSUR FUND
Account Number	35-11-001

As of 01/15/2020, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2019.

Earnings Ratio		.00006250085778970
Interest Rate		2.29%
Dollar Day Total	\$	1,103,900,699.42
Quarter End Principal Balance	\$	11,547,087.88
Quarterly Interest Earned	\$	68,994.74

NCCSIF

Northern California Cities Self Insurance Fund

c/o Alliant Insurance Services, Inc.

Corporate Insurance License No. 0C36861

Main Location: 2180 Harvard Street, Suite 460, Sacramento, CA 95815 *

(916) 643-2700 * Facsimile: (916) 643-2750

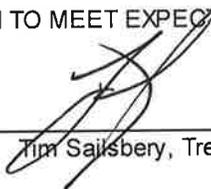
Accounting Location: Mr. James Marta, James Marta & Company, 701 Howe Avenue, Suite E3, Sacramento, CA 95825 * (916) 993-9494

NCCSIF INVESTMENT REPORT FOR THE QUARTER ENDING December 31, 2019

	<u>MARKET VALUE</u>
CASH:	
(1) Tri Counties Checking	\$ 382,270.60
(2) Local Agency Inv Fund (LAIF)	<u>11,547,087.88</u>
Total Cash	<u>11,929,358.48</u>
INVESTMENTS (Unrestricted):	
(3) Chandler Investments	
Account no. 170	27,016,555.00
Account no. 171	<u>28,258,555.00</u>
Total Unrestricted Investments	<u>55,275,110.00</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$67,204,468.48</u></u>

- (1) This consists of one checking account and two pass-thru accounts (liability and workers comp claims).
- (2) The LAIF rate of return as of quarter ended December 31, 2019 2.11%
- (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

1/30/20

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.



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item F.

GENERAL RISK MANAGEMENT ISSUES

INFORMATION ITEM

ISSUE: The floor will be open to the Committee for discussion.

The following items are brought forward for discussion:

- Crosswalks - recertifying design.
- Homeless Camp Cleanups - best practices.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: This is an opportunity for Committee members to ask questions or raise issues on risk exposures common to the members.

ATTACHMENT(S): None.

Northern CA Cities Self Insurance Fund (NCCCSIF) 2019/20 ANNUAL REPORT



Greetings,

This year marks 40 years of providing exceptional risk coverage programs and services to California's public agencies. During that entire time, the EIA has helped public entities and local communities preserve their resources by reducing their cost of risk and insurance, even in a hard market such as today. This report quantifies the value of participation and highlights the benefits realized as a direct result of your membership in the EIA.

The EIA was formed as a Joint Powers Authority (JPA) in 1979, pursuant to Article 1, Chapter 5, Division 7, Title 1, of the California Government Code (Section 6500 et seq.). Dedicated to the control of losses and cost-effective risk management solutions, the EIA is a recognized leader and pioneer in the pooling and risk management community in California and nationwide.

While the membership has enjoyed the rewards of their success over the past 40 years, the current hard market motivated EIA leadership to refine, restructure, and improve coverages and services to ensure that members' current and future needs will be met. At the same time, efforts are continually made to keep costs as stable as possible for members.

Membership Highlights

- \$492 million saved by our membership in the last 5 years!
- Shield you from insurance market swings
- Minimize risk & uncertainty
- Increased investment income provided by the EIO, EIA's captive insurance company

We encourage you to share this information with your governing bodies or others interested in your participation in the EIA.

Regards,

Rick Brush, Chief Member Services Officer



40th
CSAC EIA
Anniversary



Celebrating 40 Years of Excellence

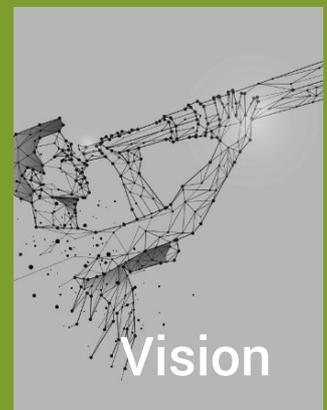
1979 → 2019



The EIA is a member-directed risk sharing pool of public agencies committed to providing risk coverage programs and risk management services, which drive member stability, efficiency, and best practices.

The EIA will continue to be internationally recognized as a leading risk sharing pool for its member-directed operating philosophy and commitment to member fiscal sustainability.

The EIA will continue to influence and shape the future of the risk management profession.



For
40
years

We have continued to Respond & Evolve

based on your needs and market conditions

Membership

Retained

99%

of Members for the past 5 years

Coverages

Provided stability with

9

major coverage programs



Historical Timeline



EIA's Core Values

CSAC EIA is dedicated to preserving a member-directed culture, defining standards for quality and performance throughout the industry, and ensuring programs and services are:

C **Competitive**
in scope and price over the long term

A **Adaptable**
and customized to meet member needs, based on high-quality standards

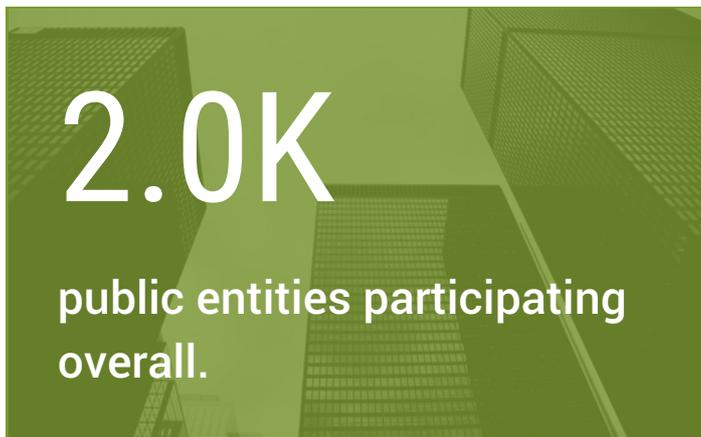
R **Resolute**
in delivering timely solutions that address present and emerging risks

E **Equitable**
in allocating costs and services between various members in a fair and consistent manner

S **Stable**
Ensuring cost-effective, fiscally prudent operations and staffing which maintain financial strength and solvency



You're partnered with the leader in member-directed risk management.



2.0K
public entities participating overall.



55
of California's counties enjoy EIA membership.



20
miscellaneous / ancillary group-purchase options.



**We are one of the largest
pools in the nation.
Our major programs
represent:**



**Our innovative and
successful approach
has been noticed across
the state.**

**Financial Reporting &
Budgeting Awards CAFR
1994-2018, PAFR 1998-
2018, Budget 2011-2019**

**Compliance with AGRIP
Advisory Standards
2013-2019**

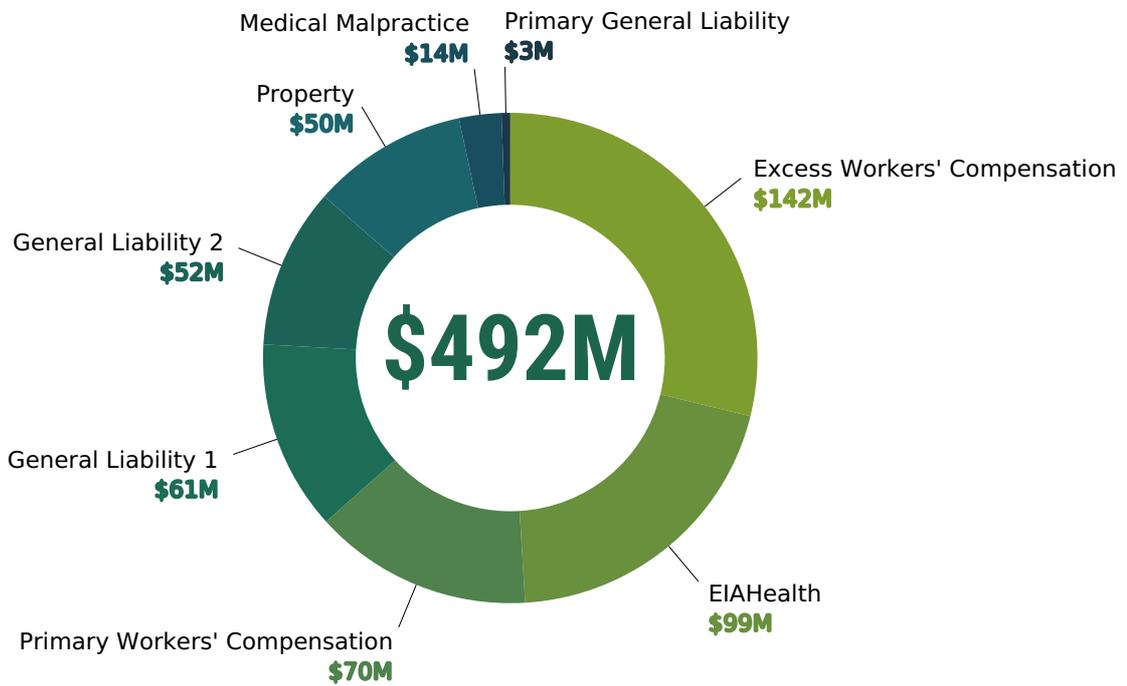
**Accredited with
Excellence
1989-2022**

The relationships that the EIA team has built over the years with members, brokers and reinsurers helps us to navigate the turbulent waters of a hard insurance market.

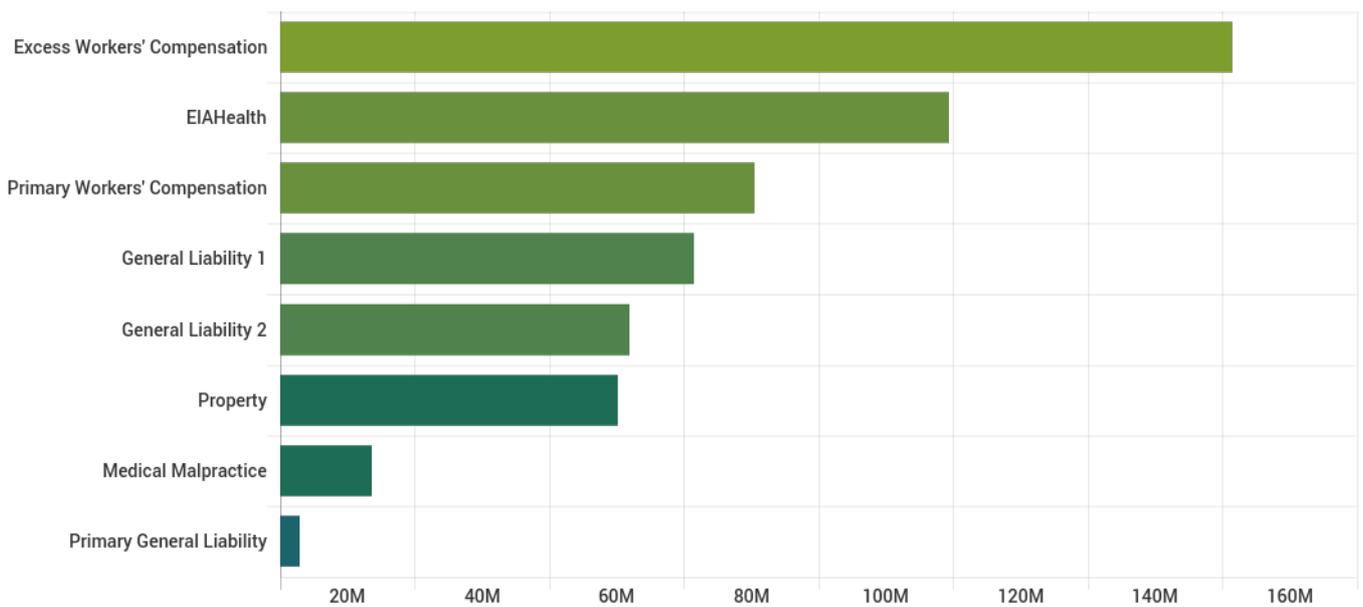
[View EIA's State of Hard Market message](#)



Over the past five years, members have saved



Let's break that down by coverage



The Primary General Liability (PGL) program was dissolved into the GL1 program effective 7/1/2018.



How are the premium comparisons computed?

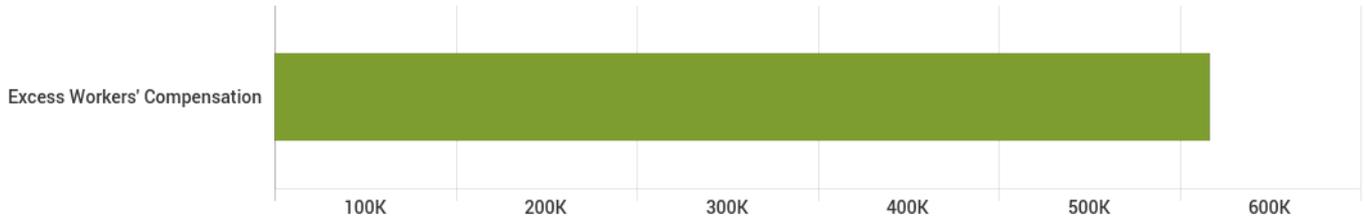
In the report, we compare the premiums your agency paid to the EIA to what it would likely cost to purchase similar coverage and services on your own, or what is referred to as the "stand-alone" premium. Except for the Primary Workers' Compensation, the stand-alone premium estimates are market based projections. For Primary Workers' Compensation, the program costs are compared to the cost to self-insure at various confidence levels. Factors such as the entity's size, retention, type of exposures, location, and/or the coverage being purchased has an impact on the estimated stand-alone projection. Below is a summary of the analysis that was done to derive the stand-alone projections as well as the various factors that influence the estimated projections.

PWC	Program premiums are compared to the cost to self-insure developed from an actuarial projection to fund at a 80% confidence level.
EWC	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 10% below market for schools and ranging from 20-35% below market pricing depending on the type of exposure (county, city, or other) and SIR levels.
GL1	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, ranging from 15 - 20% below market for schools and 20-25% below market pricing depending on the type of exposure (county, city, or other). For those members previously in the deductible buy down program (formerly the PGL program), the premium is compared to the cost to self-insure developed from an actuarial projection to fund at a 70% confidence level.
GL2	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, at approximately 15%-20% below market pricing depending on the entity's size and type of exposure (county or city).
Medical Malpractice	Insurance market projection based on actual quotes received by Alliant for similar public entity risks, at approximately 15% below market pricing depending on the size of the county and whether the member has a low deductible or higher SIR.
Property	Insurance market projection based on actual All Risk and Earthquake quotes received by Alliant for similar public entity risks, ranging from 10- 25% on an individual member basis below market pricing depending on size of the entity. Size of the entity is measured by total insured values, type of exposure (county, city, school or other), and if earthquake coverage is purchased, and the earthquake zone of the covered location.
EIAHealth	Insurance market projection based on medical and pharmacy trends including insurance company margins for contingencies and profit.



Your savings with EIA in 2019/20

\$516,856

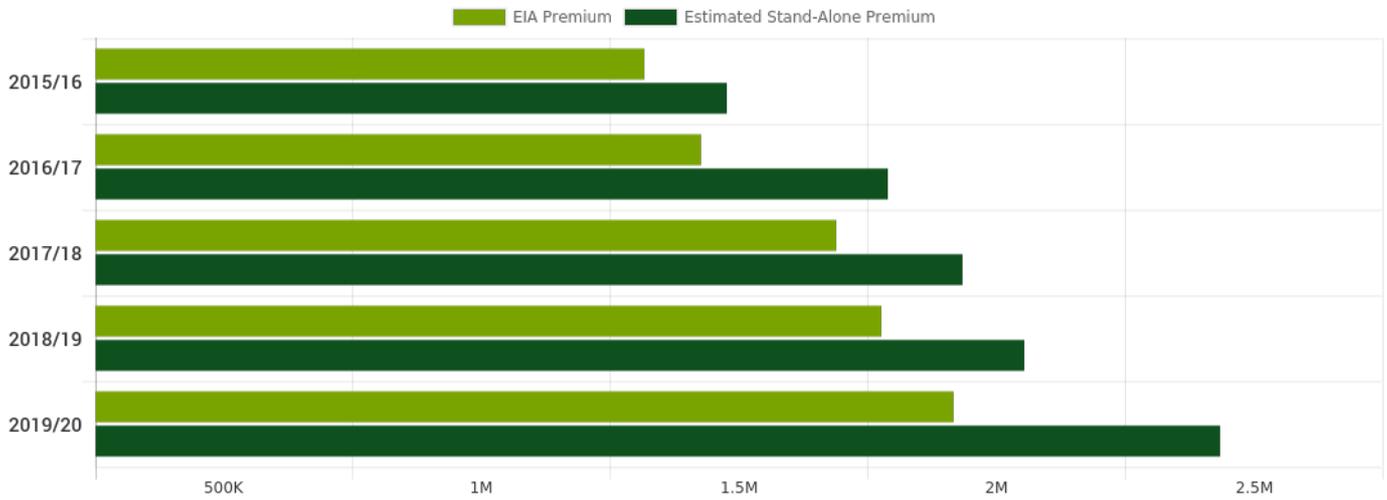


COVERAGE	EIA PREMIUM	EST. STAND-ALONE PREMIUM	SAVINGS
Excess Workers' Compensation	\$1,668,873	\$2,185,729	\$516,856
Total Savings	\$1,668,873	\$2,185,729	\$516,856



5 Year Savings Breakdown 2015/16 - 2019/20

Excess Workers' Compensation



YEAR	EIA PREMIUM	EST. STAND-ALONE PREMIUM	SAVINGS
2015/16	\$1,066,955	\$1,226,998	\$160,043
2016/17	\$1,177,155	\$1,540,052	\$362,897
2017/18	\$1,440,433	\$1,685,707	\$245,274
2018/19	\$1,526,767	\$1,805,174	\$278,407
2019/20	\$1,668,873	\$2,185,729	\$516,856
Total Savings	\$6,880,183	\$8,443,660	\$1,563,477

Want to save more? We can help with that

You could benefit from these additional coverages.

EIAHealth

Know your Healthcare alternatives! Explore the EIAHealth program and create healthcare options tailored to the needs of your organization, while benefitting from pooled risk sharing renewals!

General Liability 1

Along with the our Excess Workers' Compensation Program, our GL1 Program is an EIA flagship Program that provides excess general liability coverage on a broad coverage form. Members have the choice of self-insured retentions ranging from \$100k to \$1M. The program also offers a deductible buy-down program within the coverage structure for those members looking for lower deductibles of \$10K and higher. Members also benefit from a host of risk control, claims, and risk management services.

Property

Benefit from the economies of scale with one of the largest group purchased property placements in the world, the EIA Property Program provides the protection you need from physical damage to property. The coverages range from "All Risk" perils to Boiler & Machinery, and from Flood (included automatically) to Earthquake and Auto Physical Damage for vehicles (which are both optional).



We also offer additional services for members

Our Member Services are constantly evolving to respond to and meet your needs. Don't see what you need? Give us a call and we'll see what we can do. We're here to find solutions!

Risk Management Services

- ▲ Crisis Incident Counseling
- ▲ Crisis Incident Management
- ▲ **Enterprise Risk Consultants**
- ▲ Real & Personal Property Appraisals
- ▲ **Risk Management and Loss Prevention Subsidies**
- ▲ **Risk Management Mentor Program**
- ▲ Risk Management Practitioner Program
- ▲ Strategic Planning Facilitation

Risk Control

- ▲ Body-Worn Camera Services
- ▲ Classroom, Onsite & Regional Training
- ▲ **Cyber Security Services**
- ▲ EIAtv
- ▲ Employer Pull Notice (EPN) Program
- ▲ Personal Consultations
- ▲ **Physical Abilities Testing**
- ▲ Risk Assessment Tool
- ▲ Risk Control Toolbox
- ▲ **Target Solutions Learning Management System**
- ▲ Workforce Management Software

Claims

- ▲ 24/7 Nurse Triage Services
- ▲ Catastrophic Claims Management
- ▲ Claim Audits
- ▲ Claim System Utilization
- ▲ **Investigation Services**
- ▲ ISO Claims Search
- ▲ **Medical Provider Network**
- ▲ Medicare Reporting Services
- ▲ **Return to Work Program**





Member Spotlight

Get Out of Your Chair

A Relationship Building Approach to Risk in Ventura County

Building relationships across the many departments of an entity can be daunting, but for the Risk Management team at Ventura County it was challenge accepted! Along with reducing claims costs and increasing public trust, it was the goal of Risk Management to grow outreach and visibility. The plan was simple: get out there!

Read more about how this EAGLE Award winner used an "out-of-your-seat" approach to build relationships and increase trust between staff, including their Sheriff's Department, on the [EIA Blog](#).



Member Spotlight

Collaboration and Community

City of Lemon Grove and the Sage Project

What do you do when there are so many projects and not enough manpower to accomplish them? That was the big question in the City of Lemon Grove, and the answer was collaboration with students at San Diego State University through the Sage Project. Bonus: transfer of liability risk!

The benefits out-weighed the challenges of this community-based project for the City. Read more about this EAGLE Award winner's project on the [EIA Blog](#).



Have your voice heard. Your participation is key.

Member involvement is critical to the EIA's success. Be a part of the decision-making process and have your voice heard.

Getting Started

Committees go through an election process once a year in the fall to nominate potential candidates. Appointments are then made by the Executive Committee in January. If you're interested in becoming a committee member, look for and submit the nomination form this fall. Contact a staff member to learn more about joining a committee.

Member Counties & Public Entities



The organizational chart depicts the governance structure of the EIA and the relationship between the members, the Board of Directors and the committees.





Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.1.a.

ACTUARIAL STUDY FOR WORKERS' COMPENSATION PROGRAM

ACTION ITEM

ISSUE: NCCSIF's actuary annually provides a report to assist in making funding, dividend and assessment decisions. Below is a summary of this year's report that will be discussed in greater detail at the meeting.

FY 20/21 Funding

Total recommended funding for the Banking and Shared Risk Layers is \$11,163,000 \$10,061,000 at the current 80% Confidence Level (CL). *Overall the rates have increased 3.7%, from \$4.346 to \$4.507, with a 3.7% increase in the Banking Layer and a 3.6% increase for the Shared Layer.*

Outstanding Liabilities at June 30th

The actuary estimates that NCCSIF will have total assets of approximately \$51,065,000 on June 30, 2020, compared to \$46,258,000 last year. The estimated total Outstanding Liability at June 30 is \$44,469,000 at the 90% Confidence Level (CL), compared to \$38,721,000 last year. *This results in an estimated \$6,596,000 in net position above the 90% CL, compared to \$7,537,000 last year.*

Assets for the Banking Layer are estimated at \$25,850,000 as of June 30, 2020, \$2,497,000 above the estimate of \$23,353,000 in 2019. Banking Layer liabilities are \$20,140,000 at the 90% CL, compared to \$17,594,000 last year. *This means the Banking Layer net position above the 90% CL is estimated at \$5,710,000 compared \$5,759,000 last year.*

Assets for the Shared Risk Layer are estimated to be \$25,215,000 at June 30, 2020, compared to \$22,905,000 in 2019. Liabilities are estimated at \$24,329,000 at the 90% CL, compared \$21,127,000 last year. *The net position in excess of the 90% CL is estimated to be \$886,000, compared to \$1,778,000 last year.*

RECOMMENDATION: Request the actuary finalize the report for presentation at the April, 23, 2020, Board of Directors meeting.

FISCAL IMPACT: T.B.D.; rates are increasing 3.7% and overall funding is increasing due to an increase in payroll of 7%, from \$231 \$248 million. No change is expected to the CL of 80%.

BACKGROUND: NCCSIF annually receives an actuary report to determine the estimated Outstanding Liabilities (OL) for the Workers' Compensation program as of June 30 and to estimate the amount of funding required for the upcoming fiscal year. These figures are used for financial reporting purposes and to prepare the budget for member deposits. *The funding CL was increased from 75% to 80% for FY 18/19.*

ATTACHMENT(S): Workers' Compensation Program Actuarial Study for FY 20/21 - **DRAFT** Summary



Bickmore

Actuarial

Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2020
Forecast for Program Years 2020-21*

Presented to

Northern California Cities Self-Insurance Fund

March 5, 2020

Thursday, March 5, 2020

Mr. Marcus Beverly
Vice President
Northern California Cities Self Insurance Fund
c/o Alliant Insurance Services, Inc.
2180 Harvard Street, Suite 460
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Mr. Beverly:

As you requested, we have completed our review of Northern California Cities Self Insurance Fund's self-insured workers' compensation program. Assuming an SIR of \$500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2020-21 program year to be \$9,381,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income, but excludes 4850 TD (Temporary Disability) and 4850 SC (Salary Continuation). Of this amount, \$6,312,000 is for the banking layer (\$0 – \$100,000 per occurrence) and \$3,069,000 is for the shared layer (\$100,000 – \$500,000 per occurrence). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of NCCSIF's claims, assuming a 1.5% return on investments per year. For budgeting purposes, the expected cost of 2020-21 claims translates to a rate of \$3.787 per \$100 of payroll, \$2.548 for the banking layer and \$1.239 for the shared layer (assuming \$247,700,000 in rated payroll).

In addition, we estimate the program's liability for outstanding claims to be \$35,405,000 as of June 30, 2020 again including ALAE and ULAE, and discounted for anticipated investment income, but excluding 4850 TD and 4850 SC benefits. Given estimated program assets of \$51,065,000 as of June 30, 2020, the program will be funded above the 90% confidence level on a combined basis and for both the banking layer and shared layer separately (see Graphs 1a, 1b and 1c on pages 11, 12, and 13).

The \$35,405,000 estimate is the minimum liability to be booked by NCCSIF at June 30, 2020 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires NCCSIF to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

DRAFT

Our conclusions regarding NCCSIF's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2020 are summarized in the table below.

Northern California Cities Self Insurance Fund
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
Banking and Shared Layer Combined
at June 30, 2020
Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$35,512,000					
ULAE	1,914,000					
Investment Income Offset	(2,021,000)					
Discounted Loss and LAE	\$35,405,000	\$38,273,000	\$39,441,000	\$40,751,000	\$42,344,000	\$44,469,000
Assets	51,065,000					
Surplus or (Deficit)	\$15,660,000	\$12,792,000	\$11,624,000	\$10,314,000	\$8,721,000	\$6,596,000

Northern California Cities Self Insurance Fund
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
Banking Layer
at June 30, 2020
Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$16,098,000					
ULAE	1,914,000					
Investment Income Offset	(973,000)					
Discounted Loss and LAE	\$17,039,000	\$18,112,000	\$18,504,000	\$18,930,000	\$19,459,000	\$20,140,000
Assets	25,850,000					
Surplus or (Deficit)	\$8,811,000	\$7,738,000	\$7,346,000	\$6,920,000	\$6,391,000	\$5,710,000

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Estimated Liability for Unpaid Loss and LAE

Shared Layer

at June 30, 2020

Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$19,414,000					
ULAE	0					
Investment Income Offset	(1,048,000)					
Discounted Loss and LAE	\$18,366,000	\$20,161,000	\$20,937,000	\$21,821,000	\$22,885,000	\$24,329,000
Assets	25,215,000					
Surplus or (Deficit)	\$6,849,000	\$5,054,000	\$4,278,000	\$3,394,000	\$2,330,000	\$886,000

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on NCCSIF's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

Furthermore, the CSAC Excess Insurance Authority standard states that based upon the actuarial recommendations, the member should maintain assets and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2020-21 fiscal year.

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2020-21

Banking and Shared Layers Combined

Banking Layer: \$0 to \$100,000

Shared Layer: \$100,000 to \$500,000

Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$8,980,000					
ULAE	790,000					
Investment Income Offset	(389,000)					
Discounted Loss and LAE	\$9,381,000	\$10,338,000	\$10,722,000	\$11,163,000	\$11,698,000	\$12,411,000
Rate per \$100 of 2020-21 Payroll	\$3.787	\$4.174	\$4.329	\$4.507	\$4.723	\$5.010

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2020-21

Banking Layer: \$0 to \$100,000

Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$5,784,000					
ULAE	790,000					
Investment Income Offset	(262,000)					
Discounted Loss and LAE	\$6,312,000	\$6,823,000	\$7,006,000	\$7,215,000	\$7,461,000	\$7,789,000
Rate per \$100 of 2020-21 Payroll	\$2.548	\$2.755	\$2.828	\$2.913	\$3.012	\$3.145

Northern California Cities Self Insurance Fund
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2020-21

Shared Layer: \$100,000 to \$500,000

Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,196,000					
ULAE	0					
Investment Income Offset	(127,000)					
Discounted Loss and LAE	\$3,069,000	\$3,515,000	\$3,716,000	\$3,948,000	\$4,237,000	\$4,622,000
Rate per \$100 of 2020-21 Payroll	\$1.239	\$1.419	\$1.500	\$1.594	\$1.711	\$1.866

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program. They do not include 4850 TD and 4850 SC benefits.

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB. The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

DRAFT

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NCCSIF's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Northern California Cities Self Insurance Fund in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

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Eric Small
Senior Analyst, Bickmore Actuarial

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I. BACKGROUND

Northern California Cities Self Insurance Fund began its self-insured workers' compensation program on July 1, 1979. Its purpose was to provide excess workers' compensation coverage to its members which consist of Northern California municipalities. The original NCCSIF program was comprised of eight members. Currently, the program includes the twenty two members shown below.

ANDERSON	ELK GROVE	JACKSON	PARADISE	WILLOWS
AUBURN	FOLSOM	LINCOLN	PLACERVILLE	YUBA CITY
COLUSA	GALT	MARYSVILLE	RED BLUFF	
CORNING	GRIDLEY	NEVADA CITY	RIO VISTA	
DIXON	IONE	OROVILLE	ROCKLIN	

The Program's current self-insured retention is \$500,000, and excess coverage is provided by the CSAC Excess Insurance Authority. Claims administration services are provided by Sedgwick. Additional background on the program is given in Appendix K. Please note that the estimates contained in this report exclude costs for 4850 TD (temporary disability) and 4850 SC (salary continuation).

Although NCCSIF carries a self-insured retention of \$500,000, the program is actually split into two parts, a banking layer and a shared risk layer. The banking layer applies to the first \$100,000 of each loss and each member is directly responsible for its actual losses in this layer. The shared risk layer applies to the portion of each loss between \$100,000 and \$500,000. The shared risk layer losses are pooled among members. The table below shows the confidence levels to which each layer was funded by year.

Accident Year	Shared Layer	Banking Layer
1996-97	70%	70%
1997-01	80%	70%
2001-02	80%	Expected
2002-03	60%	70%
2003-04	70%	70%
2004-05	70%	Expected
2005-06	70%	70%
2006-07	70%	70%
2007-08	70%	70%
2008-09	60%	60%
2009-10	60%	60%
2010-11	60%	60%
2011-12	60%	60%
2012-13	60%	60%
2013-14	60%	60%
2014-15	65%	65%
2015-16	67.5%	67.5%
2016-17	70%	70%
2017-18	75%	75%
2018-19	80%	80%
2019-20	80%	80%
2020-21	80%	80%

The purpose of this review is to provide a guide to NCCSIF to determine reasonable funding levels for its self-insurance program according to the funding policy NCCSIF has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate NCCSIF's liability for outstanding claims as of June 30, 2020, project ultimate loss costs for 2020-21, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

Graphs 1a, 1b and 1c on the following pages summarize our assessment of NCCSIF's funding position as of June 30, 2020. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal line across each graph indicates NCCSIF's available assets at June 30, 2020.

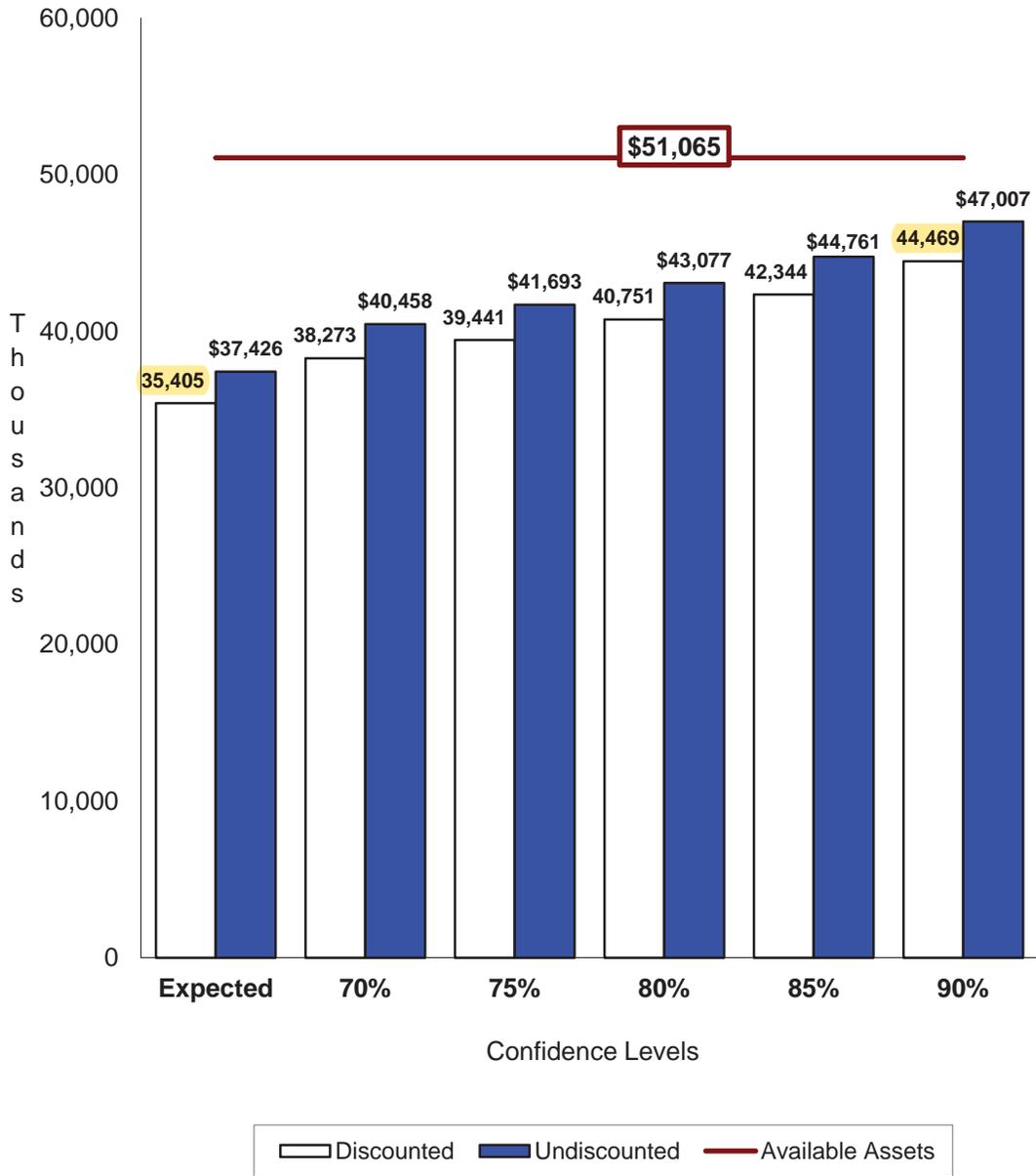
Our best estimate of the full value of NCCSIF's liability for outstanding claims within its pool limit is \$37,426,000, \$18,012,000 is for the banking layer and \$19,414,000 is for the shared layer as of June 30, 2020. These amounts include losses, allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE), but exclude 4850 TD and 4850 SC benefits. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a, 1b and 1c show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

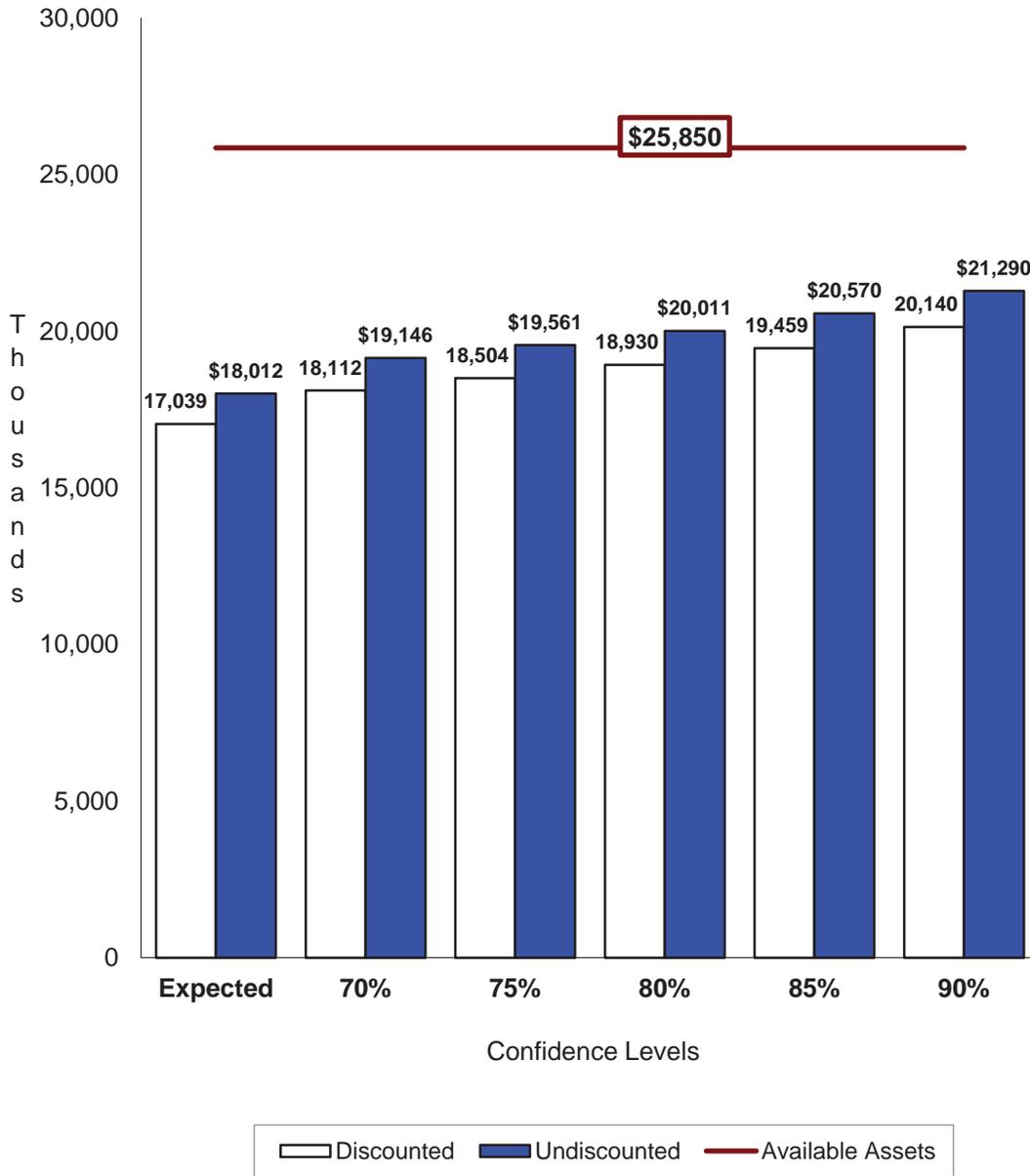
NCCSIF can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 5.4% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$35,405,000, \$17,039,000 for the banking layer and \$18,366,000 for the shared layer as of June 30, 2020.

Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a, 1b and 1c show our estimates of NCCSIF's discounted liability for outstanding claims.

NCCSIF - Workers' Compensation
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2020
 Banking and Shared Layers Combined
 Net of 4850 TD and 4850 SC



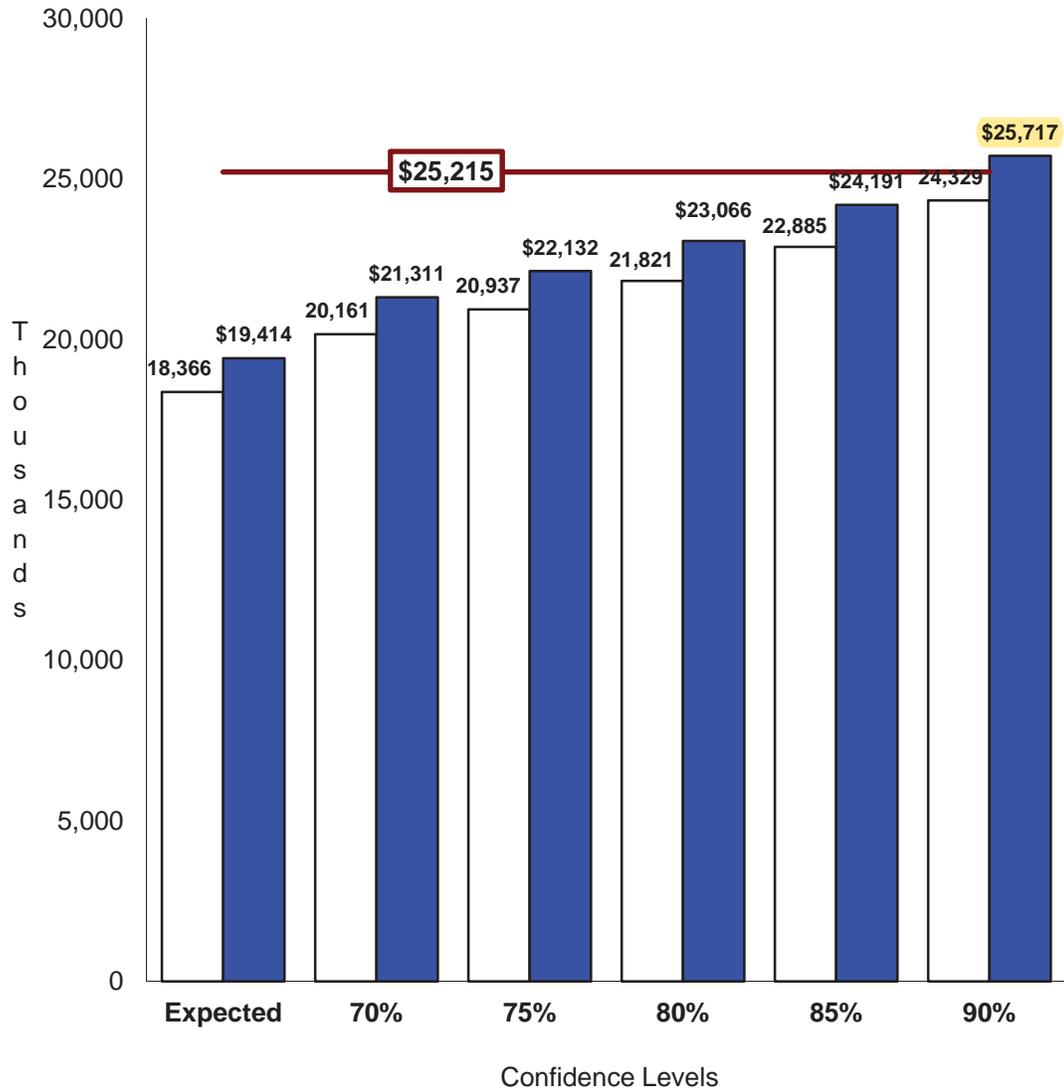
NCCSIF - Workers' Compensation
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2020
Banking Layer
Net of 4850 TD and 4850 SC



NCCSIF - Workers' Compensation
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2020

Shared Layer

Net of 4850 TD and 4850 SC



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2020, before recognition of investment income.

Northern California Cities Self Insurance Fund
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2020
Banking and Shared Layers Combined
Net of 4850 TD and 4850 SC

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$880,255	\$42,093	\$922,348
1999-00	236,718	13,407	250,125
2000-01	448,959	24,944	473,903
2001-02	126,214	31,037	157,251
2002-03	270,416	72,466	342,882
2003-04	223,859	60,514	284,373
2004-05	281,647	63,265	344,912
2005-06	454,845	76,467	531,312
2006-07	739,337	130,986	870,323
2007-08	370,835	99,674	470,509
2008-09	480,510	128,259	608,769
2009-10	639,764	160,524	800,288
2010-11	410,243	141,877	552,120
2011-12	906,777	216,593	1,123,370
2012-13	1,007,039	110,129	1,117,168
2013-14	1,451,873	252,431	1,704,304
2014-15	2,378,467	294,207	2,672,674
2015-16	1,443,467	820,340	2,263,807
2016-17	2,490,486	758,944	3,249,430
2017-18	2,306,611	1,480,795	3,787,406
2018-19	3,749,492	2,214,773	5,964,265
2019-20	1,760,754	5,259,689	7,020,443
Loss and ALAE	\$23,058,568	\$12,453,414	\$35,511,982
ULAE		1,913,785	1,913,785
Total	\$23,058,568	\$14,367,199	\$37,425,767

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by NCCSIF.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, NCCSIF's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

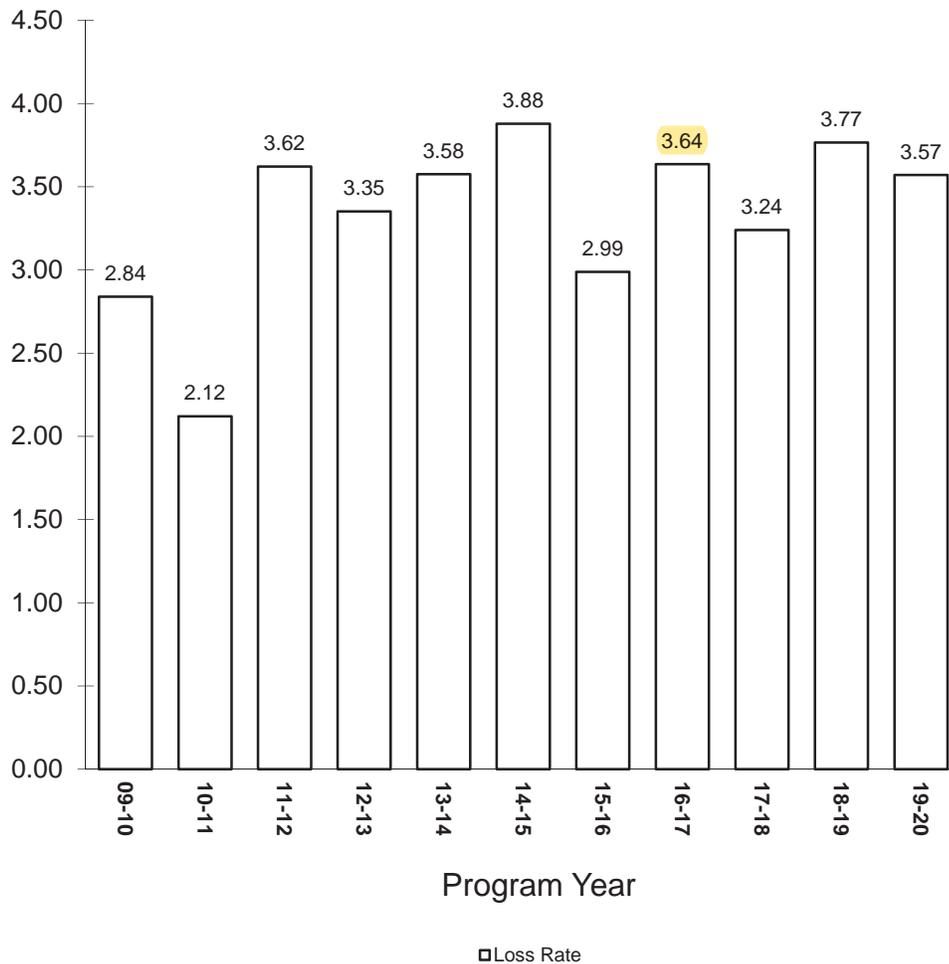
It is estimated that program assets will be \$51,065,000 at June 30, 2020, \$25,850,000 for the banking layer and \$25,215,000 for the shared layer, resulting in the program being funded above the 90% confidence level on a combined basis and for both the banking layer and shared layer separately

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 of payroll has been relatively flat during the last eight years, averaging \$3.51 per \$100 of payroll. We selected a loss rate of \$3.57 per \$100 of payroll for the 2019-20 program year based on the assumption that this trend will continue. See Graph 2a below.

Graph 2a

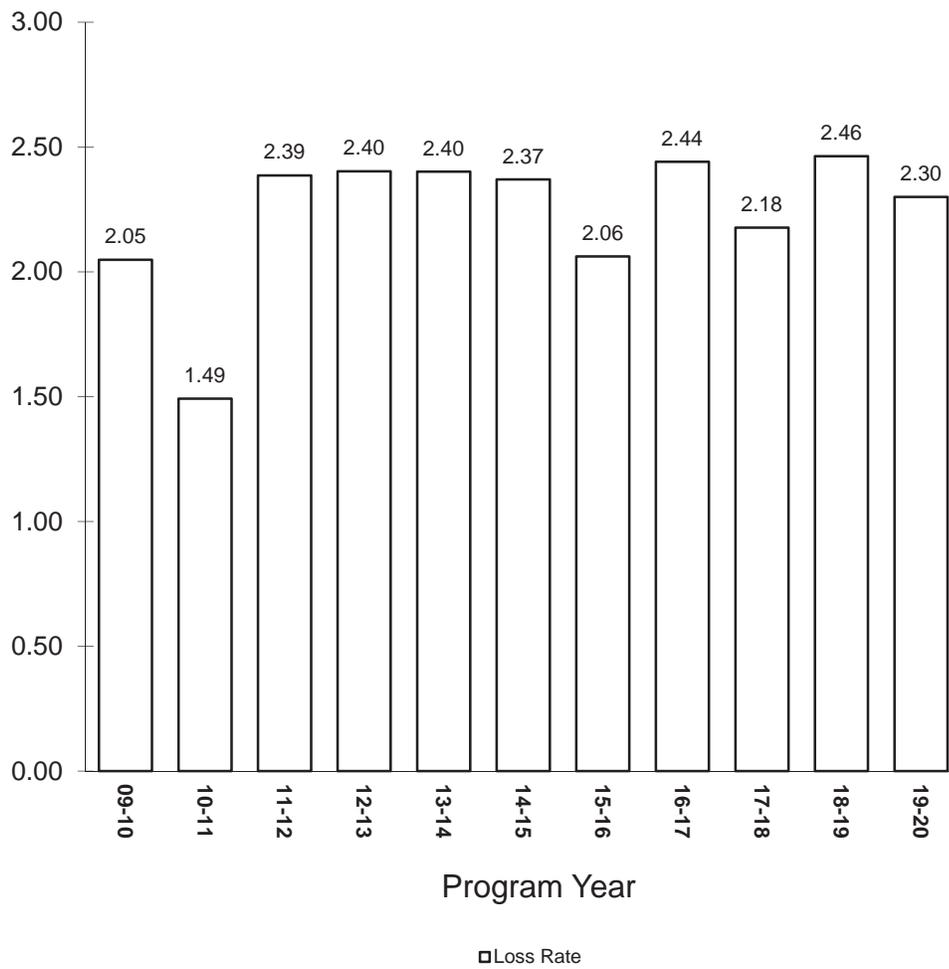
NCCSIF - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per
\$100 of Payroll
Net of 4850 TD and 4850 SC



The banking layer loss rate per \$100 of payroll has been relatively flat during the last eight years. Our projected 2019-20 loss rate of \$2.30 per \$100 of payroll reflects this trend. See Graph 2b below.

Graph 2b

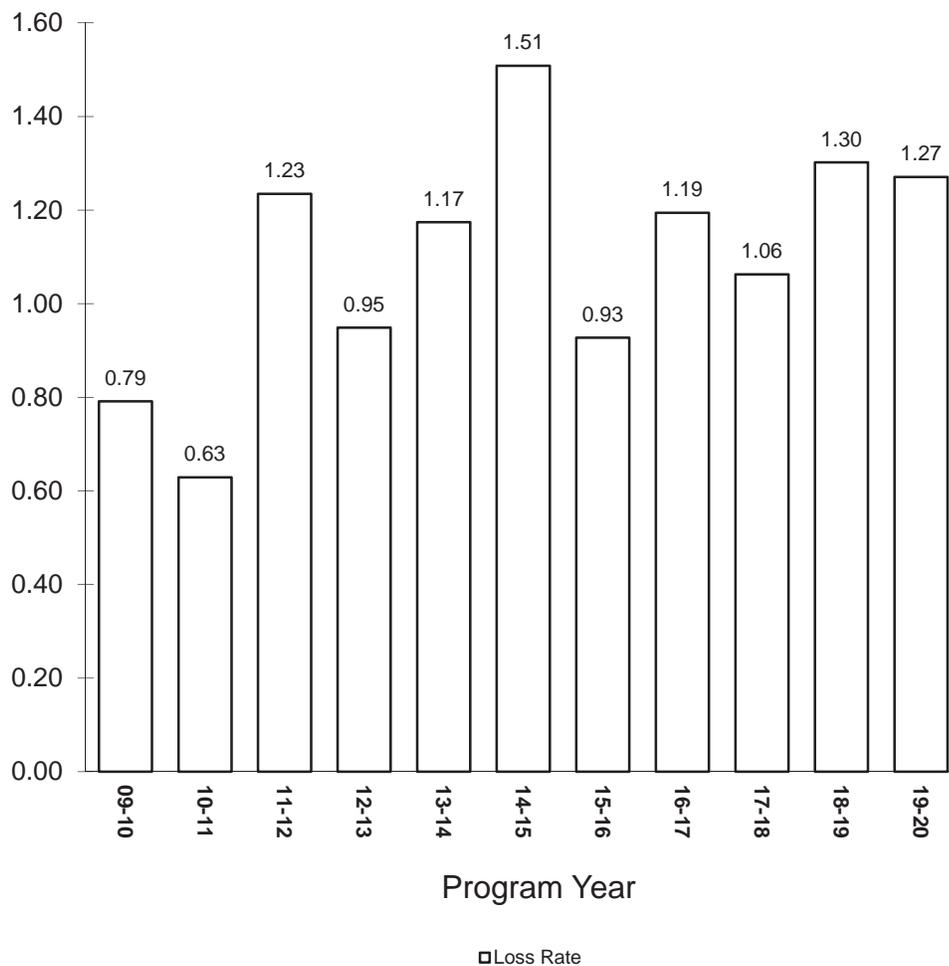
NCCSIF - Workers' Compensation
Banking Layer
Dollars of Loss per
\$100 of Payroll
Net of 4850 TD and 4850 SC



The shared layer loss rate has varied a great deal over the last ten years, typical for excess layers losses. Overall rates appear to follow an increasing trend in the most recent nine years. We projected 2019-20 loss rate of \$1.27 based on this trend. See Graph 2c below.

Graph 2c

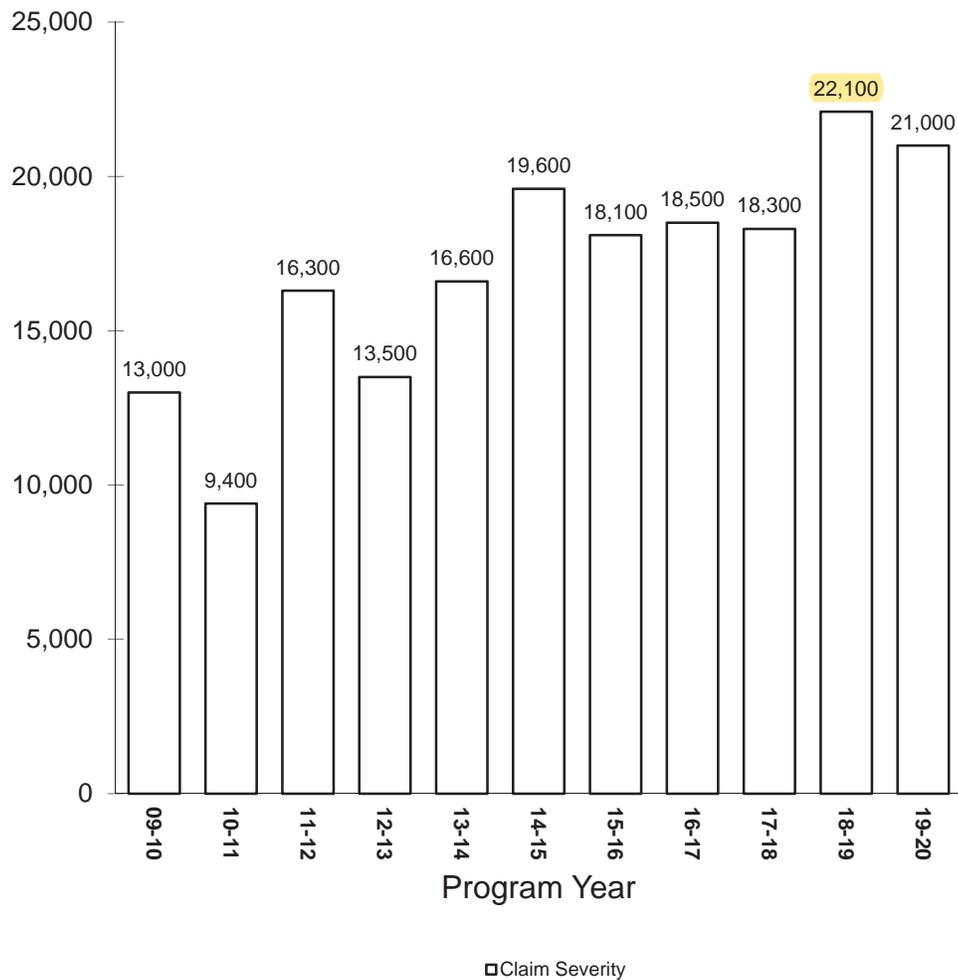
NCCSIF - Workers' Compensation
Shared Layer
Dollars of Loss per
\$100 of Payroll
Net of 4850 TD and 4850 SC



The program's average cost per claim has been following a generally increasing trend over the past ten years. The program's average cost per claim has ranged from a low of \$9,400 to a high of \$22,100. Our projected 2019-20 average cost of \$21,000 per claim reflects this upward trend. See Graph 3a below.

Graph 3a

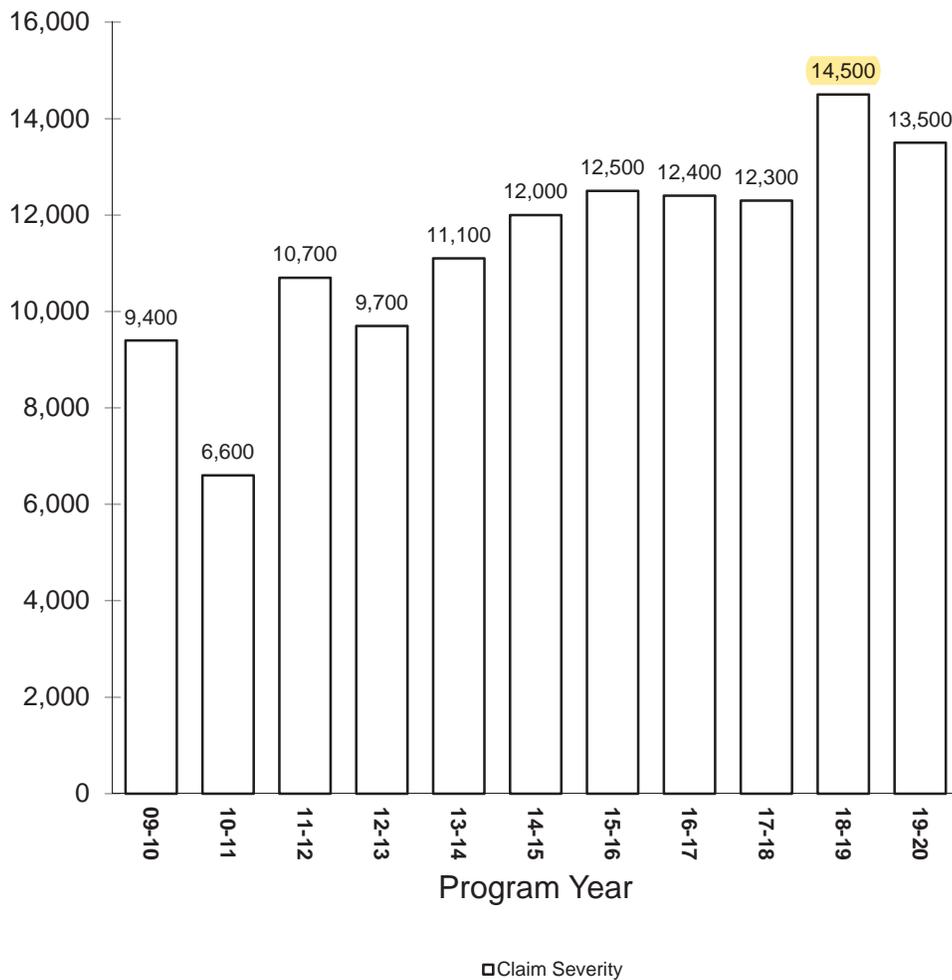
NCCSIF - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per Claim
Net of 4850 TD and 4850 SC



The banking layer's average cost per claim been following a generally increasing trend over the past ten years. The program's average cost per claim has ranged from a low of \$6,600 to a high of \$14,500. Our projected 2019-20 average cost of \$13,500 per claim reflects this upward trend. See Graph 3b below.

Graph 3b

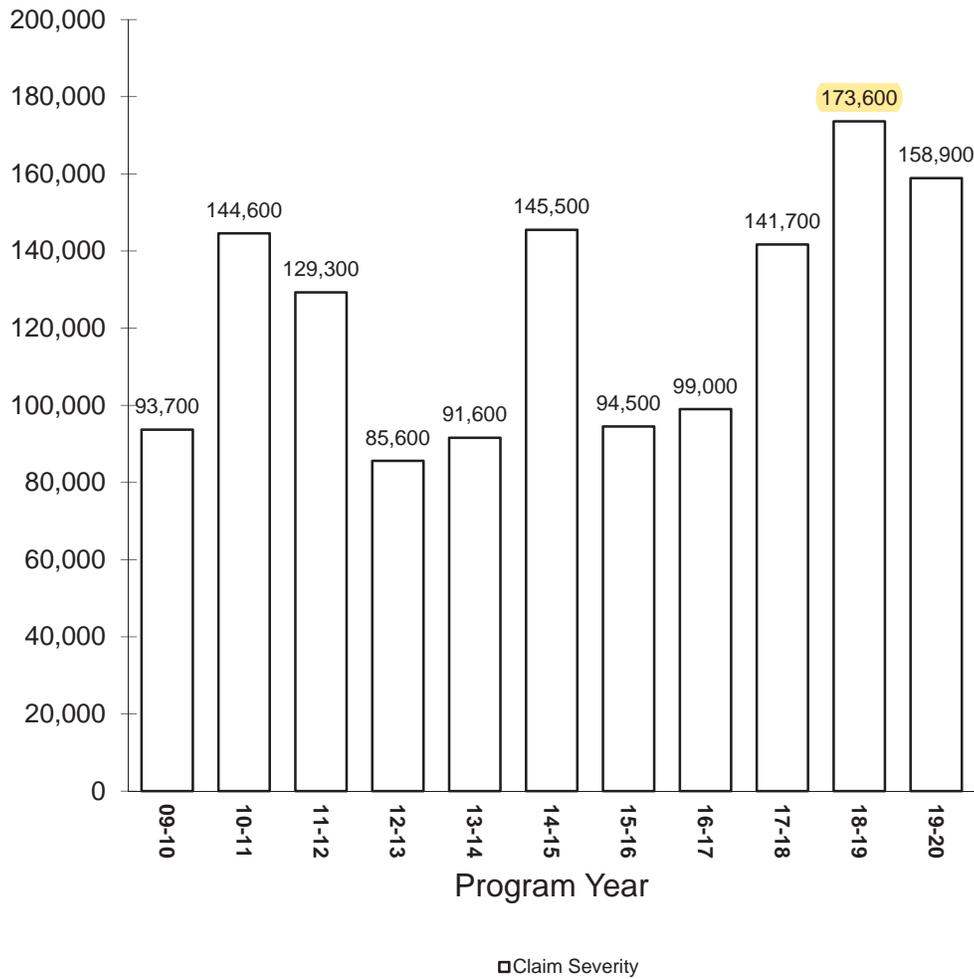
NCCSIF - Workers' Compensation
Banking Layer
Dollars of Loss per Claim
Net of 4850 TD and 4850 SC



The shared layer average cost per claim has been volatile over the period shown below but has been generally increasing during the past ten years. We project the 2019-20 shared layer severity to be \$158,900 per claim. See Graph 3c Below.

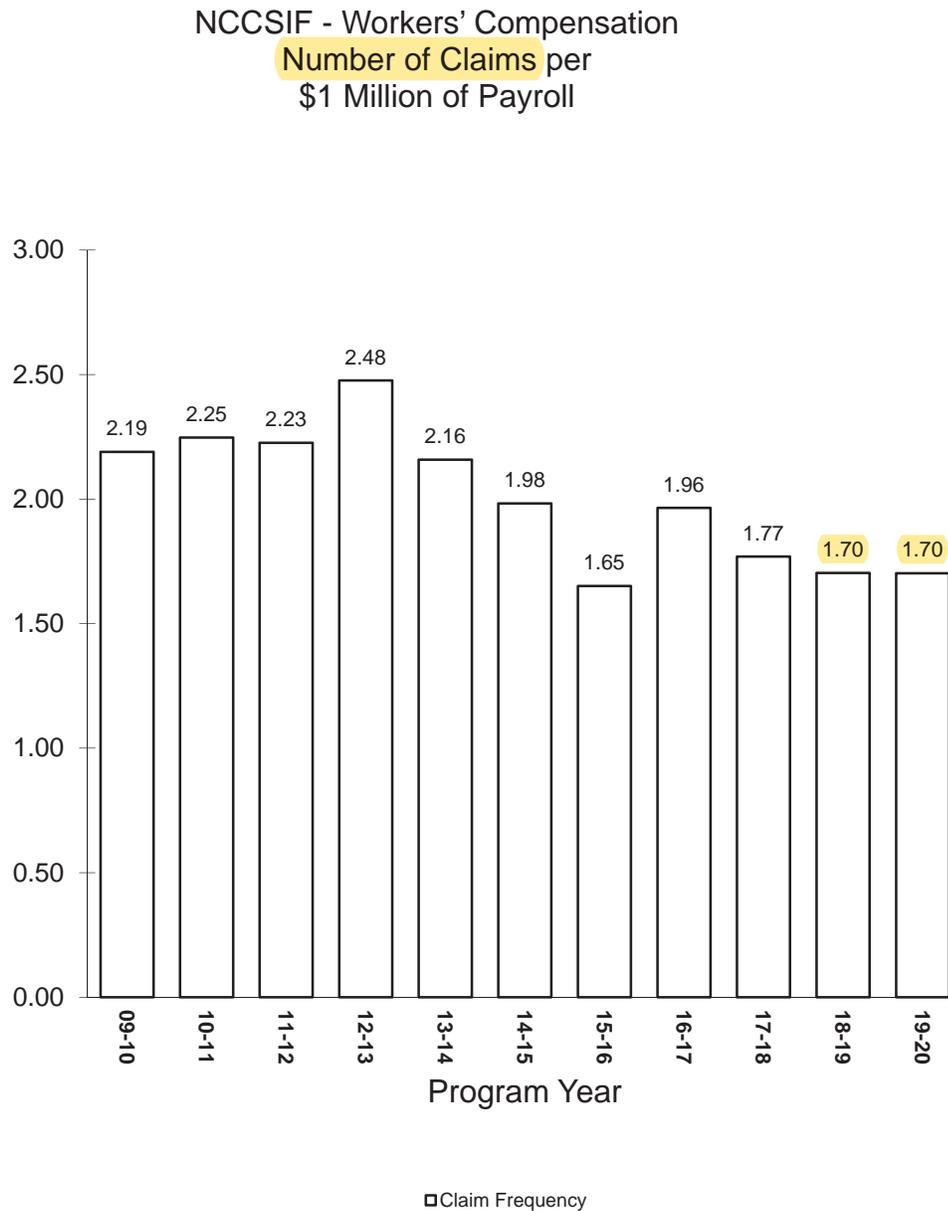
Graph 3c

NCCSIF - Workers' Compensation
Shared Layer
Dollars of Loss per Claim
Net of 4850 TD and 4850 SC



The program's frequency of claims per \$1 million payroll has been generally trending downward. The projected 2019-20 frequency of 1.70 is based on that decreasing trend. See Graph 4a below. (Note that banking layer frequency is the same as shown below for the program.)

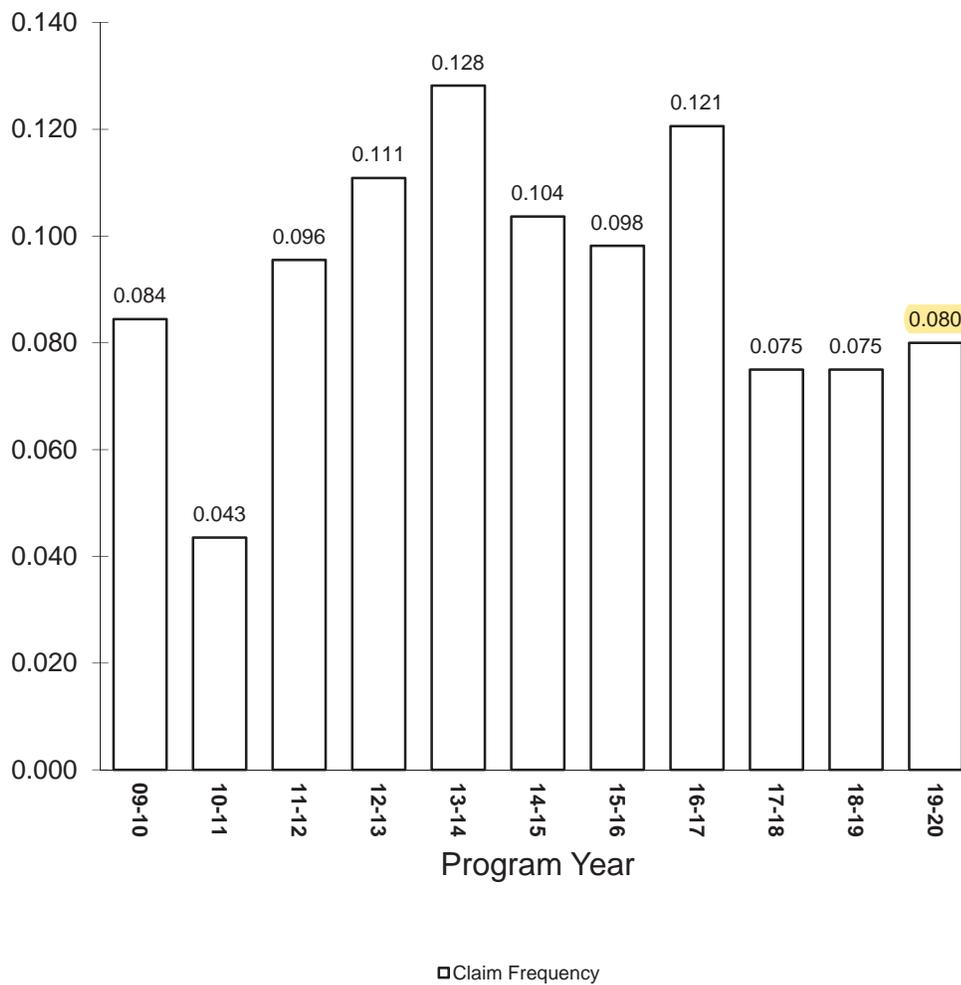
Graph 4a



The shared layer frequency of claims per \$1 million payroll has been quite volatile, following no discernable pattern. Such volatility is not unexpected since the program receives very few claims per year. Thus even one additional claim can have a significant impact. We project the 2019-20 shared layer frequency to be 0.080 claims per \$1 million payroll. See Graph 4b below.

Graph 4b

NCCSIF - Workers' Compensation
Shared Layer
Number of Claims per
\$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for Northern California Cities Self Insurance Fund was dated March 1, 2019. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the December 31, 2018 evaluation date of the prior report and the December 31, 2019 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development

Net of 4850 TD and 4850 SC

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$45,000	\$200,000	\$155,000
1999-00	14,000	64,000	50,000
2000-01	14,000	207,000	193,000
2001-02	12,000	(7,000)	(19,000)
2002-03	19,000	(7,000)	(26,000)
2003-04	13,000	113,000	100,000
2004-05	11,000	39,000	28,000
2005-06	11,000	52,000	41,000
2006-07	16,000	349,000	333,000
2007-08	15,000	66,000	51,000
2008-09	20,000	(38,000)	(58,000)
2009-10	43,000	226,000	183,000
2010-11	36,000	12,000	(24,000)
2011-12	62,000	(55,000)	(117,000)
2012-13	53,000	353,000	300,000
2013-14	63,000	226,000	163,000
2014-15	88,000	661,000	573,000
2015-16	209,000	(91,000)	(300,000)
2016-17	511,000	1,309,000	798,000
2017-18	1,174,000	1,128,000	(46,000)
2018-19	3,160,000	4,391,000	1,231,000
Total	\$5,589,000	\$9,198,000	\$3,609,000

As shown, actual incurred development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$5,589,000 between the two evaluation dates. However, actual development was approximately \$9,198,000; or about \$3,609,000 more than expected. Most accident years have developed greater than expected, however, 2011-12 and 2015-16 are emerging much less than expected.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the December 31, 2018 evaluation date of the prior report and the December 31, 2019 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development

Net of 4850 TD and 4850 SC

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$127,000	\$189,000	\$62,000
1999-00	33,000	13,000	(20,000)
2000-01	43,000	23,000	(20,000)
2001-02	25,000	38,000	13,000
2002-03	44,000	55,000	11,000
2003-04	22,000	53,000	31,000
2004-05	34,000	90,000	56,000
2005-06	49,000	44,000	(5,000)
2006-07	70,000	202,000	132,000
2007-08	55,000	86,000	31,000
2008-09	110,000	109,000	(1,000)
2009-10	149,000	198,000	49,000
2010-11	117,000	27,000	(90,000)
2011-12	269,000	276,000	7,000
2012-13	178,000	134,000	(44,000)
2013-14	309,000	232,000	(77,000)
2014-15	583,000	380,000	(203,000)
2015-16	723,000	403,000	(320,000)
2016-17	1,335,000	1,000,000	(335,000)
2017-18	1,425,000	866,000	(559,000)
2018-19	1,864,000	1,292,000	(572,000)
Total	\$7,564,000	\$5,710,000	(\$1,854,000)

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$7,564,000 between the two evaluation dates. However, actual development was approximately \$5,710,000; or about \$1,854,000 less than expected.

In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year since our prior report.

Change in Ultimate Loss and ALAE

Net of 4850 TD and 4850 SC

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$42,215,000	\$42,411,000	\$196,000
1999-00	5,037,000	5,087,000	50,000
2000-01	5,090,000	5,283,000	193,000
2001-02	3,961,000	3,942,000	(19,000)
2002-03	6,892,000	6,866,000	(26,000)
2003-04	4,136,000	4,237,000	101,000
2004-05	3,749,000	3,777,000	28,000
2005-06	4,202,000	4,244,000	42,000
2006-07	5,682,000	6,019,000	337,000
2007-08	3,742,000	3,792,000	50,000
2008-09	4,380,000	4,323,000	(57,000)
2009-10	4,571,000	4,759,000	188,000
2010-11	3,500,000	3,454,000	(46,000)
2011-12	5,878,000	5,760,000	(118,000)
2012-13	4,989,000	5,211,000	222,000
2013-14	6,310,000	6,512,000	202,000
2014-15	7,069,000	7,609,000	540,000
2015-16	6,448,000	6,211,000	(237,000)
2016-17	7,209,000	7,717,000	508,000
2017-18	6,959,000	6,958,000	(1,000)
2018-19	7,590,000	8,422,000	832,000
Total	\$149,609,000	\$152,594,000	\$2,985,000

As shown, overall we have increased our estimated ultimates by \$2,985,000 since our prior report. These changes track well with actual versus expected incurred and paid development mentioned above.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2019 to be \$30,804,000 at the discounted, expected level. Our current estimate as of June 30, 2020, is \$35,405,000, an increase in our assessment of NCCSIF's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE
Banking and Shared Layers Combined
Net of 4850 TD and 4850 SC

	Prior Report at June 30, 2019	Current Report at June 30, 2020	Change
(A) Case Reserves:	\$18,920,000	\$23,059,000	\$4,139,000
(B) IBNR Reserves:	11,833,000	12,453,000	620,000
(C) Claims Administration Reserves:	1,809,000	1,914,000	105,000
(D) Total Reserves:	\$32,562,000	\$37,426,000	\$4,864,000
(E) Offset for Investment Income:	(1,758,000)	(2,021,000)	(263,000)
(F) Total Outstanding Claim Liabilities:	\$30,804,000	\$35,405,000	\$4,601,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2019 and June 30, 2020 as reflected in our prior and current reports respectively.

At the time of the prior report, available assets were estimated to be \$46,258,000 as of June 30, 2019, which corresponded to the then-estimated discounted liability for outstanding claims above the 90% confidence level. Available assets are currently estimated to be \$51,065,000 as of June 30, 2020, which corresponds to the currently estimated liability for outstanding claims above the 90% confidence level. It can be summarized as follows:

Funding Margin			
Banking and Shared Layers Combined			
Net of 4850 TD and 4850 SC			
	Prior Report at June 30, 2019	Current Report at June 30, 2020	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$30,804,000	\$35,405,000	\$4,601,000
(B) Estimated Assets At June 30:	46,258,000	51,065,000	4,807,000
(C) Surplus/(Deficit):	\$15,454,000	\$15,660,000	\$206,000

At the time of the prior report, our funding estimate for the 2019-20 year was \$8,426,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. Our current estimate for the 2020-21 year is \$9,381,000 at the discounted, expected level, an increase in the program’s expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE
Banking and Shared Layers Combined
Net of 4850 TD and 4850 SC

	Prior Report 2019-20 Pool Limit = \$500,000	Current Report 2020-21 Pool Limit = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$8,026,000	\$8,980,000	\$954,000
(B) Ultimate Claims Administration (ULAE):	749,000	790,000	41,000
(C) Total Claim Costs:	\$8,775,000	\$9,770,000	\$995,000
(D) Offset for Investment Income:	(349,000)	(389,000)	(40,000)
(E) Total Recommended Funding:	\$8,426,000	\$9,381,000	\$955,000
(F) Funding per \$100 of Payroll:	\$3.64	\$3.79	\$0.15

As you can see, our funding recommendations at the discounted, expected level have increased between 2019-20 and 2020-21, as shown in our prior and current reports respectively. This increase is due to greater than expected claims experience coupled with an increase in payroll.

E. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2019-20 and 2020-21 (See Appendix K).
- We estimated the June 30, 2020 asset balance by beginning with the June 30, 2019 asset balance, and adjusting for anticipated revenue and expense for 2019-20 (see Appendix L).
- We received loss data evaluated as of December 31, 2019 (See Appendix M). We also utilized the data from NCCSIF's most recent actuarial study for our assessment of loss development.
- We have assumed that NCCSIF's payroll for 2020-21 will be \$247,736,166 based upon information provided by NCCSIF (See Appendix N).
- Please note that the estimates contained in this report do not include costs for 4850 TD (Temporary Disability) and 4850 SC (salary continuation). The loss run provided separated losses into various layers, including Banking and Shared. However, additional fields were developed which removed voucher amounts which are not paid from the insurance fund. These vouchers are the responsibility of the individual member.

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by NCCSIF. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California counties participating in the CSAC Excess Insurance Authority's workers' compensation program.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for the participants of the CSAC Excess Insurance Authority's workers' compensation program in the aggregate form a reasonable basis of comparison to the patterns from Northern California Cities Self Insurance Fund's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of the CSAC Excess Insurance Authority's workers' compensation program.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of workers' compensation claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the Workers' Compensation Insurance Rating Bureau of California (WCIRB). See Appendix E for a display of the benefit level cost indices by fiscal year.

DRAFT

- We have assumed that the loss rate trend associated with claim costs increases at 1.5% per year. We have assumed that claim severity increases at 1.5% per year, and that claim frequency will remain flat.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions to the CSAC-EIA and other expenses associated with the program based upon information provided by NCCSIF.
- Our funding recommendations do not include provisions for catastrophic events not in NCCSIF's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than NCCSIF's excess coverage.
- NCCSIF's assets available for the program are estimated to be \$51,065,000 as of June 30, 2020 for use in this report. This is shown in further detail in Appendix L.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of workers' compensation benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million of payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 of payroll.

Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)



Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.1.b.

ACTUARIAL STUDY FOR LIABILITY PROGRAM

ACTION ITEM

ISSUE: NCCSIF's actuary annually provides a report to assist in making funding, dividend and assessment decisions. Below is a summary of this year's report that will be discussed in greater detail at the meeting.

FY 20/21 Funding

Total recommended funding for the Banking and Shared Risk Layers is \$5,269,999 at the current 80% Confidence Level (CL) and \$500,000 SIR, compared to \$4,585,000 for FY 19/20. Payroll accounts for 5% of the increase in total funding, from \$172 to \$180 million. The rate at the 80% CL is \$2.722 per \$100 of payroll, compared to \$2.551 last year, an **increase of 6.7%**. The total increase reflects an *increase of 1.2% in the Banking Layer but an 11.8% increase in the Shared Layer*, based on relatively favorable and unfavorable loss development in those layers, respectively.

Outstanding Liabilities at June 30th

The Actuary estimates the Liability Program will have total assets of approximately \$16,194,000 on June 30, 2020, compared to \$13,958,000 last year. The estimated total Outstanding Liability at June 30 is \$11,985,000 at the 90% Confidence Level (CL), compared to \$10,653,000 last year. *This results in an estimated net position of \$4,209,000 above the 90% CL, compared to a net position of \$3,305,000 last year.*

Assets for the Banking Layer are estimated at \$6,935,000 as of June 30, 2020, compared to \$5,660,000 in 2019. Banking Layer liabilities are \$3,524,000 at the 90% confidence level, compared to \$3,049,000 last year. *This means the Banking Layer net position above the 90% CL is estimated at \$3,411,000, compared to \$2,611,000 in 2019.*

Assets for the Shared Risk Layer are estimated to be \$9,259,000 at June 30, 2020, compared to \$8,298,000 in 2019. Liabilities are estimated at \$8,461,000 at the 90% CL, compared to \$7,604,000 last year. *This results in an estimated net position of \$798,000 above the 90% CL, compared to \$694,000 last year.*

RECOMMENDATION: Request the actuary to finalize the report for presentation to the full Board at the April, 23, 2020, Board of Directors meeting.

FISCAL IMPACT: T.B.D.; the rate increase of 6.7% is at the \$500,000 SIR level. The rate at the \$750,000 is \$3.010, an 18% increase but with a decrease in the excess funding that will be presented in a later item.

BACKGROUND: NCCSIF annually receives an actuary report to determine the estimated Outstanding Liabilities (OL) for the Liability program as of June 30 and to estimate the amount of funding required for the upcoming fiscal year. These figures are used for financial reporting purposes and to prepare the budget for member deposits. The funding CL was increased from 75% to 80% for FY 18/19.

ATTACHMENT(S): Liability Program Actuarial Study for FY 20/21 - **DRAFT Summary**

A Public Entity Joint Powers Authority



Bickmore

Actuarial

Actuarial Review of the Self-Insured Liability Program

*Outstanding Liabilities as of June 30, 2020
Forecast for Program Years 2020-21*

Presented to
**Northern California Cities Self-Insurance
Fund**

March 17, 2020

Tuesday, March 17, 2020

Mr. Marcus Beverly
Vice President
Northern California Cities Self Insurance Fund
C/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Liability Program

Dear Mr. Beverly:

As you requested, we have completed our review of Northern California Cities Self Insurance Fund's self-insured liability program. Assuming a pool limit of \$500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2020-21 program years to be \$3,950,000. Of this amount, \$1,806,000 is for the banking layer (\$0 – \$50,000 per occurrence) and \$2,144,000 is for the shared layer (\$50,000 – \$500,000 per occurrence). These amounts include allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of NCCSIF's claims, assuming a 1.5% return on investments per year. For budgeting purposes, the expected cost of 2020-21 claims translates to rates of \$2.191 per \$100 payroll, \$1.002 for the banking layer and \$1.189 for the shared layer (assuming \$180,300,406 in 2019 DE-9 payroll).

In addition, we estimate the program's liability for outstanding claims to be \$8,635,000 as of June 30, 2020, again including ALAE and ULAE, and discounted for anticipated investment income. Of this amount, \$2,642,000 is for the banking layer and \$5,993,000 is for the shared layer. Given estimated program assets of \$16,194,000 as of June 30, 2020, the program is expected to be funded above the 90% confidence levels on a combined basis. The banking layer is expected to be funded above the 90% confidence level. The shared layer is expected to be funded above the 90% confidence level. (See Graphs 1a, 1b and 1c on pages 13, 14, and 15.)

The \$8,635,000 estimate is the minimum liability to be booked by NCCSIF at June 30, 2020 for Northern California Cities Self Insurance Fund's liability program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires NCCSIF to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding NCCSIF's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2020 are summarized in the table below.

Northern California Cities Self Insurance Fund
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE
Banking and Shared Layers Combined
at June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$8,884,000					
ULAE*	0					
Investment Income Offset	(249,000)					
Discounted Loss and LAE	\$8,635,000	\$9,611,000	\$10,034,000	\$10,535,000	\$11,156,000	\$11,985,000
Assets	16,194,000					
Surplus or (Deficit)	\$7,559,000	\$6,583,000	\$6,160,000	\$5,659,000	\$5,038,000	\$4,209,000

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE
Banking Layer
at June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,718,000					
ULAE*	0					
Investment Income Offset	(76,000)					
Discounted Loss and LAE	\$2,642,000	\$2,901,000	\$3,012,000	\$3,144,000	\$3,308,000	\$3,524,000
Assets	6,935,000					
Surplus or (Deficit)	\$4,293,000	\$4,034,000	\$3,923,000	\$3,791,000	\$3,627,000	\$3,411,000

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Estimated Liability for Unpaid Loss and LAE
Shared Layer
at June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$6,166,000					
ULAE*	0					
Investment Income Offset	(173,000)					
Discounted Loss and LAE	\$5,993,000	\$6,710,000	\$7,022,000	\$7,391,000	\$7,848,000	\$8,461,000
Assets	9,259,000					
Surplus or (Deficit)	\$3,266,000	\$2,549,000	\$2,237,000	\$1,868,000	\$1,411,000	\$798,000

* ULAE is included with Loss and ALAE

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on NCCSIF's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2020-21 fiscal year.

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Banking and Shared Layers Combined
 Banking Layer: \$0 to \$50,000
 Shared Layer: \$50,000 to \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,082,000					
ULAE	0					
Investment Income Offset	(132,000)					
Discounted Loss and LAE	\$3,950,000	\$4,598,000	\$4,906,000	\$5,269,000	\$5,724,000	\$6,328,000
Rate per \$100 of 2019 DE-9 Payroll	\$2.191	\$2.550	\$2.721	\$2.922	\$3.175	\$3.510

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Banking Layers
 Banking Layer: \$0 to \$50,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,843,000					
ULAE	0					
Investment Income Offset	(37,000)					
Discounted Loss and LAE	\$1,806,000	\$2,103,000	\$2,245,000	\$2,410,000	\$2,617,000	\$2,893,000
Rate per \$100 of 2019 DE-9 Payroll	\$1.002	\$1.166	\$1.245	\$1.337	\$1.451	\$1.605

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Shared Layers

Shared Layer: \$50,000 to \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,239,000					
ULAE	0					
Investment Income Offset	(95,000)					
Discounted Loss and LAE	\$2,144,000	\$2,495,000	\$2,661,000	\$2,859,000	\$3,107,000	\$3,435,000
Rate per \$100 of 2019 DE-9 Payroll	\$1.189	\$1.384	\$1.476	\$1.586	\$1.723	\$1.905

* ULAE is included with Loss and ALAE

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2020-21 fiscal year, assuming a \$750,000 pool limit.

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Banking and Shared Layers Combined
 Banking Layer: \$0 to \$50,000
Shared Layer: \$50,000 to \$750,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,514,000					
ULAE	0					
Investment Income Offset	(146,000)					
Discounted Loss and LAE	\$4,368,000	\$5,084,000	\$5,425,000	\$5,827,000	\$6,329,000	\$6,998,000
Rate per \$100 of 2019 DE-9 Payroll	\$2.423	\$2.820	\$3.009	\$3.232	\$3.510	\$3.881

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Banking Layers
 Banking Layer: \$0 to \$50,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,843,000					
ULAE	0					
Investment Income Offset	(37,000)					
Discounted Loss and LAE	\$1,806,000	\$2,103,000	\$2,245,000	\$2,410,000	\$2,617,000	\$2,893,000
Rate per \$100 of 2019 DE-9 Payroll	\$1.002	\$1.166	\$1.245	\$1.337	\$1.451	\$1.605

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Shared Layers
Shared Layer: \$50,000 to \$750,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,671,000					
ULAE	0					
Investment Income Offset	(109,000)					
Discounted Loss and LAE	\$2,562,000	\$2,981,000	\$3,180,000	\$3,417,000	\$3,712,000	\$4,105,000
Rate per \$100 of 2019 DE-9 Payroll	\$1.421	\$1.653	\$1.764	\$1.895	\$2.059	\$2.277

* ULAE is included with Loss and ALAE

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2020-21 fiscal year, assuming a \$1,000,000 pool limit.

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Banking and Shared Layers Combined
 Banking Layer: \$0 to \$50,000
Shared Layer: \$50,000 to \$1,000,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,792,000					
ULAE	0					
Investment Income Offset	(155,000)					
Discounted Loss and LAE	\$4,637,000	\$5,397,000	\$5,759,000	\$6,186,000	\$6,719,000	\$7,428,000
Rate per \$100 of 2019 DE-9 Payroll	\$2.572	\$2.993	\$3.194	\$3.431	\$3.727	\$4.120

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Banking Layers
 Banking Layer: \$0 to \$50,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,843,000					
ULAE	0					
Investment Income Offset	(37,000)					
Discounted Loss and LAE	\$1,806,000	\$2,103,000	\$2,245,000	\$2,410,000	\$2,617,000	\$2,893,000
Rate per \$100 of 2019 DE-9 Payroll	\$1.002	\$1.166	\$1.245	\$1.337	\$1.451	\$1.605

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Shared Layers
Shared Layer: \$50,000 to \$1,000,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,949,000					
ULAE	0					
Investment Income Offset	(118,000)					
Discounted Loss and LAE	\$2,831,000	\$3,294,000	\$3,514,000	\$3,776,000	\$4,102,000	\$4,535,000
Rate per \$100 of 2019 DE-9 Payroll	\$1.570	\$1.827	\$1.949	\$2.094	\$2.275	\$2.515

* ULAE is included with Loss and ALAE

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2020-21 fiscal year, assuming a \$1,250,000 pool limit.

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Banking and Shared Layers Combined
 Banking Layer: \$0 to \$50,000
Shared Layer: \$50,000 to \$1,250,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,954,000					
ULAE	0					
Investment Income Offset	(161,000)					
Discounted Loss and LAE	\$4,793,000	\$5,579,000	\$5,953,000	\$6,394,000	\$6,945,000	\$7,678,000
Rate per \$100 of 2019 DE-9 Payroll	\$2.658	\$3.094	\$3.302	\$3.546	\$3.852	\$4.258

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Banking Layers
 Banking Layer: \$0 to \$50,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,843,000					
ULAE	0					
Investment Income Offset	(37,000)					
Discounted Loss and LAE	\$1,806,000	\$2,103,000	\$2,245,000	\$2,410,000	\$2,617,000	\$2,893,000
Rate per \$100 of 2019 DE-9 Payroll	\$1.002	\$1.166	\$1.245	\$1.337	\$1.451	\$1.605

* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund
 Self-Insured Liability Program
 Loss and LAE Funding Guidelines for 2020-21
 Shared Layers
Shared Layer: \$50,000 to \$1,250,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,111,000					
ULAE	0					
Investment Income Offset	(124,000)					
Discounted Loss and LAE	\$2,987,000	\$3,476,000	\$3,708,000	\$3,984,000	\$4,328,000	\$4,785,000
Rate per \$100 of 2019 DE-9 Payroll	\$1.657	\$1.928	\$2.057	\$2.210	\$2.400	\$2.654

* ULAE is included with Loss and ALAE

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2020. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

DRAFT

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NCCSIF's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Northern California Cities Self Insurance Fund in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

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I. BACKGROUND

Northern California Cities Self Insurance Fund began its self-insured liability program on July 1, 1981. The program began with eight members and now includes nineteen Northern California municipalities delineated below.

ANDERSON	FOLSOM	LINCOLN	RIO VISTA
AUBURN	GALT	MARYSVILLE	ROCKLIN
COLUSA	GRIDLEY	OROVILLE	WILLOWS
CORNING	IONE	PARADISE	YUBA CITY
DIXON	JACKSON	RED BLUFF	

Its current self-insured retention is \$500,000, and excess coverage is provided by CJPRMA. Claims administration services are provided by Sedgwick. Additional background on the program is shown in Appendix K.

As of June 30, 2020, NCCSIF is expected to have assets of \$16,194,000 for the program. Additional background on program funding is given in Appendix L.

Although NCCSIF carries a self-insured retention of \$500,000, the program is actually split into two parts, a banking layer and a shared layer. Each member is directly responsible for its actual losses in the banking layer. The shared layer losses are pooled among members.

For program years 2006-07 and prior, the banking layer applies to the first \$25,000 of each loss (\$100,000 for the City of Folsom). The shared layer applies to the portion of each loss between \$25,000 and \$500,000.

Starting with the 2007-08 program year, the banking layer applies to the first \$50,000 of each loss (\$100,000 for the City of Folsom). The shared layer applies to the portion of each loss between \$50,000 and \$1,000,000. Effective 7/1/2013, NCCSIF decreased the shared layer retention to \$500,000. The table below shows the confidence levels to which each layer was funded by year.

Accident Year	Shared Layer	Banking Layer
1996-97	70%	70%
1997-01	80%	70%
2001-02	80%	Expected
2002-03	60%	70%
2003-04	70%	70%
2004-05	70%	Expected
2005-06	70%	70%
2006-07	70%	70%
2007-08	70%	70%
2008-09	60%	60%
2009-10	60%	60%
2010-11	60%	60%
2011-12	60%	60%
2012-13	60%	60%
2013-14	60%	60%
2014-15	65%	65%
2015-16	67.5%	67.5%
2016-17	70%	70%
2017-18	75%	75%
2018-19	80%	80%
2019-20	80%	80%
2020-21	80%	80%

The City of Lone joined NCCSIF on 7/1/2010 and carried a banking layer of \$25,000. Effective 7/1/2013, the City increased the banking layer retention to \$50,000.

The purpose of this review is to provide a guide to NCCSIF to determine reasonable funding levels for its self-insurance program according to the funding policy NCCSIF has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate NCCSIF's liability for outstanding claims as of June 30, 2020, project ultimate loss costs for 2020-21, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

Graphs 1a, 1b and 1c on the following pages summarize our assessment of NCCSIF's funding position as of June 30, 2020. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal line across each graph indicates NCCSIF's available assets at June 30, 2020.

Our best estimate of the full value of NCCSIF's liability for outstanding claims within its pool limit is \$8,884,000, \$2,718,000 for the banking layer and \$6,166,000 for the shared layer as of June 30, 2020. These amounts include losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

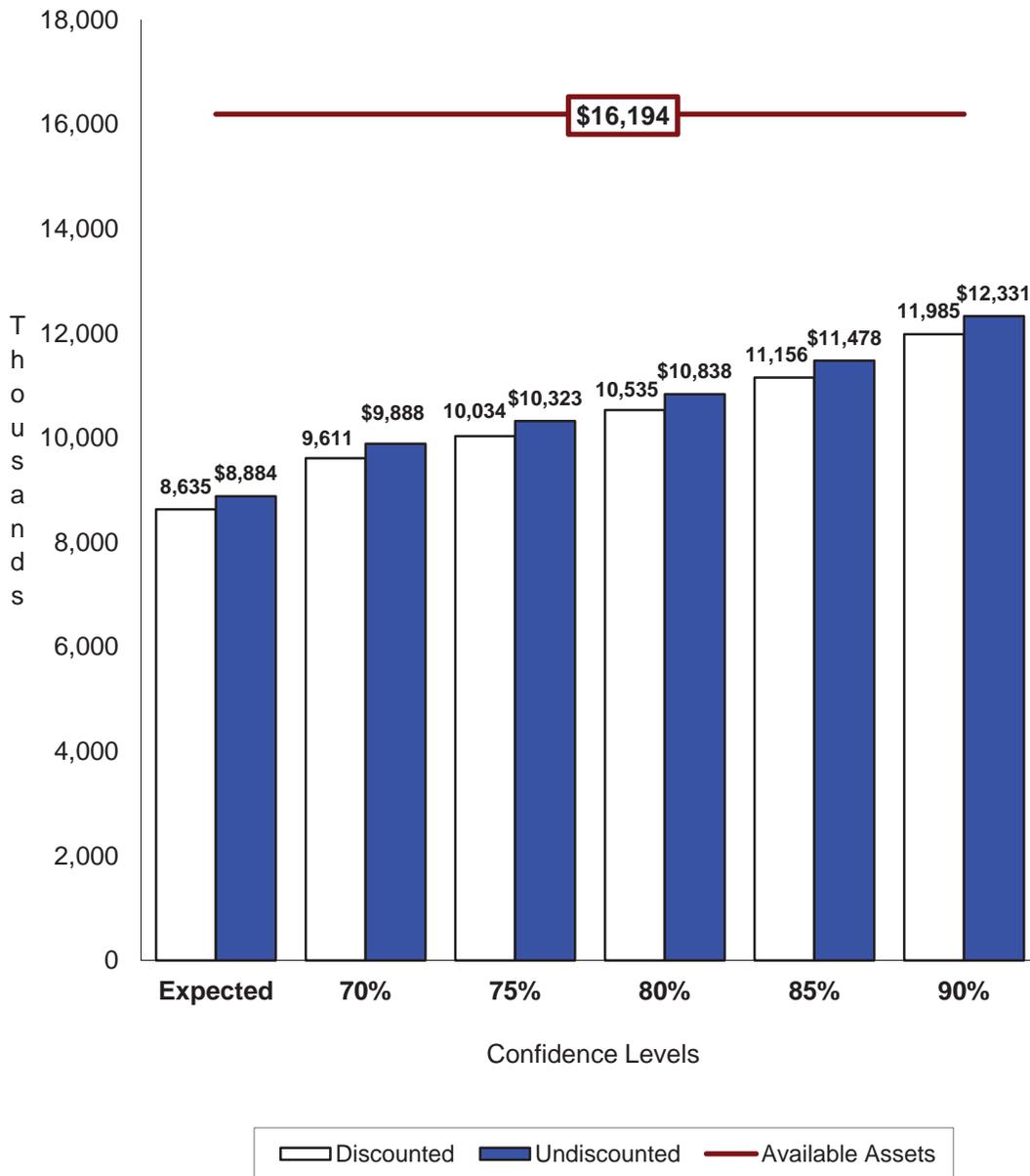
There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a, 1b and 1c show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

NCCSIF can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 2.8% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$8,635,000, \$2,642,000 for the banking layer, and \$5,993,000 for the shared layer as of June 30, 2020.

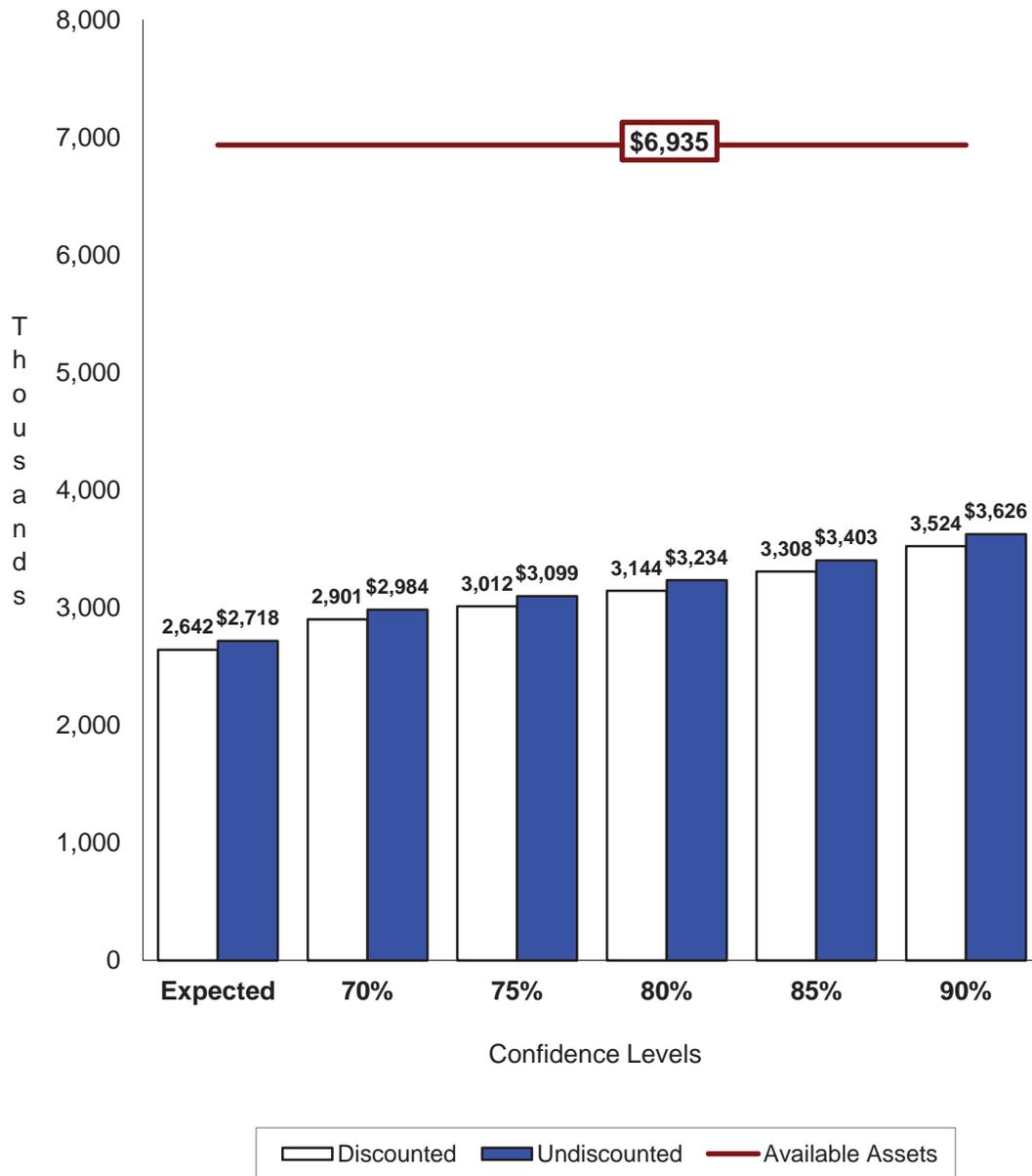
Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a, 1b and 1c show our estimates of NCCSIF's discounted liability for outstanding claims.

Graph 1a

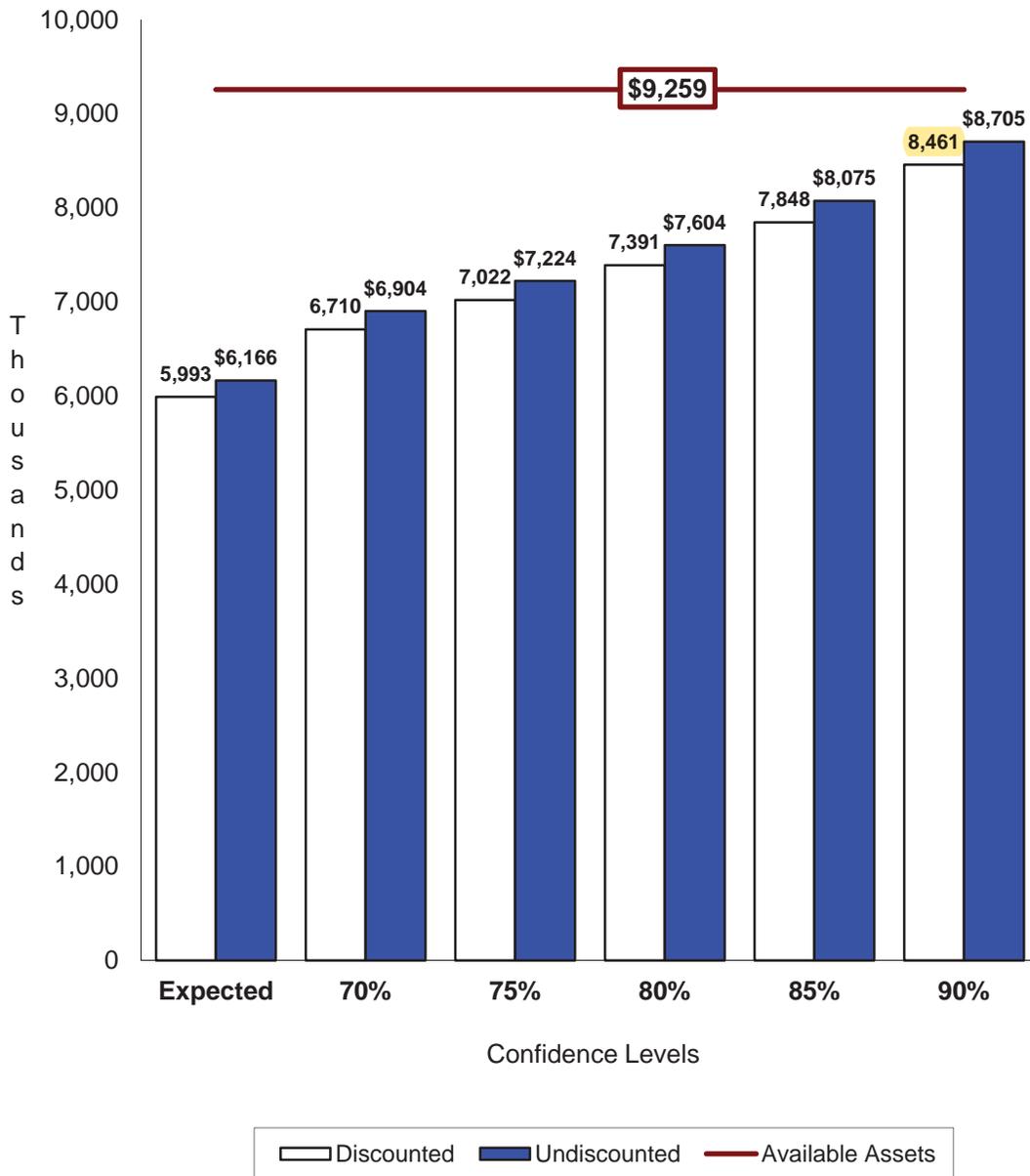
NCCSIF - Liability
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2020
 Banking and Shared Layers Combined



NCCSIF - Liability
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2020
 Banking Layer



NCCSIF - Liability
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2020
Shared Layer



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2020, before recognition of investment income.

Northern California Cities Self Insurance Fund
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2020

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2008-09	0	0	0
2009-10	115,758	9,298	125,056
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	26,066	25,645	51,711
2014-15	240,909	70,809	311,718
2015-16	199,093	111,663	310,756
2016-17	561,691	254,807	816,498
2017-18	698,716	391,244	1,089,960
2018-19	2,178,981	911,455	3,090,436
2019-20	616,207	2,471,446	3,087,653
Loss and ALAE	\$4,637,421	\$4,246,367	\$8,883,788
ULAE		0	0
Total	\$4,637,421	\$4,246,367	\$8,883,788

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by NCCSIF.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, NCCSIF's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

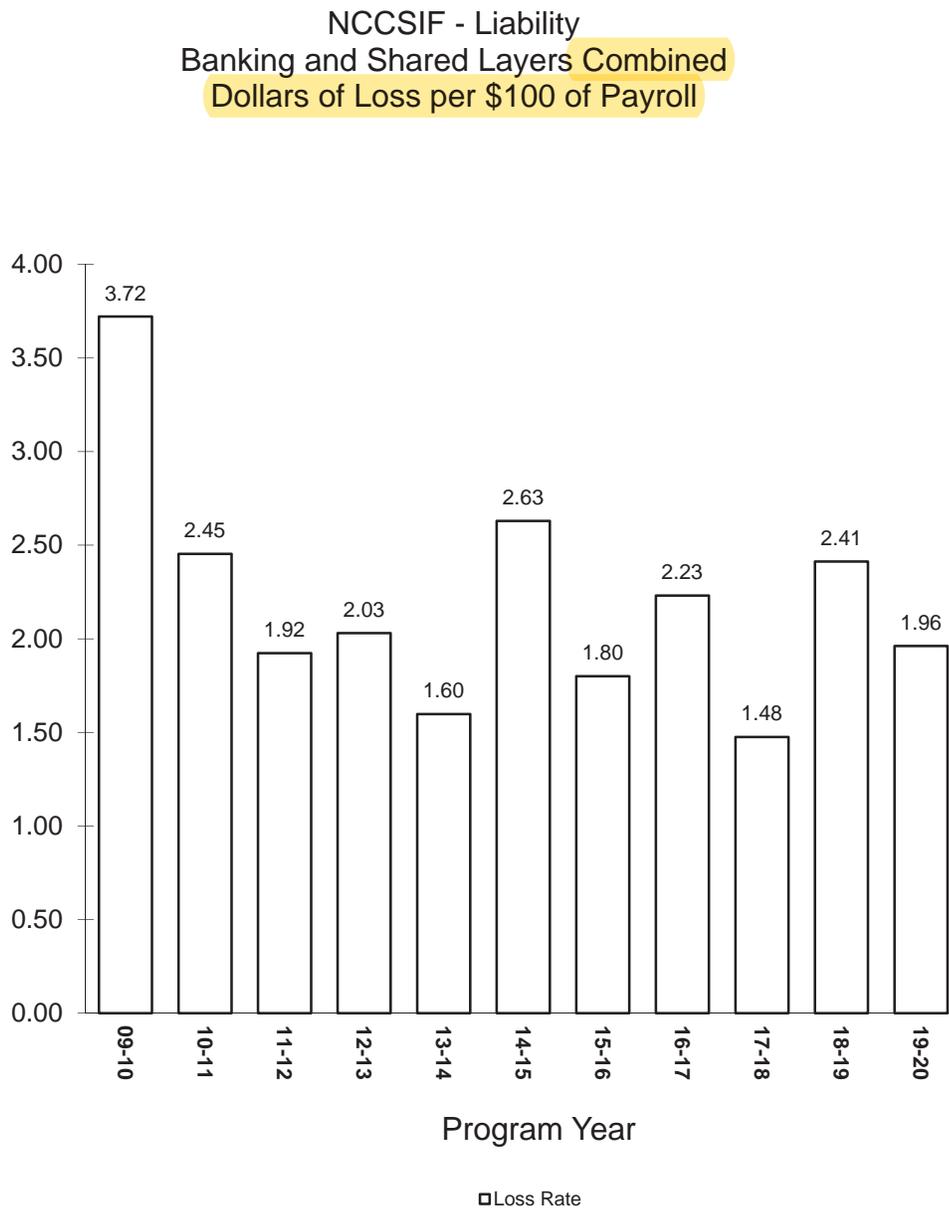
In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

It is estimated that program assets will be \$16,194,000 at June 30, 2020, \$6,935,000 for the banking layer and \$9,259,000 for the shared layer, resulting in the program being funded above the 90% confidence level on a combined basis and for both the banking and shared layer separately.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied during the past ten years, but has been somewhat flat during the most recent nine years. Losses during the 2009-10 to 2012-13 years reflect the higher pool limit of \$1,000,000. Effective July 1, 2013, NCCSIF decreased the pool limit to \$500,000. See Graph 2a below.

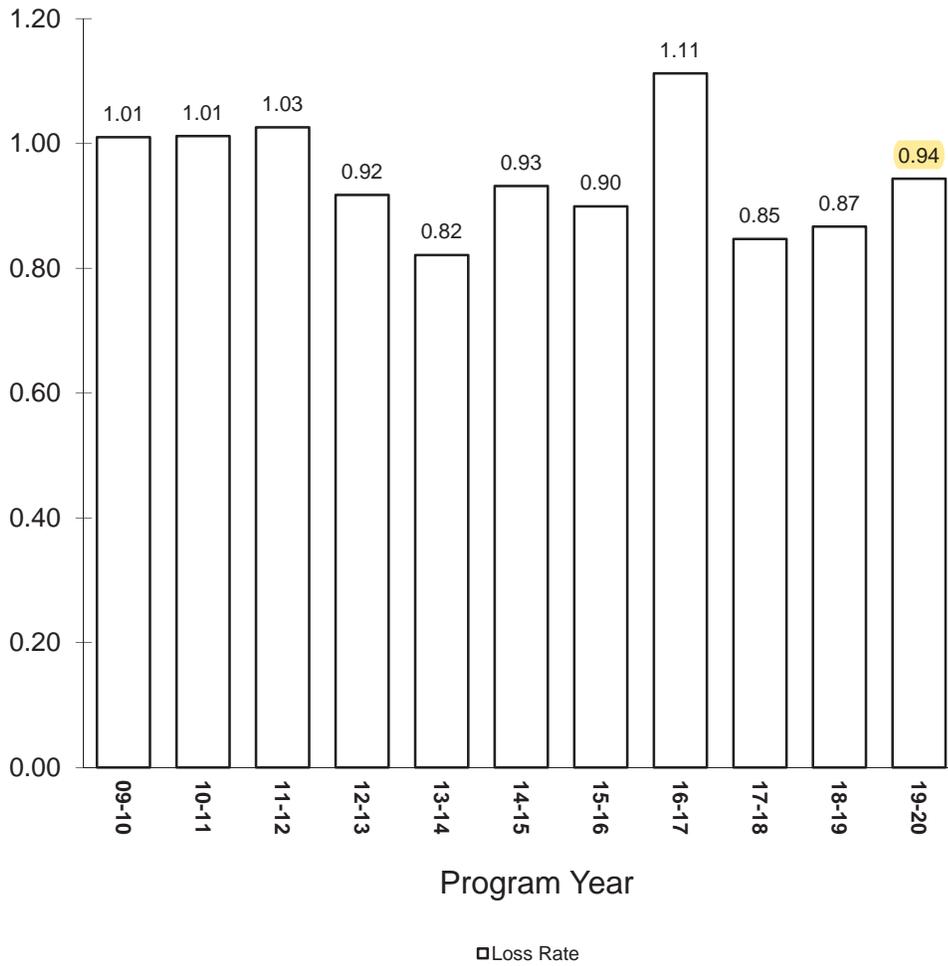
Graph 2a



The banking loss rate per \$100 payroll has been gradually decreasing over the past ten years. See Graph 2b below.

Graph 2b

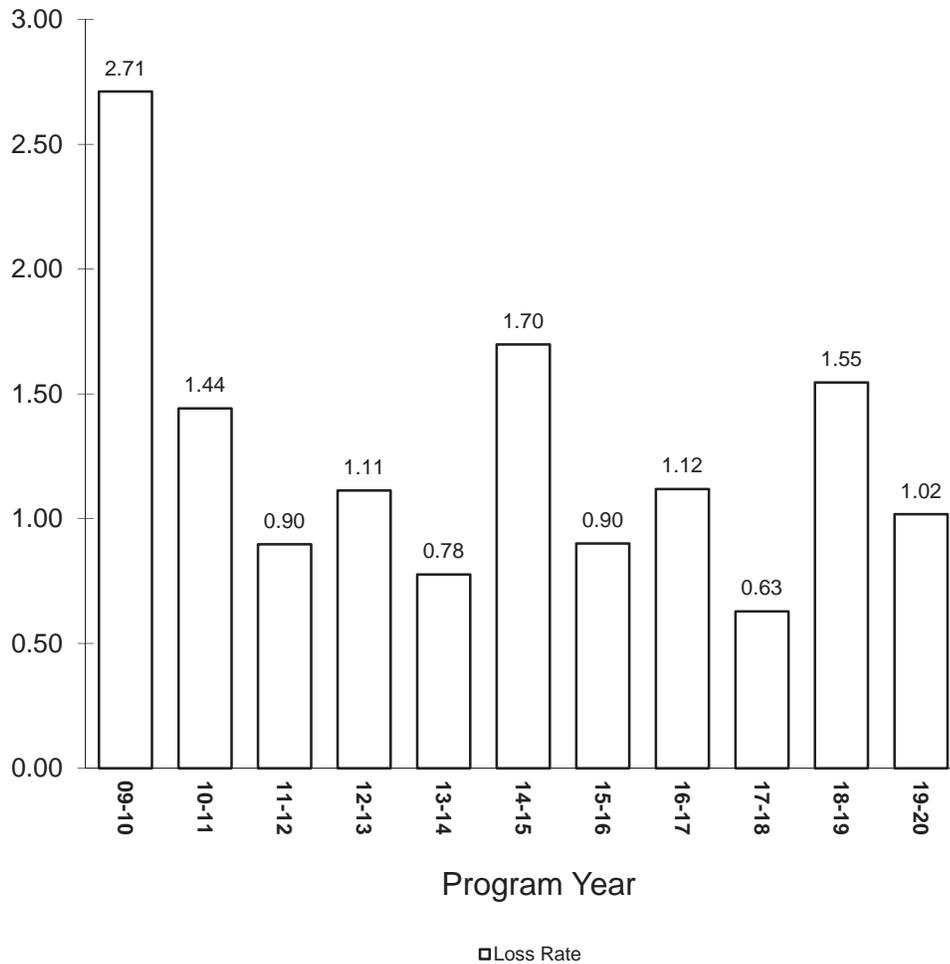
NCCSIF - Liability
Banking Layer
Dollars of Loss per \$100 of Payroll



The shared layer loss rate per \$100 payroll has varied over the past ten years, typical for excess layers, with no apparent trend. The 2009-10 to 2012-13 years reflect the shared layer from \$50,000 to \$1,000,000 per occurrence. The 2013-14 and subsequent years reflect the shared layer from \$50,000 to \$500,000 per occurrence. See Graph 2c below.

Graph 2c

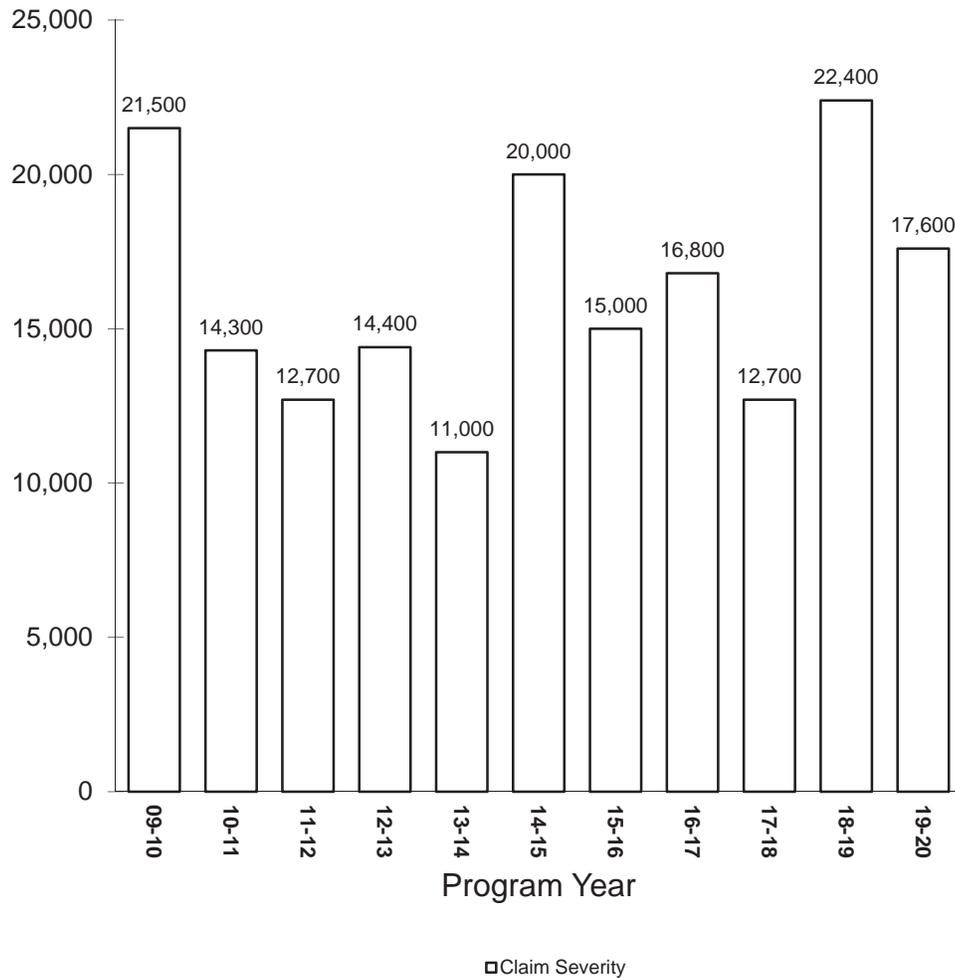
NCCSIF - Liability
Shared Layer
Dollars of Loss per \$100 of Payroll



The program's average cost per claim, or severity, has followed a generally increasing trend over the past ten years, with the 2009-10, 2014-15, and 2018-19 years coming in particularly high. The projected 2019-20 severity reflects that increasing trend. See Graph 3a below.

Graph 3a

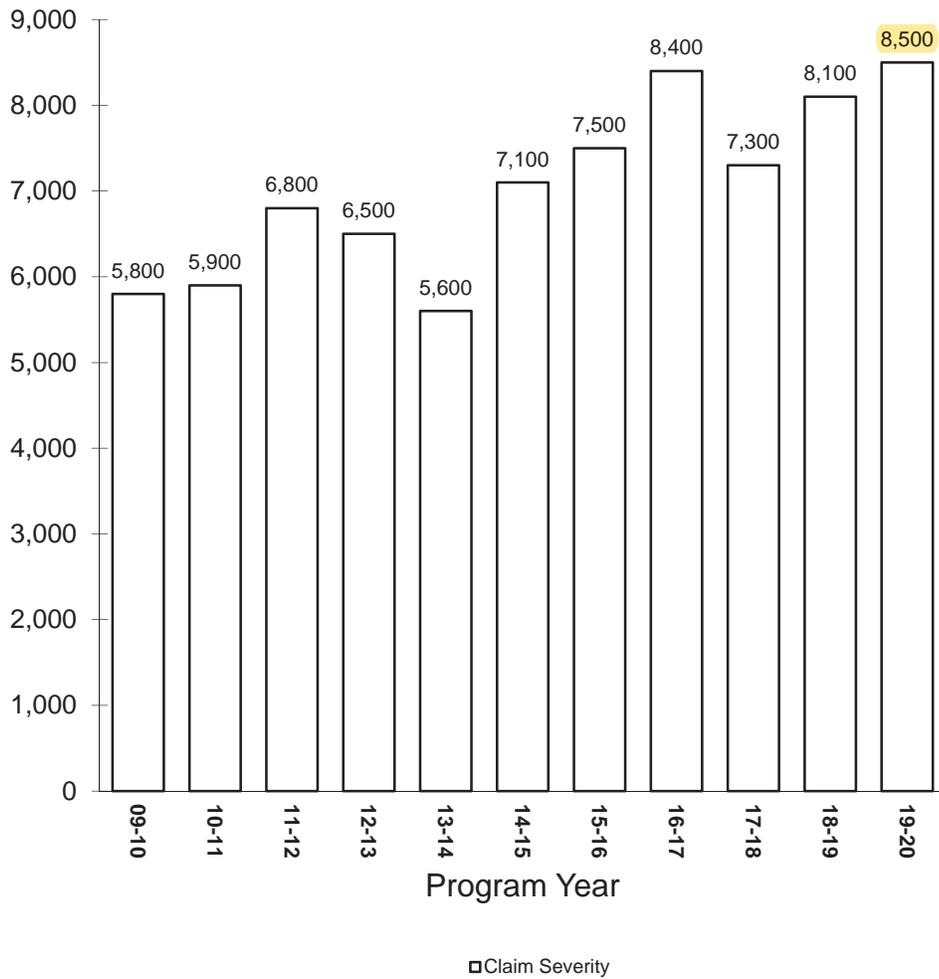
NCCSIF - Liability
Banking and Shared Layers Combined
Dollars of Loss per Claim



The banking layer average cost per claim, or severity, has followed a generally increasing trend over the past ten years. The projected 2019-20 severity reflects that increasing trend. See Graph 3b below.

Graph 3b

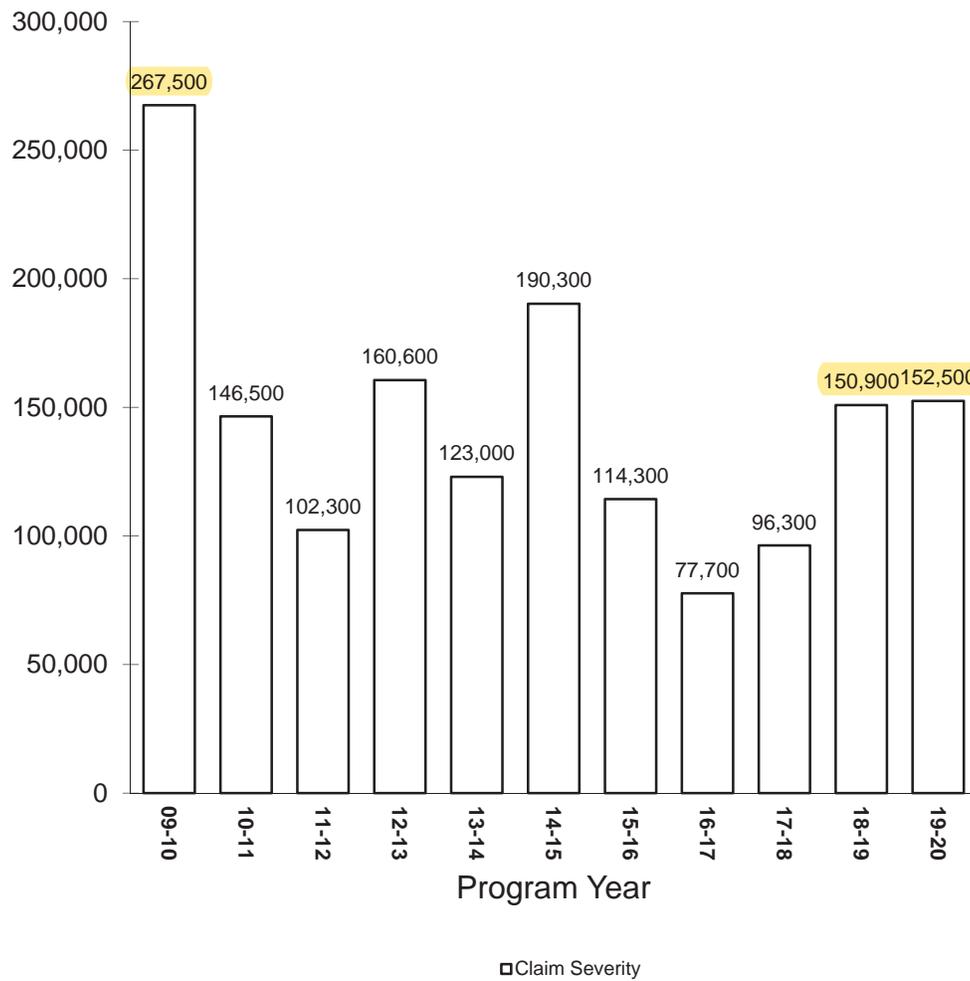
NCCSIF - Liability
Banking Layer
Dollars of Loss per Claim



The shared layer average cost per claim has seen dramatic variation over the past ten years. This is not unexpected since there are few claims in that layer each year; even one claim can have a significant impact. See Graph 3c below.

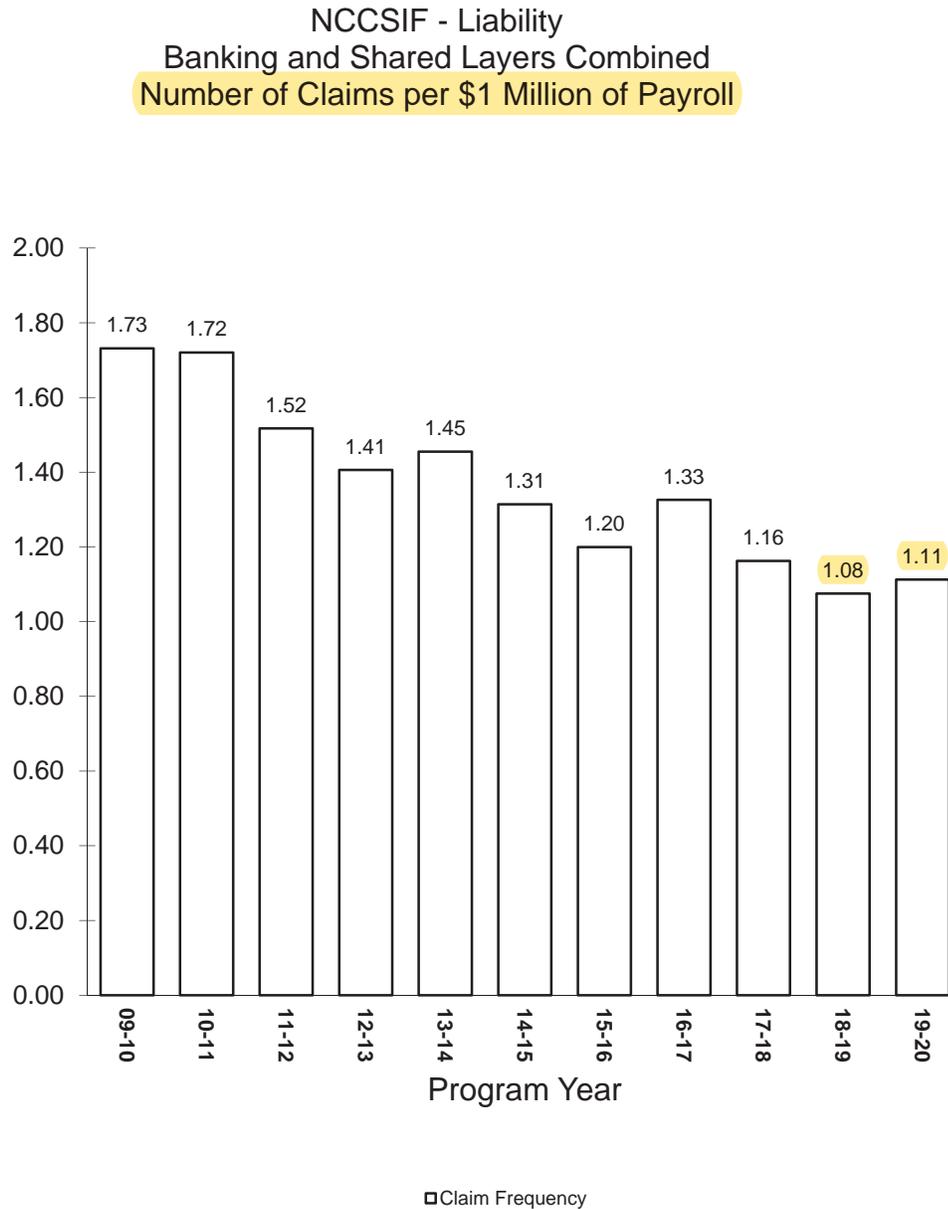
Graph 3c

NCCSIF - Liability
Shared Layer
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll has been generally decreasing over the past ten years. The projected 2019-20 frequency reflects that decreasing trend. See Graph 4a below. (Note that banking layer frequency is the same as shown below for the program.)

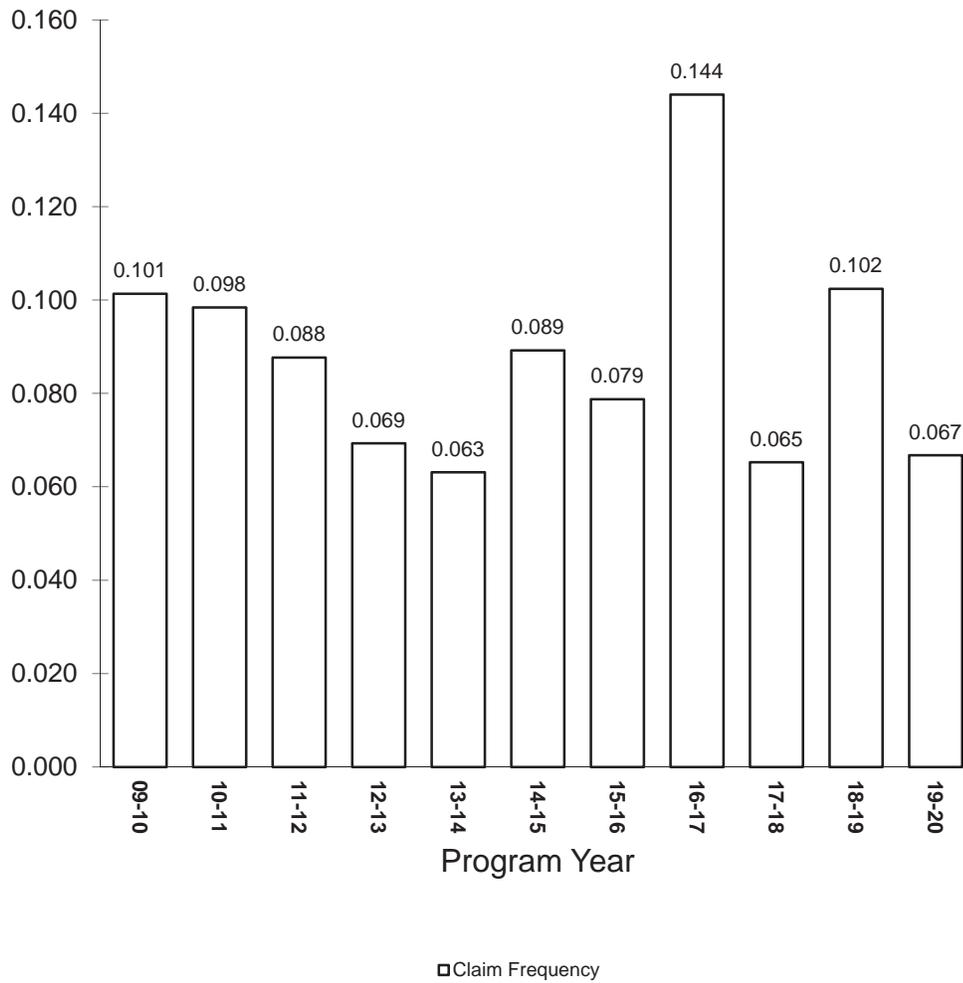
Graph 4a



The shared layer frequency of claims per \$1 million payroll has been quite volatile but has been generally decreasing since 2009-10. See Graph 4b below.

Graph 4b

NCCSIF - Liability
Shared Layer
Number of Claims per \$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for Northern California Cities Self Insurance Fund was dated March 1, 2019. In the table below we display actual versus expected development of incurred losses and ALAE for the years shown by accident year between the December 31, 2018 evaluation date of the prior report and the December 31, 2019 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development**Banking and Shared Layers Combined**

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1999-00	0	0	0
2000-01	0	0	0
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	2,000	43,000	41,000
2009-10	5,000	(23,000)	(28,000)
2010-11	7,000	(67,000)	(74,000)
2011-12	0	0	0
2012-13	15,000	(6,000)	(21,000)
2013-14	37,000	0	(37,000)
2014-15	65,000	(122,000)	(187,000)
2015-16	114,000	(115,000)	(229,000)
2016-17	188,000	294,000	106,000
2017-18	676,000	584,000	(92,000)
2018-19	1,870,000	2,783,000	913,000
Total	\$2,979,000	\$3,371,000	\$392,000

* ULAE is included with Loss and ALAE

As shown, actual incurred development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$2,979,000 between the two evaluation dates. However, actual development was approximately \$3,371,000; or about \$392,000 more than expected.

In the table below we display actual versus expected development of paid losses and ALAE for the years shown by accident year between the December 31, 2018 evaluation date of the prior report and the December 31, 2019 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development

Banking and Shared Layers Combined

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1999-00	0	0	0
2000-01	0	0	0
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	86,000	379,000	293,000
2009-10	90,000	17,000	(73,000)
2010-11	50,000	32,000	(18,000)
2011-12	0	0	0
2012-13	21,000	7,000	(14,000)
2013-14	53,000	6,000	(47,000)
2014-15	507,000	690,000	183,000
2015-16	521,000	289,000	(232,000)
2016-17	684,000	563,000	(121,000)
2017-18	625,000	389,000	(236,000)
2018-19	825,000	424,000	(401,000)
Total	\$3,462,000	\$2,796,000	(\$666,000)

* ULAE is included with Loss and ALAE

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$3,462,000 between the two evaluation dates. However, actual development was approximately \$2,796,000; or about \$666,000 less than expected.

In the table below we display the change in our estimates of the program's ultimate losses and ALAE for the years shown by accident year since our prior report.

Change in Ultimate Loss and ALAE*
Banking and Shared Layers Combined

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$17,346,000	\$17,346,000	\$0
1999-00	2,774,000	2,774,000	0
2000-01	2,020,000	2,020,000	0
2001-02	2,038,000	2,038,000	0
2002-03	2,291,000	2,291,000	0
2003-04	2,054,000	2,054,000	0
2004-05	3,058,000	3,058,000	0
2005-06	2,338,000	2,338,000	0
2006-07	2,898,000	2,898,000	0
2007-08	2,050,000	2,050,000	0
2008-09	2,690,000	2,726,000	36,000
2009-10	6,003,000	5,975,000	(28,000)
2010-11	3,911,000	3,823,000	(88,000)
2011-12	2,928,000	2,928,000	0
2012-13	3,079,000	3,032,000	(47,000)
2013-14	2,423,000	2,383,000	(40,000)
2014-15	4,246,000	4,062,000	(184,000)
2015-16	3,192,000	2,956,000	(236,000)
2016-17	3,501,000	3,718,000	217,000
2017-18	2,569,000	2,487,000	(82,000)
2018-19	3,450,000	4,241,000	791,000
Total	\$76,859,000	\$77,198,000	\$339,000

* ULAE is included with Loss and ALAE

As shown, overall we have increased our estimated ultimates by \$339,000 since our prior report. The greater than anticipated incurred loss development mentioned above translates to an increase in our estimates of ultimate losses. The changes by accident year generally track well with the actual versus expected incurred loss development.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2019 to be \$7,653,000 at the discounted, expected level. Our current estimate as of June 30, 2020, is \$8,635,000, an increase in our assessment of NCCSIF's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE
Banking and Shared Layers Combined

	Prior Report at June 30, 2019	Current Report at June 30, 2020	Change
(A) Case Reserves:	\$3,976,000	\$4,638,000	\$662,000
(B) IBNR Reserves:	3,889,000	4,246,000	357,000
(C) Claims Administration (ULAE*):	0	0	0
(D) Total Reserves:	\$7,865,000	\$8,884,000	\$1,019,000
(E) Offset for Investment Income:	(212,000)	(249,000)	(37,000)
(F) Total Outstanding Claim Liabilities:	\$7,653,000	\$8,635,000	\$982,000

* ULAE is included with Loss and ALAE

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2019 and June 30, 2020 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by greater than expected claims experience coupled with lower than expected claims payments as previously discussed. Reserves for future claims administration expenses are included with Loss and ALAE, resulting in a \$1,019,000 increase in total claim reserves. This increase in reserves leads to a larger offset for investment income. The net change due to the above factors is an overall increase of \$982,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, available assets were estimated to be \$13,958,000 as of June 30, 2019, which corresponded to the then-estimated discounted liability for outstanding claims above the 90% confidence levels. Available assets are currently estimated to be \$16,194,000 as of June 30, 2020, which corresponds to the currently estimated liability for outstanding claims above the 90% confidence level. It can be summarized as follows:

Funding Margin			
Banking and Shared Layers Combined			
	Prior Report at June 30, 2019	Current Report at June 30, 2020	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$7,653,000	\$8,635,000	\$982,000
(B) Estimated Assets At June 30:	13,958,000	16,194,000	2,236,000
(C) Surplus/(Deficit):	\$6,305,000	\$7,559,000	\$1,254,000

As you can see, our estimate of the program's funding margin at the discounted, expected level has increased by \$1,254,000 between June 30, 2019 (as previously estimated) and June 30, 2020 (as currently estimated). This is driven by an increase in the estimated fund assets between the two points, partially offset by an increase in the estimated outstanding liability.

At the time of the prior report, our funding estimate for the 2019-20 year was \$3,422,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. Our current estimate for the 2020-21 year is \$3,950,000 at the discounted, expected level, an increase in the program’s expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE
Banking and Shared Layers Combined

	Prior Report 2019-20 Pool Limit = \$500,000	Current Report 2020-21 Pool Limit = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$3,537,000	\$4,082,000	\$545,000
(B) Ultimate Claims Administration (ULAE)*:	0	0	0
(C) Total Claim Costs:	\$3,537,000	\$4,082,000	\$545,000
(D) Offset for Investment Income:	(115,000)	(132,000)	(17,000)
(E) Total Recommended Funding:	\$3,422,000	\$3,950,000	\$528,000
(F) Funding per \$100 of Payroll**:	\$1.991	\$2.191	\$0.199

* ULAE is included with Loss and ALAE

** Payroll is 2018 DE-9 for 2019-20 Funding and 2019 DE-9 for 2020-21 Funding.

As you can see, our funding recommendations at the discounted, expected level have increased between 2019-20 and 2020-21, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$545,000, driven primarily by adverse loss experience as previously discussed and an increase in exposure. Investment income is expected to be higher, driven by the higher loss estimate. The net change due to the above factors is an overall increase of \$528,000 in our annual funding estimate for loss and LAE.

E. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2019-20 and 2020-21 (See Appendix K).
- We estimated the June 30, 2019 asset balance by beginning with the December 31, 2019 asset balance, and adjusting for anticipated revenue and expense for the last six months of 2019-20 (see Appendix L).
- We received loss data evaluated as of December 31, 2019 (See Appendix M). We also utilized the data from NCCSIF's most recent actuarial study for our assessment of loss development.
- We have assumed that NCCSIF's payroll for 2020-21 will be \$193,564,768, based upon information provided by NCCSIF (See Appendix N).
- We have calculated funding rates using 2019 DE-9 payroll of \$180,300,406 since that is used as the rating base for the 2020-21 premiums.

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by NCCSIF. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California public entities with self-insured liability programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for other California public entities with self-insured liability programs in the aggregate form a reasonable basis of comparison to the patterns from Northern California Cities Self Insurance Fund's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of other California public entities with self-insured liability programs in the aggregate.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of liability claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- We have assumed that the loss rate trend associated with claim costs increases at 0.9% per year. We have assumed that claim severity increases at 3.5% per year, and that claim frequency decreases at 2.5% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.

- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions and other expenses associated with the program based upon information provided by NCCSIF.
- Our funding recommendations do not include provisions for catastrophic events not in NCCSIF's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than NCCSIF's excess coverage.
- NCCSIF's assets available for the program are estimated to be \$16,194,000 as of June 30, 2020 for use in this report. This is shown in further detail in Appendix L.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of liability benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million of payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 of payroll.

Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.2.a.

**WORKERS' COMPENSATION PROGRAM
ANNUAL BANKING PLAN ADJUSTMENTS**

ACTION ITEM

ISSUE: Each year NCCSIF adjusts Members' Banking Layer Fund balances by refunding amounts in excess of required funding or assessing members whose balances fall below the required funding. James Marta & Company has prepared the recommended dividend and assessment calculations for the Workers' Compensation Program.

RECOMMENDATION: Review, discuss and develop a recommendation for the Banking Layer Fund adjustments. The recommended dividend is 35% of the available Net Position. The assessment at 20% of the amount below the target benchmark is per the NCCSIF Policy and Procedure A-1.

FISCAL IMPACT: TBD - based on review and discussion at meeting.

BACKGROUND: On an annual basis, in accordance with Policy and Procedure A-1, Banking Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distribution of excess funds to members. This plan allows for redistribution to the members of funds in excess of the outstanding liabilities at a 90% Confidence Level plus a Buffer Layer of \$1,000,000 (*ten times the Self Insured Retention (SIR) of \$100,000*).

At the Board meeting, on January 8, 2015, members agreed to make a change to the adjustment formula by allocating the Buffer Layer contingency funds to all members rather than allocating the funds only to members whose balances are above the required funding levels. The formula spreadsheet was also revised to include more annotations explaining the calculations.

ATTACHMENT(S): Workers' Compensation Banking Layer Plan Adjustments

NCCSIF

Banking Layer Targeted Equity and Dividend and Assessment Worksheet

Workers Compensation Banking Layer

Evaluation of Equity by member above 90% confidence level

as of 12/31/19

\$10,000 or less assess

100%, else

20%

Expected

Assessment

Adjusted
Net Position
Equity at 12/31/19
A

O/S @ Exp
times
90% Factor
B

margin
to
90% claims
C

10 x SIR \$1M
Layer Allocated
D

Net Margin above
(below)
90% and 10xSIR
E

A-C-D

Members above
target
Amount
Available
F

Limited
Amount
Available
Above target
G

Limited
to the net margin
above target
should equal col E

35%
Net Equity above
pool 10xsir and
90% conf. level
H

I

5530
1.182
Exhibit 1 Pg 2

	A	B	C	D	E	F	G	H	I
ANDERSON	101,770	391,425	60,271	18,372	23,127	23,127	11,871	4,155	-
AUBURN	28,387	1,055,602	162,538	52,572	(186,723)	-	-	-	(37,345)
COLUSA	59,901	152,873	23,539	7,449	28,913	28,913	14,841	5,194	-
CORNING	35,140	236,561	36,425	11,710	(12,995)	-	-	-	(10,000)
DIXON	355,381	671,606	103,411	36,950	215,020	215,020	110,367	38,628	-
ELK GROVE	(277,483)	2,764,590	425,681	138,772	(841,936)	-	-	-	(168,387)
FOLSOM	1,536,812	4,436,913	683,180	212,997	640,635	640,635	328,831	115,091	-
GALT	76,757	1,074,214	165,404	58,015	(146,662)	-	-	-	(29,332)
GRIDLEY	549,528	137,103	21,110	7,864	520,554	520,554	267,194	93,518	-
IONE	4,295	72,907	11,226	3,734	(10,665)	-	-	-	(10,000)
JACKSON	179,005	145,925	22,469	7,234	149,302	149,302	76,635	26,822	-
LINCOLN	637,399	623,452	95,997	32,471	508,931	508,931	261,229	91,430	-
MARYSVILLE	(153,525)	722,004	111,172	32,330	(297,027)	-	-	-	(59,405)
NEVADA CITY	108,063	231,727	35,681	11,424	60,958	60,958	31,289	10,951	-
OROVILLE	812,984	253,648	39,056	14,935	758,993	758,993	389,583	136,354	-
PARADISE	399,571	560,411	86,290	25,204	288,077	288,077	147,867	51,753	-
PLACERVILLE	125,241	617,824	95,131	32,058	(1,948)	-	-	-	(1,948)
RED BLUFF	(243,862)	1,835,576	282,635	84,638	(611,135)	-	-	-	(122,227)
RIO VISTA	148,712	265,787	40,925	14,709	93,078	93,078	47,776	16,722	-
ROCKLIN	1,059,722	1,679,364	258,582	89,056	712,084	712,084	365,505	127,927	-
WILLOWS	455	158,936	24,473	7,747	(31,765)	-	-	-	(10,000)
YUBA CITY	814,586	2,051,502	315,883	99,759	398,944	398,944	204,773	71,671	-

	6,358,839	20,139,950	3,101,079	1,000,000	2,257,760	4,398,616	2,257,761	790,216	(448,644)
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Total					3,101,079				
Margin to 90%					1,000,000				
Plus 10x SIR					4,101,079				
Total Target Margin					2,257,760				
Amount above (below) Margin									



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.2.b.

WORKERS' COMPENSATION PROGRAM ANNUAL SHARED RISK PLAN ADJUSTMENTS

ACTION ITEM

ISSUE: Each year NCCSIF reviews the financial status of the Shared Risk Layer Fund to determine if refunds or assessments may be declared. The total adjustment is allocated to members based on their pro-rata share of the total Shared contributions.

Based on the latest actuarial report, the Fund has \$886,000 in excess of the minimum required assets, defined as the lesser of total assets less outstanding liabilities at the 90% Confidence Level or Net Position of five times the SIR of \$400,000 (\$2,000,000). Please refer to the attached for details and discussion points, including how much of the available funds to disburse to each member.

RECOMMENDATION: Refund no more than 50% of the available amount, or 443,000 per the attached breakdown by member.

FISCAL IMPACT: T.B.D., reduction of Net Position by amount of dividend approved.

BACKGROUND: On an annual basis in accordance with Policy and Procedure A-12, Shared Risk Layer Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distributions of excess Shared Risk Layer Funds to the members or if assessments need to be declared.

ATTACHMENT(S): Workers' Compensation Shared Risk Layer Plan Adjustments

NCCSIF Shared Risk Layer Plan Fund Adjustments - WORKERS' COMPENSATION for 2020 Distribution

Estimated Available Assets as of June 30, 2020				Discounted Outstanding Liabilities @ Expected	Outstanding Liabilities @ 80%	Outstanding Liabilities @ 90%	5 times \$400K SIR	Available Refund, Lesser of the Two Formulas
A	B			C	D	E	F	A-E or A-F
\$25,215,000				\$18,366,000	\$21,821,000	\$24,329,000	\$2,000,000	\$886,000
			Net Position/NP over 5x SIR =	\$6,849,000	\$3,394,000	\$886,000	\$4,849,000	
							Recommended Refund 50% =	\$443,000
Members	Historical Shared Layer Contributions FY 06/07 to FY 15/16	Total %	Available Refund	Assessment	50% of Available Refund	<i>Any Available Refund should be in excess of the liabilities at the 90% confidence level and excess of the liabilities at expected plus 3-5 times SIR.</i>		
Anderson	\$525,248	2.28%	\$20,173		\$10,086			
Auburn	\$830,398	3.60%	\$31,892		\$15,946			
Colusa	\$309,731	1.34%	\$11,895		\$5,948			
Corning	\$382,067	1.66%	\$14,674		\$7,337			
Dixon	\$1,079,984	4.68%	\$41,478		\$20,739			
Elk Grove	\$929,088	4.03%	\$35,682		\$17,841			
Folsom	\$5,046,001	21.87%	\$193,796		\$96,898			
Galt	\$1,198,446	5.19%	\$46,027		\$23,014			
Gridley	\$552,527	2.40%	\$21,220		\$10,610			
Ione	\$120,440	0.52%	\$4,626		\$2,313			
Jackson	\$309,283	1.34%	\$11,878		\$5,939			
Lincoln	\$1,555,952	6.74%	\$59,758		\$29,879			
Maysville	\$556,878	2.41%	\$21,387		\$10,694			
Nevada City	\$297,308	1.29%	\$11,418		\$5,709			
Oroville	\$952,132	4.13%	\$36,567		\$18,284			
Placerville	\$883,579	3.83%	\$33,935		\$16,967			
Paradise	\$822,535	3.57%	\$31,590		\$15,795			
Red Bluff	\$968,103	4.20%	\$37,181		\$18,590			
Rio Vista	\$459,976	1.99%	\$17,666		\$8,833			
Rocklin	\$2,476,518	10.74%	\$95,113		\$47,556			
Willows	\$309,565	1.34%	\$11,889		\$5,945			
Yuba City	\$2,503,634	10.85%	\$96,154		\$48,077			
Total	\$23,069,393	100.00%	\$886,000		\$443,000			



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.2.c.

**WORKERS' COMPENSATION PROGRAM
FY 20/21 DEPOSIT PREMIUM CALCULATIONS**

ACTION ITEM

ISSUE: Each year the Executive Committee reviews the actuary's recommended funding levels for the upcoming fiscal year and recommends the Deposit Premium to the Board.

Total funding at an 80% Confidence Level (CL) is estimated at \$13,794,424, an increase of 9.7% over current funding at the 80% CL. This compares favorably to the total payroll increase of 7%. The individual funding increase cap of 40% is not applicable this year, with member changes varying from (-15%) to as much as a 31% increase (including 11% payroll increase). The average funding and payroll change for the group is 8.8% over last year.

The excess coverage estimate as of March 2020 is \$1,711,000, a 3% increase over last year and 3.5% of the total premium increase for FY 20/21.

RECOMMENDATION: Maintain funding at the 80% Confidence Level.

FISCAL IMPACT: TBD, based on final excess and admin expenses.

BACKGROUND: Members have steadily increased the Confidence Level of annual funding over the years, from 65% to 70%, 75%, and as of FY 18/19 the current 80% CL. Over the same period the Discount Factor has decreased from 3% to 1.5%. Both of these changes have contributed to an increase in total funding, in addition to increases in payroll. NCCSIF's Funding Policy sets a goal of annual funding at an 80% CL.

ATTACHMENTS:

1. Preliminary FY 20/21 Workers' Compensation Deposit Calculations, 80% CL
2. EIA FY 20/21 Excess Workers' Compensation Premium Estimate

FY 19/20 NCCSIF Workers' Compensation Allocation FINAL

80% Confidence Level		Total Admin Expense = \$920,424										
A	B	C	D	E	F	G	H	I	J	K		
Formula/Allocation		Share of: Last 5 Years Average Losses, Weighted 75%; FY 18/19 WCIRB Loss	Member Share of EX MOD Adjusted Payroll	Share of: Last 5 Years Average Losses, Weighted 25%; FY 18/19 WCIRB Loss	Member Share of Banking, Shared & Excess Premium	22 Equal Shares	C+D+E+F+G				Member % of Total Payroll Without Capped Members x Capped Amount	
Member	FY 20/21 Estimated PAYROLL (P)	BANKING LAYER \$0 to \$100K	SHARED LAYER \$100K to \$500K	CSAC-EIA EXCESS LAYER \$500K TO STATUTORY	Variable ADMIN EXPENSE 65%	Fixed ADMIN EXPENSE 35%	Preliminary FY 20/21 DEPOSIT	FY 19/20 DEPOSIT	% Change DEPOSIT	Total FY 19/20 Deposit With Cap of 40%	Payroll Change from FY 19/20	
Rate/Amount	Exposure Base	\$7,215,000	\$3,948,000	\$1,711,000	\$598,276	\$322,148	80% CL	80% CL		\$ -		
Anderson	\$4,054,052	\$167,639	\$76,191	\$30,820	\$12,763	\$14,643	\$302,057	\$264,058	14.4%	\$302,057	5.6%	
Auburn	\$7,039,088	\$295,262	\$139,671	\$65,831	\$23,271	\$14,643	\$538,679	\$410,471	31.2%	\$538,679	11.4%	
Colusa	\$2,315,522	\$65,082	\$38,878	\$20,959	\$5,805	\$14,643	\$145,368	\$165,669	-12.3%	\$145,368	7.9%	
Corning	\$3,045,046	\$45,984	\$55,542	\$16,332	\$5,477	\$14,643	\$137,978	\$119,780	15.2%	\$137,978	8.0%	
Dixon	\$16,104,633	\$411,351	\$199,264	\$124,254	\$34,151	\$14,643	\$783,663	\$605,118	29.5%	\$783,663	45.4%	
Elk Grove	\$43,846,037	\$1,005,807	\$634,660	\$215,140	\$86,233	\$14,643	\$1,956,483	\$1,804,257	8.4%	\$1,956,483	5.0%	
Folsom	\$45,420,903	\$1,222,600	\$656,282	\$321,974	\$102,277	\$14,643	\$2,317,776	\$2,053,776	12.9%	\$2,317,776	2.0%	
Galt	\$12,440,697	\$399,416	\$217,227	\$76,225	\$32,199	\$14,643	\$739,710	\$641,262	15.4%	\$739,710	-0.5%	
Gridley	\$4,458,227	\$90,493	\$67,685	\$26,649	\$8,589	\$14,643	\$208,060	\$172,508	20.6%	\$208,060	18.0%	
Ione	\$1,615,600	\$39,851	\$24,802	\$11,510	\$3,539	\$14,643	\$94,345	\$82,332	14.6%	\$94,345	18.2%	
Jackson	\$2,327,553	\$115,868	\$43,117	\$21,746	\$8,399	\$14,643	\$203,773	\$240,361	-15.2%	\$203,773	2.2%	
Lincoln	\$14,194,860	\$279,502	\$188,983	\$89,516	\$25,931	\$14,643	\$598,576	\$567,363	5.5%	\$598,576	12.3%	
Marysville	\$4,057,841	\$183,680	\$73,120	\$33,991	\$13,514	\$14,643	\$318,948	\$249,766	27.7%	\$318,948	12.2%	
Nevada City	\$2,722,499	\$154,656	\$55,443	\$26,137	\$10,978	\$14,643	\$261,858	\$265,569	-1.4%	\$261,858	-1.2%	
Oroville	\$7,199,488	\$256,844	\$131,753	\$57,213	\$20,718	\$14,643	\$481,171	\$522,214	-7.9%	\$481,171	17.0%	
Paradise	\$4,650,691	\$216,785	\$93,025	\$33,091	\$15,935	\$14,643	\$373,480	\$412,065	-9.4%	\$373,480	6.3%	
Placerville	\$7,602,862	\$163,074	\$109,895	\$49,856	\$15,002	\$14,643	\$352,470	\$314,179	12.2%	\$352,470	5.0%	
Red Bluff	\$7,030,038	\$328,248	\$140,331	\$65,768	\$24,832	\$14,643	\$573,822	\$619,779	-7.4%	\$573,822	5.6%	
Rio Vista	\$5,260,090	\$106,155	\$69,866	\$37,612	\$9,928	\$14,643	\$238,203	\$195,760	21.7%	\$238,203	4.5%	
Rocklin	\$27,167,992	\$713,679	\$397,144	\$177,007	\$59,848	\$14,643	\$1,362,320	\$1,210,112	12.6%	\$1,362,320	2.8%	
Willows	\$1,252,800	\$19,994	\$28,597	\$5,286	\$2,504	\$14,643	\$71,023	\$74,122	-4.2%	\$71,023	1.9%	
Yuba City	\$23,929,647	\$933,031	\$506,525	\$204,081	\$76,382	\$14,643	\$1,734,662	\$1,586,048	9.4%	\$1,734,662	4.2%	
Total:	\$247,736,166	\$7,215,000	\$3,948,000	\$1,711,000	\$598,276	\$322,148	\$13,794,424	\$12,576,571	9.7%	\$13,794,424	7.0%	

Actuary/Verification \$7,215,000 \$3,948,000 est. 3/19



CSAC Excess Insurance Authority
2020/21 Early Budget Estimates, March 2020

Northern California Cities Self Insurance Fund (NCCSIF)

This third round of early estimates have been prepared to further aid you in budgeting for the 2020/21 fiscal year. At this time, updated estimates are being provided for all major programs. Since the December version: (1) The budget estimates have been updated with actuarial rates for the pooled layers; (2) The reinsurance rates were updated where we have proposals; and (3) We have incorporated more accurate administrative budget numbers. While the estimates provided are more refined from the previous version, they contain a range if there are still outstanding items specific to the program. The estimates are intended to be conservative; however, there may be a chance that final numbers will come in higher than the assumptions currently in place. For this reason we recommend continuing to budget toward the high end of the estimate range if one is provided.

If you are aware that you have had any substantial changes over the past 12 months, please contact Brian Kelley and a better estimate will be developed for you

Excess Workers' Compensation Program

Premium

18/19 Premium:	\$1,526,767	2018/19 Estimated Payroll:	\$219,785,114
19/20 Premium:	\$1,668,873	2019/20 Estimated Payroll:	\$231,495,323
20/21 Estimated Premium:	\$1,711,000	2020/21 Estimated Payroll:	\$247,736,166
Payroll Audit:	(\$1,056)		
Estimated Collectible:	\$1,709,944		

The EWC premium projections have been updated to reflect your entity's estimated 2020/21 exposure, as provided on your renewal application, as well as losses based on the June 30, 2019 data collection. Since the December estimate, we have updated the projected program administrative costs and received and updated the pool and reinsurance rates.

Pool rates have changed from last year as follows:

- County rates are flat on average
- Low Safety rates are down 7.25% on average
- High Safety rates are up 1% on average
- School rates are up 3.5% on average

Reinsurance Premiums changed from last year as follows:

- Ace layer (\$45m x \$5M - Core Tower) - pending proposals, estimated 17.5% increase
- Liberty Mutual layer (\$50M to Statutory - Core Tower) - pending proposals, estimated 11% increase
- Safety National layer (\$2.5M to Statutory - Ed Tower) - No rate change

The estimates have become more accurate; however, we are still pending the finalization of some miscellaneous fees. To remain somewhat conservative at this point, the estimates were rounded up to the nearest \$1,000. We will distribute final premium numbers in June once the nominal fees are finalized.

If you have directed us to apply the 2018/19 payroll audit to your 2020/21 premium, it has been included in the total collection shown. If you have decided to handle the payroll audit outside of your renewal premium, the estimated premium shown is the estimated total collection.



March 6, 2020

Dear NCCSIF,

As part of your program participation in the Excess Workers Compensation Program with the EIA, staff has developed a **Loss Performance Impact on Premium Summary** to reference in conjunction with your Premium Estimate(s). This report has been put together to help members quantify how individual loss experience affects your overall premium charge in the programs.

This report was born out of discussions had by the Underwriting Committee and a desire to provide members with additional details on how individual member loss experience affects the allocation of pool, excess and reinsurance premiums. Although the purpose of a risk pool is for individuals to share their losses, it is also true that the loss experience from singular members can affect the collective loss experience of the pool.

The programs have historically used experience modifications and surcharges as a mechanism to spread and shift premium amongst the membership. Using experience modifications and surcharge credits and debits is not a new endeavor; this methodology has been part of the program historically, and is reviewed and approved annually by the Committee and Board. Each program methodology specifies how premium is allocated and includes provisions on how an individual member's loss experience may impact their premium. This summary contemplates your entity's loss data valued as of 6/30/2019 and details the various loss adjustment provisions for each program, including the layer affected, where your entity falls within each of those provisions, and the resulting premium impact.

It is important to note as you review this analysis that the loss adjustments and premium numbers detailed in this report are, and have historically been, included in the overall premium estimates you receive. In addition, the calculations used to account for loss experience depend on different renewal cycle factors. While some of the premium impact numbers may be known at this time, others may vary based on the assumptions used and the current stage of the renewal cycle. You can expect an updated Loss Performance Impact on Premium Summary in conjunction with your June estimates and with your renewal invoice.

At this stage of the renewal cycle, your entity's **total EWC premium adjustment is \$-176,470.**

We hope you will find this information useful. If you have any additional questions on the details in this report, please contact the EIA Underwriting Department at 916-850-7300.

Sincerely,

EIA Staff





**CSAC Excess Insurance Authority
Loss Performance Impact on Premium Summary
Excess Workers' Compensation (EWC) Program
Northern California Cities Self Insurance Fund (NCCSIF)**

EWC March Premium Estimate: \$1,711,000 Self Insured Retention: \$500,000

SIR to \$1M - Experience Modification Factors (Ex-Mod)

Your experience modification factors (ex-mod) have been calculated for 2020/21 using the payroll from the renewal application and loss data as of 6/30/19. Your ex-mod represents how your loss rate (based on 7 years of payroll and losses) for the layer compares to the average loss rate of your rating group. The ex-mod incorporates a credibility factor that accounts for your entity's size. There are two EWC loss rated layers: \$125k to \$300k and \$300k to \$1M.

An ex-mod of less than 100% indicates that your loss rate is better than average and your premium will be reduced, while an ex-mod greater than 100% indicates that your loss rate is worse than average, so additional premium will be allocated to your entity. Below are your entity's ex-mods and the resulting pool premium adjustment:

Rating Group: HighSafety			
\$125k-\$300k Ex-Mod:	N/A	\$125k-\$300k Premium Adjustment:	\$0
\$300k-\$1M Ex-Mod:	92%	\$300k-\$1M Premium Adjustment:	-\$63,732

\$1M to \$5M - Pool Premium Loss Adjustment

The \$1M to \$5M layer of the pool does not utilize an ex-mod since claims above \$1M are generally infrequent, so there is not enough data to credibly loss rate. Instead, this layer contemplates a surcharge matrix based on a combination of claims above \$1M within the last 7 years and an adverse loss ratio in this layer. The surcharge collection is reallocated back to members with no claims above \$1M in the last 7 years. Below is the additional surcharge or reallocated credit for your entity:

\$1M to \$5M Layer Surcharge:	\$0	\$1M to \$5M Layer Credit:	-\$55,384
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Excess of \$5M - Excess Premium Loss Adjustment

Severe losses adversely impact the reinsurance renewals for the entire program. To maintain equity in these layers, members who have losses above specified thresholds within the last 10 years receive a surcharge. For EWC, those thresholds are \$3.5M for Core Tower members and \$1.75M for School members. To make sure the surcharge is not too punitive, it is capped. Both the surcharge and the cap increase with the number of claims above the thresholds. This surcharge collection is reallocated back to the members who have no claims above the thresholds.

Below is the surcharge or reallocated credit. *This loss adjustment provision has not yet been finalized and the numbers are subject to change.*

Excess Loss Surcharge:	\$0	Excess Loss Credit:	-\$57,355
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Total Loss Adjustment on Premium

Below is the combined total of the loss adjustment provisions detailed above, which are incorporated in your March premium estimates.

EWC Total Premium Adjustment for Loss History -\$176,470



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.3.a.

**LIABILITY PROGRAM
ANNUAL BANKING PLAN ADJUSTMENTS**

ACTION ITEM

ISSUE: Each year NCCSIF adjusts member Banking Layer Fund balances by refunding amounts in excess of required funding or assessing members whose balances fall below the required funding. James Marta & Company has prepared the attached recommended dividend and assessment calculations for the Liability Program.

RECOMMENDATION: Review and develop a recommendation for the Banking Layer Fund adjustments. The recommended dividend is 35% of the available Net Position. The assessment at 20% of the amount below the target benchmark is per the NCCSIF Policy and Procedure A-1.

FISCAL IMPACT: TBD, based on committee recommendation.

BACKGROUND: On an annual basis, in accordance with Policy and Procedure A-1, Banking Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distribution of excess funds to members. This plan allows for redistribution to the members of funds in excess of the outstanding liabilities at a 90% Confidence Level plus a Buffer Layer of \$500,000 (*ten times the Self Insured Retention (SIR) of \$50,000*).

At the Board meeting, on January 8, 2015, members agreed to make a change to the adjustment formula by allocating the Buffer Layer contingency funds to all members rather than allocating the funds only to members whose balances are above the required funding levels. The formula spreadsheet was also revised to include more annotations explaining the calculations.

ATTACHMENT(S): Liability Banking Layer Plan Adjustments



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.3.b.

LIABILITY PROGRAM ANNUAL SHARED RISK PLAN ADJUSTMENTS

ACTION ITEM

ISSUE: Each year NCCSIF reviews the financial status of the Shared Risk Layer Fund to determine if refunds or assessments may be declared. The total adjustment is allocated to members based on their pro-rata share of the total Shared contributions.

Based on the most recent actuary report, the Fund is estimated to have available assets of \$9,259,000 as of June 30, 2020. This is \$3,266,000 above Outstanding Liabilities at the Expected Confidence Level (CL) and \$798,000 over Liabilities at the 90% CL, compared to \$674,000 last year. This remains a significant improvement over 2017, when the Fund was (\$1,525,000) below the 90% CL. The Fund has also maintained assets above its other target benchmark of Net Position at least 5 times the *current* SIR of \$450,000 *but is below the benchmark (-\$234,000) when the projected \$700,000 SIR is used.*

Given that the Fund just recently exceeded its goals after years of assessments, the Program Managers do not recommend a refund or assessment, especially if the members continue to fund at the 80% CL and the group must raise its SIR to \$750,000.

RECOMMENDATION: No refund or assessment.

FISCAL IMPACT: None.

BACKGROUND: On an annual basis in accordance with Policy and Procedure A-12, Shared Risk Layer Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distributions of Shared Risk Layer Funds to the members or declare assessments. In accordance with the Target Equity Policy it is NCCSIF's *goal to maintain a contingency fund equivalent to the 90% confidence level and to maintain an Equity-to-SIR ratio of 3 to 5 times the SIR.*

ATTACHMENT(S): Liability Shared Risk Layer Plan Adjustments

NCCSIF Shared Risk Layer Plan Fund Adjustments - LIABILITY for 2020 Distribution

Estimated Available Assets as of June 30, 2020		Outstanding Liabilities @ Expected 6/30/20	Outstanding Liabilities @ 70%	Outstanding Liabilities @ 80%	Outstanding Liabilities @ 90%	Benchmark Comparison Net Position to 5x SIR	Refund Available
A	B	C	D	E	F	G	Lesser of (A-F) or (C-G)
\$9,259,000		\$5,993,000	\$6,710,000	\$7,391,000	\$8,461,000	Assets > 90% CL	\$798,000
	Surplus/Deficit	\$3,266,000	\$2,549,000	\$1,868,000	\$798,000	Net Position minus 5X SIR	(\$234,000)
						\$3,500,000	
		-\$					No refund recommended
Members	Historical Shared Layer Contributions FY 05/06 to FY 15/16	Total %	Available Refund	Assessment	Less CJPRMA Refund	Total	No assessment needed
			\$ -	\$ -	\$ -		
Anderson	\$448,753	2.61%		\$0	0	\$0	
Auburn	\$945,212	5.50%		\$0	0	\$0	
Colusa	\$284,690	1.66%		\$0	0	\$0	
Corning	\$426,439	2.48%		\$0	0	\$0	
Dixon	\$892,109	5.19%		\$0	0	\$0	
Elk Grove	N/A						
Folsom	\$2,846,711	16.58%		\$0	0	\$0	
Galt	\$1,140,979	6.64%		\$0	0	\$0	
Gridley	\$458,569	2.67%		\$0	0	\$0	
Ione	\$71,389	0.42%		\$0	0	\$0	
Jackson	\$325,473	1.90%		\$0	0	\$0	
Lincoln	\$1,396,708	8.13%		\$0	0	\$0	
Marysville	\$679,694	3.96%		\$0	0	\$0	
Nevada City	N/A						
Oroville	\$1,059,847	6.17%		\$0	0	\$0	
Paradise	\$760,768	4.43%		\$0	0	\$0	
Placerville	N/A						
Red Bluff	\$973,379	5.67%		\$0	0	\$0	
Rio Vista	\$380,549	2.22%		\$0	0	\$0	
Rocklin	\$1,786,838	10.41%		\$0	0	\$0	
Willows	\$218,492	1.27%		\$0	0	\$0	
Yuba City	\$2,076,093	12.09%		\$0	0	\$0	
Total	\$17,172,692	100.00%		\$0	0	\$0	

* Missing data from 2001/02 and 2004/05

Any refund should be in excess of the liabilities at the 90% confidence level and excess of the liabilities at expected plus 5 times SIR.



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.3.c.

**LIABILITY PROGRAM
FY 20/21 DEPOSIT PREMIUM CALCULATIONS**

ACTION ITEM

ISSUE: Each year the Executive Committee reviews the actuary's recommended funding levels for the upcoming fiscal year and recommends a Deposit Premium to the Board. This year the Program Administrators have prepared deposits based on the current \$500,000 SIR and CJPRMA's proposed \$750,000 SIR.

Total funding at an 80% Confidence Level (CL) and \$500,000 SIR is estimated at \$7,487,549, an increase of 14.3% over FY 19/20 funding. A payroll increase of 5%, excess coverage increase of 16%, and 12% increase in the Shared Layer rate are the factors driving the funding. Four members exceeded the 25% cap by a total of \$141,170. That amount was reallocated to the remaining members as indicated in the attached preliminary funding allocation.

CJPRMA is recommending a \$750,000 Self-Insured Retention (SIR), so the Program Administrators have calculated the funding with that change as well. Total funding increases to \$7,803,904, an increase of \$316,355, or 19.2%, over the current funding. While the excess coverage decreases 14% (-\$241,645), the Shared Layer funding increases by 19.5%, or \$558,000. This in turn causes five more members to hit the 25% cap, a total of nine. Given the increase in the SIR the Program Administrators recommend raising the cap for the \$750,000 SIR option to 30% for this year and have calculated the funding on that basis, with three members hitting the cap and \$161,458 re-allocated to the remaining members.

RECOMMENDATION: maintain funding at an 80% CL with SIR options TBD pending outcome of CJPRMA Board meeting.

FISCAL IMPACT: TBD, based on final excess coverage and admin expenses.

BACKGROUND: Members have steadily increased the Confidence Level of annual funding from 65% to 70%, 75%, to the current 80% CL. Over the same period the Discount Factor has decreased from 3% to 1.5%. Both of these changes have contributed to an increase in total funding, in addition to increases in payroll in prior years.

ATTACHMENT(S): Preliminary FY 20/21 Liability Deposit Calculations, 80% CL, at both the \$500,000 and \$750,000 SIR levels.

NCCSIF 2020/21 LIABILITY FUNDING - Estimated Based on Higher SIRs

Current 19/20 \$500,000 SIR at 80%CL						Projected 20/21 \$500,000 SIR at 80% CL					\$750,000 SIR at 80% CL			
	2018 Calendar Year Payroll (DE 9)	BANKING LAYER \$0 to \$50K (*Folsom \$0 to \$100K)	SHARED LAYER \$50K to \$500K	CJPRMA EXCESS LAYER \$500k to \$40M	LOSS FUNDING	BANKING LAYER \$0 to \$50K (*Folsom \$0 to \$100K)	Shared Layer \$50K to \$500K	CJPRMA EXCESS LAYER \$500k to \$40M	LOSS FUNDING	% Change	SHARED LAYER \$50K to \$750K	CJPRMA EXCESS LAYER \$750k to \$40M	LOSS FUNDING	% Change
Rate/Amount	Exposure Base	\$ 1.287	\$ 1.382	\$ 0.872	\$ 3.540	\$ 1.23	\$ 1.477	\$ 0.898	\$ 3.661	3.4%	\$ 1.765	\$ 0.726	\$ 3.721	1.6%
Anderson	\$ 4,213,453	\$ 39,428	\$ 52,139	\$ 30,467	\$ 122,034	39427.6341	\$ 62,233	\$ 37,823	\$ 139,483		\$ 74,367	\$ 30,590	\$ 144,385	
Auburn	\$ 6,660,680	\$ 155,679	\$ 138,652	\$ 73,946	\$ 368,277	155678.6019	\$ 98,378	\$ 59,791	\$ 313,848		\$ 117,561	\$ 48,357	\$ 321,596	
Colusa	\$ 2,367,799	\$ 62,801	\$ 41,420	\$ 27,548	\$ 131,769	62801.30207	\$ 34,972	\$ 21,255	\$ 119,029		\$ 41,792	\$ 17,190	\$ 121,783	
Corning	\$ 3,378,660	\$ 50,052	\$ 49,875	\$ 30,610	\$ 130,537	50052.43804	\$ 49,903	\$ 30,329	\$ 130,284		\$ 59,633	\$ 24,529	\$ 134,215	
Dixon	\$ 8,147,696	\$ 31,671	\$ 79,223	\$ 53,150	\$ 164,044	31671.00138	\$ 120,341	\$ 73,139	\$ 225,152		\$ 143,807	\$ 59,152	\$ 234,630	
Elk Grove					\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Folsom*	\$ 39,112,288	\$ 686,845	\$ 629,892	\$ 396,200	\$ 1,712,937	686845.3186	\$ 577,688	\$ 351,098	\$ 1,615,632		\$ 690,332	\$ 283,955	\$ 1,661,132	
Galt	\$ 11,466,918	\$ 113,029	\$ 138,094	\$ 87,136	\$ 338,259	113028.8568	\$ 169,366	\$ 102,935	\$ 385,330		\$ 202,391	\$ 83,250	\$ 398,670	
Gridley	\$ 4,166,176	\$ 38,871	\$ 64,828	\$ 37,034	\$ 140,732	38870.58466	\$ 61,534	\$ 37,398	\$ 137,803		\$ 73,533	\$ 30,246	\$ 142,650	
Ione	\$ 1,470,238	\$ 26,319	\$ 21,025	\$ 14,016	\$ 61,360	26319.04453	\$ 21,715	\$ 13,198	\$ 61,232		\$ 25,950	\$ 10,674	\$ 62,943	
Jackson	\$ 2,541,472	\$ 51,457	\$ 41,586	\$ 25,151	\$ 118,195	51457.48627	\$ 37,538	\$ 22,814	\$ 111,809		\$ 44,857	\$ 18,451	\$ 114,766	
Lincoln	\$ 14,440,531	\$ 148,137	\$ 167,886	\$ 110,507	\$ 426,530	148137.4131	\$ 213,287	\$ 129,628	\$ 491,052		\$ 254,875	\$ 104,838	\$ 507,851	
Marysville	\$ 3,379,108	\$ 114,226	\$ 60,528	\$ 44,894	\$ 219,648	114226.1126	\$ 49,909	\$ 30,333	\$ 194,469		\$ 59,641	\$ 24,532	\$ 198,400	
Nevada City					\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Oroville	\$ 5,929,991	\$ 86,496	\$ 108,548	\$ 59,987	\$ 255,030	86495.65691	\$ 87,586	\$ 53,232	\$ 227,313		\$ 104,664	\$ 43,052	\$ 234,212	
Paradise	\$ 4,656,446	\$ 61,272	\$ 67,585	\$ 38,716	\$ 167,572	61271.96856	\$ 68,776	\$ 41,799	\$ 171,847		\$ 82,186	\$ 33,806	\$ 177,264	
Placerville					\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Red Bluff	\$ 6,665,463	\$ 45,796	\$ 67,483	\$ 44,538	\$ 157,817	45795.69759	\$ 98,449	\$ 59,834	\$ 204,078		\$ 117,645	\$ 48,391	\$ 211,832	
Rio Vista	\$ 4,356,061	\$ 45,097	\$ 52,752	\$ 32,616	\$ 130,464	45096.54558	\$ 64,339	\$ 39,103	\$ 148,538		\$ 76,884	\$ 31,625	\$ 153,606	
Rocklin	\$ 22,042,000	\$ 234,990	\$ 324,082	\$ 185,859	\$ 744,930	234989.8325	\$ 325,560	\$ 197,864	\$ 758,414		\$ 389,041	\$ 160,025	\$ 784,056	
Willows	\$ 1,200,632	\$ 27,859	\$ 29,810	\$ 17,839	\$ 75,508	27858.78465	\$ 17,733	\$ 10,778	\$ 56,370		\$ 21,191	\$ 8,717	\$ 57,767	
Yuba City	\$ 25,635,916	\$ 190,976	\$ 238,593	\$ 187,336	\$ 616,905	190975.7202	\$ 378,642	\$ 230,125	\$ 799,743		\$ 452,474	\$ 186,117	\$ 829,566	
Total:	\$ 171,831,528	\$ 2,211,000	\$ 2,374,000	\$ 1,497,548	\$ 6,082,548	\$ 2,410,000	\$ 2,858,952	\$ 1,737,567	\$ 7,006,519		\$ 3,416,419	\$ 1,405,280	\$ 7,231,699	
			Difference from Current Funding			\$ 199,000	\$ 484,952	\$ 240,019	\$ 923,970.9	15%	\$ 557,467	\$ (332,286.34)	\$ 225,180	3.2%
									15%		Difference from 20/21 \$500k SIR Funding			

2019 DE9 Payroll \$ 180,300,406
5%

Actuary used \$193,564,800
13%

NCCSIF 2020/21 LIABILITY FUNDING - Estimated Based on Higher SIRs

	\$1,000,000 SIR				\$1,250,000 SIR			
	SHARED LAYER \$50K to \$1M	CJPRMA EXCESS LAYER \$1M to \$40M	LOSS FUNDING	% Change	SHARED LAYER \$50K to \$1.25M	CJPRMA EXCESS LAYER \$1.25M to \$40M	LOSS FUNDING	% Change
Rate/Amount	\$ 1.95	\$ 0.702	\$ 3.88	6.1%	\$ 2.06	\$ 0.652	\$ 4.00	9%
Anderson	\$ 82,204	\$ 29,578	\$ 151,211		\$ 86,713	\$ 27,472	\$ 153,612.22	
Auburn	\$ 129,950	\$ 46,758	\$ 332,386		\$ 137,077	\$ 43,428	\$ 336,183.03	
Colusa	\$ 46,196	\$ 16,622	\$ 125,619		\$ 48,729	\$ 15,438	\$ 126,968.67	
Corning	\$ 65,918	\$ 23,718	\$ 139,688		\$ 69,533	\$ 22,029	\$ 141,614.13	
Dixon	\$ 158,962	\$ 57,197	\$ 247,829		\$ 167,680	\$ 53,123	\$ 252,473.55	
Elk Grove	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Folsom*	\$ 763,081	\$ 274,568	\$ 1,724,494		\$ 804,931	\$ 255,012	\$ 1,746,788.32	
Galt	\$ 223,720	\$ 80,498	\$ 417,246		\$ 235,989	\$ 74,764	\$ 423,782.32	
Gridley	\$ 81,282	\$ 29,247	\$ 149,399		\$ 85,740	\$ 27,163	\$ 151,773.96	
Ione	\$ 28,684	\$ 10,321	\$ 65,324		\$ 30,257	\$ 9,586	\$ 66,162.50	
Jackson	\$ 49,584	\$ 17,841	\$ 118,883		\$ 52,303	\$ 16,570	\$ 120,331.37	
Lincoln	\$ 281,735	\$ 101,373	\$ 531,245		\$ 297,186	\$ 94,152	\$ 539,475.82	
Marysville	\$ 65,926	\$ 23,721	\$ 203,874		\$ 69,542	\$ 22,032	\$ 205,799.93	
Nevada City	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Oroville	\$ 115,694	\$ 41,629	\$ 243,818		\$ 122,039	\$ 38,664	\$ 247,198	
Paradise	\$ 90,847	\$ 32,688	\$ 184,807		\$ 95,830	\$ 30,360	\$ 187,462	
Placerville	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Red Bluff	\$ 130,043	\$ 46,792	\$ 222,630		\$ 137,175	\$ 43,459	\$ 226,430	
Rio Vista	\$ 84,987	\$ 30,580	\$ 160,663		\$ 89,648	\$ 28,402	\$ 163,146	
Rocklin	\$ 430,039	\$ 154,735	\$ 819,764		\$ 453,624	\$ 143,714	\$ 832,328	
Willows	\$ 23,424	\$ 8,428	\$ 59,712		\$ 24,709	\$ 7,828	\$ 60,396	
Yuba City	\$ 500,157	\$ 179,964	\$ 871,097		\$ 527,587	\$ 167,146	\$ 885,709	
Total:	\$ 3,776,449	\$ 1,358,825	\$ 7,545,274		\$ 3,983,564	\$ 1,262,042	\$ 7,655,606	9%
	\$ 917,497	\$ (378,742)	\$ 538,755	7.7%	\$ 1,124,611	\$ (235,506)	\$ 889,106	

2019 DE9 Payroll

Actuary used



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020**

Agenda Item H.4.

RFP RESPONSES FOR INDEPENDENT FINANCIAL AUDIT SERVICES

ACTION ITEM

ISSUE: NorCal Cities issued a Request for Proposals (RFP) for independent financial audit services and received proposals from four service providers. The Program Administrators reviewed the responses and provided them, along with a summary score sheet, for three members to review – Tim Sailbery, Jen Lee, and Andy Schiltz. They were chosen based on their roles on the Executive Committee and Board and because they are all CPAs. The results of their feedback will be presented at the meeting for review and discussion.

RECOMMENDATION: T.B.D.

FISCAL IMPACT: T.B.D. - the proposals range from \$25,350 to \$27,700. The summary will highlight the differences in order to assist in discussion.

BACKGROUND: The annual financial audit has been conducted by Crowe Horwath since FY 10/11.

ATTACHMENT(S): Summary of Audit Proposals (*separate cover*)



FY 20/21 NCCSIF ADMINISTRATION BUDGET

INFORMATION ITEM

ISSUE: The Executive Committee reviews and recommends to the Board the budget for the next fiscal year. Attached is the preliminary budget for review and discussion. The Administrative Costs are discussed in more detail below. The budget to actual revenues provided by our accountant are used in creating the FY 20/21 budget.

Administrative Expenses

1. Claim Audits - Every year either the Liability or Workers' Compensation claims are audited. The Liability Claims audit in FY 19/20 was budgeted at \$8,500. For FY 20/21 the Workers' Compensation Claims audit is budgeted at \$11,600.
2. The Financial Audit increased by 1% pending approval of the auditor's proposal.
3. Actuarial Services are increasing by \$360 (2.8%) per current service agreement.
4. Accounting Services are expected to increase \$3,600 (3.4%) per current contract.
5. York's Risk Control services are the same as last year based on the current contract, and the rest of the risk control budget is expected to be flat, pending Lexipol renewal.
6. State Funding/Fraud Assessment has been estimated to increase by 15% from the actual expense of \$280,247 in FY 19/20. This is hard to predict as it is based on the amount of indemnity payments during the year.
7. The Program Administration and Brokerage Fee is increasing by \$11,017 (3.2%) per the terms of the current agreement.



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
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Agenda Item H.5. (continued)

RECOMMENDATION: None - information item only. The EC may give direction regarding the funding for the next draft budget.

FISCAL IMPACT: Total administrative expenses are estimated to be \$1,387,485, an increase of \$72,862 (5.5%) increase over FY 19/20, driven largely by the estimated increase of \$54,585 in the State's Self-Insured Assessment. The remainder is due to scheduled service contract increases. A small amount of surplus offset may be available to reduce the funding, to be determined as we get closer to the fiscal year end.

BACKGROUND: None

ATTACHMENT(S): Preliminary FY 20/21 NCCSIF Budget

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

ADMIN BUDGET - PRELIMINARY

July 1, 2020 to June 30, 2021

		WORK COMP	LIABILITY	GROUP PURCHASE	FY 20/21 TOTAL	FY 19/20 PRIOR YEAR	\$ CHANGE	% CHANGE
REVENUES								
Est	WC Program Banking Layer					\$6,501,000	(\$6,501,000)	-100%
Est	WC Program Shared Layer				\$0	\$3,560,000	(\$3,560,000)	-100%
Est	WC Program Admin Expense				\$0	\$847,151	(\$847,151)	-100%
Est	Excess WC Coverage (EIA)	\$1,820,944			\$1,820,944	\$1,668,420	\$152,524	9%
Est	Liability Program Banking Layer				\$0	\$2,211,000	(\$2,211,000)	-100%
Est	Liability Program Shared Layer				\$0	\$2,374,000	(\$2,374,000)	-100%
Est	Liability Program Admin Expense				\$0	\$467,007	(\$467,007)	-100%
Est	Excess Liability Coverage (CJPRMA)				\$0	\$1,497,548	(\$1,497,548)	-100%
Est	Group Purchase Property Coverage (APIP)				\$0	\$2,102,104	(\$2,102,104)	-100%
Est	Group Purchase Crime Coverage (ACIP)				\$0	\$51,449	(\$51,449)	-100%
Est	Group Purchase Coverage (ADWRP)				\$0	\$11,491	(\$11,491)	-100%
Est	Pass through Cost - Lexipol Fire Manual and DTBs				\$0	\$27,099	(\$27,099)	-100%
N/A	Pass through Cost - Appraisal Services			N/A	N/A	N/A		
Est	Pass through Cost - Drone Coverage		\$4,736		\$4,736	\$4,440	\$296	7%
	Pass through Cost - Cordico APP					\$0	\$0	#DIV/0!
	Pass through Cost - Laura Cole Retainer for					\$0	\$0	#DIV/0!
	Total Revenues	\$1,820,944	\$4,736	\$0	\$1,825,680	\$21,322,709		

TBD; will be based on new quote from Lexipol
 Next appraisal in 2023
 19/20 coverage cost deducted from member's GL Banking Layer: Anderson, Folsom, Lincoln, Marysville & Red Bluff
 NEW - pending negotiation with Cordico and BOD approval
 NEW - TBD

		WORK COMP	LIABILITY		FY 20/21 TOTAL	FY 19/20 PRIOR YEAR	\$ CHANGE	% CHANGE
EXPENSES								
Administrative Expenses:								
Consultants								
52101	Claims Audit	\$11,600			\$11,600	\$8,500	\$3,100	36.5%
52102	Financial Audit	\$13,850	\$13,850		\$28,000	\$27,700	\$300	1.1%
52103	Legal Services	\$2,000	\$15,000		\$17,000	\$17,000	\$0	0.0%
52104	Actuarial Review	\$5,710	\$7,710		\$13,420	\$13,060	\$360	2.8%
52105	Computer Services				N/A	N/A	N/A	N/A
52106	CAJPA Accreditation (every 3 years: not until 2021)				N/A	N/A	N/A	N/A
52109	Misc. Consulting/Contingency	\$2,500	\$2,500		\$5,000	\$5,000	\$0	0.0%
	Total Consultant Expenses	\$35,660	\$39,060		\$74,720	\$71,260	\$3,460	4.9%
Safety Services:								
52204	Risk Control Services Agreement	\$89,240	\$89,240		\$178,480	\$178,480	\$0	0.0%
52201	Outside Training	\$15,000	\$15,000		\$30,000	\$30,000	\$0	0.0%
52202	Risk Mgmt Comm Mtg Expense	\$750	\$750		\$1,500	\$1,500	\$0	0.0%
52207	Member Training and Risk Management	\$50,000	\$38,000		\$88,000	\$88,000	\$0	0.0%
52208	Lexipol Police Manual Updates & DTBs	\$140,234			\$140,234	\$140,234	\$0	0.0%
52209	Police Risk Management Funds	\$25,000	\$25,000		\$50,000	\$50,000	\$0	0.0%
	Total Safety Services Expenses	\$320,224	\$167,990		\$488,214	\$488,214	\$0	0.0%

19/20 GL audit last year less than WC; about 3.6% increase based on 18/19 WC cost of \$11,200.
 TBD; pending contract award from RFP
 Per engagement letter including 6/30 Updates
 Moved as part of Accounting Services
 last accreditation in 2018
 Per 2019-22 contract
 \$4,000 per member annual allocation for training/conferences
 TBD; will be based on new quote from Lexipol
 Pending RMC recommendation

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

ADMIN BUDGET - PRELIMINARY

July 1, 2020 to June 30, 2021

		WORK COMP	LIABILITY	GROUP PURCHASE	FY 20/21 TOTAL	FY 19/20 PRIOR YEAR	\$ CHANGE	% CHANGE	
Claims Administration									
52302	Claims Administration Fee (Reports, etc.) Annual	\$0	\$0		\$0	\$0	\$0	#DIV/0!	Flat fee pricing beginning FY 19/20
	Claims Adjustment Fee*								
52304	State Funding/Fraud Assessment	\$322,284			\$322,284	\$267,699	\$54,585	20.4%	Actual 19/20 = \$280,247 + 15% Est. increase
	Total Claims Administration Expenses	\$322,284	\$0		\$322,284	\$267,699	\$54,585	20.4%	
Program Administration									
52401	Program Administration and Brokerage Fee	\$159,092	\$190,911		\$350,003	\$338,986	\$11,017	3.2%	Per 2019-24 contract
52403	Accounting Services	\$54,885	\$54,885		\$109,770	\$106,170	\$3,600	3.4%	Per 2018-22 contract
	Total Program Administration Expenses	\$213,977	\$245,796		\$459,773	\$445,156	\$14,617	3.3%	
Board Expenses									
52501	Executive Committee	\$1,250	\$1,250		\$2,500	\$2,500	\$0	0.0%	
52502	Executive Committee Member Travel	\$2,000	\$2,000		\$4,000	\$4,000	\$0	0.0%	
52503	Board of Directors Meetings (includes Travel)	\$4,000	\$4,000		\$8,000	\$8,000	\$0	0.0%	
52509	Board of Directors Long Range Planning (every 3 years, last LRP January 2020)	\$4,000	\$4,000		\$8,000	\$8,000	\$0	0.0%	Includes Board Training Day in December
52504	Association Memberships (PARMA, CAJPA, AGRIP)	\$2,500	\$2,500		\$5,000	\$4,800	\$200	4.2%	20/21 AGRIP membership increased by 10%
	Total Board Expenses	\$13,750	\$13,750		\$27,500	\$27,300	\$200	0.7%	
OTHER Administration Expenses (Not identified with above budget line items)									
52000	Administrative Expense	\$0	\$0		\$0	\$0	\$0	0.0%	
52001	Administration Expense - Other	\$0	\$0		\$0	\$0	\$0	0.0%	
52900	Member Identity Theft Protection	\$14,529	0		\$14,994	\$14,994	\$0	0.0%	TBD; will be based on new quote from Travelers
	Total Other Admin	\$14,529	\$0		\$14,994	\$14,994	\$0	0.0%	
	Total Admin Expenses	\$920,424	\$466,596		\$1,387,485	\$1,314,623	\$72,862	5.5%	
	Net Loss/Admin Surplus Offset					TBD		0.0%	Possible offset TBD

* WC of \$706,000 included in Banking Layer Funding. GL time and expense billed to file.



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.6.

RESOLUTION ESTABLISHING LOCAL CLAIMS PROCEDURE REGULATIONS

ACTION ITEM

ISSUE: Government Code Section 935 allows an agency (JPA or a member) to adopt a resolution prescribing a local claim filing procedure and deadlines to apply to claims exempt from the Government Claims Act. The types of claims that are specifically exempt from the requirements of the Government Claims Act, per Government Code Section 905, are referenced in the attached. The list of exceptions includes claims from the state or other public agencies as well as public employees for fees, salaries, wages, mileage, or other expenses and allowances.

The Program Administrators prepared the attached resolution that would adopt local claims procedures to apply to Government Claims Act ~~exempt claims~~ filed against the JPA. This would also require member agencies to file written claims with the JPA within the Act's claim filing deadlines (i.e., six months for personal injury, wrongful death, or personal property damage claims and one year for breach of contract and real property damage claims).

Many agencies (likely including many JPA members) have adopted a local claims ordinance or rule under Section 935, and *if they have not they are encouraged to do so*. As the attached 2003 League of California Cities paper noted, "The enactment of local claims procedures is of great benefit to cities.... all cities without such an ordinance are well-advised to adopt a claims filing ordinance, at a minimum to cover themselves for future claims."

RECOMMENDATION: Recommend Resolution 20-03 establishing local claims procedure regulations for the JPA

FISCAL IMPACT: None. Though rare, this could prevent claims v. JPA from other agencies as well as certain types of claims from a variety of other sources.

BACKGROUND: The Government Claims Act addresses claims against local government agencies, including filing requirements and deadlines. Under the Act, most claims for money or damages against the JPA (or a member) require the claimant to timely file a claim before proceeding to court. Claims concerning personal injury, wrongful death, personal property damage, or crop damage must be filed within six months and all other claims (e.g., breach of contract, real property damage) must be filed within one year. These time periods are measured from the date of the accrual of the cause of action.



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020**

Agenda Item H.6. (continued)

The purposes of the Act's claim requirements are to allow the agency to timely and promptly investigate claims based on information submitted by the claimant, to settle meritorious claims without the expense of litigation, and to enable the agency to make appropriate fiscal planning decisions based on pending claims.

Government Code Section 905 contains significant exceptions to the claim filing requirement under state law. If a claim is exempt, there are no claim filing requirements under the Act. The Section 905 exceptions include public employee claims for wages, fees, or expense reimbursement, claims by the state or another local government agency, and, certain tax, assessment, and fee refund actions (See Reference below with complete GC 905 text).

Government Code Section 935 allows an agency (JPA or a member) to adopt a resolution prescribing a local claim filing procedure and deadlines to apply to claims exempt from the Government Claims Act. Any local procedure and deadlines generally must be consistent with the Act. If the JPA adopts local claims procedure regulations, claims exempt from the Act would be subject to the local procedures and deadlines. A local claims regulation also would further the principal purposes of the Act by giving the JPA prompt notice of claims and allowing an opportunity for prompt investigation and, if appropriate, settlement of claims without litigation

ATTACHMENT(S):

1. Resolution 20-03 Establishing Local Claims Procedure Regulations
2. Government Code 905
3. Local Claims Filing Regulations, League of California Cities, 2003, attached

RESOLUTION NO. 20-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND ESTABLISHING LOCAL CLAIMS PROCEDURE REGULATIONS

BE IT RESOLVED by the Board of Directors of the NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND (“NCCSIF”) that the following local claims procedure regulations are hereby established:

- 1) **Purpose and Authority.** The purpose of this resolution is to establish local claims procedure regulations to govern money claims brought against NCCSIF that are exempt from state law claims procedures under the Government Claims Act (Government Code § 900 et seq.). This resolution is adopted pursuant to Government Code section 935.
- 2) **Local Claims Procedures.** NCCSIF hereby establishes the following claims procedure regulations to apply to and govern those claims against NCCSIF that, pursuant to Government Code section 905, are exempt from the Government Claims Act:
 - a. All claims for money or damages against NCCSIF that are exempt from the Government Claims Act, and that are not governed by any other statute or regulation expressly relating to such claim, shall be presented to NCCSIF within the time limitations and in the manner set forth in Government Code sections 910 through 915.4.
 - b. When a claim required by this resolution to be presented within a period of less than one year after the accrual of the cause of action is not presented within the required time, an application for leave to file a late claim may be made and processed in accordance with Government Code sections 911.4(b), 911.6 to 912.2, and 946.6. A late claim also shall be subject to Government Code section 946.4. (See Government Code § 935(e).)
 - c. Claims shall be subject to the provisions of Government Code section 945.4 relating to the prohibition of lawsuits until the timely presentation of and action on a claim. No lawsuit for money or damages may be brought against NCCSIF on a cause of action for which a claim is required to be presented in accordance with this resolution until a written claim has been timely presented to NCCSIF and has been acted upon by NCCSIF Board, or has been deemed to have been rejected by the NCCSIF Board, in accordance with the procedures at Government Code sections 910 through 915.4. (See Government Code § 935(b).)

- d. Any lawsuit brought against NCCSIF on a claim subject to this resolution shall be subject to the provisions of Government Code sections 945.6 (lawsuit filing limitations) and 946 (lawsuit barred after claim allowed in full or part). Any lawsuit against NCCSIF on a claim subject to this resolution must be commenced within the time limitations of Government Code section 945.6. (See Government Code § 935(b).)

PASSED AND ADOPTED by the Board of Directors of the Northern California Cities Self Insurance Fund on the twenty-third day of April, 2020 by the following vote:

Votes in Favor: _____
Votes in Opposition: _____
Votes Abstaining: _____
Votes Absent: _____

President

ATTEST:

Secretary

California Government Code
Sec. 905

There shall be presented in accordance with Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) all claims for money or damages against local public entities except any of the following:

(a)

Claims under the Revenue and Taxation Code or other statute prescribing procedures for the refund, rebate, exemption, cancellation, amendment, modification, or adjustment of any tax, assessment, fee, or charge or any portion thereof, or of any penalties, costs, or charges related thereto.

(b)

Claims in connection with which the filing of a notice of lien, statement of claim, or stop notice is required under any law relating to liens of mechanics, laborers, or materialmen.

(c)

Claims by public employees for fees, salaries, wages, mileage, or other expenses and allowances.

(d)

Claims for which the workers compensation authorized by Division 4 (commencing with Section 3200) of the Labor Code is the exclusive remedy.

(e)

Applications or claims for any form of public assistance under the Welfare and Institutions Code or other provisions of law relating to public assistance programs, and claims for goods, services, provisions, or other assistance rendered for or on behalf of any recipient of any form of public assistance.

(f)

Applications or claims for money or benefits under any public retirement or pension system.

(g)

Claims for principal or interest upon any bonds, notes, warrants, or other evidences of indebtedness.

(h)

Claims that relate to a special assessment constituting a specific lien against the property assessed and that are payable from the proceeds of the assessment, by offset of a claim for damages against it or by delivery of any warrant or bonds representing it.

(i)

Claims by the state or by a state department or agency or by another local public entity or by a judicial branch entity.

(j)

Claims arising under any provision of the Unemployment Insurance Code, including, but not limited to, claims for money or benefits, or for refunds or credits of employer or worker contributions, penalties, or interest, or for refunds to workers of deductions from wages in excess of the amount prescribed.

(k)

Claims for the recovery of penalties or forfeitures made pursuant to Article 1 (commencing with Section 1720) of Chapter 1 of Part 7 of Division 2 of the Labor Code.

(l)

Claims governed by the Pedestrian Mall Law of 1960 (Part 1 (commencing with Section 11000) of Division 13 of the Streets and Highways Code).

(m)

Claims made pursuant to Section 340.1 of the Code of Civil Procedure for the recovery of damages suffered as a result of childhood sexual abuse. This subdivision shall apply only to claims arising out of conduct occurring on or after January 1, 2009.

(n)

Claims made pursuant to Section 701.820 of the Code of Civil Procedure for the recovery of money pursuant to Section 26680.

(o)

Claims made pursuant to Section 49013 of the Education Code for reimbursement of pupil fees for participation in educational activities.

City Attorneys Department
League of California Cities
Continuing Education Seminar
February 2003

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LOCAL CLAIMS FILING REGULATIONS

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INTRODUCTION

The Tort Claims Act generally requires the filing of an administrative claim for damages as a prerequisite to filing a civil action. Twelve classes of damage claims are exempted from the claim-presentation requirements under Government Code section 905. However, the Tort Claims Act provides local public agencies an opportunity to remove this exemption. Pursuant to Government Code section 935, local public agencies may adopt by charter amendment or local ordinance a claim-filing requirement for those classes of claims, which would otherwise be exempted under section 905. The purpose of this paper is to discuss the benefits of adopting such a requirement and to provide a sample ordinance for those who are interested in adopting a similar ordinance.

DISCUSSION

Local Agencies May Require The Filing Of An Administrative Claim For Those Claims That Would Otherwise Be Exempted From The Claims Presentation Requirements.

The Tort Claims Act (Gov. Code, § 810 et seq.) establishes the basic principals of public agency liability for damage claims, whether those claims sound in tort or contract. Aside from establishing the substantive rules for public agency damages liability, it establishes the procedural rules pursuant to which a claimant may seek a damage award from a public agency. Compliance with these procedural rules, including those requiring the filing of an administrative claim within the applicable six-month or one-year statute of limitation, operate as prerequisites to the filing of a civil action against the public agency. (See Gov. Code, §§ 945.6 and 946.)

Accordingly, where there may be substantive liability, the procedural requirements provide public agencies the opportunity to timely investigate claims and to reduce litigation expenses and potential judgments. In addition, procedural rules such as the statutes of limitations serve to bar some claims which would otherwise be substantively valid. (See *City of Ontario v. Superior Court* (1993) 12 Cal.App.4th 894, 902-03 (describing the purposes of the prescribed time limits as giving public agencies opportunities to timely investigate claims, to settle meritorious claims short of litigation, and to make appropriate fiscal planning decisions); see also *Crow v. State* (1990) 222 Cal.App.3d 192, 202.)

The Tort Claims Act, however, does not treat all claims the same. Specifically, the uniform procedures for claims against local public entities are limited by Government Code section 905,

which exempts some damage claims from the Tort Claims Act claims-presentation requirements (Gov. Code, § 900 et seq. and § 910 et seq.). Government Code section 905 excludes twelve categories of claims, many of which have specific claims procedures provided for them in other statutes. Included among the list of excluded categories of claims are:

- claims under the Revenue and Taxation Code or other statute for refunds of illegally collected taxes;
- claims for principal or interest upon any bond or other financial instrument;
- claims for employment benefits or salaries;
- claims by the State and other public agencies;
- welfare claims;
- claims by public employees for fees, salaries, wages, mileage or other expenses and allowances;
- public retirement or pension system claims.

(See Gov. Code, § 905 for complete list.)

What the Legislature takes with one hand, however, it gives with the other. Government Code section 935 provides that claims which are excluded from the claims presentation provisions, and which are not governed by other statutes or regulations expressly related thereto, may be covered by local agency charter, ordinance or regulation. As such, under section 935, municipalities and other local agencies may adopt ordinances which specifically require the filing of an administrative claim for those claims which would otherwise be excluded under section 905. This grant of this authority to local agencies has received judicial approval for

both charter and general law cities. (See *Pasadena Hotel Development Venture v. City of Pasadena* (1981) 119 Cal.App.3d 412; *City of Ontario*, supra, 12 Cal.App.4th 894.)¹

Local Claims Filing Ordinances Limit Liability.

The enactment of local claims procedures is of great benefit to cities. For instance, in *City of Ontario*, the State filed an action against the City for equitable indemnity in a flood damage case. The City demurred on the basis that the State had not filed a claim with the City and that the claim would be barred by the City's statute of limitations. The Court of Appeal agreed. It found that the express intent of the City's ordinance was to take advantage of section 935 and that section 935 "does not incorporate any suggestion whatsoever that it does not apply to claims by the State." (*City of Ontario*, supra, 12 Cal.App.4th at 902.) In fact, the Court found sections 905 and 935 and the relationship between the two to be exceedingly unambiguous: "Sections 905 and 935, read together, are perfectly clear. Section 905 creates exemptions from the state-mandated claims procedure; section 935 permits local public entities to enact their own procedures to cover the exempted claims." (*Id.* at 901-902.) Because the State did not comply and could not now comply, the City was saved from a possible indemnity judgment against it.

Even more clear and beneficial is the potential for such local claims-filing regulations to limit municipal liability in the tax refund claim context. As stated above, Government Code section 905 exempts from the claims filing provisions "[c]laims under the Revenue and Taxation Code or other statute providing procedures for the refund, rebate," etc. (Gov. Code, § 905(a).) Local regulations providing such refund procedures are not encompassed within the term "statute" either as commonly used or as particularly employed in section 905. Therefore, a city may adopt regulations requiring a Government Code claim as a prerequisite to a lawsuit for the refund of local taxes. (*Volkswagen Pacific, Inc. v. City of Los Angeles* (1972) 7 Cal.3d 48, 60-61.)

For example, in *Pasadena Hotel*, supra, 119 Cal.App.3d 412, an error in the tax assessed to a taxpayer resulted in a \$25,000 overpayment by the taxpayer to the City in 1976. The taxpayer filed a claim with the City in 1979 pursuant to the four year statute of limitations in the Revenue and Taxation Code. The City Charter and a municipal code provision, however, required that claims for tax refunds be filed within in one year. Because the Revenue and

¹ Some charter cities include such requirements both in their charter and in their municipal codes. (See, e.g., *Pasadena Hotel Development Venture*, supra, 119 Cal.App.3d 412.) The courts, however, have found the enactment of such claim filing procedures only by ordinance to be sufficient. (See *City of Ontario*, 12 Cal.App.4th at 899-902.)

Taxation code section did not expressly relate to the circumstances of the case, it did not apply and the shorter one year statute of limitations did apply resulting in the taxpayer's claim being untimely. Accordingly, local agencies that adopt a claims filing ordinance pursuant to Government Code section 935 may greatly limit their liability.

Consideration of the decision in *Howard Jarvis Taxpayers Assn. v. City of La Habra* (2001) 25 Cal.4th 809, demonstrates how the absence of such an ordinance can effectively increase a municipality's civil liability. At issue in *HJTA v. City of La Habra* was when the statute of limitations began running.

In *HJTA v. City of La Habra*, more than three years after the City's utility users tax ordinance was adopted, taxpayers sued the City claiming that the general tax was required by Proposition 62 to have been approved by the voters. The plaintiffs sought, among other things, a declaration that the tax was invalid, an injunction against its enforcement and a writ compelling the City to cease collecting the tax and refund illegally collected past taxes to the taxpayers. The City argued that the applicable statute of limitations period was three years pursuant to CCP § 338(a) (an action upon a liability created by statute) and that the limitations period commenced upon enactment of the tax ordinance. Thus, the City asserted, the claim was barred. Both the trial appellate courts upheld the City's position, but the Supreme Court reversed.

In reviewing the case, the Court held that while the plaintiffs could have brought suit as soon as the ordinance was enacted and did not have to wait for a court ruling that Proposition 62 was constitutional, their claim continually accrued every time the City collected the tax. Compounding the negative impact of the decision for the City of La Habra was that, for such tax liability claims exempted from the Tort Claims Act claims filing provisions, the applicable statute of limitations period was three years pursuant to CCP § 338. This meant the claim could proceed, and that should the ordinance ultimately be declared illegal, the City's liability would be three-fold that which it could have been had it enacted a one-year claims-filing procedure.

While this case specifically did not have anything to do with the Tort Claims Act or sections 905 and 935, the lesson that can be learned is clear. Those cities that have enacted an ordinance pursuant to section 935 providing for a claims-filing procedure for those claims exempted by section 905, may avoid altogether or at least greatly diminish their liability for such claims through the application of the one-year statute provided by the Tort Claims Act. In other words, as stated above, once a city establishes a claims-filing procedure, compliance with its provisions is a prerequisite to filing a lawsuit. A failure to file a claim within the Tort Claims Act's statute of limitations bars the lawsuit. Even where the statute continually accrues (e.g.,

the collection cases), the City's liability is reduced to only those claims accruing within the past year.²

CONCLUSION

As the experiences of many cities can attest, all cities without such an ordinance are well-advised to adopt a claims filing ordinance, at a minimum to cover themselves for future claims. A sample ordinance is attached to this paper for your reference.

² Cities should keep in mind that local regulations providing for claims-filing procedures generally do not apply retroactively unless they explicitly provide so. (*Adler v. Los Angeles Unified Sch. Dist.* (1979) 98 Cal.App.3d 280, 287.)



Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.7.

POLICY AND PROCEDURE REVISIONS

ACTION ITEM

ISSUE: Two of NCCSIF's Policies and Procedures are presented with recommended changes for the Committee to review and provide direction for Board approval.

A. A-17: Shared Risk Layer Plan Target Funding Policy

At the last Board meeting NCCSIF's financial condition was compared to the group's funding benchmarks as described in the Shared Risk Layer Target Funding Policy (P&P A-17). In addition to updating the terms in the Policy (Net Assets = Net Position now), the members provided feedback regarding strengthening some of the goals and funding benchmarks, most notably the Confidence Level (CL) benchmarks for assets (goal of liabilities at 95% CL) and for annual funding (goal of at least 80-90% CL). Goals have also been added to the benchmark ratios as indicated in the attached.

B. A-15: Travel Expenses

Minor changes are also recommended for the Travel Expense Policy, to update the name of the budget category and eliminate the reference to the amount budgeted for each member for the year.

RECOMMENDATION: Review and approve or provide direction for each of the above policies.

FISCAL IMPACT: None.

BACKGROUND: NCCSIF has four sets of Policies and Procedures: Administration, Risk Management, Liability and Workers' Compensation. The Risk Management policies were expanded in 2016. Other policies for Work Comp and Liability have been updated within the last 4-5 years. The Administration policies have been expanded in the last few years to add an Underwriting Policy, with others relating to funding and claims procedures updated in the last 2-3 years. However, there are other policies, mostly administrative, that have not been reviewed in the last five years and will be brought to the appropriate committees for review.

ATTACHMENT(S): Policies and Procedures:

- a. A-17: Shared Risk Layer Plan Target Funding Policy, with red-line changes
- b. A-15: Travel Expenses



Northern California Cities Self Insurance Fund

c/o Alliant Insurance Services, Inc.
Corporate Insurance License No. 0C36861



ADMINISTRATIVE POLICY AND PROCEDURE # A-17

SUBJECT: SHARED RISK LAYER PLAN TARGET FUNDING POLICY

Policy Statement:

This policy will operate in conjunction with the following policies and procedures:

L – 1: SHARED RISK LAYER LIABILITY DEPOSIT DEVELOPMENT PLAN

WC – 1: SHARED RISK LAYER WORKERS' COMPENSATION DEPOSIT DEVELOPMENT PLAN

A – 12: SHARED RISK LAYER PLAN FUND ADJUSTMENTS

It is the goal of NCCSIF to develop guidelines setting target funding levels for the Shared Risk Layers in the Liability and Workers' Compensation programs. This policy seeks to establish a prudent funding threshold to ensure the programs are able to meet their financial obligations. When Net Assets-Position exceeds or falls below the target(s) the Board may make adjustments by issuing refunds or declaring assessments in accordance with Policy and Procedure A – 12, Shared Risk Layer Plan Fund Adjustments.

1. DEFINITIONS

This policy contains terms and words with special meaning to risk funding. Those terms and others are defined below:

Claim Reserves: Estimate of the funds needed to pay for known claims against members that have been reported to NCCSIF. The Third Party Claims Administrator will establish a reserve for each open claim.

Confidence Level (CL): The probability premium collected or program assets are sufficient to pay the actual claim costs. Expected value is approximately equal to a 55% probability funds are sufficient to pay claims. A 90% confidence level refers to an estimate for which there is only a 10% probability there is insufficient funding to pay the Ultimate Loss.

Risk Margin Fund: Net Position held to pay claims above Expected Liabilities.

Expected Liabilities: Claim Reserves plus IBNR and Loss Adjustment Expenses (LAE), discounted, and reported at an Expected CL for all program years, as calculated by an actuary.

Net AssetsPosition: Total assets less Expected Liabilities. Stated as Net Position in the Statement of Net Position (Balance Sheet). Sometimes called Surplus, Equity, or Net Assets.

Incurred But Not Reported (IBNR) Claims: Estimate of the funds needed to pay for covered losses that have occurred but have not been reported and expected future loss development on claims already reported.

Self-Insured Retention (SIR): Dollar amount of pooled risk before any excess coverage is triggered.

Ultimate Loss: The sum of claims paid to date, claim reserves and IBNR. This is an actuarial estimate of the total value of all claims that will ultimately be paid at a given point in time.

2. FUNDING CRITERIA

The programs shall utilize Expected Liabilities when reporting liabilities in the NCCSIF Financial Statements and Audit.

Each program's ~~target goal~~ is to maintain a Risk Margin Fund with assets equal to the difference between Expected Liabilities and Discounted Liabilities at a 90% CL, with a goal of maintaining assets at a 95% CL or greater.

The programs may pay refunds ~~when-only if~~ Net Position exceeds the 90% discounted CL and as per Policy and Procedure A – 12.

The programs may use Net Position for rate stabilization.

The programs will initially fund each program year at a 60% CL or higher, with a goal of at least 80%-90% CL.

3. FUNDING BENCHMARKS

In addition to the program maintaining assets at least equal to Liabilities at a 90% CL, other benchmark ratios will be reviewed annually to ensure prudent funding levels are maintained.

The programs will endeavor to meet the following ratios:

☞ **Net Assets Position to SIR** **Target = 3 to 5:1; Goal = 5X \$1M SIR**
This ratio is a measure of the number of full SIR losses that could be paid from Net Position. It also measures the funds available to take a higher SIR. A high ratio is desirable.

☞ **Net Contributions to Net Assets Position** **Target = ≤ 2 to 1; Goal = < 1 to 1**
This ratio measures whether inadequate funding for new years could adversely affect Net Position. A low ratio is desirable.

☞ **Expected Liabilities to Net Position** **Target = ≤ 3 to 1; Goal = < 2 to 1**
This ratio is a measure of how Net Position is leveraged against Expected Liabilities. A low ratio is desirable.

☞ **Change in Ultimate Loss Development** **Target $-20\% < x < 20\%$**
This is a measure of the development in Ultimate Loss from one year to the next. Increases over successive years indicate a trend that may need addressing through additional funding.

☞ **Change in Net-Assets Position** **Target $\geq -10\%$**
This measures the annual change in Net Position. Decreases over successive years indicate a trend that may need addressing through additional funding.

4. POLICY REVIEW

The Program Administrator will submit a yearly report summarizing the programs' financial positions against the guidelines established in this policy. The policy will be periodically reviewed by the Board and revised as necessary.

Effective Date: December 18, 2005

First Revision: January 24, 2013

Second Revision: October 9, 2014

Third Revision: xxxxxx xx 2020



Northern California Cities Self Insurance Fund

c/o Alliant Insurance Services, Inc.
Corporate Insurance License No. 0C36861



ADMINISTRATIVE POLICY AND PROCEDURE #A-15

SUBJECT: TRAVEL EXPENSES

Policy Statement:

It shall be the policy of the Northern California Cities Self Insurance Fund to annually fund for NCCSIF business related travel by Members. Members will be reimbursed for travel expenses related to NCCSIF business.

Procedure:

1. Funds are allocated in the NCCSIF budget under *Board Expenses – Member Travel* for travel of NCCSIF Member Representative to the Board, Executive Committee and Risk Management meetings and for Board designee attendance at CJPRMA meetings unless reimbursed elsewhere.
2. Funds are allocated in the NCCSIF budget under *Safety Services—~~Seminars and Risk Management Conferences~~ Member Training & Risk Management* for travel of NCCSIF Member Representatives to annual professional Insurance, Risk Management, Human Resources or Labor Relations conferences (e.g., PARMA, CAJPA, CalPELRA, etc.).
3. Members will submit expenses on the attached Expense Claim Form for reimbursement.

Allowable Expenses

- a) **Lodging** (not to exceed the Government or discount rate): Room service, movies and mini-bar charges are specifically excluded from reimbursement under this Policy and Procedure.
- b) **Meals** (not to exceed \$50 per day): When meals are provided by a conference or meeting, Member Representatives will not be eligible for reimbursement if they choose to dine separately. Alcohol and/or corkage fees are not reimbursable expenses. Meal reimbursement applies when attending professional Risk Management and Labor Management conferences.
- c) **Airfare** (coach rates) and any *mandatory* baggage fees when professional Risk Management and Labor Management conferences.
- d) **Travel by other public conveyance** (train, bus, taxi), or by personal auto (reimbursement at current IRS rate): reimbursement for personal auto use shall not exceed the cost of roundtrip coach airfare.

- e) **Parking is reimbursable for** attendance at professional Risk Management and Labor Management conferences.
- 4. Receipts are required for each of the items listed above.
- 5. The Expense Claim Form is to be signed by both the Member Representative and the JPA Administrator.
- 6. The original Expense Claim Form and one copy should be forwarded, with all applicable receipts, to the Program Administration Staff within 60 days of the meeting or conference. Subject to review, any maximums and approval by the Program Administrator, reimbursements will be sent to the NCCSIF Accountant and processed within 30 days of receipt. Checks will be routed for signature, if needed, and sent directly to the Member Representative.

Reimbursements Limits:

Each member agency is limited to receive reimbursement for travel expenses related to professional development events specified in this policy, in amounts determined by the Board of Directors ~~(currently \$3,300) on a fiscal year basis~~. Professional development expenses are in addition to travel expense reimbursement for attendance at NCCSIF Board and Committee meetings.

Effective Date: March 23, 2001
First Revision: December 17, 2009
Second Revision: February 22, 2011
Third Revision: March 22, 2012
Fourth Revision: xxxxx xx, 2020

NCCSIF EXPENSE CLAIM FORM

Name: _____

Date: _____

City: _____

Location of Meeting: _____

Meeting Date: _____

Expenses:

Airfare: \$ _____ Attach travel itinerary and ticket receipt

- Covers coach rates only and any mandatory baggage fees.

Auto: Total miles _____ X _____ (IRS Rate) = \$ _____

- If travel by car shared with another member, you may share the mileage costs to avoid the maximum.

Hotel: \$ _____ Attach hotel receipt

- Not to exceed Government Rate.

Meals: \$ _____ Attach receipts

- Not to exceed \$50 per day. When meals are provided by a conference or meeting, members will not be eligible for reimbursement if they choose to dine separately. Alcohol and/or corkage fees are not reimbursable expenses.

Parking: \$ _____ Attach receipt

Car Rental: \$ _____ Attach receipt

Other Expenses: \$ _____

If other, please explain:

Member Signature: _____

*Please forward original and one copy (including all receipts) to
NCCSIF Program Administrators at
2180 Harvard Street, Suite 460, Sacramento, CA 95815*



BACK TO AGENDA

Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.8.

LONG-RANGE PLANNING FOLLOW-UP

ACTION ITEM

ISSUE: The Committee is asked to review the draft update to the group's Strategic Goals and Action Plan and make additional recommendations for review by the Board.

RECOMMENDATION: Review, discuss and make recommendations to the Board.

FISCAL IMPACT: TBD.

BACKGROUND: The group's Strategic Goals and Action Plan was reviewed at the Board meeting in January. The goals from that Plan, first developed in 2017, have been completed and the members began to update them, with focus on strengthening the pool's financial position and updating the benchmarks in the Funding Policy. Other areas to be updated were tabled due to time and to allow the Risk Management Committee to review and make recommendations to the Board.

ATTACHMENT(S): *Draft updated Strategic Goals and Action Plan - 2020 (separate cover)*



Northern California Cities Self Insurance Fund
 Executive Committee Meeting
 March 26, 2020

Agenda Item H.9.

FY 20/21 NORCAL CITIES OFFICERS

ACTION ITEM

ISSUE: The Board changed the terms of the Executive Committee (EC) from a calendar year to a fiscal year rotation at their last meeting in October. They also changed the terms of the Officers of the JPA from a calendar year to a fiscal year. Membership on the NCCSIF EC rotates annually, and each Member serves for a two-year term. NCCSIF Officers are selected from the EC as needed. The July 1, 2020 to June 30, 2021 term for the Executive Committee will include the following Members:

FY 20/21 NCCSIF Executive Committee

<u>Member</u>	<u>Representative</u>	<u>New</u>	Term of Office <u>Second Year Term</u>
City of Folsom	Kristine Haile		July 1, 2020 to June 30, 2021
City of Galt	Stephanie Van Steyn		July 1, 2020 to June 30, 2021
City of Jackson	Yvonne Kimball	July 1, 2020 to June 30, 2022	
City of Lincoln	Veronica Rodriguez		July 1, 2020 to June 30, 2021
City of Marysville	Jennifer Styczynski	July 1, 2020 to June 30, 2022	
City of Nevada City	Loree McCay		July 1, 2020 to June 30, 2021
City of Placerville	Dave Warren	July 1, 2020 to June 30, 2022	
City of Rio Vista	Jen Lee		July 1, 2020 to June 30, 2021

The **current** Officers are as follows:

President	Elizabeth Ehrenstrom	January 1, 2019 to June 30, 2020
Vice President	Kristine Haile	January 1, 2019 to June 30, 2020
Secretary	Gina Will	January 1, 2019 to June 30, 2020
Treasurer (non-voting)	Tim Sailsbery	Appointed annually (already appointed until June 30, 2021)
CJPRMA Rep (non-voting)	Veronica Rodriguez	Appointed as-needed

RECOMMENDATION: Recommend a nominee for the President, Vice President and Secretary position.



Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020

Agenda Item H.9. (continued)

FISCAL IMPACT: None.

BACKGROUND: The Executive Committee is a standing committee of the Board of Directors and is comprised of seven to eleven voting members, and two non-voting members. The President of the Board of Directors serves as the Chair of the Executive Committee. The President, Vice-President, Secretary, and seven to eight other Directors act as the voting members, so at times their number has varied from seven to nine. The two non-voting members are the Treasurer and the Representative to the CJPRMA Board of Directors.

Historically, the newly-elected officers (President, Vice President, Secretary and Treasurer) are nominated by the Executive Committee (acting as the Nominating Committee). The officers are chosen from the Executive Committee and are elected by the Board for a two-year term. The President is usually selected from the second-year Members (often the current Vice President) and the Vice President is generally selected from the first year members.

The Secretary is elected by the Board and serves a two-year term. The Treasurer is appointed annually by the Board and the CJPRMA Representative is appointed on an as-needed basis.

Rotating **Off** EC 6/31/2020

Gridley - Elisa Arteaga
Oroville - Liz Ehrenstrom
Paradise - Gina Will

Rotating **On** EC 7/1/2020

Jackson - Yvonne Kimball
Marysville - Jennifer Styczynski
Placerville - Dave Warren

Remaining EC for another year

Folsom - Kristine Haile
Galt - Stephanie Van Steyn
Lincoln - Veronica Rodriguez
Nevada City - Loree McCay
Rio Vista - Jen Lee

Section 5 of the NCCSIF Bylaws describes the duties and responsibilities of the Officers of the Authority.

ATTACHMENT(S):

1. Section 4 and Section 5 of the NCCSIF Bylaws
2. Executive Committee Rotation Schedule 2019 - 2025

E. All meetings of the Board shall be called, noticed, held and conducted in accordance with the provisions of Ralph M. Brown Act (Government Code Section 54950 et seq.).

SECTION 4 **Executive Committee**

A. - Membership. The Executive Committee shall be composed of seven to eleven (7 to 11) *voting* and two (2) *non-voting* members of the Board of Directors or their alternates. The President, Vice President and Secretary shall serve as *voting* members on the Executive Committee. The remaining *voting* members shall be elected by the Board of Directors on a member rotation basis, as established by the Board of Directors. The two (2) non-voting members shall be comprised of the Treasurer and the CJPRMA Board Representative. The President shall act as Chairman.

B. - Term. The terms of all members of the Executive Board shall be two (2) years, except for those of the President, Vice President, and Secretary, who shall all serve for two (2) years irrespective of the member rotation. A member may be reappointed to serve on the Executive Committee, except for the immediate Past President.

C. - Powers, Duties and Responsibilities.

1. The Executive Committee shall conduct, direct and supervise the day-to-day business of the Authority and in doing so shall exercise the powers expressly granted to it by the Agreement, these Bylaws and as otherwise delegated by the Board of Directors.

2. The following duties and responsibilities shall be assumed and carried out by the Executive Committee, which shall have all powers necessary for those purposes:

- a. Provide general supervision and direction to the Program Director;
- b. Authorize payment of claims against the Authority; provided, however, that with respect to claims arising under coverage programs operated by the Authority, claim settlement authority shall be in accordance with the policies and procedures governing the particular program;
- c. Enter into contracts, within budget limits;
- d. Make payments pursuant to previously authorized contracts, within budget limits; this Authority includes the power to authorize and reimburse expenses incurred for budgeted activities, within budget limits;
- e. Review and recommend a budget to the Board no later than seventy-two (72) hours prior to the spring meeting of the Board;
- f. Act as Program Director in the absence of the Program Director;

g. Recommend policies and procedures to the Board for implementation of the Agreement, the Bylaws and the operation of specific coverage programs; and

h. Appoint a nominating committee for each election of officers and members of the Executive Committee.

i. Amend annual budget in an amount not to exceed the contingency account.

3. Subject only to such limitations as are expressly stated in the Agreement, these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the Authority.

D. - Meetings

1. Regular Meetings. Regular meetings shall be held at times, as the Executive Committee deems appropriate.

2. Special Meetings. Special meetings of the Executive Committee may be called by the Chairman or a majority of Executive Committee members, in accordance with the provisions of California Government Code Section 54956.

3. Public Meetings. All meetings of the Executive Committee shall be open to the public, except as provided by law.

4. Quorum. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business. Except as otherwise provided, no action may be taken by the Executive Committee except by affirmative vote of not less than a majority of those Executive Committee members present. A smaller number may adjourn a meeting.

5. Removal From Executive Committee. A member may be removed from the Executive Committee in the following ways:

a. Death of a Committee member;

b. Voluntary resignation;

c. Absence from three (3) consecutive meetings without a valid reason, in which case the Chair may recommend to the Executive Committee that member be terminated from Executive Committee membership. If the Executive Committee recommends to the Board of Directors that an Executive Committee member be terminated, the Board of Directors shall vote on the matter at its next regularly scheduled meeting.

d. When a vacancy occurs under the above provisions, a replacement shall be made from among the Board of Directors.

SECTION 5
Officers of the Authority

A. The officers of the Authority shall be a President, Vice President, Secretary, and Treasurer. Officers so appointed shall serve at the pleasure of the Board of Directors. The president shall chair meetings to the Board of Directors and Executive Committee; the vice president shall act in the place of the president in the president's absence. The secretary shall keep and maintain minutes of the Board meetings and Executive Committee meetings, or to direct the keeping and maintaining of such minutes, and to promptly report minutes of meetings to all members as soon as practicable after the meeting has concluded. The treasurer's duties are as described in Sections 11 and 12 of the Bylaws. Other responsibilities may be set forth by the Board of Directors.

B. The President, Vice President and Secretary shall be elected by the Board of Directors and shall serve two (2) year terms. No officer shall serve for more than two (2) complete consecutive terms in his or her respective office. The terms of each office will ordinarily commence on July 1st of each calendar year, except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held. The terms of each office shall end on June 30th of the calendar year, except that if the election of the officers to serve the next succeeding term has not been conducted, the incumbent officers shall continue to hold their offices until the election has been conducted.

C. The Treasurer shall be appointed annually by the Board of Directors and, unless the Board of Directors determines otherwise, the Treasurer shall serve at the Board of Directors' pleasure. The Treasurer shall be an officer or employee of a Member Entity or a Certified Public Accountant.

D. The Board of Directors may create such other offices and appoint such other officers as it deems necessary and advisable.

SECTION 6
Committees

Committees may be formed as necessary by either the Board of Directors or the Executive Committee for the purposes of overseeing any functions that the Board or Executive Committee has authority to control, such as, but not limited to, administration and policy direction, claims administration, investments, safety/loss control, etc.

SECTION 7
Program Director and Other Staff

A. The Board of Directors shall appoint a Program Director who shall be responsible for the general administration of the business and activities of the Authority as directed by the Executive Committee.

**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
2019 - 2025 Executive Committee Rotation Schedule by Size**

BOD Approved: 12/14/2017

Revised: 1/16/2020

Member	Size	Geography	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Elk Grove, City of	Large	South			x	x			
Folsom, City of	Large	East	x	x			x	x	
Lincoln, City of	Large	East	x	x					x
Rocklin, City of	Large	East				x	x		
Yuba City, City of	Large	North			x	x			
Anderson, City of	Medium	West				x	x		
Auburn, City of	Medium	East				x	x		
Corning, City of	Medium	West			x	x			
Dixon, City of	Medium	South				x	x		
Galt, City of	Medium	South	x	x					x
Gridley, City of	Medium	North	x					x	x
Marysville, City of	Medium	North		x	x				
Oroville, City of	Medium	North	x					x	x
Paradise, Town of	Medium	North	x					x	x
Placerville, City of	Medium	East		x	x				
Red Bluff, City of	Medium	West			x	x			x
Rio Vista, City of	Medium	South	x	x			x	x	
Colusa, City of	Small	West						x	x
Ione, City of	Small	South			x	x			
Jackson, City of	Small	South		x	x			x	x
Nevada City, City of	Small	North	x	x			x	x	
Willows, City of	Small	West					x	x	
			8	8	8	9	8	9	8



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020**

Agenda Item H.10.

PRELIMINARY 20/21 MEETING CALENDAR

ACTION ITEM

ISSUE: The proposed NCCSIF 20/21 Meeting Calendar is presented for review to determine if any dates should be modified due to conflicts.

RECOMMENDATION: Review the proposed dates and recommend a Meeting Calendar to the Board of Directors for approval.

FISCAL IMPACT: None.

BACKGROUND: Annually, the Executive Committee reviews and recommends the meeting calendar for NCCSIF Board, Executive, Risk Management, Claims, Police Risk Management and Finance Committees.

ATTACHMENT(S): Preliminary 20/21 Meeting Calendar



PROGRAM YEAR 20/21 MEETING CALENDAR

Thursday, August 6, 2020..... **Police Risk Management Committee** at 10:00 a.m.

Thursday, September 24, 2020 **Claims Committee** at 10:00 a.m.
Executive Committee at 11:30 a.m.

Thursday, October 29, 2020..... **Risk Management Committee** at 10:00 a.m.
Board of Directors at 12 noon

Thursday, November 5, 2020..... **Police Risk Management Committee** at 10:00 a.m.

Thursday, December 10, 2020 **Board of Directors** at 10:00 a.m.

Thursday, February 4, 2021 **Police Risk Management Committee** at 10:00 a.m.

Thursday, March 25, 2021 **Claims Committee** at 10:00 a.m.
Executive Committee at 11:30 a.m.

Thursday, April 22, 2021 **Risk Management Committee** at 10:00 a.m.
Board of Directors at 12 noon

Thursday, May 6, 2021 **Police Risk Management Committee** at 10:00 a.m.

Thursday, May 27, 2021 **Claims Committee** at 10:00 a.m.
Executive Committee at 11:30 a.m.

Thursday, June 17, 2021 **Board of Directors** at 10:00 a.m.

Meeting Location: Rocklin Event Center - Garden Room (August 2020 to December 2020)
2650 Sunset Blvd., Rocklin, CA 95677

TBD (February 2021 to June 2021)

Note: Additional Claims Committee Meetings may be scheduled as needed for Claims Authority approval which will be held via teleconference.



Northern California Cities Self Insurance Fund
 Executive Committee Meeting
 March 26, 2020

Agenda Item H.11.

NORCAL CITIES EXCESS CYBER COVERAGE PROPOSAL

ACTION ITEM

ISSUE: Due to increases in Cyber losses the Committee is asked to explore Excess Cyber Liability limits above the existing current limits.

RECOMMENDATION: Review and consider approving the purchase of Excess Cyber Coverage.

FISCAL IMPACT: The pro-rated premiums for the period 3/26/20 to 7/1/20 are as follows:

Insured	\$2Mx\$2M	\$3Mx\$2M
CITY OF ANDERSON	\$ 1,543	\$ 1,780
CITY OF AUBURN	\$ 1,438	\$ 1,659
CITY OF COLUSA	\$ 1,652	\$ 1,907
CITY OF DIXON	\$ 1,602	\$ 1,848
CITY OF FOLSOM	\$ 6,863	\$ 7,919
CITY OF GALT	\$ 2,387	\$ 2,754
CITY OF GRIDLEY	\$ 1,394	\$ 1,608
CITY OF IONE	\$ 1,125	\$ 1,500
CITY OF JACKSON	\$ 1,636	\$ 1,887
CITY OF LINCOLN	\$ 4,251	\$ 4,905
CITY OF MARYSVILLE	\$ 1,401	\$ 1,617
CITY OF OROVILLE	\$ 1,516	\$ 1,750
CITY OF RED BLUFF	\$ 2,137	\$ 2,466
CITY OF ROCKLIN	\$ 2,611	\$ 3,012
CITY OF YUBA CITY	\$ 4,722	\$ 5,448
TOWN OF PARADISE	\$ 1,125	\$ 1,500
\$3M x \$2M		
SHARED AGGREGATE OPTION:	\$4mm Policy Aggregate Premium	\$10mm Policy Aggregate Premium
	\$ 21,053	\$ 34,357



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020**

Agenda Item H.11. (continued)

BACKGROUND: Local governments across the country are facing a growing threat of cyberattacks and escalating ransom demands. Cyber Ransomware and Extortion losses are increasing in frequency and severity. Monetary demands for these type of losses are seeing an increase from five to six figure demands and members are encouraged to explore higher excess limits of coverage to insulate themselves against potential claims. NorCal Cities members who currently participate in the APIP Property Program have some cyber liability coverage - the limit is \$2 million with a \$50,000 Retention and 8 hour waiting period for Dependent/Business Interruption Loss.

ATTACHMENT(S): NorCal Cities Alliant Cyber Excess (ACES) Proposal eff. 3/26/20 to 7/1/20

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

ALLIANT CYBER EXCESS PROPOSAL

TYPE OF COVERAGE: APIP Cyber Excess Policy – **Claims Made & Reported**

PROGRAM: **Alliant Property Insurance Program (APIP) inclusive of Public Entity Property Insurance Program (PEPIP), and Hospital All Risk Property Program (HARPP)**

NAMED INSURED: Northern California Cities Self Insurance Fund (NCCSIF)

POLICY PERIOD: April 23, 2020 to July 1, 2020

RETROACTIVE DATE: Policy Inception

COVERAGE FORM: Follow Form
Claims Made & Reported

INSURANCE COMPANY: Axis Insurance Company

A.M. BEST RATING: A+ (Superior), Financial Size Category: XV (\$2 Billion or greater)

STANDARD & POOR'S RATING: A+ (Strong) as of December 12, 2018

ADMITTED STATUS: Admitted

COVERAGES & LIMITS:

	<u>Dedicated Limits</u>	<u>Excess of APIP shared</u>
<i>Option 1 – per Member:</i>	\$ 2,000,000 Each Member Aggregate	\$ 2,000,000 Each Member Aggregate
	\$ 2,000,000 Policy Aggregate	\$ 25,000,000 Program Aggregate
<i>Option 2 – per Member:</i>	\$ 3,000,000 Each Member Aggregate	\$ 2,000,000 Each Member Aggregate
	\$ 3,000,000 Policy Aggregate	\$ 25,000,000 Program Aggregate
<i>Option 3 – entire JPA:</i>	\$ 3,000,000 Each Member Aggregate	\$ 2,000,000 Each Member Aggregate
	\$ 4,000,000 Policy Aggregate	\$ 25,000,000 Program Aggregate

Option 4 – entire JPA:	\$ 3,000,000 Each Member Aggregate	\$ 2,000,000 Each Member Aggregate
	\$ 10,000,000 Policy Aggregate	\$ 25,000,000 Program Aggregate

SUB-LIMITS (Per Member and Policy Aggregate):	<u>Dedicated Limits</u>	<u>Excess of APIP shared</u>
Breach Response/Notification Expense Costs (non-BBR endorsement members):	\$500,000 (non-Beazley vendors)	\$500,000 (non-Beazley vendors)
	\$ 1,000,000 (Beazley Vendors)	\$ 1,000,000 (Beazley Vendors)
Business Interruption resulting from a System Failure:	\$ 500,000	\$ 500,000
Dependent Business interruption resulting from a Security Breach:	\$ 750,000	\$ 750,000
Dependent Business Interruption resulting from a System Failure:	\$ 100,000	\$ 100,000
Fraudulent Instruction:	\$ 75,000	\$ 75,000
Funds Transfer Fraud:	\$ 75,000	\$ 75,000
Telephone Fraud:	\$ 75,000	\$ 75,000
Computer Hardware Replacement (Bricking):	\$ 75,000	\$ 75,000
Consequential Reputational Loss:	\$ 50,000	\$ 50,000
Invoice Manipulation	\$ 100,000	\$ 100,000
Criminal Reward:	\$ Nil	\$ 25,000

NOTE: Quotes for up to \$35M in limits can be obtained, please contact your client team for more information.

- ENDORSEMENTS & EXCLUSIONS:** (including but not limited to)
- Absolute Pending and Prior Litigation Exclusion
 - Excess Program
 - State Amendatory
 - Follow Sub-limited Coverage (1st Party Excess)

UNDERLYING INSURANCE:	Layer	Insurer	Limits	Retention	Policy Period
	Primary	Beazley	\$2,000,000	\$50,000 or \$100,000	7/1/2019 – 7/1/2020

MINIMUM 6-MONTH TERM PREMIUM (pro-rated):

- Option 1 - per Member:** \$ See attached Premium Table below
- Option 2 - per Member:** \$ See attached Premium Table below
- Option 3 – entire JPA:** \$ See attached Premium Table below
- Option 4 – entire JPA:** \$ See attached Premium Table below

- BINDING CONDITIONS:**
- **Copy of all Underlying Binders Prior to Binding Coverage**
 - **Copy of all Underlying Policies to Policy Issuance**

PROPOSAL VALID UNTIL: April 23, 2020

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.

Minimum 6-Month Premium Table (Pro-rated)

Insured	\$2M x \$2M	\$3M x \$2M
CITY OF ANDERSON	\$1,543	\$1,780
CITY OF AUBURN	\$1,438	\$1,659
CITY OF COLUSA	\$1,652	\$1,907
CITY OF DIXON	\$1,602	\$1,848
CITY OF FOLSOM	\$6,863	\$7,919
CITY OF GALT	\$2,387	\$2,754
CITY OF GRIDLEY	\$1,394	\$1,608
CITY OF IONE	\$1,125	\$1,500
CITY OF JACKSON	\$1,636	\$1,887
CITY OF LINCOLN	\$4,251	\$4,905
CITY OF MARYSVILLE	\$1,401	\$1,617
CITY OF OROVILLE	\$1,516	\$1,750
CITY OF RED BLUFF	\$2,137	\$2,466
CITY OF ROCKLIN	\$2,611	\$3,012
CITY OF YUBA CITY	\$4,722	\$5,448
TOWN OF PARADISE	\$1,125	\$1,500

Insured	\$3M x \$2M \$4M Agg Limit Option 3	\$3M x \$2M \$10M Agg Limit Option 4
Northern California Cities Self Insurance Fund (NCCSIF) (All Members Listed Below) 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 Jackson City of Lincoln City of Marysville City of Oroville City of Red Bluff City of Rocklin City of Yuba City Town of Paradise	\$21,053	\$34,357

See Disclaimer Page for Important Notices and Acknowledgement

Claims Reporting:

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

Claims Made Policy:

This claims-made policy contains a requirement stating that this policy applies only to any claim first made against the Insured and reported to the insurer during the policy period or applicable extended reporting period. Claims must be submitted to the insurer during the policy period, or applicable extended reporting period, as required pursuant to the Claims/Loss Notification Clause within the policy in order for coverage to apply. Late reporting or failure to report pursuant to the policy's requirements could result in a disclaimer of coverage by the insurer.

NY Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. 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.

Disclosures

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.

Request to Bind Coverage

Northern California Cities Self Insurance Fund (NCCSIF)

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

Coverage Line	Bind Coverage for:
Excess Cyber Liability Policy Period: April 23, 2020 to July 1, 2020 Option 1 – Members bind individually: \$2,000,000 xs \$2,000,000 with \$2,000,000 Policy Aggregate Option 2 – Members bind individually: \$3,000,000 xs \$2,000,000 with \$3,000,000 Policy Aggregate Option 3 – Entire JPA binds together: \$3,000,000 xs \$2,000,000 with \$4,000,000 Policy Aggregate Option 4 – Entire JPA binds together: \$3,000,000 xs \$2,000,000 with \$10,000,000 Policy Aggregate Cannot be bound without binding primary APIP Cyber Coverage	<input type="checkbox"/> See attached Premium Table pages 3 <input type="checkbox"/> See attached Premium Table pages 3 <input type="checkbox"/> See attached Premium Table pages 3 <input type="checkbox"/> See attached Premium Table pages 3

This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.

Signature of Authorized Insurance Representative	Date
Title	
Printed / Typed Name	

**This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval.
 The actual terms and conditions of the policy will prevail.**



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020**

Agenda Item H.12.

FY 20/21 PROPERTY RENEWAL UPDATE

INFORMATION ITEM

ISSUE: The property insurance market remains “firm to hard”, with average increases in the 15-20% range common for risks with good loss ratios of 50% or less. NorCal Cities has a 5 year loss ratio of 234%, and so has been identified as a “loss leader” subject to larger increases.

In an effort to keep the increase within the “average range”, and to mitigate catastrophic claims, the APIP underwriters (AUS) have estimated an increase of 18% - 23% WITH a wildfire deductible of \$2.5M. They have so far declined to offer a quote without it.

Unfortunately, the imposition of wildfire deductibles has become more common in this market environment, and it is likely the group will be faced with this reality. The Program Administrators are in negotiations with AUS to minimize the impact to the pool, including alternate deductibles and application to specific areas rather than the entire group.

Loss runs are also being reviewed for accuracy to minimize the impact on the group’s loss ratio. The Program Administrators will also review the practical impact of the deductible as it relates to FEMA assistance in the event of a wildfire.

RECOMMENDATION: None. Updates will be provided at the Board meeting in April and as new information is developed.

FISCAL IMPACT: TBD.

BACKGROUND: The property insurance market has been in a hard cycle for the last 2-3 years, and the impact of the Camp fires on NorCal Cities SIF was seen in the rate increase for FY 19/20. While the market is still hard the worst of the increases were seen this year for most risks though we are seeing other coverage restrictions, lower limits, and higher deductibles.

ATTACHMENT(S): None



BACK TO AGENDA

**Northern California Cities Self Insurance Fund
Executive Committee Meeting
March 26, 2020**

Agenda Item I.

INFORMATION ITEMS

INFORMATION ITEM

ISSUE: The following items are being presented as information for NCCSIF members.

RECOMMENDATION: None. This item is offered as information only.

FISCAL IMPACT: None.

BACKGROUND: None.

ATTACHMENT(S):

1. NCCSIF Organizational Chart
2. NCCSIF 2020 Meeting Calendar

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
2020 Organizational Chart
Updated as of 2/6/2020

MEMBER ENTITY	BOARD OF DIRECTORS	BOARD ALTERNATES	RISK MANAGEMENT COMMITTEE	POLICE RISK MANAGEMENT COMMITTEE
City of ANDERSON	Liz Cottrell	Jeff Kiser	Liz Cottrell	Chief Michael Johnson
City of AUBURN	Cristina Shafer	<i>None Appointed</i>	Shari Harris	Chief Ryan L. Kinnan
City of COLUSA	Toni Benson	<i>None Appointed</i>	Toni Benson	Chief Josh Fitch
City of CORNING	Kristina Miller	Tom Watson	Tom Watson	Chief Jeremiah Fears
City of DIXON	Rachel Ancheta	Kim Stalie	Rachel Ancheta	Chief Robert Thompson
City of ELK GROVE	Brad Koehn	Kara Reddig	Jim Ramsey Julie Rucker - Alternate Rep.	Lieutenant Ryan Elmore
City of FOLSOM	*VP / *EC / *CC Jim Francis	*Kristine Haile (Vice-Chair)	Kristine Haile	Chief Rick Hillman
City of GALT	EC / CC Stephanie Van Steyn	Tom Haglund	Stephanie Van Steyn	Chief Tod Sockman (Vice-Chair)
City of GRIDLEY	*EC Vacant	*Elisa Arteaga	Elisa Arteaga	Chief Allen Byers
City of IONE	Jon Hanken	Lori McGraw	Jon Hanken	Chief Tracy Busby
City of JACKSON	Yvonne Kimball	Dalacie Blankenship	Yvonne Kimball	Interim Chief Chris Mynderup
City of LINCOLN	EC / CJPRMA Board Rep Veronica Rodriguez	Ruthann Codina	Veronica Rodriguez	Chief Doug Lee
City of MARYSVILLE	Jennifer Styczynski	Karen Peters	Jennifer Styczynski	Chief Chris Sachs
City of NEVADA CITY	EC Loree' McCay	Catrina Olson	Loree' McCay	Chief Chad Ellis
City of OROVILLE	P / EC / CC Liz Ehrenstrom (Chair)	<i>None Appointed</i>	Liz Ehrenstrom (Chair)	Chief Joe Deal
Town of PARADISE	S / EC / CC Gina Will	Crystal Peters	Crystal Peters	Chief Eric Reinbold
City of PLACERVILLE	Dave Warren	Cleve Morris	Dave Warren	Chief James Ortega
City of RED BLUFF	Sandy Ryan	Anita Rice	Sandy Ryan	Chief Kyle Sanders (Chair)
City of RIO VISTA	*EC Jose Jasso	*Jen Lee, CPA	Jose Jasso	Chief Jackson Harris
City of ROCKLIN	Kimberly Sarkovich	Andrew Schiltz, CPA	Kimberly Sarkovich	Chief Chad Butler
City of WILLOWS	T / EC / CC Tim Sailsbery, CPA	<i>None Appointed</i>	Wayne Peabody	N/A
City of YUBA CITY	Spencer Morrison	Michael Rock	Sheleen Loza	Chief Robert Landon

OFFICERS		
		Term of Office
President (P)	Liz Ehrenstrom	1/1/2019 - 6/30/2020
Vice President (VP)	Kristine Haile	1/1/2019 - 6/30/2020
Treasurer (T)	Tim Sailsbery	1/1/2019 - 6/30/2021
Secretary (S)	Gina Will	9/27/2018 - 6/30/2020

Executive Committee (EC) - membership on the EC rotates annually based on a rotation schedule and each member serves for a two-year term, with the **President** serving as **Chair of the Committee**.

Claims Committee (CC) - members of the CC are annually selected by the EC. CC is traditionally made up of at least five members of the EC, with the **Vice President** serving as **Chair of the Committee**.

CJPRMA Board Representative
 Veronica Rodriguez appointed 10/24/2019

PROGRAM ADMINISTRATORS (Alliant Insurance Services)	
Michael Simmons	Marcus Beverly
Conor Boughey	Raychelle Maranan

CLAIMS ADMINISTRATORS (Sedgwick formerly York)
Dorienne Zumwalt
Steven Scott (Workers' Comp)
Jill Petrarca (Liability)

RISK CONTROL CONSULTANTS (Sedgwick formerly York/Bickmore)
Enriqueta "Henri" Castro
Dave Beal
Tom Kline (Police RM)

ADVISORS
Byrne Conley (Board Counsel)
James Marta, CPA (Accountant)



2020 MEETING CALENDAR

- Thursday, January 16, 2020 Long-Range Planning and **Board of Directors** at 9:30 a.m.
- Thursday, February 6, 2020 **Police Risk Management Committee** at 10:00 a.m.
- Thursday, March 26, 2020 **Claims Committee** at 10:00 a.m.
Executive Committee at 11:30 a.m.
- Thursday, April 23, 2020** **Risk Management Committee** at 10:00 a.m.
Board of Directors at 12 noon
- Thursday, May 7, 2020 **Police Risk Management Committee** at 10:00 a.m.
- Thursday, May 28, 2020 **Claims Committee** at 10:00 a.m.
Executive Committee at 11:30 a.m.
- Thursday, June 25, 2020 **Board of Directors** at 10:00 a.m.
- Thursday, August 6, 2020 **Police Risk Management Committee** at 10:00 a.m.
- Thursday, September 24, 2020 **Claims Committee** at 10:00 a.m.
Executive Committee at 11:30 a.m.
- Thursday, October 29, 2020..... **Risk Management Committee** at 10:00 a.m.
Board of Directors at 12 noon
- Thursday, November 5, 2020..... **Police Risk Management Committee** at 10:00 a.m.
- Thursday, December 10, 2020 **Board of Directors** at 10:00 a.m.

Meeting Location: Rocklin Event Center - Garden Room
2650 Sunset Blvd., Rocklin, CA 95677

**Community Center - Springview Hall
5480 5th Street, Rocklin, CA 95677

Note: Additional Claims Committee Meetings may be scheduled as needed for Claims Authority approval which will be held via teleconference.