



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING
Thursday, March 31, 2016 at 8:30 a.m.

YCPARMIA
77 W. LINCOLN AVE.
WOODLAND, CA 95695

REVISED

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. Workers' Compensation TPA Contract
 - B. Preliminary Budget for Fiscal Year 2016-2017
 - C. Discussion and Acceptance of the 2016 Actuarial Report
 - D. Willow Oak Fire Protection District
 - E. Financial Control Policy
 - F. Cordico (Arden Psyche) Six-Month Update Report
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. Projected Fiscal Year 2016/2017 Premium
 - H. 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 24, 2016</u>
SUBJECT:	CEO/Risk Manager's Report
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

1. PARMA is returning to the Disneyland Hotel complex in February of 2017; this is a popular destination, and your early indication of attendance will help us reserve rooms.
2. CAJPA is again being held in South Lake Tahoe between September 13th and 16th.
3. We have now received financial reports through December from the County on our LAIF accounts and premium payments – all have been paid --there seems to be a general consensus that the reports are difficult to use.
4. Board orientation is now current, but we are a Board member short for Davis.
5. At its last meeting the Board expressed interest in short training programs; we have tentatively blocked time for a one hour session at the April Board meeting.
6. YCPARMIA continues to suffer damage from nocturnal visits by the homeless.

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 24, 2016</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The next Board meeting is scheduled for:

DATE: April 28, 2016

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: March 24, 2016

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of January 28, 2016 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for January 28, 2016 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 24, 2016</u>	
SUBJECT:	Workers' Compensation TPA Contract
RECOMMENDED ACTION:	That the Board authorizes the CEO/Risk Manager to negotiate/agree on a three year extension of the existing claims administration contract with LWP

BACKGROUND INFORMATION:

Following a formal bid process in 2012, YCPARMIA entered into a claims administration contract with LWP Claims Solution, Inc. for our workers' compensation program. The initial three year term will expire June 30, 2016. Their performance under the contract, measured by any criteria, has been consistent and the results have been excellent.

We do not feel there are any issues beyond pricing that need to be addressed in renewal. We have a proposal on the table with new pricing on existing terms.

Historic pricing:

York – FY 2011-2012	\$263,986	
LWP – FY 2013-2014	265,000	
FY 2014-2015	270,000	
FY 2015-2016	275,000	(current year)

Proposed renewal/extension

FY 2016-2017:	\$275,000.-- no increase over the current year
FY 2017-2018	280,000 – a 1.8% annual increase
FY 2018-2019	285,000 – a 1.7% annual increase

FISCAL IMPACT

Acceptance of the recommended action will keep claims administration costs flat for the coming fiscal year, and small increases, as indicated above, for the following two years.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM

AGENDA ITEM NO. 6B

DATE: March 24, 2016

SUBJECT: Preliminary Budget for Fiscal Year 2016-2017

RECOMMENDED ACTION: That the Board review, discuss and take appropriate action to adopt the YCPARMIA Budget for FY 16/17, recognizing that revisions or adjustments can be made by the Board prior to the end of the fiscal year.

BACKGROUND INFORMATION:

YCPARMIA will be submitting this year's budget and process to the GFOA for its consideration of recognition under their Distinguished Budget Presentation Awards Program.

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 – normally provided to the Board as part of the agenda for its June meeting -- 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 16/17. There has been very little change in YCPARMIA's budget over the last seven years (a comparative chart is included), and the proposed changes in this year's budget are again nominal. Most items remain

unchanged, and historically, where possible, transfers have been made to balance out any increases generated elsewhere in the budget.

There is one program transfer that should be noted. Over the last five years member police and fire agencies have increased their use of Lexipol. We have moved that service out of 6270, Other Professional and Contractual Services, and into 6530, Contractual Services, under the Liability Coverage. This move will have the costs tied directly to the Liability Program, similar to the Wellness Program in Workers' Compensation, rather than under general administrative services.

The bottom line is a budget that proposes:

- A 2% increase, or \$160,350, in total expenses (a \$53K decrease in Admin and Services, and \$213K increase in Coverage).
- Administrative and Services, the traditional expenses of a business, accounts for 12.9% of our total expenses.
- The remaining 87.1% falls under our Coverages Expense.
 - Excess coverage (above our SIR) costs us over \$2.8M (33% of the entire budget, and 38% of the Coverage portion of the budget).
 - Funding claims within our SIR is budgeted at \$3,866,500 (45% of the total budget, and 52% of the Coverage portion of the budget).
 - The remaining 10% of the Coverage portion pays for claims administration, state assessments, our public safety wellness program, and Lexipol.

Without considering offsets, the majority of recommended expense increases are largely generated by a very few line items:

- A \$175K increase in excess liability coverage premiums;
- A \$76K increase in excess workers' compensation premiums'
- A \$24K increase in excess property premiums;
- A \$31K increase in our wellness program for public safety;
- An \$18K increase in payroll
- A \$7K increase in building maintenance.

It is also important to understand how revenue is budgeted. Under YCPARMIA's By-laws it is essentially almost automatic. With the acceptance of the actuary study, adoption of the budget for administration and services, and confirmation of our excess premiums, the components of the different program's premium formulas are plugged in, and premiums are determined. The only revenue elements outside the premium formulas are investment returns and excess rebates, and these are fairly predictable.

Against this \$160K increase in total expenses, we are projecting a \$879K increase in total revenues. Obviously there is a gap between budgeted revenue and budgeted expenses. Our expenses are budgeted based on what YCPARMIA feels it will spend. Revenues are based on what the actuary, at a 70% confidence level, feels we will need.

If we are able to stay within budget, as we almost always do, the gap should drop to the bottom line, and be available to offset next year's member costs. This year we anticipate the availability of rebate funds in the fidelity, property, and workers' compensation programs; these rebates are not part of our budget, but will serve to reduce member cost.

Concentrating on the proposed changes:

Revenue – 10%, or \$879K, increase:

- Investment & Other Income – no changes recommended
- Coverage Revenue: An 10%, or \$879,224, increase. The increase in revenue is unique to each program:
 - Liability – 15%, or \$404,640, increase: An increase in excess reserves, actuarially determined claims costs, and the transfer of the Lexipol contract costs from administration to the Liability Program generate the increase.
 - Workers' Compensation – 10%, or \$510,561 increase: An increase in actuarially determined claims costs and excess premium costs have generated higher premiums.
 - Property – 6% decrease: A reduction in our claims payment fund off sets an increase in our excess premiums.
 - Fidelity – unchanged.

Expenses – 2%, or \$159,150, increase:

- Administrative and Services – 5%, or \$52,850, decrease proposed:
 - Human Resources: A net increase of 2%, or \$19,650.. The increase is generated by Board approved salary adjustments.
 - Supplies and Services – 2%, or \$500, reduction: The savings are generated by reductions in Printing, Telephone, and Publications.
 - Contractual Services – 48%, or \$56,500, decrease: the major savings comes from moving the Lexipol contract to the Liability Coverage portion of the budget. We are also recommending, at Board direction, a \$7,000 increase to re-carpet the building.
 - Staff Development – 0%: No changes are recommended for these line items.
 - Capital Expenditures – 8%, or \$500, reduction generated in a reduction of equipment under \$500.

- Loss Prevention – 30%, or \$15,000 reduction: We are proposing a reduction of \$15,000 in contractual services since we are able to provide most safety services with staff.
- Total Administrative and Service Expenses: a 5%, or \$52,850, decrease; again, the majority of the decrease came from transferring Lexipol services to the Liability Program..
- Insurance Coverage Expense – 3%, or \$213,200, increase proposed:
 - Liability Coverage: A 10%, or \$245,000 increase. \$70,000 of the proposed increase is a transfer of Lexipol from administrative contracts to the liability program, so the net increase is \$175K – generated entirely by excess premium increases.
 - Workers Compensation Coverage: A 1%, or \$31,300, decrease. A \$76,200 increase in excess premium costs, and a \$31,000 increase in the Wellness Program, is offset by a \$138,500 decrease in the budget for claims payment. We have adopted a ten year rolling average of actual payments made to arrive at this figure.
 - Fidelity Coverage: No proposed changes.
 - Property Coverage: 0%, or a \$1,000 reduction. A reduction of \$25,000 in our claim payment fund offsets an increase of \$24,000 in our excess premium costs.
 - Total Insurance Coverage Expenses: A 3%, or \$213,200 increase driven largely by returns to our historic claims payment levels.

It is important to remember:

- On the expense side this is essentially a flat budget, and reflects little change over the past seven years. YCPARMIA is not a typical public entity; our financial position is driven largely by our member's claims development at the primary and excess levels.
- YCPARMIA's revenue, in turn, is largely determined by an independent actuarial study that makes projections off of our claims history and industry developments.
- 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 financial 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 12.9% 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 (12.9% 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

	ACTION ITEM
	AGENDA ITEM NO. <u>6C</u>
	DATE: <u>March 24, 2016</u>
SUBJECT:	Discussion and Acceptance of the 2016 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 on 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 25 pages of the 92 page Actuarial Study is attached; contact us if you would like a copy of the appendixes that make up the balance of the report.

Since claims, especially the larger ones, are paid out over time, it is YCPARMIA's practice to use present value (a 2.5% discount this year) from the projected ultimate net loss.

Actuary numbers in both programs are influenced by claim frequency and severity, open inventory, claims payments, legislation, and industry trends. It is not uncommon to see spikes and valleys in one or both programs; it is therefore important to compare results over time to recognize trends, and, hopefully, stability.

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 7/1/16). 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 16-17). 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 is the biggest portion of the coming year’s premium calculation.

This year’s actuarial study results in:

- An increase in liability’s premium component;
- A decrease in liability’s program reserves and confidence margin;
- A significant increase in workers’ compensation’s premium component; and
- A decrease in worker’s compensation’s program reserves and confidence margin.

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:
 - 2016 \$3,211,900
 - Previous studies:
 - 2015 \$3,482,861
 - 2014 3,285,598
 - 2013 3,015,422
 - 2012 3,000,432
 - 2011 3,198,787
 - 2010 3,437,350
 - 2009 3,575,796

- The 2016 number is less than our seven year average of \$3,285,254, and is probably tied directly the closing of a number of significant claims.
 - Confidence Margin 80%+, and shown as a figure in excess of expected:
 - 2016 \$643,380
 - Previous studies:
 - 2015 \$870,715
 - 2014 854,255
 - 2013 784,010
 - 2012 780,112
 - 2011 831,689
 - 2010 859,388
 - 2009 920,949
 - The 2016 number is significantly lower than our seven year average of \$843,013.
- 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:
 - 2016 \$1,760,000.
 - Previous studies:
 - 2015 \$1,607,000
 - 2014 1,666,000
 - 2013 1,495,000
 - 2012 1,446,000
 - 2011 1,489,000
 - 2010 1,793,000
 - 2009 1,837,260
 - The 2016 premium figure is higher than our seven year average of \$1,619,036. Given the recent series of serious claims the number is not surprising.

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:
 - 2016 \$8,912,233
 - Previous studies:
 - 2015 \$9,294,293
 - 2014 10,705,896
 - 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 pretty close to our seven year average of \$8,858,056. On a positive note we seem to be trending back to our historical norm.
 - Confidence Margin 80%+, and shown as a figure in excess of expected:
 - 2016 \$891,223.
 - Previous studies:
 - 2015 \$929,429
 - 2014 1,498,825
 - 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 significantly lower than our seven year average of \$1,576,729, and probably reflects a more stable reserving pattern by our TPA.
 - 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:
 - 2016 \$3,432,000.
 - Previous studies:
 - 2015 \$3,039,000
 - 2014 2,989,000
 - 2013 2,462,000
 - 2012 2,490,000
 - 2011 2,705,000

- 2010 2,809,450
- 2009 2,868,100
- The 2016 premium figure increased by \$393K (following a \$50K increase last year) when compared to last year, and is about \$300K higher than our six year average of \$2,766,078. The premium number does not seem to reflect our recent trends, and is being reviewed with the actuary. Preliminarily, they advise that increases are tied in part to unexpected increases in member's total payroll, while our loss rate is actually dropping.

Conclusions:

- Liability Program: This year's actuarial study has resulted in what can be described as "expected" numbers. Program reserves have trended down as we have closed out a number of significant exposures, but premium costs have trended up grounded on some significant new claims.
- Workers' Compensation: The program reserves are in the area that we projected as reasonable; it has taken a few years of joint effort with our claims administrator to reduce the trends that had developed with our previous TPA. With trends flat, and reserves down, it is hard to explain the study's dramatic increase in premiums – we are reviewing that with the actuary.

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>6D</u>
	DATE: <u>March 24, 2016</u>
SUBJECT:	Willow Oak Fire Protection District
RECOMMENDED ACTION:	That the Board consider and approve the application for membership by the Willow Oak Fire Protection District effective 7/1/16.

BACKGROUND INFORMATION:

YCPARMIA has received an application for membership from the Willow Oak Fire Protection District. They are located in the rural area about five miles west of Woodland near the Yolo County Airport and the Yolo Flyers Golf Club.

In structure and size it is very similar to our other fire district members:

- A full time professional staff of four firefighters and a part time clerical person.
- 16 volunteers, and 15 support reserves
- 6 fire engines of various types, and two antique engines
- Two firehouses and a hall; two other buildings
- Commissioners are appointed by the Board of Supervisors
- Property value for buildings, contents, and equipment: \$4,603,746 (higher than our other Fire Districts).

Their loss history is pretty clean:

- Liability: no claim in the last ten years.
- Workers Compensation: 12 closed claims in the last ten years – all med only except for one exposure case that carries significant reserves from 2011. Claims are administered by Athens.
- Property: no losses indicated.

Proposed premiums at a \$1,000 deductible for all programs, and \$20,000 for equipment::

- Liability: \$5,000 (mandatory minimum)
- Workers' Compensation: \$5,000 (mandatory minimum)
- Property: \$2,681 (using current year's rates)
- Fidelity: under \$50.

In size, location, function, and structure the exposure represented by Willow Oak Fire Protection District is no different than our current fire district members. There are no underwriting criteria that would argue against their membership.

FISCAL IMPACT

Their membership would generate about \$12,000 in premium revenue, and trigger small increases in our current excess premium costs. Obviously any claim activity would adversely affect our balance sheet.

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 24, 2016</u>
SUBJECT:	Financial Internal Control Policy
RECOMMENDED ACTION:	That the Board adopt the new "Payroll" section for its Financial Internal Control Policy.

BACKGROUND INFORMATION:

The Board previously adopted a Financial Internal Control Policy (K-87) to mitigate risk, and provide written procedures for the internal handling of funds. In November YCPARMIA contracted with a payroll service, and as a result needs to modify its policy. Attached is the proposed new section/addition, Payroll.

FISCAL IMPACT

There is no anticipated impact arising from the adoption of the recommended action.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	AGENDA ITEM NO. _____	ACTION ITEM 6F
		DATE: _____
SUBJECT:	Cordico (Arden Psyche) Six-Month Update Report	
RECOMMENDED ACTION:	That the Board review and accept the attached report from Cordico.	

BACKGROUND INFORMATION:

YCPARMIA contracts with Cordico (formerly Arden Psyche) to provide a variety of wellness services to public safety employees. Services include:

- Pre-employment psychological evaluations (48 conducted during this six month period),
- EAP services (219 sessions during this reporting period);
- Critical Incident debriefings (three during this period)., and
- Additional associated services as requested.

During the reporting period we have received no complaints from our member agencies.

It is interesting to note that we have had discussions with the County over adding Child Protective Services staff to the covered group. It is felt that they can be exposed to unique situations with which a normal phycologist might not be able to respond. It is also noted that we have shared with Cordicio that there has been recent turnover in the upper echelons of a number of our departments. These periods of change can add stress to various levels of the organization.

FISCAL IMPACT

There is no anticipated fiscal impact from adopting the 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>March 24, 2016</u>
SUBJECT:	YCPARMIA Financial Report
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through February 28, 2016 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> 7C </u>
	DATE: <u> March 24, 2016 </u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through February 28, 2016 for your review.

	<u>Investment Statement</u>
For your information:	
Chandler as of 1/31/2016	\$ 12,189,459.00
LAIF as of 12/31/2015:	\$ 6,610,551.00

	<u>Outstanding Reserves</u>
For your information:	
<i>Total as of 2/28/2015:</i>	<i>\$ 8,129,316.00</i>
Total as of 2/29/2016:	\$ 7,028,838.00

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7C

DATE: March 24, 2016

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 24, 2016</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.	7E
	DATE: March 24, 2016
SUBJECT:	Workers' Comp Loss Run Summary
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.

Summary:

Claim frequency is up when compared to last year, but severity is not. These trends should benefit us in the coming actuary study. Claims and payments are all trending flat, or slightly down, but importantly our future liabilities are significantly lower than the same point last year. With lower monthly benefit payments, and lower future reserves, we can anticipate, absent adverse development, an improving financial position for the workers' compensation program.

Frequency:

Recognizing that we are dealing with small numbers, we have averaged 30.8 claims a month since the start of the fiscal year; last year we averaged 28 claims a month. Fortunately the increase appears to be small claims, and the numbers are small enough that a single month, either way, can have a big impact.

Severity:

Of the 247 new claims received this year, only 18, or 7.3%, have been coded "indemnity," meaning that they have TD and/or PD reserves. This is essentially unchanged from last year. We have had a net 23 claims converted from medical only to indemnity, so our indemnity exposure is really 45 claims, or about 18% of our new injuries – virtually identical at the same point last year. Of course not all indemnity claims have the same value. It is not just the number of claims with PD and/or TD, it is how big the reserve are in total.

Benefits:

Our average monthly benefit payments this year are \$211,856. This compares well to last year's average of \$232,266. While this is a significant amount, our numbers are small enough that one bad, or one good month could drastically change our trends.

Temporary Disability: This number is trending lower when compared to last year, and reflect a new commitment to finding modified work for injured workers.

Permanent Disability: Permanent Disability payments are also trending a bit lower.

Medical Costs: This number is also trending lower.

Legal, Investigative, Subrosa: And, maintaining the pattern, this area is also trending lower.

Future Reserves:

Future reserves on existing open files are at \$6,222,057, or \$866,465 lower than reserves a year ago.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: March 24, 2016

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: March 24, 2016

SUBJECT: Projected FY 2016-2017 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. With Board action on the actuary study and preliminary budget, most items needed for the premium calculations found in the YCPARMIA Bylaws are now available. Between now and the end of the year there can be small changes, especially in the area of excess premium, but the numbers listed in the attachments should be considered pretty firm .

When the Board takes formal action on assessing premium costs at its June meeting, it will also consider whether to declare premium rebates out of any program's retained earnings (Net Position) to offset member costs for FY 2016-2017. Rebates are apportioned based on Board policy. With a bit over a quarter of the year remaining we are projecting available funds in three of our four programs:

- Fidelity: \$10,000
- Property: 50,000
- Workers' Compensation 400,000.

There are no available funds in the Liability Program.

Again, these numbers are only projections, and can be impacted significantly by adverse claim development..

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7H

DATE: March 24, 2016

SUBJECT: Strategic Planning

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

This agenda item is intended to allow the Board to discuss trends, actions, and future risk management plans. One item that should be discussed is the self-assessment audit spear-headed by the County.

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