



# Yolo County Public Agency Risk Management Insurance Authority

## AGENDA

### YCPARMIA BOARD MEETING

Thursday, October 24, 2019 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 Item
  - A. Annual Financial Audit
  - B. Management's Discussion and Analysis – Financial Audit
7. Information Items
  - A. YCPARMIA Financial Report
  - B. YCPARMIA Investment Statement
  - C. Quarterly Statement of Revenues, Expenses and Retained Earnings
  - D. Investment Policy Certificate of Excellence Award
  - E. Workers' Comp Monthly Summary
  - F. Reporting on Workers' Compensation Liability as Required by Section 30702.6 of the California Labor Code
  - G. Notification of New Claims Received Since the Previous Board Meeting
  - H. Closed Liability Files
  - I. Certificates Issued

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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.

J. Strategic Planning

8. Closed Session

A. Liability Claims (pursuant to Government Code Section 54956.95(a))

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Yolo County Public Agency Risk  
Management Insurance Authority

COMMUNICATIONS  
Agenda Item 4B  
October 24, 2019

**SUBJECT:** CEO/Risk Manager's Report

**RECOMMENDED ACTION:** Information Only

**BACKGROUND INFORMATION:**

1. PARMA is scheduled for February 25-28, 2020 in Monterey. Please contact Lily if there have been any changes to your entity's attendance
2. Workers' Compensation Wellness Nurse and Administrative and Claim Analyst search update
3. Emerging Risks and Risk Advisory Communications
4. Insurance Requirements for Events, Contractors, and for Rental of Facilities
5. Progress Report on YCPARMIA's Website Transparency, ref LAFCo

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager

Yolo County Public Agency Risk  
Management Insurance Authority

COMMUNICATIONS  
Agenda Item 4C  
October 24, 2019

**SUBJECT:** Next Meeting

**RECOMMENDED ACTION:** Information Only

**BACKGROUND INFORMATION:**

The upcoming Board meetings for 2019 are as follows:

- Thursday, December 12, 2019, at 8:30 a.m.

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager

Yolo County Public Agency Risk  
Management Insurance Authority

CONSENT CALENDAR  
Agenda Item 5A  
October 24, 2019

**SUBJECT:** Minutes

**RECOMMENDED ACTION:** That the minutes of the regular Board Meeting of August 22, 2019, and the minutes of the special Board Meeting of August 22, 2019, be approved as submitted

**BACKGROUND INFORMATION:**

Attached is a copy of the minutes of the YCPARMIA regular Board Meeting on August 22, 2019, and the YCPARMIA special Board Meeting on August 22, 2019, for your review.

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager

Yolo County Public Agency Risk  
Management Insurance Authority

ACTION ITEM  
Agenda Item 6A  
October 24, 2019

**SUBJECT:** Annual Financial Audit

**RECOMMENDED ACTION:** That the Board Review and Accept the Annual  
Financial Audit

**BACKGROUND INFORMATION:**

YCPARMIA, pursuant to the requirements in its governing documents, has an independent annual financial audit performed after the end of our financial year on June 30<sup>th</sup>. This year's audit was again performed under contract with a national accounting firm, Crowe LLP, and overseen by Matt Nethaway, a partner located in Crowe LLP's Sacramento office. One of the representatives from Crowe's office will be present at the Board meeting to present and discuss the audit with the Board. It is important to note that while the audit takes place over a few weeks in August, there is ongoing interaction between our staff and our auditors throughout the year to address and clarify standards as issues arise.

Once again, we have a "clean audit" evidencing compliance in all material respects, and in conformity with generally accepted accounting principles. It is important that the Board recognizes the importance of the audit process and this report as it applies to its responsibility for the management of the Authority, and as evidence of its oversight of our operations.

**FISCAL IMPACT:**

There is no anticipated cost associated with the recommended action.

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager

Yolo County Public Agency Risk  
Management Insurance Authority

ACTION ITEM  
Agenda Item 6B  
October 24, 2019

**SUBJECT:** Management's Discussion and Analysis –  
Financial Audit

**RECOMMENDED ACTION:** That the Board Review and Approve the  
Attached Management's Discussion and  
Analysis for the annual Financial Audit

**BACKGROUND INFORMATION:**

Pursuant to GASB 34, YCPARMIA includes the required Management's Discussion and Analysis as part of our annual financial audit process. Attached is this year's submission, and when approved by the Board, will become part of the financial audit report, and of our CAFR application in December.

The report is intended to provide context for the financial audit results both for the Authority as a whole, and by individual program. As part of the presentation we attempt to place the current audited year in an historical perspective by comparing selected results with previous benchmarks.

**To summarize the MD&A, YCPARMIA finished the year over budget for both Revenues (105.41%) and Expenses (107.19%), but it managed to earn a Net Income of \$1,799,615 nonetheless. This is a favorable outcome of operations when compared to Net Loss of \$1,067,053 registered for FY 2017-2018. Fidelity, Property and Liability Programs are now fully funded to levels set by Board policy, Workers' Compensation Program is not. At the conclusion of FY 2017-2018 the Board approved premium rebates in the amount of \$657,000 which were applied to member premiums for FY 2018-2019.**

While it is too early to project, it is hoped that this year's claim development will allow sufficient surplus to fully fund the Workers' Compensation Program and actually lower premiums for the next fiscal year. Rising excess premium costs will be a potential obstacle in achieving this.

**FISCAL IMPACT:**

There is no anticipated cost associated with the recommended action.

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager

Yolo County Public Agency Risk  
Management Insurance Authority

INFORMATION ITEM  
Agenda Item 7A  
October 24, 2019

**SUBJECT:** YCPARMIA Financial Report

**RECOMMENDED ACTION:** Information only, no action required

**BACKGROUND INFORMATION:**

Attached is the YCPARMIA Financial Report through September 30, 2019, for your review.

Respectfully submitted,

A handwritten signature in black ink that reads "Armond Sarkis". The signature is written in a cursive, slightly slanted style.

Armond Sarkis  
CEO/Risk Manager



Yolo County Public Agency Risk  
Management Insurance Authority

INFORMATION ITEM  
Agenda Item 7B  
October 24, 2019

**SUBJECT:** YCPARMIA Investment Statement

**RECOMMENDED ACTION:** Information only, no action required

**BACKGROUND INFORMATION:**

Attached are the YCPARMIA Investment Statements through September 30, 2019 for your review.

For your information:

		<u>Investment Statement</u>
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<i>LAIF</i>	\$	<i>no report</i>
Chandler as of 9/30/2019:	\$	14,594,884

For your information:

		<u>Outstanding Reserves</u>
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Total as of 9/30/2018:	\$	7,726,818
<b>Total as of 9/30/2019:</b>	<b>\$</b>	<b>8,214,587</b>

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager

Yolo County Public Agency Risk  
Management Insurance Authority

INFORMATION ITEM  
Agenda Item 7C  
October 24, 2019

**SUBJECT:** **Quarterly Statement of Revenues,  
Expenses and Retained Earnings**

**RECOMMENDED ACTION:** Information only, no action required

**BACKGROUND INFORMATION:**

Attached is the September 30, 2019 Quarterly Report. This report tracks the financial development of each of YCPARMIA's coverage programs throughout the year, and is used by the Board at year-end to consider premium rebates out of our net position (surplus).

YCPARMIA finished the first quarter of the fiscal year at "expected." All but Workers' Compensation Programs remain fully funded. At the conclusion of the first quarter, the numbers are small, and can be impacted either way by unanticipated claim activity and as claims develop throughout the year.

There is one matter for clarification: While certain expenses that are unique to programs are charged directly to those programs, the Total Admin-Service Expenses (the Authority's overhead) are allocated between our four major programs. We do this on a percentage basis: 34% to Liability, 62% to Workers' Comp, 3% to Property, and 1% to Fidelity.

All other numbers on the report are within budget and expectations. As is too common, this report does not include LAIF returns as the County continues behind in its reporting.

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager



Yolo County Public Agency Risk  
Management Insurance Authority

INFORMATION ITEM  
Agenda Item 7E  
October 24, 2019

**SUBJECT:** **Workers' Comp Monthly Summary**

**RECOMMENDED ACTION:** Information only, no action required

**BACKGROUND INFORMATION:**

Attached is the September 30, 2019 WC loss run summary reflecting first quarter results.

Summary:

The first quarter frequency and severity is trending closely to results experienced in the recent past. Benefit costs came in much higher than usual due to multiple C&R settlements that were achieved during the month of September. Long term, this is good. Due to mentioned settlements and closure of many other open claims, our reserves on open files were successfully reduced from \$6,721,478 at the start of the fiscal year, to \$6,374,134 on September 30th, that's an improvement of \$347,344. Temporary and Permanent Disability payments are trending lower, which is a great sign. It is, however, too early to predict the direction we are headed for the fiscal year.

Frequency:

We received 95 new claims during the first quarter, which closely tracks our 5-year monthly average of 32 claims. 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.

Severity:

Of the 95 new claims, 11 were coded as indemnity, and an additional 2 claims were converted from medical only, meaning that 13.27% of new claims had exposures for temporary disability and/or permanent disability. This is better (lower) than the ratio of indemnity to total claims that we had last year. Of 95 claims we received in the first quarter, 10 were valued between \$10,000 and \$35,000, and none were valued over \$35,000.

Benefits:

Our average monthly benefit payments during the first quarter was \$304,121. This is higher than last year's average of \$272,891, but again we are talking about small numbers, and as noted above a few larger than usual settlements in September inflated the total benefits paid in the quarter.

Temporary Disability: TD payments in the first quarter was reduced substantially, to a monthly average of \$33,684, compared to last year's \$43,736. This is a great sign.

Permanent Disability: Permanent Disability payments are also trending lower, to an average of \$61,218 from last year's \$74,368, a good sign.

## Yolo County Public Agency Risk Management Insurance Authority

Medical Costs: Our biggest benefit exposure continues to trend substantially higher but this was due to multiple C&R settlements that were achieved during the month of September, which will save us money in the long run.

Legal, Investigative, Subrosa: Due to C&R activity mentioned before, which also required additional legal work, the legal expenses came in somewhat higher in the first quarter.

### Future Reserves:

Future reserves on existing open files are at \$6,374,134, which is \$347,344 lower than the figure that we started the year at: \$6,721,478. This is the result of good work by our TPA, and the strategic guidance provided by YCPARMIA. The reduction will theoretically have a positive effect on the actuarial study and projections.

Respectfully submitted,

A handwritten signature in black ink that reads "Armond Sarkis". The signature is written in a cursive, slightly slanted style.

Armond Sarkis  
CEO/Risk Manager

Yolo County Public Agency Risk  
Management Insurance Authority

INFORMATION ITEM  
Agenda Item 7F  
October 24, 2019

**SUBJECT:** **Reporting on Workers' Compensation  
Liability as Required by Section 30702.6 of  
the California Labor Code**

**RECOMMENDED ACTION:** Information only, no action required

**BACKGROUND INFORMATION:**

Section 30702.6 of the California Labor Code requires that within 90 days of the submission of the Self-Insurer Annual Report the governing body of the self-insurer be notified of the future liability and the fact that these liabilities are funded in compliance with the requirements of GASB 10. YCPARMIA's report, submitted September 30th, is attached.

It should be noted that the State uses the Annual Report to generate revenue. The State makes an assessment against self-insureds to fund the applicable activities provided by the Department of Insurance. Applying a "rate" to the reported estimated Future Liability generates the amount of the assessment. The changes to the applicable "rate" are unpredictable and beyond our control. However, our open claim inventory and open reserves play a significant role in the fees and assessments.

•	2011	\$65,252
•	2012	71,744
•	2013	82,365
•	2014	77,577
•	2015	67,795
•	2016	60,722
•	2017	114,948
•	2018	123,379
•	2019	pending

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager

Yolo County Public Agency Risk  
Management Insurance Authority

INFORMATION ITEM  
Agenda Item 7G  
October 24, 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.

Respectfully submitted,



Armond Sarkis  
CEO/Risk Manager









Yolo County Public Agency Risk  
Management Insurance Authority

CLOSED SESSION  
Agenda Item 8A  
October 24, 2019

**Closed Session**

Pursuant to Government Code Section 54956.95(a), the Board will hold a closed session to discuss any or all claims listed on the agenda. The confidential claims reports will be collected after the discussion at the meeting. Each Member should destroy his/her copy after the meeting.

- A. Discussion of Open Claims
  - Takahashi v. City of West Sacramento