



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, June 27, 2013 at 9:30 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. Cash Payment for the General/Auto Liability Program for FY13/14
 - C. Cash Payment for the Fidelity Program for FY13/14
 - D. Cash Payment for the Workers' Compensation Program for FY13/14
 - E. Cash Payment for the Property Program for FY13/14
 - F. Liability Claims Audit
 - G. Election of Officers

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 TPA
 - H. Estimated Quarterly Statement of Revenues, Expenses and Retained Earnings
 - I. Strategic Planning

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

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| | COMMUNICATIONS |
| AGENDA ITEM NO. | <u>4B</u> |
| | DATE: <u>June 27, 2013</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's fall conference is scheduled to start on September 10th in South Lake Tahoe; PARMA is scheduled for February in San Jose.
2. After consulting with PERS, Vicki Facciuto has postponed her retirement; her last day working will be August 2nd. Recruitment will start next week.
3. The efforts to create a new excess workers' comp pool through CJPRMA failed; the broker was not able to put together a cost effective alternative to our current excess pool. We are continuing to explore group purchase options with REMIF.
4. YCPARMIA has recently submitted our Investment Policy for certification by the Association of Public Treasurers.
5. The main issues in this month's agenda address next year's member cash payments/premiums.

Comparing recommended total premiums:

- Fidelity – no change from last year.
- Property – no change from last year.
- Liability – a decrease of \$89,755 when compared to last year.
- Workers' Compensation – an increase of \$86,628 when compared to last year.

Bottom line, the total premium is \$3,127 less than last year.

Our big issue remains the inadequate funding of the workers' compensation program; it is hoped that the new TPA will have a positive impact.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

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| | COMMUNICATIONS |
| AGENDA ITEM NO. | <u>4C</u> |
| | DATE: <u>June 27, 2013</u> |
| SUBJECT: | Next Meeting |
| RECOMMENDED ACTION: | Information Only |

BACKGROUND INFORMATION:

The following is the date of our next Board meeting:

DATE: August 22, 2013

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: June 27, 2013

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of March 28, 2013 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for March 28, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

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|----------------------------|---|
| | ACTION ITEM AGENDA ITEM No: <u>6A</u> |
| | DATE: <u>June 27, 2013</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 \$26,191. |

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 costs in the budget under Excess Liability Coverage. This year saw no change in the make-up of the bus fleet, but this year's premium quote is \$751 lower at \$26,191.

The 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 premium is \$6,545 or \$70 more than last year. Ironically this year's premium is identical to the FY 11-12 premium.

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 27, 2013

SUBJECT: Cash Payment for the General/Auto Liability Program for FY 13/14

RECOMMENDED ACTION: That the Board:

- Approve the General/Auto Liability Program's cash payment of \$2,632,015 for FY 13-14;
- Approve a rebate/credit of \$50,000 to offset a worker's compensation assessment in the same amount.
- Direct the CEO/Risk Manager to bill these cash payments after July 1, 2013.

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, 2011 calendar year payroll and a three-year incurred loss history ending December 31, 2012. 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 \$2,632,015.11. Significantly, this figure represents eight \$2487 decrease when compared to last year's 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.

Of greater significance is the continuing trend of flat liability premiums. We are now six years into a cycle of virtually identical or flat premiums. With this recommended billing, and following the recommended rebate/credit, the liability program will:

- Have fully funded program reserves;
- Have a fully funded confidence margin;
- Have a fully funded catastrophic fund; and
- After a \$50,000 rebate will still have a small amount of surplus remaining.

While the premiums have remained flat, and the program has remained fully funded, the amount available for rebate credit is substantially less this year than last. This was caused by an expensive settlement, a successful federal trial, and a number of smaller cases settling during this fiscal year; our claims payments for the year were well above budget.

The premium/cash payment will be as follows:

| ENTITY | CASH PAYMENT |
|--------------------------|----------------|
| CITY OF DAVIS | \$523,480.67 |
| ESPARTO USD | \$32,987.15 |
| CITY OF W. SACTO. | \$339,004.53 |
| CITY OF WINTERS | \$34,249.00 |
| CITY OF WOODLAND | \$255,781.26 |
| COUNTY OF YOLO | \$1,360,318.10 |
| YECA | \$12,962.73 |
| YOLO-SOLANO AQMD | \$13,487.59 |
| 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 | \$9,744.09 |
| WINTERS FIRE | \$500.00 |
| PORT | \$8,500.00 |
| Madison Service District | \$5,000.00 |
| Woodland-Davis CWD | \$500.00 |
| TOTAL CASH PAYMENT | \$2,632,015.12 |

FISCAL IMPACT:

The recommended funding level is reflected in the approved fiscal year 13/14 budget.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

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| ACTION ITEM | |
| AGENDA ITEM NO. <u>6C</u> | |
| DATE: <u>June 27, 2013</u> | |
| SUBJECT: | Fidelity Cash Payment |
| RECOMMENDED ACTION: | <p>That the Board:</p> <ul style="list-style-type: none"> - approve the Fidelity Cash Payment of \$28,686 for FY 13/14; - approve a rebate credit of \$6,300 to be applied against next year's premium; and - direct the CEO/Risk Manger to bill these cash payments after July 1, 2013. |

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.

There were no new claims reported for this program so we have built up an excess surplus, and recommend of the Board declare a \$6,300 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 \$22,386. This amount is virtually identical to last year's premium, and is approximately the average cost for the last four years.

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 | \$5,768.52 | \$1,295.11 | \$4,473.41 |
| ESPARTO SCHOOL DIST | \$1,087.58 | \$232.95 | \$854.63 |
| CITY OF W SACRAMENTO | \$4,393.82 | \$960.05 | \$3,433.77 |
| CITY OF WINTERS | \$643.85 | \$106.25 | \$537.60 |
| CITY OF WOODLAND | \$3,193.13 | \$718.79 | \$2,474.34 |
| COUNTY OF YOLO | \$11,954.68 | \$2,638.23 | \$9,316.45 |
| YECA | \$348.03 | \$75.83 | \$272.20 |

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|------------------|-------------|------------|-------------|
| YOLO-SOLANO AQMD | \$182.71 | \$45.23 | \$137.48 |
| IHSS | \$34.80 | \$7.05 | \$27.75 |
| YOLO COURTS | \$1,009.27 | \$206.41 | \$802.86 |
| CLARKSBURG FPD | \$26.10 | \$3.52 | \$22.58 |
| DUNNIGAN FPD | \$34.80 | \$5.29 | \$29.51 |
| MADISON SERVICE | \$8.70 | \$5.29 | \$3.41 |
| TOTAL | \$28,686.00 | \$6,300.00 | \$22,386.00 |

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: 6D

DATE: June 27, 2013

SUBJECT: Cash Payment for the Workers' Compensation Program for FY 13/14

RECOMMENDED ACTION: That the Board:

- Approve the Workers' Compensation Program's cash payment for FY 13/14 in the amount of \$4,343,203;
- Declare a \$150,000 assessment to partially fund confidence margin shortfalls (an amount equal to the rebate/credits in the Liability and Property Programs; and
- Direct the CEO/Risk Manager to bill the member cash payments after July 1, 2013.

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, 2012 calendar year payroll, and a three-year paid-to-date history ending December 31, 2012. Catastrophic claims are capped at \$75,000 and deductible payments or rolled into the calculations. The Board, as a matter policy, funds at the actuarially determined 70% confidence level.

We have never fully recovered from the Boards 2009 informed decision to suspend the premium formula in the face of a public entity budget/funding crisis. We appeared to be making significant strides towards full funding for the program; however an adverse actuary study has caused a set-back in our progress. We will be starting the new fiscal year with fully funded program reserves, and a confidence margin at about 10% (\$188K) of approved; the catastrophic fund remains bare. It is strongly suspected that the deteriorating relationship with our current TPA, York, aggravated our actuary results. We are optimistic that are new TPA will be more responsive in partnering with us, and that we will see an improvement in our annual study. Obviously the biggest impact on our deficit would be a reduction in claims that, luck aside, can only flow from increased member efforts in the area of loss control.

The 13/14 cash payment, generated by our premium formula, of \$4,343,203 is about \$87,000 more than last year's. This increase is tied almost entirely to the legislated benefit increases that we have recently seen, and unless the number of our claims is reduced, should anticipate continuing increases in line with the benefit increases mandated by the "reforms."

The premium/cash payment will be as follows:

| | <u>Premium</u> |
|---------------------------|-----------------------|
| City of Davis | \$996,280.79 |
| Esparto USD | \$168,717.50 |
| City of West Sacramento | \$844,082.16 |
| City of Winters | \$53,563.70 |
| City of Woodland | \$563,511.72 |
| County of Yolo | \$1,629,033.52 |
| YECA | \$19,081.70 |
| Yolo/Solano AQMD | \$13,681.93 |
| Capay FPD | \$5,000.00 |
| IHSS-Public Authority | \$5,000.00 |
| Davis Cemetery | \$5,000.00 |
| Madison FPD | \$5,000.00 |
| Winters Cemetery | \$5,000.00 |
| Yolo Habitat JPA | \$2,500.00 |
| Dunnigan Fire | \$11,250.00 |
| LAFCO | \$500.00 |
| Cottonwood Cemetery | \$500.00 |
| Clarksburg Fire | \$5,000.00 |
| Winters Fire | \$500.00 |
| Port | \$5,000.00 |
| Madison CSD | \$5,000.00 |
| TOTAL CASH PAYMENT | \$4,343,203.02 |

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

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| | ACTION ITEM |
| | AGENDA ITEM NO. <u>6E</u> |
| | DATE: <u>June 27, 2013</u> |
| SUBJECT: | Cash Payment for the Property/Boiler & Machinery Program for FY 13/14 |
| RECOMMENDED ACTION: | That the Board: <ul style="list-style-type: none">-Approve the Property/Boiler & Machinery cash Payment for FY 13/14 of \$502,295; and-Approve a rebate/credit of \$100,000 to be applied to a corresponding assessment in the Workers' Compensation Program; and-Direct the CEO/Risk Manager to bill these cash payments after July 1, 2013. |

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 \$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. These excess rate increases have been partially offset by a reduction in our Property in the Open and Contents elements of our declared values.

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 \$100,000, and are recommending that a \$100K rebate be declared from this program to

offset a recommended assessment of the same amount in the Worker's Compensation program.

With this assessment, the program year will end with:

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

Equally significant, the premium for this year is virtually identical to last year's.

The premium/cash payment will be as follows:

| ENTITY | PREMIUM |
|-----------------------|---------------------|
| CITY OF DAVIS | \$72,932.55 |
| ESPARTO SCHOOL DIST | \$13,189.82 |
| CITY OF W SACRAMENTO | \$94,797.53 |
| CITY OF WINTERS | \$12,466.62 |
| CITY OF WOODLAND | \$68,282.39 |
| COUNTY OF YOLO | \$145,434.04 |
| YECA | \$3,615.39 |
| YOLO-SOLANO AQMD | \$391.62 |
| CAPAY VALLEY FPD | \$993.17 |
| IHSS | \$72.42 |
| DAVIS CEMETERY DIST | \$908.01 |
| LAW LIBRARY | \$574.76 |
| YOLO COURTS | \$3,321.72 |
| CLARKSBURG FPD | \$817.02 |
| MADISON FIRE DIST | \$1,022.27 |
| WINTERS CEMETERY DIST | \$324.84 |
| COTTONWOOD CEMETERY | \$23.94 |
| DUNNIGAN FPD | \$783.33 |
| WINTERS FPD | \$1,100.70 |
| PORT | \$81,190.08 |
| MADISON SERVICE | \$52.99 |
| | |
| TOTAL | \$502,295.21 |

FISCAL IMPACT:

The premium total is consistent with our approved budget.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

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| | ACTION ITEM |
| | AGENDA ITEM NO. <u>6F</u> |
| | DATE: <u>June 27, 2013</u> |
| SUBJECT: | Liability Claims Audit |
| RECOMMENDED ACTION: | That the Board Review and Accept the Attached Liability Claims Audit |

BACKGROUND:

Board Policy calls for an annual claims audit rotating between liability and workers' compensation. This year our excess liability pool, CJPRMA, conducted and paid for a liability audit of both excess and primary level files. The audit, conducted by CJPRMA's broker of record, AON, is attached.

The audit revealed only one pressing issue. They felt that expense reserves are not placed at an adequate level early enough in the litigation process. We agree with that opinion, but in practice have been taking a different approach. We are dealing with a small number of files, and are more interested in having adequate reserves on the collective rather than the individual files. At the same time, the auditor also recognizes that we hold a harder line on defending rather than compromising questionable cases, and that approach does result in higher litigation costs.

We will be modifying our reserving approach in response to this audit, and will be placing higher expense reserves up earlier in the file.

FISCAL IMPACT:

There is no direct fiscal impact from the recommended action, but it should be recognized that booking higher expense reserves will lead to higher actuarially determined reserves and premium costs.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

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| | ACTION ITEM |
| | AGENDA ITEM NO. <u>6G</u> |
| | DATE: <u>June 27, 2013</u> |
| SUBJECT: | Election of Officers |
| RECOMMENDED ACTION: | That the Board nominates and elects a President and a Vice-President for FY 13/14. |

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 Mills and Vice-President Chaney have just finished their second years in office.

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

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| | INFORMATION ITEM |
| | AGENDA ITEM NO. <u>7A</u> |
| | DATE: <u>June 27, 2013</u> |
| SUBJECT: | YCPARMIA Financial Report |
| RECOMMENDED ACTION: | Information only, no action required |

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through May 31, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

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| | INFORMATION ITEM |
| | AGENDA ITEM NO. <u>7B</u> |
| | DATE: <u>June 27, 2013</u> |
| SUBJECT: | YCPARMIA Investment Statement |
| RECOMMENDED ACTION: | Information only, no action required |

BACKGROUND INFORMATION:

For your information:

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| | <u>Investment Statement</u> |
| Investments as of 5/31/2012: | \$15,670,144.00 |
| LAIF as of 5/31/2013: | \$ No County report |
| CHANDLER as of 5/31/2013: | <u>\$10,327,935.00</u> |
| TOTAL AS OF 5/31/2013: | \$15,670,144.00 |

For your information:

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| | <u>Outstanding Reserves</u> |
| Total as of 5/31/2012: | \$ 9,408,257.00 |
| Total as of 4/30/2013: | \$ 9,475,644.00 |
| Total as of 5/31/2013: | \$ 9,468,313.00 |

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

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| | INFORMATION ITEM |
| AGENDA ITEM NO. | <u>7C</u> |
| | DATE: <u>June 27, 2013</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

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| | INFORMATION ITEM |
| | AGENDA ITEM NO. <u>7D</u> |
| | DATE: <u>June 27, 2013</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

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| | INFORMATION ITEM |
| AGENDA ITEM NO. | <u>7E</u> |
| | DATE: <u>June 27, 2013</u> |
| SUBJECT: | Workers' Comp Loss Run Summary |
| RECOMMENDED ACTION: | Information Only; no action required. |

BACKGROUND INFORMATION:

Attached is the 5/31/13 loss run summary provided by our TPA, York. This report represents program performance for the first eleven months of the fiscal year.

Summary: As expected, results have been deteriorating along with the quality of claims service. It is impossible to say how much of the increased cost is due to legislated benefit increases, and how much is due to diminished attention/examiner turnover on our claim files. Additionally, York has made unilateral changes in their reporting, and therefore this report cannot be analyzed for trending.

Frequency:

While the report suggests that 21 claims were reported, we can identify at least 40. This is higher than our recent average.

Severity:

Indemnify claims cost more than med-only; we had 9 reported last month, and 64 for the year. Additionally we have had 27 conversions from med-only to indemnity for a total of 91. So we are seeing an increase in both claim frequency and severity. This will lead to higher numbers in our next actuary study.

Benefits:

Average monthly costs are up to almost \$247K with the biggest increase in temporary disability. Ironically this is the one area of benefits that can be impacted by the employer by pushing modified work. A note on file expenses: while it looks like there has been a doubling of file expense, recent reforms required that certain medical/legal costs be moved out of medical and into the expense category.

Future Reserves:

Future reserves have remained flat for the last few months at about \$8.5M, but this is \$500K more than reserves at the same time last year. Part of the increase is probably due to staffing changes at York, and hopefully will be rectified by our new claims administrator.

We had anticipated that costs would rise as York phased out, and believe that this has happened. Inventory has risen as fewer files have closed. Less aggressive file handling and diminished communication reflect the constant turnover and lower level of expertise of examiners on our files. It is hoped that we will see a return to normal with our new TPA starting in July.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: June 27, 2013

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

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| | INFORMATION ITEM |
| AGENDA ITEM NO. _____ | 7G |
| | DATE: _____ |
| | June 27, 2013 |
| SUBJECT: | Workers' Compensation TPA |
| RECOMMENDED ACTION: | Information Only; no action required. |

BACKGROUND INFORMATION:

The transition to our new WC TPA has been an ongoing process for the last few months. There have been few surprises, and continual progress has been made. There are a few core issues that categorize the process:

Staffing: LWP has their team in place: Supervisor Amber Davis, Indemnity Examiner Theresa Donner, Med-only/Future Medical Examiner Amanda Jinks, and Claims Assistant Amy Andersson. Davis, Donner and Jinks have been to various members to discuss claims handling, and have also visited our occupational medical clinics.

Data transfer: Given the paperless nature of the industry, the transfer of the claims data is crucial. Weekly phone conferences between York and LWP (monitored by YCPARMIA) have occurred, and preliminary testing of the data has been positive.

York's claims handling: We have experienced a disturbing turnover in examiners, and a continuing deterioration in claims handling. There has been a significant drop-off in closings and a number of complaints from members, medical providers, and our attorney over communication.

LWP claims handling: We have been copying LWP on new 5020s, investigations, and selected medical/legal reports. We also provided them with a YCPARMIA database containing a status summary on all open files.

New assignments: York stopped taking new assignments on 6/16, and stopped issuing checks on 6/20. In response, I moved up the inception of the LWP contract to 6/17 so that our files continued to be handled during the transition.

Funding: LWP and YCPARMIA have set up the funding process, and accounts at Chase have been funded in anticipation of LWP paying benefits.

YCPARMIA: York's turnover in examiners has required our staff to be much more involved in claims. Both Vicki and Marinda have increased their interaction with York examiners and LWP examiners. Additionally Marinda has been in the middle of the data

transfer issues. I have been increasingly involved with defense counsel to compensate for his inability to get responses from York examiners on litigated matters.

While we will benefit from Theresa Donner's familiarity with our files, it is anticipated that it will take a month or so for LWP to come up to speed on our files. We plan on weekly meetings for the first couple of months with them to help focus the process.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

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| | INFORMATION ITEM AGENDA ITEM NO. <u>7H</u> |
| | DATE: <u>June 27, 2013</u> |
| SUBJECT: | Estimated Quarterly Statement of Revenues, Expenses and Retained Earnings |
| RECOMMENDED ACTION: | Information Only; no action required. |

BACKGROUND INFORMATION:

Attached is an estimated end-of-the-year Statement of Revenues, Expenses and Retained Earnings. It is included to support the recommended rebate/credits and assessment.

Liability

This program will end the year fully funded. We are projecting a \$61K surplus, and out of that, a \$50K rebate to partially offset a WC assessment. The amount of surplus is lower than recent years primarily due to increased litigation and settlements. An excessive force claim in West Sacramento and a federal trial on a fatal shooting by Yolo Deputies triggered significant increases in spending for us. Actuarially determined program reserves remained flat.

Workers' Compensation

The actuary study hit us with almost \$1.5M in program reserve increases, and that amount basically mirrors the change in fund balance that we experienced for the year. In other words, but for the actuary hit we would have had a flat year. We will end the year with fully funded program reserves, and about \$180K in our confidence margin (less than 10% of approved) after the recommended assessment. The catastrophic fund remains bare. We are recommending a \$150K assessment for this program – an amount equal to the recommended rebate/credits from the liability and property programs.

Property

The property program ended the year fully funded with about \$101K in surplus; we are recommending a rebate credit in the amount of \$100K to partially offset a WC assessment.

Fidelity

The fidelity program is projected to end the year with a surplus of about \$6,300. We are recommending a rebate/credit in that amount to keep the premiums charged to our members for this program flat.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

INFORMATION ITEM
AGENDA ITEM NO. 71

DATE: June 27, 2013

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

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