



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, May 22, 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 Item
 - A. Creation of a Staff Adjuster Position
 - B. Modification of the 2014-2015 Memorandum of Liability Coverage
7. Information Items
 - A. YCPARMIA Financial Report
 - B. YCPARMIA Investment Statement
 - C. Notification of New Claims Received Since the Previous Board Meeting
 - D. Closed Liability Files
 - E. Workers' Comp Monthly Summary
 - F. Certificates Issued
 - G. Quarterly Statement of Revenues, Expenses and Retained Earnings
 - H. CJPRMA Fireworks Coverage
 - 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>May 22, 2014</u>
SUBJECT:	CEO/Risk Manager's Report
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

1. CAJPA is scheduled for September 16-19 in South Lake Tahoe; next year's PARMA conference, scheduled for February 8 – 11 in Anaheim. As always, early notice to Charlotte of your intentions to attend either or both allows us to reserve the proper number of rooms.
2. The new LWP Senior Examiner that is handling our indemnity claims is Stacey Bean; she comes with strong recommendations, and so far appears to be worthy of them.
3. We are anticipating Marinda's return from pregnancy leave on June 9th; Bob planned last day of work is July 3rd, so there will be a few weeks of overlap as she comes up to speed on current files.
4. Our recently secured garbage area was broken into again necessitating a return by the fencing company to install a new lock system.
5. Just a quick follow-up: it is time for YCPARMIA to update the compliance records for ethics training under AB 1234/GC53235. Free on-line training can be obtained at <http://oag.ca.gov/ethics>.
6. Responding to the request of one of our members, Tom McGuire has passed the test, and is now a Certified Playground Safety Inspector; if you do not have certified staff, he can perform the necessary inspections at no additional cost to the member.
7. At its annual retreat, our excess pool had a crisis management specialist in to discuss "Managing Intense Media and Public Scrutiny during a Crisis." One of the central points was the potential interaction and conflict between political and risk management interests, and the importance of internal discussion before taking action.
8. At the direction of the Board, we have opened communication with OccuMed to discuss the discounted group purchasing of updated job analysis, and their application to pre-employment physical exams. Preliminarily they feel that they can provide more efficient and faster services at a reduced cost. We should have their preliminary proposal before the Board's June meeting.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

COMMUNICATIONS
AGENDA ITEM NO. 4C

DATE: May 22, 2014

SUBJECT: Next Meeting

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

The next Board meeting is scheduled for:

DATE: June 26, 2014

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: May 22, 2014

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of March 27, 2014 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for March 27, 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>May 22, 2014</u>
SUBJECT:	Creation of a Staff Adjuster Position
RECOMMENDED ACTION:	That the Board approve the creation of a Staff Adjuster Position as a prequel to the current Liability Investigator position, and change that title to Claims Investigator.

BACKGROUND INFORMATION:

In 2005 YCPARMIA brought liability and property adjustments in-house. Bob Martin was hired away from our previous claims TPA, and became our staff adjuster. Duties and compensation were pegged to what he was receiving in private industry. With his coming retirement, there is an obvious recognition that his forty years of claims experience will be impossible to immediately replace. In anticipation of his departure for the last two years we have been training Marinda Griese to step into his position, and she has made significant progress. Her training will continue after Bob is gone.

During this training process, and while she grows in experience and judgment, it is felt that a career step below the current position that Bob holds is warranted. In private industry there are a number of positional steps starting with a trainee, and culminating with a "General Adjuster" title. She has already evidenced progress well beyond the "trainee" level, but will need another three or four years to complete her preliminary training. At this point her skills are comparable to anyone that we would bring in from the outside, and Marinda has the added benefit of knowing, and being known, by our members.

We are proposing a Staff Adjuster position, the preliminary description is attached, with a pay scale topping out (E) 5% below the Claims Investigator position's bottom level (A).

FISCAL IMPACT:

Depending on the starting level – probably "B" – we will see almost a \$30K reduction in annual salary cost.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6B</u>
	DATE: <u>May 22, 2014</u>
SUBJECT:	Modifications of the 2014-2015 Memorandum of Liability Coverage
RECOMMENDED ACTION:	That the Board review and accept the attached recommended changes addressing limitations of coverage limits.

BACKGROUND INFORMATION:

The Insurance Service Offices (ISO) standardized coverage forms (used by most of the insurance industry) have been modified to limit coverage limits available to additional insured to the limits specified in the contract between the applicable parties. This means that if a contractor has \$40M limits – like we do – but signs a contract that requires \$2M, the ISO form would cap the coverage for the additional insured to the required \$2M.

YCPARMIA's Memorandum, under SECTION IV – YCPARMIA'S LIMIT OF COVERAGE, limits coverage for an additional covered party to a "limit stated in its additional covered party certificate, regardless of the limit that applies to the participating agency." In effect, this would limit the coverage to the amount required in the contract as long as the certificate properly reflects that amount. It should be noted however, that the common required limits are usually \$1M to \$2M per occurrence, so the excess group's coverage comes into play above our \$500K SIR. The excess group recently adopted language modifying their Memorandum, and for the sake of consistency, we are recommending that YCPARMIA adopt the same language.

The suggested modification would be to modify the last sentence in Section IV to state, "The limit for coverage for an additional covered party, including its officials, employees and volunteers, shall be the lower of (1) the Coverage Amount stated in the YCPARMIA Memorandum Coverage Declaration; (2) any limit stated in the Additional Covered Party certificate or (3) the amount required to be provided by contract or agreement with the Member Entity."

FISCAL IMPACT

There is no anticipated fiscal impact arising out of the adoption of 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>May 22, 2014</u>
SUBJECT:	YCPARMIA Financial Report
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through April 30, 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>May 22, 2014</u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

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

	<u>Investment Statement</u>
For your information:	
Chandler as of 3/31/2014:	\$ 10,371,160.00
Chandler as of 4/30/2014:	\$ 10,401,115.00

	<u>Outstanding Reserves</u>
For your information:	
Total as of 4/30/2013:	\$9,759,177.00
Total as of 3/31/2014:	\$10,618,564.00
Total as of 4/30/2014:	\$10,117,620.00

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>May 22, 2014</u>
SUBJECT:	Notification of New Claims Received Since the Previous Board Meeting
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached is a list of new Liability claims that have been received by YCPARMIA since the last Board Meeting. For your convenience, we have also included a list of all open Liability claims.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM	
AGENDA ITEM NO. <u>7D</u>	
DATE: <u>May 22, 2014</u>	
SUBJECT:	Closed Liability Files
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached is our report on closed liability files. Recognizing that this agenda is a public document, it should be emphasized that the information provided is general. It is probable during the course of the year, that some files that close with a denial will re-open for litigation.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7E</u>
	DATE: <u>May 22, 2014</u>
SUBJECT:	Workers' Comp Loss Run Summary –April 2014
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

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

Summary:

We appear to be having a “good” year. Claim frequency is down a bit, and benefit payments are significantly reduced. File inventory is static, but we are optimistic that we will be seeing a reduction during the last third of the fiscal year. Future reserves are up slightly when compared to the same time last year, but this probably reflects normal benefit inflation that the legislature has built into the reformed system. We also saw significant increases in the excess level that should not adversely affect our actuary studies.

Frequency:

Recognizing that we are dealing with small numbers, we have averaged 24.6 claims a month since the start of the fiscal year; last year we averaged 28 claims a month. If this trend holds we should see a corresponding decrease in future exposures.

Severity:

Of the 246 new claims received this year, only 44, or 17.8%, have been coded “indemnity,” meaning that they have TD and/or PD reserves. This is a good number when compared to last year where 21% of our files were had indemnity exposures. At the same time, conversions of files opened as med-only to indemnity due to adverse claim development are an equalizer. We can project a total of 81 indemnity and conversions by the end of the year which would be 10 better than the 91 we had last year. These trends have been holding firm for the last quarter.

Benefits:

Our average monthly benefit payments this year are \$190,820. 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 \$541,958. While this is a significant amount, our numbers are small enough that one bad month could absorb much of the savings.

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

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

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

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

Future Reserves:

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

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: May 22, 2014

SUBJECT: Certificates Issued

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

Attached is a list of the certificates that have been issued since the last Board Meeting.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7G</u>
	DATE: <u>May 22, 2014</u>
SUBJECT:	Quarterly Statement of Revenues, Expenses and Retained Earnings
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

This report reflects quarterly results for our self-insured programs through March 31st, and allows us to get a clearer picture of year-end results.

Liability

The report indicates that we have fully funded program reserves and confidence margin, and our catastrophic fund is at about 93% of its Board approved level. We are optimistic that the year will end with a fully funded program. Note: If we do end the year with a surplus in this program, projections of files currently in litigation will preclude any rebates from this program.

Workers' Compensation

The report indicates fully funded program reserves, and a confidence margin funded at about 24% of its approved level. The catastrophic fund is completely unfunded. Since the start of the year we have seen an improvement of \$386,717, but have a long slow process ahead of us.

Property

The property program is building a surplus that should be available for rebate at the end of the year, but recent significant claims are eating into these funds.

Fidelity

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

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7H

DATE: May 22, 2014

SUBJECT: CJPRMA Fireworks Coverage

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

With the 4th of July less than two months away, this could be an important hurdle for our members to address. YCPARMIA's excess group, CJPRMA, has long had concerns over member sponsored firework events. Their Board recently adopted the following language that limits coverage available to YCPARMIA members:

“For any fireworks display or demonstration sponsored or controlled by the covered party, if the covered party has not secured an additional insured endorsement in its favor from the fireworks vendor's insurance or coverage provider with limits of at least \$5million dedicated, project specific aggregate limit, the Retained limit will not be satisfied by any payment by the insurance or coverage provider for the vendor (see Definition 25(d)), and must instead be paid by the covered party; and the applicable retained limit will be increased by 50% (fifty percent) for any claim(s) arising out of the fireworks display or demonstration.”

This new language should be recognized as the excess pool's effort at creating a strong incentive for members to require high limits for their fireworks displays. Also, since YCPARMIA does not have similar language, it would accept the firework's carrier payments as satisfying our limit/SIR; if our member ran afoul of the above excess provision, they would have to pay 150% of our SIR, probably out of their own General Fund, before excess coverage is triggered.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 71

DATE: May 22, 2014

SUBJECT: Strategic Planning

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

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

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager