

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND 2022-2023 ANNUAL REPORT



LETTER TO OUR MEMBERS

Dear Members,

I am proud to serve as President of the Northern California Cities Self Insurance Fund (NCC) and present their Annual Report for FY 22/23. As we enter our 43rd year of operation the group has weathered many challenges, and NCC continues to assist members in meeting the extreme challenges of a constantly shifting risk landscape.

The JPA was formed in the late 1970's when the concern was Workers' Compensation coverage. In the 1980's members were faced with a liability insurance crisis and NCC responded by creating a self-insured Liability Program. We currently face another liability crisis due to judgements and settlements setting records in an environment often unfriendly to public agencies. Property insurance has become increasingly expensive and harder to place due to wildfire risks that seem to grow every year. And we have evolving cyber risks that threaten our operations daily, with ransomware claims driving premium increases and pressure to increase security measures. All of this while navigating a pandemic and resulting labor shortages.

NCC members have responded by increasing their focus on risk management and maintaining conservative funding for each program. The group has added training and services related to wildfire and cyber risk management while continuing to address public safety and public works risks. In FY 21/22, **over \$230,000 was allocated to member risk management reserves** to use for training or other risk management needs, and these trainings and services continue to contribute to the group's financial stability. During FY 21/22, Net Position increased \$422,604 *after* payment of dividends totaling \$3,274,835.

The **Workers' Compensation Program** has provided the steadiest results, with a **decrease of -4.5% in the underlying rate**, resulting in decreases in total funding for half of the members. Net Position increased by \$295,851 to \$17 million after **more than \$2.8 million in dividends** were returned to our members. These results reflect the members' conservative funding philosophy and continued focus on risk management. However, challenges accessing prompt and effective medical treatment continue to impact return to work programs and will be a focus for this year.

The **Liability Program** continues to remain stable within the NCC self-insured funding while weathering big increases in excess coverage costs, driven by more frequent severe claims against public entities in general. The rate for the self-insured **coverage increased by 14% while increasing the limit 50%, from \$500,000 to \$750,000**, due to pressure from the excess markets to take on more risk. Excess coverage increased 26%, over half of the total increase in FY 22/23 funding. In FY 21/22, **Net Position increased \$126,753** after payment of **dividends totaling almost \$1 million** and an unrealized investment decrease of (\$1,216,992).

Members will continue to face challenges in this unprecedented environment, and NCCSIF will continue to be a valuable partner delivering on its mission to protect member resources by providing access to broad coverage and quality services at rates more competitive than members could obtain on their own. As NCC President I'm pleased to support the continued success of the group in providing exceptional service and sound risk management practices to our members.

Sincerely,

Liz Cottrell – NCCSIF President
Assistant City Manager/Finance Director - City of Anderson



LETTER TO OUR MEMBERS

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HISTORY OF THE JPA

NCCSIF was **founded in 1979** as the Northern California Cities **Workers' Compensation Fund**.

Formed as a Joint Powers Authority (JPA), it is **one of the first pooled municipal programs in California**.

In 1981, members formed the Liability Program to apply the same concepts of pooling coverage for comprehensive coverage designed for municipalities.

In 1987, the Joint Powers Authority's name was changed to **Northern California Cities Self Insurance Fund (NCCSIF)**.

The same year NorCal Cities began to offer group purchase of:

- Property,
- Crime, and
- Employee Assistance Program (EAP) coverage.

In 1991, the pool **began shared risk programs** for Liability and Workers' Compensation.

The group has grown to **twenty-two cities** that **pool coverage to \$500,000** for both Workers' Compensation and Liability.

In 1993, NCCSIF joined CJPRMA for Excess Liability Coverage.

The same year NorCal Cities became one of the first pools to achieve **CAJPA Accreditation with Excellence**.

In 2003, NorCal Cities joined CSAC-EIA for Excess Workers' Compensation Pooled Coverage.

Since 2008 the pool has expanded coverage and increased the number and variety of risk management services and resources for members, including:

- **Cyber and Pollution Liability Coverage** through the Property Program
- Online training and risk management resources through Vector Solutions
- **Sewer operations risk management** through DKF Solutions
- Police Policy updates and training through Lexipol
- Body-worn camera grants for police agencies
- **Risk Management Best Practices and Scorecard** to benchmark and improve member operations
- Comprehensive Risk Assessments, training and consultation from Sedgwick Risk Services
- Deadly Weapons Response Coverage to assist members in responding to such incidents.
- Cyber Excess and Risk Control Resources
- **Wildfire Risk Assessments** and mitigation

Among the training topics this year were Webinars regarding Temporary Traffic Control and Flagging, Mandated Reporter Training, AB 1234 and AB 1825, Cyber Risk Management, Insurance Requirements in Contracts, and Coping with Stress. ACI Specialty hosted trainings on Assertive Communication and Maintaining a respectful workplace, that were part of a four-part training series.

MISSION STATEMENT

The Northern California Cities Self Insurance Fund (NCCSIF) is an association of municipalities joined together 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.

GOVERNANCE

NorCal Cities operates under the direction of its 22 Member Cities, with each member represented on the Board of Directors. The Executive Committee consists of seven to eleven members that rotate on a geographical basis, with the President, Vice President and Treasurer elected by the Board. Four other committees review and make recommendations regarding risk management, claims, or financial issues.

BOARD OF DIRECTORS

The Board of Directors is composed of a representative appointed by the City Council of each member agency. An Alternate Representative is also appointed to serve and may vote in the Board Member's absence. Current Board Members and Alternates are listed below.



Member	Board Director	Alternate
City of Anderson*	Liz Cottrell	Jeff Kiser
City of Auburn	Nathan Bagwill	April Hildalgo
City of Colusa	Ishrat Aziz-Khan	Shelly Kittle
City of Corning*	Kristina Miller	Tom Watson
City of Dixon	Rachel Ancheta	Kate Zawadzki
City of Elk Grove	Kara Reddig	Jim Ramsey
City of Folsom*	Allison Garcia	Steven Wang
City of Galt*	Stephanie Van Steyn	Lorenzo Hines Jr.
City of Gridley	Vacant	Elisa Arteaga
City of Ione	Michael Rock	Chris Hancock
City of Jackson*	Yvonne Kimball	Dalacie Blankenship
City of Lincoln	Veronica Rodriguez	Ruthann Codina
City of Marysville	Jennifer Styczynski	Vacant
City of Nevada City	Sean Grayson	Gabrielle Christakes
City of Oroville	Elizabeth Ehrenstrom	Vacant
Town of Paradise	Ross Gilb	Crystal Peters
City of Placerville*	Dave Warren	Cleve Morris
City of Red Bluff	Tom Westbrook	Anita Rice
City of Rio Vista*	Jennifer Schultz	Jen Lee
City of Rocklin	Andrew Schiltz	Amanda Tonks
City of Willows*	Marti Brown	Vacant
City of Yuba City	Spencer Morrison	Natalie Springer

****Founding Members***

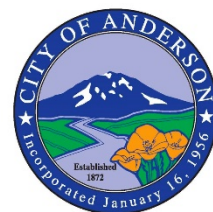
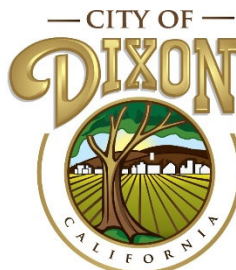
GOVERNANCE



EXECUTIVE COMMITTEE

The Executive Committee is a standing committee of the Board that acts as a steering committee for overall operation of the JPA and has been delegated certain duties in the Bylaws. The President of the Board serves as the Chair of the Committee, with the Vice President and Secretary as voting members. Remaining voting seats are selected on a rotating geographical basis. The Treasurer and CJPRMA Board Representative are non-voting members of the Committee.

Member	Name	Position
City of Anderson	Liz Cottrell	President
City of Dixon	Rachel Ancheta	Vice President
City of Rio Vista	Jen Lee	Treasurer
City of Marysville	Jennifer Styczynski	Secretary
City of Red Bluff	Tom Westbrook	Member-at-large
City of Auburn	Nathan Bagwill	Member-at-large
City of Corning	Kristina Miller	Member-at-large
City of Elk Grove	Kara Reddig	Member-at-large
City of Yuba City	Spencer Morrison	Member-at-large
City of Ione	Michael Rock	Member-at-large
City of Rocklin	Andrew Schiltz	Member-at-large



GOVERNANCE

CLAIMS COMMITTEE

The Claims Committee reviews claims in the Shared Risk Layer, authorizes settlements and makes determinations on coverage. The Claims Committee has settlement authority from a Member's Banking Layer up to \$250,000, and the Executive Committee has authority to settle claims in excess of that amount for both Liability and Workers' Compensation. The Committee also reviews NorCal Cities' claims management practices, claim audits, litigation management and approved attorney lists and makes recommendations as needed. The Executive Committee appoints members to the Claims Committee from their ranks.



FINANCE COMMITTEE

The Board of Directors has delegated financial investment authority and other duties to the Executive Committee. The Executive Committee delegates these duties to the Finance Committee on an as-needed basis. The Treasurer is appointed annually by the Board and serves as the Chair of the Finance Committee.

RISK MANAGEMENT COMMITTEE

NorCal Cities established a Risk Management Committee in 1991, comprised of at least one member from each City. Over the years, it has been enriched by participation from employees from Public Works, Finance, Human Resources, Police, Fire, and City Management who have contributed a broad range of ideas and best practices to the members.

The Committee's goal is to foster member risk management programs to reduce the frequency and severity of accidents and claims for loss or damage. Recognizing this goal, the Committee annually recommends and administers a budget to provide each member hands-on risk management consultation and training. For FY 22/23, the risk management budget is \$500,224, or 34% of the pool's total administration expenses.

POLICE RISK MANAGEMENT COMMITTEE

Given the importance of managing public safety risks and the unique nature of their operations, members formed a separate Police Risk Management Committee, and all members with police departments are encouraged to participate. Members meet quarterly to share risk management tips, keep abreast of legislative and case law changes, and attend a training session at each Committee meeting.

The Committee also reviews major claims for risk management practices that can be shared or improved and evaluates equipment to prevent or minimize losses. In the last five years, members have approved a **total of \$450,000 in grant funds to purchase body-worn cameras** and storage. Each meeting includes feedback on how effective the cameras have been in **reducing the number of claims and their severity.**



Over the last year the committee has hosted training sessions including *Social Worker, Therapist, Cop: Managing Today's Police Risk*, and a Use of Force Legal Update from noted expert Ed Obayashi. Future sessions include Use of Social Media and a Legislative Update.

FY 22/23 MEMBERS PARTICIPATING IN EACH PROGRAM

MEMBER	POOLED PROGRAMS		GROUP PURCHASE							INDIVIDUAL PURCHASE						
	WORKERS' COMP	LIABILITY	APIP PROPERTY	APIP Auto Physical Damage	APIP FLOOD	APIP EXCESS CYBER	ACIP CRIME	ID FRAUD Expense Reimbursement	ADWRP	AMVP Auto Physical Damage	AIRPORT	POLLUTION	DIC-Earthquake	Fiduciary Liability	EAP through ACI	Alliant Special Events Program
City of Anderson	✓	✓	✓			✓	✓	✓	✓	✓					✓	✓
City of Auburn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓
City of Colusa	✓	✓	✓			✓	✓	✓	✓	✓					✓	✓
City of Corning	✓	✓					✓	✓							✓	
City of Dixon	✓	✓	✓			✓	✓	✓	✓	✓					✓	✓
City of Elk Grove	✓							✓	✓							✓
City of Folsom	✓	✓	✓	✓		✓		✓	✓	✓				✓	✓	✓
City of Galt	✓	✓	✓			✓	✓	✓	✓	✓						
City of Gridley	✓	✓	✓			✓	✓	✓	✓	✓					✓	
City of Ione	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓			✓	✓
City of Jackson	✓	✓	✓			✓		✓		✓					✓	✓
City of Lincoln	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓			✓	
City of Marysville	✓	✓	✓		✓	✓	✓	✓	✓	✓					✓	
City of Nevada City	✓							✓								✓
City of Oroville	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓					
Town of Paradise	✓	✓	✓			✓	✓	✓	✓	✓					✓	✓
City of Placerville	✓							✓								✓
City of Red Bluff	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓		✓	
City of Rio Vista	✓	✓	✓			✓	✓	✓		✓	✓				✓	✓
City of Rocklin	✓	✓	✓			✓	✓	✓	✓	✓						✓
City of Willows	✓	✓					✓	✓							✓	
City of Yuba City	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓						

APIP = Alliant Property Insurance Program
ADWRP = Alliant Deadly Weapon Response Program

ACIP = Alliant Crime Insurance Program
AMVP = Alliant Mobile Vehicle Program

LIABILITY PROGRAM

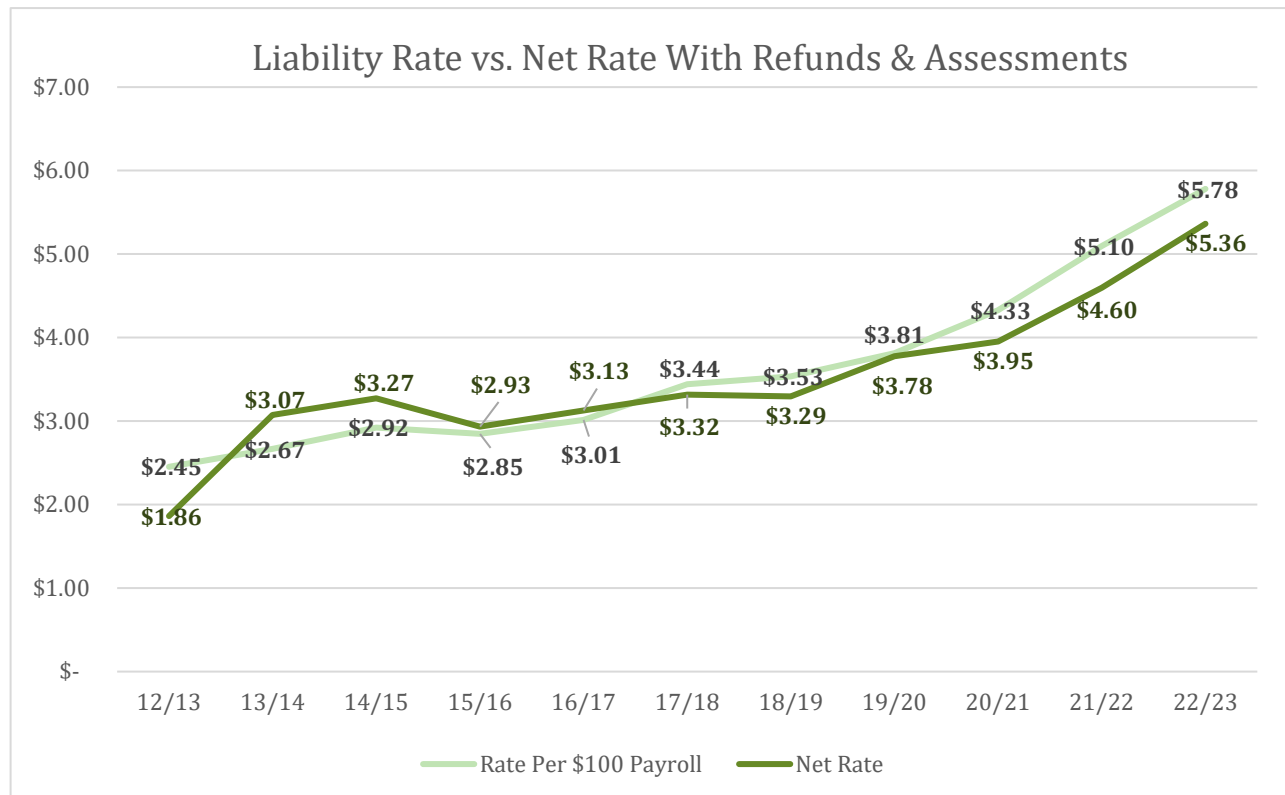
FINANCIAL HIGHLIGHTS

Total FY 22/23 funding for the Liability Program is \$11,392,664. Members have agreed to maintain the funding Confidence Level at 80% despite recent funding increases, including 20% for the current year. Member payroll accounted for 7% of this year's increase, with the base rate for the NCCSIF coverage increasing by 14%. *The excess insurance market continues to be challenging* but shows some sign of easing, with an increase of 26%, compared to 103% last year. Increased funding confidence levels have resulted in an *increase in Net Position of \$126,753 after dividends of almost \$1 million* and unrealized investment losses.

PROGRAM HIGHLIGHTS

The Board of Directors annually reviews the Banking and Shared Risk financial status to evaluate the appropriateness of declaring either a refund or an assessment. **The Banking Fund returned net dividends of \$822,567** to Members who exceeded their target funding levels. The Shared Risk Layer continues to be stable with funding within target benchmarks. However, rates overall have been increasing due to extremely "hard" excess insurance market conditions. The following chart shows the historical rates with and without the impact of refunds and assessments.

Ten years ago, the Liability net rates remained near historic lows due to large dividends that continued for several years. The gross rate was \$2.45 in 2013 before climbing to \$3.44 in 2018, in part due to increased losses during a period when the SIR was \$1 million. The rate has also increased due to an **increase in the funding Confidence Level**, from 65% in 14/15, increasing to 80% in 18/19, where it remains today. The net rate exceeded the base rate over four years from 13/14 to 16/17 due to Shared Layer Assessments. Since that time, the Net Rate has remained below the gross rate due to Banking Layer dividends.



WORKERS' COMPENSATION PROGRAM

COVERAGE HIGHLIGHTS

California Workers' Compensation laws require every employer to provide benefits to employees for injury and/or illness arising out of, or in the course and scope of, employment. Statutory benefits prescribed by law include:

- **Medical Treatment**
- **Temporary Disability Payments**
- **Permanent Disability Compensation**
- **Rehabilitation**
- **Death Benefits**



Like the Liability Program, coverage is divided into three separate layers, Banking, Shared Risk and Excess as illustrated in the chart to the right.

All three coverage layers include self-insurance. The Banking Layer is funded to pay for each Member's own claims, like a pre-funded deductible. The Shared Risk Layer is funded to pay for claims that are shared by all NorCal Cities Members. The Excess Layer is funded through the Public Risk Innovation, Solutions, and Management JPA (PRISM - formerly CSAC-EIA).



PRISM

<u>Excess Layer</u> Excess Insurance: \$5,000,000 to Statutory PRISM Members: \$500,000 - \$5,000,000 Including Employer's Liability
<u>Shared Risk Layer</u> Banking Layer Limit to \$500,000
<u>Banking Layer</u> All Members: \$0 to \$100,000

PRISM is a risk-sharing pool of most of the counties and many cities and special districts in California. Since 2003, NorCal Cities has participated in PRISM, currently providing coverage from \$500,000 to \$5 Million and purchasing excess reinsurance to provide Statutory limits. The program also provides Employer's Liability Coverage up to \$5 Million. **PRISM provides a variety of risk management resources**, including online training, consulting, and monthly webinars on a variety of topics.

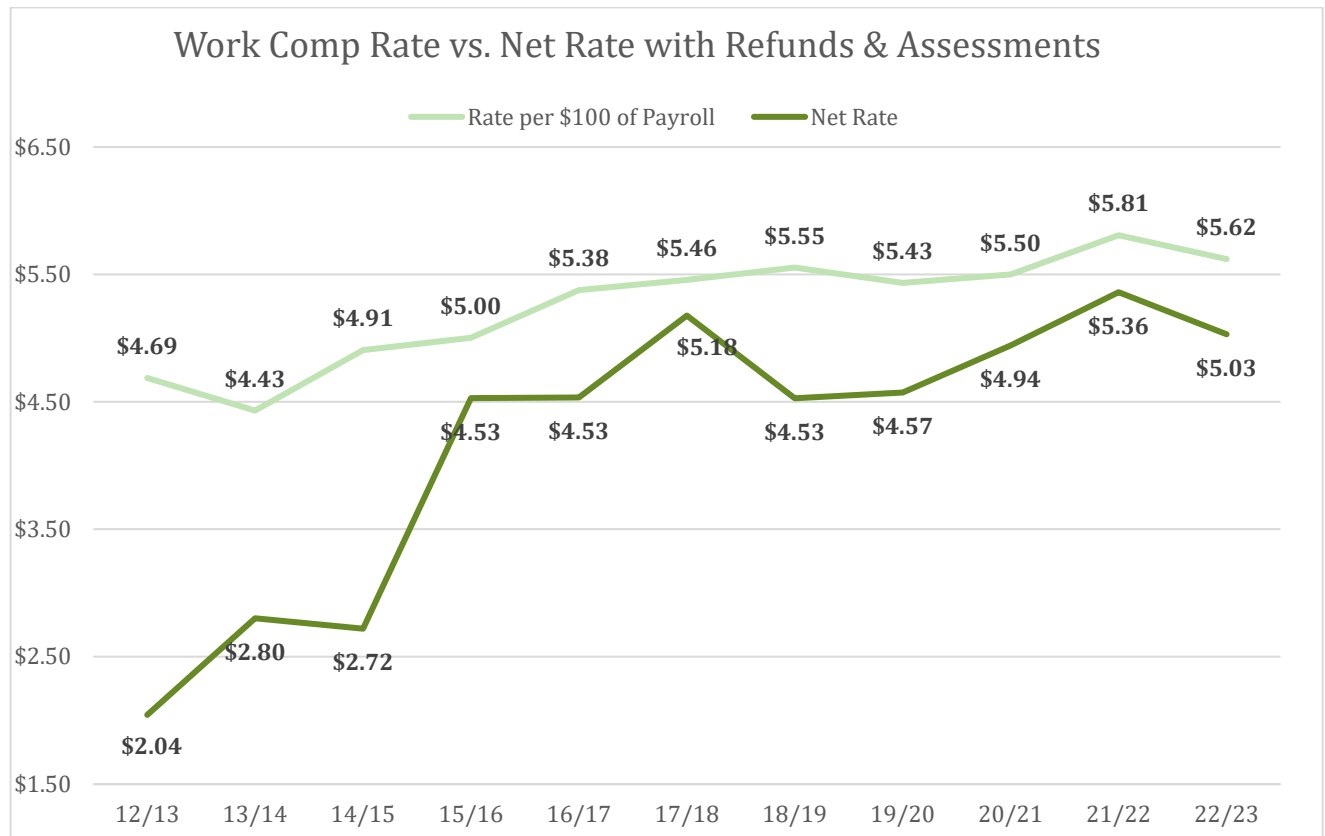
FINANCIAL HIGHLIGHTS

The total funding of the program for FY 22/23 is \$14,833,437 before dividends, an increase of 2% over the prior year, *less than the total payroll increase of 5%*. This is due to the **underlying NCC rate decreasing (4.5%)**, while excess coverage increased 11%. Over the last several years members have increased the annual funding confidence level from 60% to 80% and kept it there, a funding increase that has provided a consistently high margin for maintaining budget stability and meeting or exceeding financial benchmarks.

The Board of Directors annually reviews the Program's financial status to evaluate the appropriateness of declaring either a refund or an assessment. **In 2022 NorCal Cities returned dividends to its members of \$646,000 in the Shared Layer and \$2,238,820 in the Banking Layer.**

WORKERS' COMPENSATION PROGRAM

The following chart shows the historical rates with and without the impact of refunds and assessments. The rates decreased (6%) this year, with the gross rate at \$5.62 and the **net rate falling to \$5.03 due to net refunds of \$2,803,415**. Factoring in the refunds and assessments, the net rate has dipped as low as \$2.04 per \$100 of payroll. Rates were relatively low and stable from FY 09/10 to FY 13/14, largely due to the last regulatory reforms, but they have been increasing since then due to increases in disability benefits, medical inflation, COVID-19 claims, and new fee schedules for related services.



PROGRAM HIGHLIGHTS

These results are due to a combination of cost containment strategies, including return to work programs with modified duty “bridge” assignments for injured workers. This despite a very challenging environment due to COVID greatly increasing the claims volume while also impacting staffing levels for both members and claims administrators. Members were also introduced to 24/7 injury triage services provided by [Company Nurse](#) for promptly reporting and referring injured employees to appropriate medical care.

LOOKING AHEAD

Members will continue to receive hands-on training and assistance regarding Workers' Compensation claims, including regular claim reviews and training. The pool administrators are working with professional service providers to increase the number of qualified medical providers closer to member cities, including “near site” and mobile clinics.

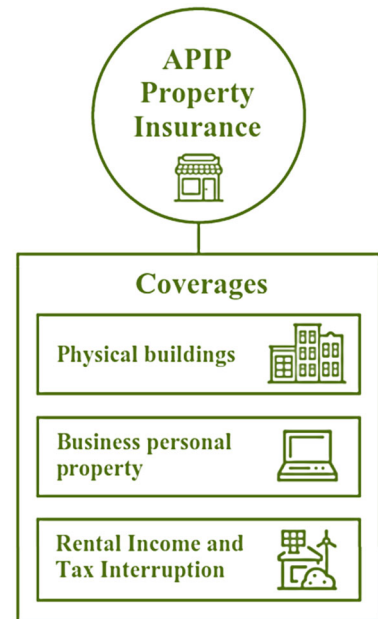


PROPERTY PROGRAM

COVERAGE HIGHLIGHTS

NorCal Cities continues to offer coverage through the Alliant Property Insurance Program (APIP). This group purchase program provides the following coverages:

- **Broad Replacement Cost valuation**
- **\$25,000 All Risk Deductible per claim**
- **Rental Income and Tax Interruption**
- Course of Construction (Builder's Risk)
- **Auto Coverage with optional Replacement Cost**
- **Increased Cost of Construction (Code Upgrade)**
- Boiler & Machinery Coverage: \$100,000,000 limit per occurrence & \$10,000 deductible per claim
- **OPTIONAL Flood coverage** with deductible of \$100,000, or \$250,000 for Flood Zones A & V



The APIP Property Program *automatically includes coverage for Pollution Liability as well as Cyber Liability.*

POLLUTION LIABILITY

- Shared limit of \$2M between all NorCal Cities members that participate in APIP
- New Pollution Conditions or Indoor Environmental Conditions Coverage: First-party and third-party coverage for **claims arising out of a pollution condition on, at, under or migrating from a covered location, or an indoor environmental condition** at a covered location
- Transportation Coverage: First-party and third-party coverage for claims arising out of a pollution condition resulting from transportation
- Non-Owned Disposal Site Coverage: Third-party coverage for claims arising out of a pollution condition on, at, under or migrating *from a non-owned disposal site*
- **Coverage for catastrophe management costs and emergency response costs** (first-party remediation costs incurred within seven (7) days following the discovery of a pollution condition) included, **provided that the claim is reported to the insurer within seven (7) days.**

CYBER LIABILITY

- Data and Network Liability – each member in APIP has a **\$2M/\$40M** aggregate limit.
- NorCal Cities purchases **excess limits of \$2M/\$3M** aggregate.
- **Privacy Notification Costs** limit of \$500,000 (limit is increased to \$1M if Beazley Vendor Services are used)
- **Cyber Extortion Loss** – sublimit of \$750,00 + \$750,000 excess coverage IF controls are in place.
- Data Protection Loss and Business Interruption
- **Fraudulent Instruction** resulting directly from an Insured having transferred, paid, or delivered any Money or Securities as a direct result of Fraudulent Instruction.

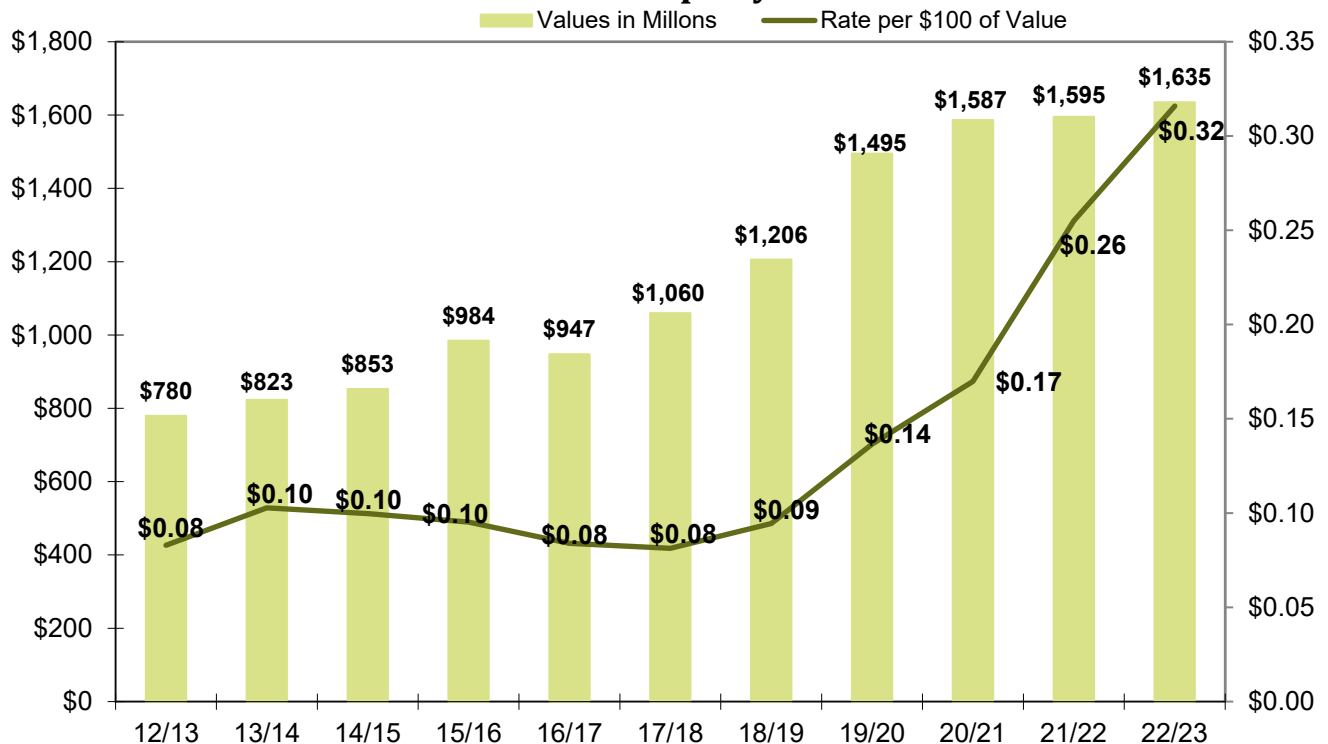


PROPERTY PROGRAM

FINANCIAL HIGHLIGHTS

For FY 22/23 total insurable values increased to \$1.6 billion, in part due to inflation adjustments averaging 6% due to increased costs related to COVID supply chain and labor issues. Rates continue to rise though not as severely as in the past few years, due to a continuing hard insurance market brought about by a previous soft market and increasingly severe losses, including CA wildfires, floods, tornados, and ice storms in the central U.S., and hurricanes along the coast and overseas. Despite the increases, the Program remains the most competitive option available in a very tough environment.

Total Insured Property Values and Rates

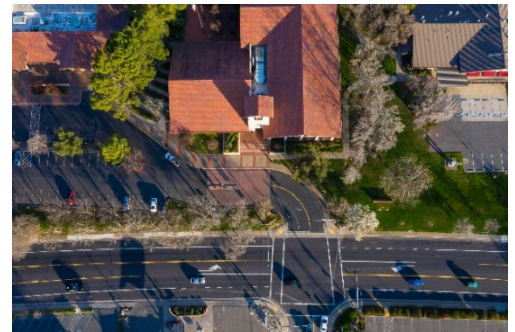


LOOKING AHEAD

Wildfire risks continue to pressure Members to take on higher retentions and focus more on loss control. The pool has obtained wildfire risk scores for select properties and will continue to offer wildfire risk assessments and recommendations all members can use to assess their properties.

Property Appraisals of scheduled buildings are conducted every five years to maintain accurate valuations. Buildings valued over \$5 Million are appraised at no cost to the member. Appraisals for properties below \$5 million are available at reduced group rates, and members are scheduled to receive property appraisals prior to the FY 24/25 renewal.

Trending of the insured values is done annually based on cost of construction indexes, with inflationary factors expected to continue through this fiscal year.



City of Folsom

CRIME PROGRAM

COVERAGE HIGHLIGHTS

The Alliant Crime Insurance Program (ACIP) provides coverage for employee theft, robbery, fraud, forgery, and other types of crimes through the National Union Fire Insurance Company, A.M. Best Rated A (XV). The **per occurrence limit has remained at \$3,000,000** since FY 17/18, with a \$5,000 deductible, with higher limits available for members to obtain separately.

The ACIP policy also covers Faithful Performance of Duty and deletes typical exclusions for Treasurers, Tax Collectors, and Bonded Employees. Therefore, **there is no need for the city to purchase individual bonds** for city officials who are required by law to give bonds for the faithful performance of their duties. To assure coverage **the City must pass a resolution authorizing the use of a Master Crime Policy.**

The ACIP Coverage contains the following:

- Employee Theft
- Robbery or Safe Burglary
- Computer Fraud
- **Faithful Performance of Duty**
- Funds Transfer Fraud
- **Investigative Expenses – Sublimit of \$75,000**
- Forgery or Alteration including Credit, Debit or Charge Card Forgery
- Includes chairperson and members of committees as employees
- **Includes volunteer workers other than fund solicitors as employees**
- Includes specified directors and trustees on committees as employees
- **Deletes Treasurer/Tax Collector and Bonded Employees exclusions**
- Includes specified non-compensated officers as employees
- Specified City Officials Coverage Endorsement (for cities that are required by their city charter to individually bond certain employee or officer positions)



Seventeen of the twenty-two members participate in the ACIP program: Cities of Anderson, Auburn, Colusa, Corning, Dixon, Galt, Gridley, Ione, Lincoln, Marysville, Oroville, Red Bluff, Rio Vista, Rocklin, Yuba City, Willows and Town of Paradise.

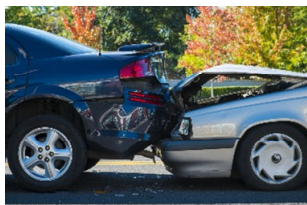
LOOKING AHEAD

As crime incidents are increasing in frequency, and more commonly through computer fraud, members could benefit from the added security a higher limit of insurance affords. NorCal Cities members are always encouraged to evaluate a higher limit of insurance in the ACIP program. Members who do not currently participate in the ACIP Crime Coverage but would like additional information should contact the Program Administration for assistance.



City of Placerville

OTHER PROGRAMS



ALLIANT MOBILE VEHICLE PROGRAM (AMVP)

Select Members of NorCal Cities are enrolled in the Alliant Mobile Vehicle Program (AMVP), initially designed specifically for public agencies with a limited number of higher-valued vehicles or special equipment. The program has expanded to include all types of vehicles and mobile equipment. It provides All Risk Equipment Coverage *including earthquake and flood* for scheduled equipment. **Claims valuation is on a replacement cost basis for new vehicles or equipment for three years from date of purchase**, otherwise the policy pays to repair or replace damaged property on a like kind and quality basis (actual cash value).

Currently seventeen of the twenty-two NorCal Cities Members are enrolled in this program. **Deductibles below the APIP minimum of \$25,000 are available** in this program and one reason members choose it.

IDENTITY FRAUD PROTECTION

Member employees receive protection from the impact of identity fraud with Identity Fraud Reimbursement Coverage and Resolution Services through Travelers Insurance Company, with a **limit of up to \$25,000 to reimburse many of the costs and expenses associated with identity recovery**, including lost wages, attorney fees, and document replacement fees.

Employees, as well as their immediate family members, have 24/7 access to an expert fraud specialist to provide unlimited assistance in restoring a victim's identity. They also have access to online educational resources providing tips, information, and steps to avoid becoming a victim of identity theft. NCCSIF members will receive step-by-step guidance through the resolution process, 3-in-1 credit reporting, as well as one year of free credit, cyber and fraud monitoring in the event of a fraud incident.



DEADLY WEAPONS RESPONSE PROGRAM

Members began purchasing this coverage in 2018 to provide immediate assistance in the case of a covered event on their property. The policy has a total limit of \$500,000 with a pool aggregate of \$2,500,000. **Various sublimits of up to \$250,00 apply to Crisis Management Services**, Counseling, Medical Expenses, Accidental Death, Funeral Expenses, Business Interruption, and Threat Response.

EMPLOYEE ASSISTANCE PROGRAM (EAP)

Thirteen NorCal Cities members participate in the group purchase of an Employee Assistance Program (EAP). An EAP is a worksite-based program designed to assist City employees in identifying and resolving personal concerns, including, but not limited to, health, marital, family, financial, alcohol, drug, legal, emotional, stress, or other personal issues that may affect job performance.



ACI's program includes employees and ALL family members - whether or not they live in the home.

The program features a benefit package which includes:

- Counseling and training
- Critical Incident Stress Debriefing (CISD)
- Childcare and eldercare resources
- Legal and financial consultation

SERVICES

PROGRAM ADMINISTRATION

Alliant Insurance Services provides overall program administration, including meeting agendas, underwriting, and management of governing documents and policies. In addition, Alliant provides consultation and advice regarding:

- **Insurance requirements in contracts**
- Certificates of insurance and endorsements
- **Best Practices for Municipal Risk Management**
- Safety Grant administration



CLAIMS MANAGEMENT

Sedgwick provides **claims management for both the Liability and Workers' Compensation Programs**. The Sedgwick claims examiner is responsible for advising the member on the merits of each claim and the appropriate action to be taken, as well as providing for necessary investigation of claims and oversight of legal defense. Sedgwick manages litigated claims **based on NorCal Cities' Litigation Management Guidelines** using a group of select attorneys chosen for their skill in public entity defense of Liability and Workers' Compensation claims.



RISK MANAGEMENT

NCCSIF hired Bickmore Risk Services, now Sedgwick, in 2012 as their Risk Control Services provider to perform a Hazard and Risk Assessment for each member and **recommend policies, procedures, and training to address their individual needs**. As a result, members are receiving more direct assistance in managing their operations in ways that reduce the frequency and severity of claims.

Consulting by Sedgwick includes:

- Hotline Services – call with any safety question
- **Program/Policy Development**
- Safety Materials
- **Training Matrix** – details the type and frequency of training required for member employees
- **Hazard & Safety Assessments**
- On-site Training
- Webinars – on a variety of Risk Management Topics

VECTOR SOLUTIONS

NorCal Cities members have access to a comprehensive online training platform to maintain compliance with OSHA regulations, fire and EMS standards, ethics and sexual harassment requirements, as well as a wide variety of other topics. Vector Solutions offers an **online based training platform** which members can use to access training sessions and to **track training** completed by employees.



LEXIPOL

Member law enforcement agencies and fire departments are provided Lexipol policy and training services. Lexipol provides comprehensive, defensible public safety policy content and integrated policy training. The **Daily Training Bulletins (DTB) bring the manual into practice through real-life, scenario-based training exercises** emphasizing high-risk, low frequency events. DTBs often qualify for continuous training certification.



RESOURCE CONTACT GUIDE

A variety of additional risk management resources are provided to NorCal Cities members as summarized in the **Resource Contact Guide** posted to the group's website and included in every Board agenda packet.

SERVICES

MEMBER TRAINING FUND

For FY 22/23, members are allotted a \$4,000 training fund towards risk management related training and/or attendance to annual CAJPA, PARMA, CalPELRA, or other Risk Management Conferences. Attendance at Risk Management Conferences helps educate members on claim reduction strategies and other cost control measures.



SEMINARS AND REGIONAL WORKSHOPS

Selection of topics determined annually by the Board and Members, including:

- **Sedgwick:** on-site and webinar sessions covering ergonomics, OSHA compliance, communication strategies, wellness, public works exposures, and customized member topics.
- **Regional Workshops:** NorCal Cities conducts regional workshops and partners with other risk pools on pertinent safety topics. Topics for 2021/22 included Temporary Traffic Control and Flagging, Cyber Liability, and Managing Sidewalk Liability.
- **General Liability and Police Risk Management** related trainings provided through CJPRMA on a wide variety of topics, including Taming Nuclear Verdicts.

WEBSITE

NorCal Cities website resources include a Risk Management tab where members can access Risk Management information, including **recommended policies, procedures, and best practices**. Please take a moment to visit our website at: www.nccsif.org.



ALLIANT CONNECT

AlliantConnect is a web-based portal that provides a secure way for NorCal Cities members to access coverage information online as well as the **JPA governing documents, agendas, and other important documents**. AlliantConnect offers members access to the documents on the go via a **mobile app**. The mobile app version provides the same 24/7 access to the documents and coverage information through a secure platform. The app is available on iOS and Android devices.

FINANCIAL SERVICE PROVIDERS AND CONSULTANTS



Accounting Services
James Marta & Company



Independent Financial Auditing Services
Crowe Horwath LLP



Investment Consultants
Chandler Asset Management, Inc.

FINANCIAL OVERVIEW

STATEMENT OF NET POSITION

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND COMBINING STATEMENT OF NET POSITION June 30, 2022

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,480,983	\$ 12,672,267	\$ 15,153,250
Member receivable	128,152	71,167	199,319
Excess insurance receivable	293,723	381,862	675,585
Interest receivable	<u>60,985</u>	<u>174,369</u>	<u>235,354</u>
Total current assets	2,963,723	13,299,665	16,263,508
Investments *	<u>17,056,507</u>	<u>44,871,435</u>	<u>61,927,942</u>
Total assets	<u>20,020,350</u>	<u>58,171,100</u>	<u>78,191,450</u>
LIABILITIES			
Current liabilities:			
Accounts payable	43,919	336,435	380,354
Unearned revenue	<u>679,278</u>	<u>956,883</u>	<u>1,636,161</u>
Total current liabilities	723,197	1,293,318	2,016,515
Unpaid claims and claim adjustment expenses*	<u>11,900,115</u>	<u>39,873,160</u>	<u>51,773,275</u>
Total liabilities	<u>12,623,312</u>	<u>41,166,478</u>	<u>53,789,790</u>
NET POSITION			
Designated for contingency	100,000	100,000	200,000
Designated for risk management	-	1,026,532	1,026,532
Unrestricted	<u>7,297,038</u>	<u>15,878,090</u>	<u>23,175,128</u>
Unrestricted	<u>\$ 7,397,038</u>	<u>\$ 17,004,622</u>	<u>\$ 24,401,660</u>

SUMMARY OF RESULTS

- The Net Position for the whole pool increased by \$422,604, despite a decrease of (\$4,487,873) in the Fair Market Value of the group's investments and member dividends of \$3,274,835. **Without the dividends the pool would have shown an increase in net position of \$3,697,439.**
- Both programs showed an increase in Net Position, with Liability increasing \$126,753 and Workers' Compensation \$295,851. Each program remains well funded and within the benchmarks established by NCC and audited by CAJPA for Accreditation with Excellence.

FINANCIAL OVERVIEW

STATEMENT OF REVENUES AND EXPENSES

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2022

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating revenues:			
Banking layer deposit	\$ 2,240,414	\$ 7,487,001	\$ 9,727,415
Shared risk layer deposit	3,000,000	4,146,000	7,146,000
Other deposits/fees	8,749,616	2,939,379	11,688,995
Banking layer assessment	136,733	81,405	218,138
Other income	<u>29,012</u>	<u>629,384</u>	<u>658,396</u>
Total operating revenues	<u>14,155,775</u>	<u>15,283,169</u>	<u>29,438,944</u>
Operating expenses:			
Provision for claims and claim adjustment expenses	3,130,758	6,636,263	9,767,021
Dividends	992,548	2,282,287	3,274,835
Insurance premiums	8,224,493	2,089,786	10,314,279
Claims administration	262,167	844,254	1,106,421
Program administration	254,471	221,617	476,088
Safety services	159,959	290,369	450,328
Other expenses	<u>42,133</u>	<u>27,400</u>	<u>69,533</u>
Total operating expenses	<u>13,066,529</u>	<u>12,391,976</u>	<u>25,458,505</u>
Operating income	<u>1,089,246</u>	<u>2,891,193</u>	<u>3,980,439</u>
Non-operating revenues:			
Net change in the fair value of investments	(1,216,992)	(3,270,881)	(4,487,873)
Investment income	<u>254,499</u>	<u>675,539</u>	<u>930,038</u>
Total non-operating revenues	<u>(962,493)</u>	<u>(2,595,342)</u>	<u>(3,557,835)</u>
Change in net position	126,753	295,851	422,604
Net position, beginning of year	<u>7,270,285</u>	<u>16,708,771</u>	<u>23,979,056</u>
Net position, end of year	<u>\$ 7,397,038</u>	<u>\$ 17,004,622</u>	<u>\$ 24,401,660</u>

SUMMARY OF RESULTS

- Total operating revenues for fiscal year 2022 were \$29,338,944, prior to refunds, an increase of 20%, or \$4,845,700, as compared to a 12% increase of \$2,674,183 in 2021. The change was driven by increases in payroll, excess liability, and property insurance premiums.
- Total operating income for 2022 was \$3,980,439, with an additional \$930,038 in investment income. NorCal Cities earned \$422,604, compared to a loss of (\$566,839) in 2021, despite a change in market value of investments of \$4,487,873 and dividends of \$3,274,835.

PROGRAM ADMINISTRATION CONTACT INFORMATION



www.alliant.com
Corporate License No. 0C36861

Alliant Insurance Services, Inc.

2180 Harvard Street, Suite 460
Sacramento, California 95815
(916) 643-2700 Main
(916) 643-2750 Fax



Marcus Beverly, CPCU, AIC, ARM-P
First Vice President
(916) 643-2704 Office
(916) 660-2275 Cell
Marcus.Beverly@alliant.com



Conor Boughey, ARM
Senior Vice President
(415) 744-4889 Cell
cboughey@alliant.com



Jenna Wirkner
Account Representative
(916) 643-2741 Office
jenna.Wirkner@alliant.com

Please visit our *newly updated website* at www.nccsif.org



A Joint Powers Authority for Northern California Cities

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.

About Us

NCCSIF, a Joint Powers Authority, was first formed in early 1979. It is one of the first pooled municipal insurance programs in California. The JPA's purpose is to provide median Northern California Cities a mechanism to self-fund a layer of workers' compensation insurance, as well as to obtain the advantages of group purchase excess insurance. In 1981, a number of the member Cities desired to apply the same concepts of pooling to automobile and general liability coverage.

In 1987 the name of the Joint Powers Authority was changed to Northern California Cities Self Insurance Fund (NCCSIF). NCCSIF now also offers group purchase of property, crime and employee assistance programs (these are not self-insurance programs). Membership has grown over the years to now include twenty two (22) Cities.

Upcoming Meetings

RISK MANAGEMENT COMMITTEE MEETING

Date: Thursday, October 2, 2022
Time: 10:00 a.m.
Location: Rocklin Event Center - Ballroom
2650 Sunset Blvd
Rocklin, CA 95677

BOARD OF DIRECTORS MEETING

Date: Thursday, October 20, 2022
Time: 12:00 .m.
Location: Rocklin Event Center - Ballroom
2650 Sunset Blvd
Rocklin, CA 95677