



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, December 11, 2014 at 8:30 a.m.

YCPARMIA
77 W. LINCOLN AVE.
WOODLAND, CA 95695

Amended

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. Insurance Certificates
 - B. Insurance Requirements
 - C. Workers' Compensation Claims Audit
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 as of October 2014
 - G. Reporting on Workers' Compensation Liabilities as Required by Section 30702.6 of the California Labor Code
 - H. 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. 4B

DATE: December 11, 2014

SUBJECT: CEO/Risk Manager's Report

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

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

1. The PARMA conference is scheduled for February 8 – 11 in Anaheim. Reservations for those who have committed to going have been made at Disney's Grand Californian Hotel. If you intend to fly, please let Charlotte know so that arrangements can be booked.
2. YCPARMIA is planning a two-hour seminar on liability claims handling in mid-January that will be designed to bring uniformity to processing claims.
3. The next Board meeting will include a presentation by Dr. Black and Dr. Foster of Arden Psyche on their services with an eye towards improving the wellness of our member's safety staff.
4. Holiday hours: YCPARMIA will be staffed throughout the holidays; we will be closed on December 24th, 25th and January 1st.
5. Formal WC file reviews at the member's site are available upon request during the last two weeks of January; please advise if you are interested.
6. The City of West Sacramento has appointed John Perry as the new Director on the YCPARMIA Board; Carol Richardson will be moving to the position of Alternate.

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	COMMUNICATIONS
	AGENDA ITEM NO. <u>4C</u>
	DATE: <u>December 11, 2014</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The following date is our next Board meeting:

DATE: January 22, 2015

<u>Schedule for 2015 Board Meetings:</u>
January 22, 2015
March 26, 2015
April 23, 2015
May 28, 2015
June 25, 2015
August 27, 2015
October 22, 2015
December 10, 2015

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: December 11, 2014

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of August 28, 2014 and October 24, 2014 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for August 28, 2014 and October 24, 2014 for your review.

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6A</u>
	DATE: <u>December 11, 2014</u>
SUBJECT:	Insurance Certificates
RECOMMENDED ACTION:	That the Board adopts the proposed changes to YCPARMIA's certificate language.

BACKGROUND INFORMATION:

The Board of our excess pool, CJPRMA, recently modified the language of its certificate of coverage. The purpose was to avoid the appearance of extending Personal Injury, Errors and Omissions, and Employment Practices Liability coverages to additional covered parties.

There is also a benefit from having language consistent with our excess pool; in most cases, to meet the required limits, certificates from both YCPARMIA and CJPRMA are provided to the additional insured.

FISCAL IMPACT:

There is no anticipated fiscal impact from the recommended action.

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM	
AGENDA ITEM NO. <u>6B</u>	
DATE: <u>December 11, 2014</u>	
SUBJECT:	Insurance Requirements
RECOMMENDED ACTION:	That the Board adopts the attached model language agreements for use by YCPARMIA.

BACKGROUND INFORMATION:

YCPARMIA's excess group, CJPRMA, recently updated recommended risk transfer language for:

- Consultant Agreements
- Professional Services Agreement – indemnity clauses
- Construction Agreements – insurance requirements, and
- Construction Agreements – indemnity clauses

This material was provided to our members with the recommendation that they adopt this language in their contract requirements. At this point, YCPARMIA does not have any insurance or indemnification requirements in its contracting process.

For the sake of consistency, and to practice good risk transfer, it is recommended that the YCPARMIA Board adopt the attached language as part of its existing "Purchasing Policy" (found at K-25 in the Blue Binder).

FISCAL IMPACT

There is no anticipated cost resulting from the recommended action.

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6C</u>
	DATE: <u>December 11, 2014</u>
SUBJECT:	Workers' Compensation Claims Audit
RECOMMENDED ACTION:	That the Board review and accept the WC claims audit provided by North Bay Associates.

BACKGROUND INFORMATION:

As part of our participation in the WC excess pool, they schedule an independent WC claims audit every three years on selected files. YCPARMIA Board policy has been modified to call for an independent claims audit of this program every three years; this audit satisfies that requirement.

This is the first audit that we have had since moving our claims administration to LWP. It is important to understand that the audit is just a snapshot in time, while our staff monitors the TPA's service on an ongoing basis. The North Bay audit is unremarkable, and confirms our own observations – we are receiving good technical claims handling.

It should be noted that many of the audited files were started by our prior claims administrator, York. Those files did not score as well as the newer files; this was commented on by the auditor who recognized that current claims handling was much more aggressive. Per the attached audit, we are getting good technical service, and the LWP procedures work properly to deliver timely benefits to our injured workers.

As a general disclaimer, we expect that a TPA will appropriately handle claims, and deliver timely benefits – the audit confirms that this is happening. It is the service beyond the audited activity that determines whether the TPA is excelling. Contact, responsiveness to HR and injured workers, pushing files to close, reviewing reserves with an eye towards reducing them, interaction with supervisors and YCPARMIA staff are all things that the audit does not measure, but are the real indicators of quality.

FISCAL IMPACT

There is no anticipated fiscal impact from the recommended action.

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7A

DATE: December 11, 2014

SUBJECT: YCPARMIA Financial Report

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through November 30, 2014 for your review.

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u> 7B </u>
	DATE: <u> December 11, 2014 </u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through November 30, 2014 for your review.

Investment Statement

For your information:

Chandler as of 11/30/2014	\$ 10,493,735.00
LAIF as of 11/30/2014	\$ 8,426,611.00

Amended

Outstanding Reserves

For your information:

<i>Total as of 10/31/2013:</i>	\$ 9,505,641.00
Total as of 10/31/2014:	\$ 9,147,826.00

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM	
AGENDA ITEM NO. <u>7C</u>	
DATE: <u>December 11, 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,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7D</u>
	DATE: <u>December 11, 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,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7E</u>
	DATE: <u>December 11, 2014</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,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: December 11, 2014

SUBJECT: Workers' Compensation Loss Run Summary –
First Third: October 2014

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the October 31st WC loss run summary reflecting end-of-the-year results.

Summary:

We had a very good year in 2013-2014, and the trend appears to be weakening a bit through the first third of this fiscal year. Claim frequency is essentially flat, while benefit payments have increased when compared to last year's low numbers. The open file inventory is dropping, and future reserves are significantly down when compared to last year. ***We are in an "improved position" going into next month's actuarial study.***

Frequency:

Our monthly average of reported injuries were 27 a month; last year we averaged 25 claims a month, and the year before that it was 28. A reasonable goal for the future, with active loss prevention programs, would probably be about 15 injuries a month.

Severity:

Of the 108 new claims received this year, only 12, or 11%, have been coded "indemnity," meaning that they have TD and/or PD reserves. At the same time, conversions of files opened as med-only to indemnity due to adverse claim development (net 22) are an equalizer. We therefore we have had 34 files coded for indemnity exposures compared to 23 at the same point in fiscal year 13/14.

Benefits:

Our average monthly benefit payments this year are \$238,507. This is a significant increase over last year's \$195,741, but better than the \$255,738 per month in fiscal year 12/13.

Temporary Disability: This benefit class is running about the same as last year.

Permanent Disability: This benefit class is also running at the same rate as last year.

Medical Costs: Medical costs are up when compared to last year, but not alarming so.

Legal, Investigative, Subrosa: While legal costs have remained flat, we have seen an increase in sub rosa costs, and med-legal costs.

Future Reserves:

After many months of increasing future reserves, we have finally seen a pattern of reduction. Partly this is due to our TPA's push to close out files, and partly due to a more aggressive review of reserves. **Future reserves are at a point where they could drop below \$8M**; this would have a positive effect on our actuary study, and immediately improve our program funding and premium rates.

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7G

DATE: December 11, 2014

SUBJECT: Reporting on Worker's 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 25th, 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. Over the last six years we have seen the assessment spike as our reserves have remained somewhat flat, while the State's rate increased to generate additional funds:

- 2009: \$30,328
- 2010: 49,531
- 2011: 65,252
- 2012: 71,744
- 2013: 82,365
- 2014: pending

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7H</u>
	DATE: <u>December 11, 2014</u>
SUBJECT:	Quarterly Statement of Revenues, Expenses and Retained Earnings
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

This report reflects first quarter results (except for unreported/minimal LAIF returns).

Liability

The first quarter has seen some erosion in this program; this will be partly offset by an excess refund on a settled claim, and for the budgeted rebate from the excess pool that is received in the spring. Claims payments have been higher than anticipated, and are driven almost entirely by litigation rather than settlement costs. We still anticipate ending the year in a fully funded position.

Workers' Compensation

The report continues to reflect an unfunded Catastrophic Fund and Confidence Margin; there has been about a \$20K improvement in the bottom line. With open inventory, future reserves, and severity down, we are hopefully in an improving cycle. A positive/lower actuary study would have a substantial impact on the program deficit.

Property

We entered this fiscal year with a surplus, but a number of significant open claims on the books. Historically, the last year has been the worst property loss year that YCPARMIA has experienced. We have ended the first quarter with a surplus, but the claims payment account is essentially bare for the remainder of the year.

Fidelity

The fidelity program is fully funded.

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 71

DATE: December 11, 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 included in all agendas to allow the Board to discuss trends and future risk management plans or concerns.

Also enclosed for Board review are a series of charts and graphs, including:

- A breakdown of claims by department and their litigation rate
- Investment earnings by rate and amount

Respectfully submitted,

Dictated but not signed

Jeffrey M. Tonks
CEO/Risk Manager