



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, June 26, 2014 at 8:30 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. Reinsurance of the Esparto School Bus Fleet
 - B. Renewal of the three-year Fidelity Excess Coverage
 - C. Cash Payment for the General/Auto Liability Program for FY14/15
 - D. Cash Payment for the Fidelity Program for FY14/15
 - E. Cash Payment for the Property Program for FY14/15
 - F. Cash Payment for the Workers' Compensation Program for FY14/15
 - G. Election of Officers
 - H. Resolution of Appreciation to Bob Martin

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.

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. Workers' Compensation Excess Coverage
 - H. Estimated Quarterly Statement of Revenues, Expenses and Retained Earnings
 - I. 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.

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

	COMMUNICATIONS
AGENDA ITEM NO.	<u>4B</u>
DATE:	<u>June 26, 2014</u>
SUBJECT:	CEO/Risk Manager's Report
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The CEO/Risk Manager will be reporting on the following items:

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. Marinda returned to work on June 9th and is transitioning into the full time investigator position; Bob's last day in the office will be July 3rd. We will be holding a celebration of his departure or honoring his long service – pick one; details will be provided in the immediate future.
3. We will be offering Rebecca Donoho a full time administrative assistant position with Bob's departure.
4. At the Board's direction we will be having half hour presentations to the Board in the fall by our Actuary, and by our Investment Advisors. If the Board is interested we can add defense counsel for litigation updates, and turn the presentations into a day-long Board retreat.

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>June 26, 2014</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The following is the date of our next Board meeting:

DATE: August 28, 2014

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: June 26, 2014

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of May 22, 2014 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for May 22, 2014 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>June 26, 2014</u>
SUBJECT:	Reinsurance of the Esparto School Bus Fleet
RECOMMENDED ACTION:	That the Board authorize the CEO/Risk Manager to bind coverage reinsuring the Esparto School Bus Fleet for an annual premium of not more than \$28,000.

BACKGROUND INFORMATION:

The YCPARMIA Liability Memorandum of Coverage excludes coverage for multi-passenger vehicles with over twenty seats, but endorsement #2 exempts the Esparto School bus fleet from this exclusion. There is a similar endorsement on our excess coverage. In effect, this means that the buses are covered for the first \$500K by YCPARMIA and by the excess carrier for amounts above our retention.

In an effort to protect the risk sharing pools from a potentially catastrophic exposure for multiple injuries in a single accident, YCPARMIA has historically re-insured the bus exposure by purchasing separate commercial coverage for the risk. This coverage would be primary, and would satisfy our retention by paying the first \$5M of any covered occurrence, with the excess pool attaching above that.

The premium for this coverage is included (with our CJPRMA excess coverage costs) in the budget under Excess Liability Coverage. Last year saw no change in the make-up of the bus fleet, but the year's premium quote was \$751 lower at \$26,191. This year's quote is currently overdue from our broker, but we are anticipating little, if any, increase.

The insurance policy also provides physical damage coverage for the buses; the cost of this coverage is passed back to the District. Subject to a \$1,000 deductible, the current premium was \$6,545 or \$70 more than the previous year. The District approves the binding of this coverage prior to placement.

FISCAL IMPACT:

The cost of the reinsurance is already included in the approved budget under Liability Excess Coverage.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM
AGENDA ITEM No: 6B

DATE: June 26, 2014

SUBJECT: Renewal of the three-year Fidelity Excess Coverage

RECOMMENDED ACTION: That the Board authorize and direct the CEO/Risk Manager to renew and bind excess coverage – with the same terms as the expiring coverage – for a three-year coverage period, at a cost of \$12,613 per year (total three-year cost of \$37,840).

BACKGROUND INFORMATION:

YCPARMIA's Fidelity Program provides protection against employee dishonesty for participating members. Program details can be found in Section F of the YCPARMIA Blue Binder, but in summary we provide \$2M per occurrence, with the member carrying a \$1,000 deductible. The first \$25K of any occurrence is pooled at the YCPARMIA primary level. Coverage is under two insurance forms: Public Employees Faithful Performance Blanket Bond, and Depositor's Forgery Bond. The program is also structured to satisfy the individual bonding requirements for specified public officials and employees.

The renewal quote is \$444 (\$148 per year) less than the expiring three year policy. It should be remembered that six years ago we doubled our coverage limit to \$2M, and that the Board felt that taking it to \$3M was not necessary.

The excess coverage cost is found in the Fixed Costs section of the Fidelity Premium Worksheet, and the proposed renewal amount is reflected in those calculations.

FISCAL IMPACT

The excess premium cost is included in the approved budget.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM
AGENDA ITEM No: 6C

DATE: June 26, 2014

SUBJECT: Cash Payment for the General/Auto Liability Program for FY 14/15

RECOMMENDED ACTION: That the Board:

- Approve the General/Auto Liability Program's cash payment of \$2,708,431 for FY 14-15;
- That no rebate credit be declared from this program;
- Direct the CEO/Risk Manager to bill these cash payments after July 1, 2014.

BACKGROUND INFORMATION:

The General/Auto Liability payment is determined by using the Board approved formula found in the YCPARMIA bylaws based on known and projected costs, credits, 2013 calendar year payroll and a three-year incurred loss history ending December 31, 2013. The board has a policy of funding the actuarially determined confidence level of 70%. By applying the premium formula to program figures we generate a premium/cash payment total of \$2,708,431. Significantly, this figure represents a \$76,416 increase when compared to last year's premium; the entire increase was generated by an \$85,000 increase in our excess coverage premium.

It is important to remember that each member's individual share of the total premium will be affected by their three-year claims history, and how it relates to the performance of other members.

Of greater significance is the continuing trend of flat liability premiums. After six years of virtually identical or flat premiums, we are seeing a 2.9% (\$76K) increase. With this recommended billing the liability program will:

- Have fully funded program reserves;
- Have a fully funded confidence margin;
- And a catastrophic fund funded at 50% of the Board approved level.

While the premiums have remained flat, the liability program has enjoyed three consecutive years of rebate credits. Unfortunately the current fiscal year has seen a significant increase in litigation costs that has led to a program deficit in the Catastrophic Fund. Additionally we have two significant cases that are moving towards settlement, and therefore there are no funds available for rebate credit.

The premium/cash payment will be allocated as follows:

ENTITY	CASH PAYMENT
CITY OF DAVIS	\$561,135.70
ESPARTO USD	\$49,480.73
CITY OF W. SACTO.	\$508,506.80
CITY OF WINTERS	\$27,609.58
CITY OF WOODLAND	\$169,475.73
COUNTY OF YOLO	\$1,310,320.25
YECA	\$16,138.33
YOLO-SOLANO AQMD	\$10,764.09
CAPAY FPD	\$5,000.00
IHSS/PUBLIC AUTHORITY	\$5,000.00
DAVIS CEMETERY	\$5,000.00
LAW LIBRARY	\$500.00
YOLO CO. HABITAT JPA	\$2,500.00
MADISON FIRE DISTRICT	\$5,000.00
WINTERS CEMETERY DIST.	\$5,000.00
SPRINGLAKE FPD	\$500.00
EAST DAVIS FPD	\$500.00
NO MAN'S LAND FPD	\$500.00
DUNNIGAN FIRE	\$5,000.00
LAFCO	\$500.00
COTTONWOOD CEMETERY	\$500.00
CLARKSBURG FIRE	\$5,000.00
WINTERS FIRE	\$500.00
PORT	\$8,500.00
Madison Service District	\$5,000.00
Woodland-Davis CWD	\$500.00
TOTAL CASH PAYMENT	\$2,708,431.21

FISCAL IMPACT:

The recommended funding level is reflected in the approved fiscal year 14/15 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>June 26, 2014</u>
SUBJECT:	Fidelity Cash Payment
RECOMMENDED ACTION:	That the Board: - approve the Fidelity Cash Payment of \$28,686 for FY 14/15; - approve a rebate credit of \$19,000 to be applied against next year's premium; and - direct the CEO/Risk Manger to bill these cash payments after July 1, 2014.

BACKGROUND INFORMATION:

The premium formula for this program is found in YCPARMIA's bylaws. The total premium cost is determined by adding the cost of excess coverage, administrative expenses (1% of the YCPARMIA total) and pooled claim costs; the individual member share of the total is based on the participating member's proportionate share of total employee headcount. Per the attached Premium Worksheet, this year's premium is \$28,532.

There were no new claims reported for this program, and excess coverage costs came in lower than expected, so we have built up an excess surplus, and recommend the Board declare a \$19,000 rebate credit for this program. After the rebate/credit the program will:

- Have a fully funded confidence margin;
- Have a fully funded catastrophic margin; and
- A small remaining surplus.

The recommended action will result in a net premium of \$9,532.

The premium/cash payment will be as follows:

<u>ENTITY</u>	<u>PREMIUM</u>	<u>REBATE</u>	<u>Premium Less Rebate</u>
CITY OF DAVIS	\$4,794.68	\$3,890.33	\$904.35
ESPARTO SCHOOL DIST	\$1,080.62	\$706.49	\$374.13
CITY OF W SACRAMENTO	\$4,631.23	\$2,916.97	\$1,714.26
CITY OF WINTERS	\$526.69	\$356.46	\$170.23
CITY OF WOODLAND	\$3,214.62	\$2,142.35	\$1,072.27
COUNTY OF YOLO	\$12,767.66	\$7,919.20	\$4,848.46
YECA	\$335.99	\$231.40	\$104.59

YOLO-SOLANO AQMD	\$199.78	\$131.86	\$67.92
IHSS	\$36.32	\$22.12	\$14.20
YOLO COURTS	\$862.68	\$638.59	\$224.09
CLARKSBURG FPD	\$18.16	\$12.98	\$5.18
DUNNIGAN FPD	\$36.32	\$18.56	\$17.76
MADISON SERVICE	\$27.24	\$12.69	\$14.55
TOTAL	\$28,532.00	\$19,000.00	\$9,531.99

FISCAL IMPACT:

The recommended premium is consistent with the approved budget.

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>June 26, 2014</u>
SUBJECT:	Cash Payment for the Property/Boiler & Machinery Program for FY 14/15
RECOMMENDED ACTION:	That the Board: -Approve the Property/Boiler & Machinery cash Payment for FY 14/15 of \$514,516; -Direct the CEO/Risk Manager to bill these cash payments after July 1, 2014.

BACKGROUND INFORMATION:

The YCPARMIA Bylaws contain the premium formula for this combined program. The formula calls for adding excess coverage, pooled risk funds, and administrative expenses (3% of the YCPARMIA total) to determine the total premium. This amount is then apportioned among the participating members based on their percentage share of declared property values. The excess insurance group charges a higher rate for the Port, which in turn generates a surcharge over normal member costs that is passed through to them.

Declared values have remained relatively flat at \$1,024,723,321 (a small increase over last year's declared values of \$959,377,097). Unfortunately, we are going through an insurance market that is hardening, and can anticipate the excess rates will continue to climb over the next few years. In response to this recognized trend, CSAC-EIA and the excess broker, Alliant, have continued to tweak the program in an effort to control cost increases. Most significantly we have seen a steady rise in the deductible for the vehicle physical damage to its current \$20K level. The increased rates and values have resulted in the small increase in YCPARMIA member premiums

This program has historically built up surplus that has been available for rebates. When we have a year with low claims those designated monies drop to the bottom for redistribution. At the end of this program year we project a surplus slightly in excess of almost \$8K, but are unable to recommend any rebate/credit from this program. YCPARMIA is ending the year with six open property losses (usually we have one or two) and combined primary reserves of just under \$100K. It was our worst property loss year in YCPARMIA history, and some concerns about the trend continuing into the year to come.

We will end the fiscal year with:

- A fully funded confidence margin,
- A fully funded catastrophic fund, and

- A significant exposure on existing files.

Even with that, the premium for this year is virtually identical to last year's.

The premium/cash payment will be as follows:

	<u>Premium</u>
City of Davis	\$71,408.63
Esparto USD	\$13,046.95
City of West Sacramento	\$95,089.82
City of Winters	\$13,230.32
City of Woodland	\$70,733.36
County of Yolo	\$156,782.57
YECA	\$3,470.86
Yolo/Solano AQMD	\$375.98
Capay FPD	\$1,421.74
IHSS-Public Authority	\$69.42
Davis Cemetery	\$882.10
Law Library	\$1,296.65
Yolo Courts	\$2,834.92
Clarksburg FPD	\$860.01
Madison Fire	\$1,016.45
Winters Cemetery Dist	\$319.69
Cottonwood Cemetery	\$23.18
Dunnigan Fire	\$838.40
Port	\$80,763.89
Madison Service	\$51.29
TOTAL CASH PAYMENT	\$514,516.22

FISCAL IMPACT:

The recommended funding amount is reflected in the approved budget.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM
AGENDA ITEM No: 6F

DATE: June 26, 2014

SUBJECT: Cash Payment for the Workers' Compensation Program for FY 14/15

RECOMMENDED ACTION: That the Board:

- Approve the Workers' Compensation Program's cash payment for FY 14/15 in the amount of \$5,027,053; and
- Direct the CEO/Risk Manager to bill the member cash payments after July 1, 2014.

BACKGROUND INFORMATION:

The Workers' Compensation cash payments are determined by using the Board approved formula found in YCPARMIA's Bylaws. This formula uses known and projected costs, credits, 2013 calendar year payroll, and a three-year paid-to-date history ending December 31, 2013. Catastrophic claims are capped at \$75,000 and deductible payments are rolled into the calculations. The Board, as a matter policy, funds at the actuarially determined 70% confidence level.

This program has a series of interrelated inflationary pressures at play that combine to having an adverse impact on the rebuilding of program funds. In 2009 the Board made an informed decision to suspend the premium formula in the face of a public entity budget/funding crisis. Our Catastrophic Fund and Confidence Margin were essentially used to offset member premium costs, and since then we have been trying to replace those monies. We are projecting that both of the funds will remain bare going into the new fiscal year.

Recently we have been impacted by:

- Legislated increases in benefit costs;
- Significantly increased State assessments;
- Increased excess premiums reflecting a hardening market;
- Four adverse actuary studies that have called for a total of \$4M in increased program reserves over the last four years.

Offsetting these pressures we have experienced:

- Reduced claims frequency;
- Reduced claim severity as measured by the number of indemnity files;
- A reduction in average monthly benefit payments;
- A stabilization of file reserves.
- Improving adjustment services by our new claims administrator, LWP.

Year end results evidenced about a \$153K reduction in our overall program deficit even after our actuary increased our program reserves by \$627K (a net financial improvement of \$780K). Overall, the program has more funds available (with the exception of FY 2006) than it has ever had, but significantly less than called for by our actuary and Board policy. We are optimistic that our

improving results will lead to a stabilization or reduction in our actuarially determined reserves, and help return this program to a more fully funded position.

The 14/15 cash payment, generated by our premium formula, of \$5,027,053 is about \$683K more than last year's. Significant increases in excess coverage costs, state assessment fees, medical inflation, and actuarial projections of costs for the coming year are driving the increase. At the same time, we feel that we have started to trend in a more positive direction, and are cautiously optimistic that the coming year will see positive movement in program reserves that will drop to the bottom line. Also of note, the Board will be meeting with our actuary in the fall to discuss actuarial methodology, and steps that members can take to improve the program's funding.

The premium/cash payment will be as follows:

	<u>Premium</u>
City of Davis	\$970,684.62
Esparto USD	\$163,579.17
City of West Sacramento	\$1,022,934.40
City of Winters	\$80,345.55
City of Woodland	\$798,661.77
County of Yolo	\$1,891,107.41
YECA	\$23,720.20
Yolo/Solano AQMD	\$15,645.39
Capay FPD	\$5,000.00
IHSS-Public Authority	\$5,000.00
Davis Cemetery	\$5,000.00
Madison Fire	\$5,000.00
Winters Cemetery	\$5,000.00
Cottonwood Cemetery	\$500.00
Clarksburg Fire	\$5,000.00
Dunnigan Fire	\$16,875.00
Yolo Co. Habitat JPA	\$2,500.00
Madison CSD	\$5,000.00
Port	\$5,000.00
LAFCO	\$500.00
TOTAL CASH PAYMENT	
	\$5,027,053.50

FISCAL IMPACT:

The recommended funding amount is reflected in the approved budget.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6G</u>
	DATE: <u>June 26, 2014</u>
SUBJECT:	Election of Officers
RECOMMENDED ACTION:	That the Board nominates and elects a President and a Vice-President for FY 14/15.

BACKGROUND:

YCPARMIA's bylaws require that the officers of the YCPARMIA Board of Directors be elected on an annual basis prior to the beginning to the new fiscal year. Traditionally the President and Vice-President, while elected annually, serve for two successive terms. President Chaney and Vice-President Richardson have just finished their first year in office.

As a matter of information, the other two officer positions in YCPARMIA are:

- Board Secretary: by the By-laws, the position is held by the CEO/Risk Manager; and
- Treasurer: by appointment by the Board, the Yolo County Auditor-Controller, Howard Newens, is our Treasurer.

FISCAL IMPACT:

There is no anticipated cost associated with the recommended action.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6H</u>
	DATE: <u>June 26, 2014</u>
SUBJECT:	Resolution of Appreciation to Bob Martin
RECOMMENDED ACTION:	That the Board review and adopt the attached Resolution of Appreciation for Bob Martin.

BACKGROUND INFORMATION:

The YCPARMIA Board has, in the past, passed a resolution expressing its appreciation for the contributions of retiring employees (Bob is our fifth) and Board members. A plaque memorializing the resolution is then given to the employee.

The traditional language is on the attached resolution.

FISCAL IMPACT:

There is no fiscal impact associated with this recommended action.

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>June 26, 2014</u>
SUBJECT:	YCPARMIA Financial Report
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through May 31, 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>June 26, 2014</u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

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	<u>Investment Statement</u>
For your information:	
LAIF Quarterly Report as of 4/30/2014:	\$ 6,111,860.00
CHANDLER as of 5/31/2014:	\$10,437,314.00

	<u>Outstanding Reserves</u>
For your information:	
Total as of 5/31/2013:	\$ 9,468,313.00
Total as of 4/30/2014:	\$10,117,620.00
Total as of 5/31/2014:	\$10,194,900.00

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>June 26, 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. _____	7D
	DATE: _____
	June 26, 2014
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>June 26, 2014</u>
SUBJECT:	Workers' Comp Loss Run Summary
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the May WC loss run summary reflecting results for the first eleven months of the fiscal year.

Summary:

We are having a very good year. Claim frequency is down a bit, and benefit payments are significantly reduced. File inventory is static; 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 24.1 claims a month since the start of the fiscal year; last year we averaged 28 claims a month. If this trend holds into the future we should start to see a corresponding decrease in future exposures.

Severity:

Of the 266 new claims received this year, only 48, or 18%, 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 80 indemnity and conversions by the end of the year which would be 11 better than the 91 we had last year. These trends have been holding firm all year.

Benefits:

Our average monthly benefit payments this year are \$191,001. This compares very favorably to last year's \$255,738 and \$235,205 for the year before that. When compared to last year at the same time, we have experienced a reduction of \$615,812. While this is a significant amount, our numbers are small enough that one bad month could absorb much of the savings.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: June 26, 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. 7G

DATE: June 26, 2014

SUBJECT: Workers' Compensation Excess Coverage

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the broker's summary of our excess workers' compensation coverage. It is included for a quick review of our program's structure.

- There is a \$1,000 member deductible per occurrence (there can be, but seldom is, more than one injured worker per occurrence);
- YCPARMIA pools the next \$499K of any occurrence;
- CSAC EIA provides coverage, pooled and reinsurance, up to Statutory Limits (essentially whatever benefits the California Labor Code requires) per occurrence; and
- There is a \$5M limit on Employers' Liability – a catch all for any payments that might have to be legally made to an injured employee that fall outside the exclusive remedy of workers' compensation.

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>June 26, 2014</u>
SUBJECT:	Estimated Quarterly Statement of Revenues, Expenses and Retained Earnings
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

This report reflects PROJECTED quarterly results for our self-insured programs through the end of the fiscal year, and allows the Board to make an informed decision on funding and rebate issues. It also reflects the actuarial adjustments to program reserves and confidence margins.

Liability

The report indicates that we have fully funded program reserves and confidence margin, and our catastrophic fund is at about 50% of its Board approved level. We have gone through an expensive litigation year with unusually high costs incurred on a number of files; some of those files should be in a position for settlement or trial in the coming year.

Workers' Compensation

The report reflects an unfunded Catastrophic Fund and Confidence Margin; program reserves are also in a deficit of about \$215K. At the same time we have positive trends, and more money in the program than we have ever had (with the exception of FY 2006). The immediate goal is to end the coming year with a funded Confidence Margin.

Property

The property program, after an unusually active year of claims, will be ending the year with a small surplus. At the same time we have significant reserves sitting on six open files that will absorb that surplus and much of the coming year's claim's fund.

Fidelity

The fidelity program has built a surplus that will allow a rebate to cover more than two-thirds of the coming year's premium costs.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

INFORMATION ITEM
AGENDA ITEM NO. 71

DATE: June 26, 2014

SUBJECT: Strategic Planning: the Board's opportunity to discuss developing issues

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