



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Tuesday, February 5, 2019 at 9:00 a.m.

YCPARMIA
77 W. LINCOLN AVE.
WOODLAND, CA 95695

1. Call to Order
2. Approval of Agenda
3. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON ANY MATTER WHETHER OR NOT IT IS ON THE AGENDA, BUT STATE LAW PROHIBITS ACTION BY THE BOARD ON NONAGENDA ITEMS
4. Communications
 - A. Board Members
 - B. CEO/Risk Manager
 - C. Next Meeting
5. Consent Calendar
 - A. Approval of Minutes
6. Action Items
NO ACTION ITEMS
7. Information Items
 - A. YCPARMIA Financial Report
 - B. YCPARMIA Investment Statement
 - C. Notification of New Claims Received Since the Previous Board Meeting
 - D. Closed Liability Files
 - E. Certificates Issued
 - F. Workers' Compensation Loss Run Summary
 - G. Quarterly Statement of Revenues, Expenses and Retained Earnings
 - H. Strategic Planning
8. Closed Session
 - A. Personnel – CEO/Risk Manager Salary / Benefits

The meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact our office at (530) 666-4456 or Fax (530) 666-4491. Requests for such modifications or accommodations must be made at least 48 hours before the start of the meeting.

Yolo County Public Agency Risk Management Insurance Authority

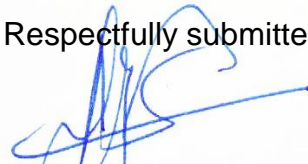
	COMMUNICATIONS
	AGENDA ITEM NO. <u>4B</u>
	DATE: <u>February 5, 2019</u>
SUBJECT:	CEO/Risk Manager's Report
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The CEO/Risk Manager report:

1. PARMA is scheduled for February 10 -13 at the Disneyland Hotel in Anaheim.
2. LAFCO recently published an annual audit of the transparency of Yolo County public entity's websites. YCPARMIA scored poorly (26%) as our website was not designed with their audit standards in mind. Rebecca is currently updating our site to bring us into compliance.
3. It is our plan to bring Board Director and Alternate orientations up to current before the end of February.
4. The information required for the annual Actuary Study has been provided to Aon; the study will be included in the Board's March meeting.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

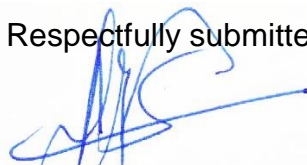
	COMMUNICATIONS
	AGENDA ITEM NO. <u>4C</u>
	DATE: <u>February 5, 2019</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The following date is our next Board meeting:

DATE: March 28, 2019
Budget and Actuary

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: February 5, 2019

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of December 4, 2018 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for December 4, 2018 for your review.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7A

DATE: February 5, 2019

SUBJECT: YCPARMIA Financial Report

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is the YCPARMIA's Financial Report through December 31, 2018 for your review.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM AGENDA ITEM NO. <u> 7B </u>	
DATE: <u>February 5, 2019</u>	
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through December 31, 2017 for your review.

Investment Statement

For your information:

Chandler as of 12/31/2018	\$ 14,044,207
LAIF as of 9/30/2017:	\$ 6,426,461

Outstanding Reserves

For your information:

<i>Total as of 12/31/2017:</i>	\$ 6,827,093
Total as of 12/31/2018:	\$ 7,347,298

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7C

DATE: February 5, 2019

SUBJECT: Notification of New Claims Received Since the
Previous Board Meeting

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is a list of new Liability claims that have been received by YCPARMIA since the last Board Meeting. For your convenience, we have also included a list of all open Liability claims.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7D</u>
	DATE: <u>February 5, 2019</u>
SUBJECT:	Closed Liability Files
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached is our report on closed liability files. Recognizing that this agenda is a public document, it should be emphasized that the information provided is general. It is probable during the course of the year that some files that close with a denial will re-open for litigation.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7E</u>
	DATE: <u>February 5, 2019</u>
SUBJECT:	Certificates Issued
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

Attached is a list of the certificates that have been issued since the last Board Meeting.

Respectfully Submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: February 5, 2019

SUBJECT: Workers' Compensation Loss Run Summary

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the December 31, 2018 WC loss run summary reflecting first half results for the fiscal year.

It should be noted that the results are distorted by a large settlement in our excess layer. \$414,165 was paid on a Medicare Set-aside to settle a former Yolo employee's future medical claim. When this money is reimbursed by our excess group, CSAC-EIA next month, we will see a corresponding reduction in the "Medical Costs" section of the report. It should also be anticipated that the fatal shooting in Davis last month has the potential to significantly impact our numbers going forward.

Summary:

The first half frequency and severity continue trend up when compared to the last few years. Benefit costs are, after reducing paid by the unreimbursed excess payment, trending flat. Future reserves on open files are also higher, and should rise further in response to the multiple claims arising from the fatal shooting in Davis last month. When you balance the higher benefit payments against the higher future reserves, we are seeing a significant negative shift in the program.

Frequency:

We received 222 new claims during the first half, 47 more than last year at the same time. This works out to an average of 37 injuries per month, while we averaged about 31 last year, and 30.3 per month the year before that. It is important to remember the adage that "frequency breeds severity"; more claims increase the odds of a serious injury/claim. Still the numbers are small, and any average is vulnerable to a good or bad month. Because of multiple claims coming out of Davis for the fatal shooting in January, we can anticipate that January will be a bad month.

Severity:

Of the 222 new claims, 31 were coded as indemnity, but an additional net 10 claims were converted from medical only, meaning that 18.4% of new claims had exposures for temporary disability and/or permanent disability. This is up from 13.1% at the same time

last year for claims that had indemnity exposures. An additional consideration would how the indemnity claims are reserved – are they small, or large? That analysis is done every six months, and will be reported at the March Board meeting.

Benefits:

Our average monthly benefit payments this year are \$310,750. At the same time last year, we were averaging \$234,008. Fortunately our current numbers are distorted by the yet-to-be-reimbursed excess payment described above. When that number is taken out of Benefits Paid, we see a monthly average of \$232,762, or a bit less than last year's average of \$234,008.

Temporary Disability: This number, while above our historical average, is \$47K lower than last year's 6-month number.

Permanent Disability: PD payments are a reflection of the increased number of indemnity claims, and the legislated benefit increases. They are also volatile as they are generated on a small number of claims. An increase in the category can be tied to one large settlement.

Medical Costs: This is where the \$414K Medicare set-aside is found, and will see a corresponding decrease following the excess reimbursement. As stated in the past, it is the largest benefit expense, and continues to trend somewhat flat over the last few years.

Legal, Investigative, Subrosa: These costs show a decrease when compared to last year.

Future Reserves

There is a correlation between benefit payments and future reserves. Payments effect the outstanding, or future, reserves by lowering the total. If both stay flat, as they have over the last few years, we have a stable program. Unfortunately, while benefits are remaining flat, we are seeing an increase in outstanding reserves -- \$6.1M compared to \$5.6M at the same time last year. **Of important note: Over\$1.6M of our future reserves are above our SIR in the excess level.** Much of the increases can be tracked to a few larger files. This will be reported in greater detail at the March meeting.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM	
AGENDA ITEM NO. <u>7G</u>	
DATE: <u>February 5, 2019</u>	
SUBJECT:	Quarterly Statement of Revenues, Expenses and Retained Earnings
RECOMMENDED ACTION:	Information Only; No Action Required

BACKGROUND INFORMATION:

YCPARMIA produces a quarterly report on the financial position of our four main programs. The report reflects:

- Allocated revenue – essentially premium allocations and investment returns
- Program expenses – again allocated, and actual depending on the category
- Net Position changes
 - Restricted funds, based on Board policy, in our Net Position for:
 - Confidence Margin
 - Catastrophic Funds

The bottom line/Net Position reflects the fiscal health of the programs, and identifies potential funds for premium rebates in the next fiscal year.

Attached is the Quarterly report reflecting results for the first half of our fiscal year:

Liability: we have fully funded reserves, and confidence margin. There is a deficit in the Catastrophic Fund that we anticipated would disappear during the last six months of this year, but given the settlement of the Hughey and Shernock cases, might not.

Workers' Comp: A surplus of about \$1M has developed in the program, and absent an adverse actuary report, should support a rebate in June.

Property: While there appears to be a \$120K shortfall, it was generated by a one-time accounting adjustment. It will probably take a couple of years for the program to return to a fully funded position.

Fidelity: This program is fully funded, and has generated a small surplus of a bit over \$4K.

It is important for the Board to remember that while the programs ebb and flow, largely based on claim payments, at the end of year we apply actuarially generated, and unbudgeted, program reserve adjustments that impact the bottom line. Additionally, Board approved rebates, also unbudgeted, potentially impact our year-end Quarterly report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J. Tonks', with a long horizontal stroke extending to the right.

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7H

DATE: February 5, 2019

SUBJECT: Strategic Planning

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

This agenda item is intended to allow the Board to discuss trends, actions, future risk management plans, and to direct YCPARMIA staff as needed.

This is an appropriate agenda item for Board discussion of the ongoing recruitment process for the CEO/Risk Manager position.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

Closed
Session

A. Personnel - CEO/Risk Manager Salary / Benefits
(CG54957)