



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, March 27, 2014 at 9:30 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
 - A. RFP for YCPARMIA Financial Auditor
 - B. AGRIP Accreditation
 - C. Revision of the YCPARMIA Personnel Manual
 - D. Arden Psychological Semi-Annual Report
 - E. Discussion and Acceptance of the 2013 Actuarial Report
 - F. Preliminary Budget for Fiscal Year 2014-2015
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. Workers' Comp Monthly Summary
 - F. Certificates Issued
 - G. Quarterly Statement of Revenues, Expenses and Retained Earnings
 - H. Fiscal Year 2014/2015 Premium
 - I. Occu-Med
 - J. Strategic Planning

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.

8. Closed Session

- A. Conference With Labor Negotiator (CG54957.6)
Unrepresented Employees: Miscellaneous Employees
- B. Public Employee Performance Evaluation (CG54957)
CEO/Risk Manager

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>March 27, 2014</u>	
SUBJECT:	CEO/Risk Manager's Report
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

1. CAJPA is scheduled for September 16-19 in South Lake Tahoe; next year's PARMA conference, scheduled for February 8 – 11 in Anaheim. As always, early notice to Charlotte of your intentions to attend either or both allows us to reserve the proper number of rooms.
2. Theresa Donner has resigned from LWP; her last day was March 21st. A replacement has not been named, but the departure was not completely unexpected.
3. Marinda's new son, Cole Griese, was born on Sunday, March 9th. She should be commended for holding out until Tom McGuire's birthday. We are anticipating her return to work on June 9th when her husband's school starts summer vacation.
4. As most of you know, Bob Martin has proclaimed his personal independence day by scheduling his retirement for July 4th. In one capacity or another, he has been handling YCPARMIA claims for thirty years.
5. There is evidence of a hardening insurance market. At its last Board meeting CSAC-EIA estimated the following premium increases in their various programs that YCPARMIA participates in:
 - a. Medical Malpractice: 14%
 - b. Airport: 7%
 - c. Aircraft: 6%
 - d. Excess Workers' Comp 20%
 - e. Property: 2%
 - f. Cyber Liability: 9%
 - g. Pollution: -- not yet quoted
 - h. Catastrophic Inmate Medical – not yet quotedThese are the high end of their estimates, but we are late in the renewal process so they are probably will trend a bit lower, but are pretty close to the final figures.
6. The City of West Sacramento is interested in forming an ergonomic purchase consortium under YCPARMIA with the goal of obtaining a group discount on equipment purchases. We would like an indication of member interest before we go forward.

7. YCPARMIA's building was completed 26 years ago in 1988; the carpet and paint are original, and are showing their age. We have obtained an estimate to paint the entire interior of the building for \$3,500. An estimate to replace the carpet with like kind and quality has come in at \$9,299, but does not include the movers necessary to relocate the furniture during installation. In 1996 some maintenance was done on the outside of the building, including face board and gutter painting; it will probably be necessary to repaint the exterior. At this point it is recognized that premium pressures will not allow this work to be done, but the ability to put off preventive maintenance is limited.
8. YCPARMIA has contracted with Rehabilitation & Occupational Consultants to conduct a training for a "pre-shift injury prevention stretching program" for the Yolo County Public Works Road Crew in response to their expressed interest.

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>March 27, 2014</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The next Board meeting is scheduled for:

DATE: April 24, 2014

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: March 27, 2014

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of December 13, 2013 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for December 13, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6A</u>
	DATE: <u>March 27, 2014</u>
SUBJECT:	RFP for YCPARMIA's Financial Auditor
RECOMMENDED ACTION:	That the Board, after reviewing the recommendations of its interview panel, select a firm to function as their financial auditors for the next three years.

BACKGROUND INFORMATION:

At a recent Board meeting the decision was made to conduct a RFP process for the selection of a firm to conduct the annual audit.

YCPARMIA's Joint Powers Agreement and By-Laws require an annual independent financial audit. It is essential to recognize that the auditor firm is reviewing staff's financial practices and reports on behalf of, and at the direction of the YCPARMIA Board. It allows the Board to monitor operations, and fulfill its duties as the governing body for the JPA by ensuring that YCPARMIA's financial practices conform to professional accounting standards. To that end, the Board's collective confidence and comfort with the auditing firm is a matter of central importance in its oversight of the Authority.

The YCPARMIA Board has contracted with the same auditing firm for the past twenty-two years. During that time we have had three separate partners overseeing the annual audit. Under that supervision the audit is generally conducted by three auditors; it has been common to have two or three of them replaced on an annual basis. So while the firm has remained the same, we have seen constantly changing "eyes" conducting and supervising the audits.

Invitations to participate in the process were sent to four firms that have experience in auditing JPA's, and whose participation in CAJPA evidenced a commitment to this unique industry. Responses were received from three of the four firms that were invited to submit proposals:

- Crowe Horwath, LLP – the incumbent
- James Marta & Company – the runner-up at our last RFP; partner David Becker managed our audits for Perry Smith for a number of years
- Gilbert Accountancy Corporation – the third choice in the last RFP

Copies of the proposals are attached.

FINANCIAL IMPACT

All proposals were close enough in cost, and scope of service to make this a non-factor. The proposed budget line (unchanged from last year) is adequate to cover any selection that the Board makes.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6B</u>
	DATE: <u>March 27, 2014</u>
SUBJECT:	AGRIP Accreditation
RECOMMENDED ACTION:	That the Board reviews the attached application for the three-year renewal of our AGRIP Recognition/Accreditation, and direct the President to sign the application for submission.

BACKGROUND INFORMATION:

YCPARMIA is a member of AGRIP (Association of Governmental Risk Pools), which is in essence the national equivalent of CAJPA (California Association of Joint Power Authorities). Both groups offer an accreditation process that reviews policies, practices, documents and standards to ensure that their member pools are meeting the highest industry standards. YCPARMIA currently has CAJPA's Accreditation with Excellence, and AGRIP's Certificate of Recognition; it is time to renew our AGRIP Recognition.

YCPARMIA benefits from the process as it forces us to self-evaluate our business practices while gathering and reviewing required documentation. The YCPARMIA Board gains ratification of its oversight of YCPARMIA operations by measuring our performance against external industry standards.

FISCAL IMPACT

The cost for the process is \$600, and is included in our current budget.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6C</u>
	DATE: <u>March 27, 2014</u>
SUBJECT:	Revision of the YCPARMIA Personnel Manual
RECOMMENDED ACTION:	That the Board approve up to \$3,600 to contract with Bryce Consulting to Review and Update YCPARMIA's Personnel Manual.

BACKGROUND INFORMATION:

As previously discussed, the Board directed staff to have YCPARMIA's Personnel Manual reviewed with the idea of updating its contents. With input from members, we contacted Jean Sullivan at Bryce Consulting in Sacramento.

Her firm has conducted a preliminary review, and has proposed a more complete review with minor rewrites at a cost of approximately \$1,800. Creating needed policies and completing the update process would cost an additional \$1,800.

With minor changes, the manual has not been updated since the 1980's, so the process is long overdue.

FISCAL IMPACT:

The cost of the services would total \$3,600, and is currently available in our budget.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6D</u>
	DATE: <u>March 27, 2014</u>
SUBJECT:	Arden Psychological Semi-annual Report
RECOMMENDED ACTION:	That the Board review and accept the attached report from Arden Psyche.

BACKGROUND INFORMATION:

Attached is the update of the services being delivered under YCPARMIA's EAP contract with Arden Psyche. Feedback from the departments remains positive, and there seems to be acceptance of the individuals providing the service.

In essence, use of the services seems to be flat, but there has been an increase in critical incident responses. We are also seeing increased use of the employment screening process, and have been led to believe that this will be increasing over the next few months. Also, the West Sacramento Police Department is working with Arden to enhance their coaching and leadership process which has the potential of reducing liability exposures, as well as injury claims.

FISCAL IMPACT

The recommended action has no anticipated fiscal impact.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM	
AGENDA ITEM NO. <u>6E</u>	
DATE: <u>March 27, 2014</u>	
SUBJECT:	Discussion and Acceptance of the 2013 Actuarial Study
RECOMMENDED ACTION:	That the Board review and accept the attached Actuarial Study establishing Program Reserves and Cash Payments (premiums) for the Liability and Workers' Compensation Programs.

BACKGROUND INFORMATION:

YCPARMIA is required by Board Policy, and by the Cash Payment Addendums to the Bylaws, to have an annual Actuarial Audit using December 31st figures to project fiscal year-end totals. Attached is the annual Actuarial Study prepared by Mujtaba Dato at Aon. The results of the study are generated by applying YCPARMIA's claim history and industry data to a mathematical model. We will review the program reserves again during our annual financial audit process in July, and will make adjustments, if needed, to reflect the additional six months of loss development.

The annual actuarial study provides us with two basic numbers, at various confidence levels, for both the Liability and Workers' Compensation programs:

- Program Reserves (Estimated Outstanding Losses) found in Table III – 1B on page 5, and
- Anticipated Claims Cost (Annual Premium Component) found in Table III – 3B on page 7.

A copy of the first 23 pages of the 117 page Actuarial Study is attached; contact us if you would like a copy of the appendixes that make up the balance of the report.

The Program Reserves represent the actuary's number of what we will need to pay all of the existing claims at the end of the fiscal year (all claims open before 7/1/14). It is booked, as required by GASB, at "expected" (a 50/50 confidence level) on our balance sheet. By Board policy, and industry practice, we set aside additional funds in retained earnings labeled as "Confidence Margin" to bring our funding up to an actuarially determined 80% confidence level. This number can be found on our "Quarterly Statement of Revenues, Expenses and Retained Earnings."

The Anticipated Claims Cost is the actuary's projection of what costs will be for claims that will occur in the coming fiscal year (FY 14-15). This number is found, booked at the

Board approved 70% confidence level, on our premium worksheets, and is identified as “actuarial determined claim costs.”

This year’s actuarial study results in significant increases in both program reserves and premiums for both the Liability Program and the Workers’ Compensation Program:

- The Liability program has essentially returned to its five year average. It has been adversely impacted by a recent number of serious claims led by the suits against the City of West Sacramento involving a police officer’s abuse of authority against six women, and by a brain injury auto accident suit against the City of Davis. We also have a student death claim against Esparto, and a quadriplegic suit against Yolo. Even with these hits, the program’s actuarial numbers are consistent with our five year average (but not as good as the last couple of “good” years).
- The Workers’ Compensation program has been adversely impacted by the industry wide increased claims costs, and by the change of YCPARMIA’s claims administrators. It is taking longer than anticipated to clean-up the files after they were moved from York to LWP, and we are still being judged by the trends that developed under the previous administrator. On a positive note, our monthly benefit costs have been greatly reduced, and our future reserves are moving into a more acceptable level – this bodes well for next year’s study, but that is little consolation now.

LIABILITY PROGRAM

- Program Reserves (funding for existing claims):
 - This number can be described as the amount of money that would be needed to pay off all of our existing claims debt should we close our doors. This number moves up and down each year as files open and close or as reserves increase or decrease on existing files.
 - GASB requires us to book these at “expected” on our monthly balance sheet; the actuary study gives us program reserves at various confidence levels.
 - Board policy calls for a restricted fund (Confidence Margin) in retained earnings to bring program reserves up to a level in excess of 80% confidence.
 - The Program Reserves do not directly affect member costs, but movement does impact retained earnings surplus that might be used for premium rebate credits.
 - YCPARMIA uses present value figures for its program reserves.
 - The attached actuarial study establishes:
 - Program Reserves as “expected” as of 6/30:
 - 2014 \$3,285,598
 - Previous studies:

- 2013 \$3,015,422
 - 2012 3,000,432
 - 2011 3,198,787
 - 2010 3,437,350
 - 2009 3,575,796
 - The 2014 number is in line with our five year average of \$3,245,574.
- Confidence Margin 80%+, and shown as a figure in excess of expected:
 - 2014 \$854,255.
 - Previous studies:
 - 2013 \$784,010
 - 2012 780,112
 - 2011 831,689
 - 2010 859,388
 - 2009 920,949
 - The 2014 number is very close to our five year average of \$835,229.
- Premium Component (funding next year's claims).
 - The premium component is plugged into the "Variable Cost" section of YCPARMIA's premium worksheet.
 - The attached actuary study establishes, at the Board policy's 70% confidence funding level:
 - 2014 \$1,666,000.
 - Previous studies:
 - 2013 \$1,495,000
 - 2012 1,446,000
 - 2011 1,489,000
 - 2010 1,793,000
 - 2009 1,837,260
 - The 2014 premium figure a bit higher than our five year average of \$1,612,054.

WORKERS' COMPENSATION PROGRAM

- Program Reserves (funding existing claims)
 - This number can be described as the amount of money that would be needed to pay off all of our existing claims debt should we close our doors. This

number moves up and down each year as files open and close or as reserves increase or decrease on existing files.

- GASB requires us to book these at “expected” on our monthly balance sheet; the actuary study gives us program reserves at various confidence levels.
- Board policy calls for a restricted fund (Confidence Margin) in retained earnings to bring program reserves up to a level in excess of 80% confidence.
- YCPARMIA uses present value figure for its program reserves.
- The attached actuarial study establishes:
 - Program Reserves as “expected” as of 6/30:
 - 2014 \$10,705,896
 - Previous studies:
 - 2013 \$9,718,936
 - 2012 8,237,691
 - 2011 8,506,359
 - 2010 8,043,958
 - 2009 7,544,260
 - This year’s figure is almost \$1M higher than last year’s, and is over \$2M higher than our five year average of \$8,410,240
 - Confidence Margin 80%+, and shown as a figure in excess of expected:
 - 2014 \$1,498,825.
 - Previous studies:
 - 2013 \$1,943,787
 - 2012 1,647,538
 - 2011 2,211,653
 - 2010 1,447,912
 - 2009 1,357,967
 - This year’s number is about \$223K lower than our five year average of \$1,721,771, and seems counter-intuitive given the rise in program reserves and premiums.
- Premium Component (funding next year’s claims).
 - The premium component is plugged into the YCPARMIA Premium Worksheet under “Variable Costs.”
 - The attached actuary study establishes, at the Board policy’s 70% confidence funding level:
 - 2014 \$2,989,000.
 - Previous studies:
 - 2013 \$2,462,000
 - 2012 2,490,000

- 2011 2,705,000
- 2010 2,809,450
- 2009 2,868,100
- The 2014 premium figure increased over \$527K when compared to last year, and is \$322K higher than our five year average of about \$2,667,000.

Conclusions:

- Liability Program: This year's actuarial study has resulted in a return to "average" numbers. We have seen some deterioration when compared to the last couple of "good" years, but given the recent run of serious claims against a variety of members the results were not unexpected.
- Workers' Compensation: The Board went through an RFP process to select a new claims administrator in part because of what was perceived as declining service and quality at York. Six months with the new claim administrator has resulted in lower monthly benefit payments, but it has not been long enough to reverse the trends that have led to the results contained in this year's actuary study. We have seen recent improvements in frequency and severity, and we are continuing to ride LWP hard on reserving and closing older exposures.

FISCAL IMPACT

Approval of the Actuary Study allows its inclusions in our premium worksheets. This year's study will result in higher premiums to our members, and will be discussed in the Premium Review found later in this agenda.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6F</u>
	DATE: <u>March 27, 2014</u>
SUBJECT:	Preliminary Budget for Fiscal Year 2014-2015
RECOMMENDED ACTION:	That the Board review, discuss and take appropriate action to adopt the YCPARMIA Budget for FY 14/15, recognizing that revisions or adjustments can be made by the Board prior to the end of the fiscal year.

BACKGROUND INFORMATION:

YCPARMIA's JPA Agreement requires that the Board adopt a budget by July 1st of each year. The budget is divided into three parts:

1. Revenue (which is largely generated by the application of premium formulas found in the Bylaws)
2. Administrative and Service Expense (which is the result of management projections), and
3. Insurance Expenses (which is largely a combination of claims funds and excess coverage costs).

Additionally the final printed budget will include:

- An introductory summary;
- A Variance report explaining any proposed changes of +/- 5%; and
- An exhibit that breaks down the premium allocation.

The Board's adoption of the Budget allows us to insert the Administrative Expense amounts into YCPARMIA's Premium Worksheets, and provide members with fairly firm premium projections for the coming fiscal year.

Attached is the proposed budget for FY 14/15. There has been very little change in YCPARMIA's budget over the last five years (a comparative chart is included), and the proposed changes in this year's budget are again minimal. Most items remain unchanged, and historically, where possible, cuts have been made to balance out increases.

The bottom line is a budget that proposes a 3% increase, or \$219,638 in total expenses (a bit under \$32K in Admin and Services, and \$187,764 in Coverage). It is important to understand that Administrative and Services, the traditional expenses of a business, accounts for 13.5% of our total expenses. The remaining 86.5% falls under our

Coverages Expense. Excess coverage costs us over \$2.4M (30.6% of the entire budget, and 35.5% of the Coverage portion of the budget). Funding claims within our SIR is budgeted at \$3,845,000 (48% of the total budget, and 55.7% of the Coverage portion of the budget). The remaining 8.8% of the Coverage portion pays for claims administration, state assessments, and our public safety wellness program.

Concentrating on the proposed changes:

Revenue – 10% increase:

- Investment & Other Income – 0%: No changes proposed.
- Coverage Revenue: A 10%, or \$772,800 increase. The increase in revenue is unique to each program:
 - Liability – 3%: There is an \$80,000 increase in excess costs, and a \$171,000 increase in premium cost generated by the Actuary Study. While the Premium Worksheet calls for \$2.8M in premiums, we will actually be billing/budgeting \$2.7M due to the capping feature in our formula.
 - Workers' Compensation – 16%: The Premium Worksheet calls for an additional \$745K. \$142K of the new expense is tied to higher excess insurance costs, a slight increase in claims administration, and the balance tied to increases generated by the Actuary Study.
 - Property – 2%: The increase is tied almost entirely to rising excess rates.
 - Fidelity – 0%: No proposed changes.

Expenses – 2% increase:

- Administrative and Services – 3% increase proposed:
 - Human Resources: A net increase of 3%, or \$21,804. There is a proposed reduction of \$2,796 in Work Pay recognizing Bob Martin's pending departure. The budget also reflects increases in both dental and vision coverages, and an anticipated increase in medical insurance.
 - Supplies and Services – 0%: Following a 6% decrease last year, no changes are recommended for any of these line items.
 - Contractual Services – 5%: An increase of \$2,050 is recommended to cover the increase in our contracted actuarial costs, an increase in landscaping costs to pay for care of our aging trees, and an increase in maintenance costs for our aging office equipment.

- Staff Development – 0%: No changes are recommended for these line items
- Capital Expenditures – 0%: No proposed changes.
- Loss Prevention – 0%: No proposed changes at this time. Next year we will probably need additional funds to cover increased interest in Lexipol services for Police and Fire procedures and policies.
- Total Administrative and Service Expenses: a 3%, or \$31,874 increase.
- Insurance Coverage Expense – 3% increase proposed:
 - Liability Coverage: An 8%, or \$180,000 increase. The increase is tied to higher excess premiums (\$80K), and an increase of \$100K in our claim payment fund in anticipation of higher litigation costs on two recent lawsuits.
 - Workers Compensation Coverage: No bottom line change with increases in claims administration costs, excess costs, and the State Assessment, offset by a reduction in our claims payment fund.
 - Fidelity Coverage: No proposed changes.
 - Property Coverage: A 1%, or \$6,764 increase due to higher excess costs.
 - Total Insurance Coverage Expenses: A 3%, or \$187,764 increase (almost entirely rising excess coverage costs).
- Total Expenditures: A 3%, or \$219,638 increase.

It is important to remember:

- This is essentially a flat budget, and reflects little change over the past six years. YCPARMIA is not a typical public entity; our financial position is driven largely by our member's claims.
- YCPARMIA's revenue, in turn, is determined by an independent actuarial study that makes projections off of our claims history.
- Potentially the biggest impact on our financial position is the unanticipated, but seemingly inevitable swings in our actuarially determined program reserves.

These reserve changes are outside our budget (as are any rebates or assessments).

- Claims payments represent our biggest annual costs, and are volatile due to the small number of claims. One or two catastrophic losses, or their absence, can have a profound effect on our results.
- One of our largest annual expenses is basically beyond our control: the cost of our excess coverage provided through CJPRMA and CSAC-EIA.
- The budgetary area under our direct control is Administrative and Service Expenses. These represent a bit over 13% of our total budgeted expense.

FISCAL IMPACT

Approval of the recommended action will allow us to prepare premium worksheets. Note, only the Administrative and Service Expense (13% of the overall budget) is actually reflected in the premium worksheets. The remainder of the premium costs come mostly from excess coverage costs and actuarially determined claims costs.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7A</u>
	DATE: <u>March 27, 2014</u>
SUBJECT:	YCPARMIA Financial Report
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through February 28, 2014 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>March 27, 2014</u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through February 28, 2014 for your review.

	<u>Investment Statement</u>
For your information:	
LAIF as of 12/31/2013:	\$ 3,417,479.80
County Pool as of 12/31/2013:	\$ 3,227,433.06
Chandler as of 12/31/2013:	\$ 10,332,394.00
Chandler as of 1/31/2014:	\$ 10,382,755.00
Chandler as of 2/28/2014:	\$ 10,401,251.00

	<u>Outstanding Reserves</u>
For your information:	
Total as of 1/31/2013:	\$ 9,512,714.00
Total as of 12/31/2013:	\$ 10,131,872.00
Total as of 1/31/2014:	\$ 9,548,671.00
Total as of 2/29/2013:	\$ 9,563,817.00
Total as of 1/31/2014:	\$ 9,548,671.00
Total as of 2/29/2014:	\$ 10,296,318.00

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7C</u>
	DATE: <u>March 27, 2014</u>
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>March 27, 2014</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>March 27, 2014</u>
SUBJECT:	Workers' Comp Loss Run Summary – February 2014
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the February WC loss run summary reflecting results for the first two-thirds of the fiscal year. While the actuary study would indicate otherwise, we are having a pretty good year.

Summary:

We appear to be having a “good” year. Claim frequency is down a bit, and benefit payments are significantly reduced. File inventory is static, but we are optimistic that we will be seeing a reduction during the last third of the fiscal year. Future reserves are up slightly when compared to the same time last year, but this probably reflects normal benefit inflation that the legislature has built into the reformed system.

Frequency:

Recognizing that we are dealing with small numbers, we have averaged 24.5 claims a month since the start of the fiscal year; last year we averaged 28 claims a month. If this trend holds we should see a corresponding decrease in future exposures.

Severity:

Of the 196 new claims received this year, only 35, or 17.8%, have been coded “indemnity,” meaning that they have TD and/or PD reserves. This is a good number when compared to last year where 21% of our files were had indemnity exposures. At the same time, conversions of files opened as med-only to indemnity due to adverse claim development are an equalizer. We can project a total of 81 indemnity and conversions by the end of the year which would be 10 better than the 91 we had last year.

Benefits:

Our average monthly benefit payments this year are \$189,624. This compares very favorably to last year’s \$255,738 and \$235,205 for the year before that. The improved picture, year-to-date, is a reduction of \$424,302. While this is a significant amount, our numbers are small enough that one bad month could absorb the savings.

Temporary Disability: This number is trending lower which is consistent with the lower indemnity file assignments. It also might reflect a member commitment to providing modified work.

Permanent Disability: While this number is higher than last year's, it can be seen as a positive. It includes C&R settlements which end our future liability for injuries. PD increases because the PD is being paid as a lump sum in the C&R.

Medical Costs: This number is down significantly, and probably reflects a reduction in surgeries, and the absence of any catastrophic injuries during the first third of the fiscal year. It is a benefit class where we can experience significant increases generated by a small number of bad injuries.

Legal, Investigative, Subrosa: This is an interesting grouping. Payments are down which may be tied to the reforms, or the reduced number of new indemnity claims, or less penetration by applicant's attorneys.

Future Reserves:

This remains the area of focus for staff. Recognizing that legislative reform includes increased PD and TD rates, the future reserves are expected to increase. Our open inventory of files is down, and we have been getting fewer new indemnity files, so the reserve increases are largely on old future medical files.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: March 27, 2014

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. <u>7G</u>
	DATE: <u>March 27, 2014</u>
SUBJECT:	Quarterly Statement of Revenues, Expenses and Retained Earnings
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

This report reflects quarterly results for our self-insured programs through December 31st, and allows us to project trends towards year-end results.

Liability

The report indicates that we have fully funded program reserves and confidence margin, and our catastrophic fund is at about 77% of its Board approved level. Since the preparation of this report we have received our anticipated premium rebate from our excess liability pool, CJPRMA, totaling \$325,557. This means that the Liability program is actually fully funded with a small net surplus. Looking ahead we have some significant exposures that might impact our program funds before the end of this fiscal year, or in early FY 2014/2015.

Workers' Compensation

The report indicates fully funded program reserves, and a confidence margin funded at about 19% of its approved level. The catastrophic fund is completely un-funded. Since the start of the year we have seen an improvement of \$283,098, but have a long slow process ahead of us.

Property

The property program is building a surplus that should be available for rebate at the end of the year.

Fidelity

The fidelity program is building a surplus that should be available for rebate at the end of the year.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7H</u>
	DATE: <u>March 27, 2014</u>
SUBJECT:	FY 2014/2015 Premiums
RECOMMENDED ACTION:	Information Only; No Action Required

BACKGROUND INFORMATION:

The Board's review and acceptance of next year's premiums is not done until its June meeting. All items needed for the premium calculations found in the YCPARMIA Bylaws are available, but we need to be closer to year-end to determine if there will be funds available for rebate/credits, or whether there will be budget adjustments.

Based on the anticipated approval of the actuary study and proposed budget, attached are estimated premium worksheets for the four programs. Please note that while the bottom total might be similar to last year's premium, in liability and workers' compensation the individual member's share can shift based on their share of the applicable claim history, and the member's share of the property premium can be affected by changes in declared values.

Comparing total premiums:

- Fidelity – no change from last year.
- Property – a \$12,221 increase from last year.
- Liability – a \$76,416 increase over last year (which had a \$89,755 decrease when compared to the year before that).
- Workers' Compensation – an increase of \$683,850 when compared to last year.

Workers' Compensation continues to be a matter of concern. While premium costs did increase over the last two years, actuarially determined program reserves have gone up even faster. While we are seeing the beginning of positive emerging trends of lowering frequency, severity, and benefit payments, it will take time for the new trends to be recognized in the actuarial process.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 71

DATE: March 27, 2014

SUBJECT: Occu-Med

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

One of the traditional services that YCPARMIA provided its members was a group contract with Occu-Med to create and update job descriptions. The service had Occu-Med visiting our members and then taking the collective information back to create uniform job descriptions and requirements.

Attached is a copy of the 2006 contract between YCPARMIA and Occu-Med. I refer you to pages 1 – 3 of the contract for a description of the services, and to page 4 for the 2006 contract fees.

The purpose of this agenda item is to determine if the Board is interested in renewing YCPARMIA's relationship with Occu-Med. The cost of the contract would require a budget adjustment for the coming year, or in the alternative could be paid on a pass-thru basis by the participating members.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7J

DATE: March 27, 2014

SUBJECT: Strategic Planning

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

This agenda item is intended to allow the Board to discuss trends and future risk management plans.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

Closed Session

- A. Conference With Labor Negotiator (CG54957.6)
Unrepresented Employees: Miscellaneous Employees
- B. Public Employee Performance Evaluation (CG54957)
CEO/Risk Manager