



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, June 28, 2012 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 FY12/13
 - C. Cash Payment for the Fidelity Program for FY12/13
 - D. Cash Payment for the Workers' Compensation Program for FY12/13
 - E. Cash Payment for the Property Program for FY12/13
 - F. 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. Premium/Cash Payment and Rebate Process
 - H. Miscellaneous Claims Graphs and Reports
 - 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

	COMMUNICATIONS
	AGENDA ITEM NO. <u>4B</u>
	DATE: <u>June 28, 2012</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. Room reservations for CAJPA, September 18 thru 21 in South Lake Tahoe, have been booked. Please let Charlotte know if you plan on attending. Action by the Board at the last meeting has limited attendance to one person from each member agency.
2. At the request of West Sacramento, YCPARMIA is exploring a two-tiered retirement system with new employees coming in a 2% @ 60. We are awaiting the results of a requested PERS audit. Apparently there is a great deal of activity impacting the PERS audit division.
3. Property valuation lists come out toward the end of summer, and even more important than the values the members need to make sure all buildings they want covered are included; recently a member had a fire in a building that was not included on their list – therefore there was no coverage for that fire.
4. We are making progress in our WC RFP process. There have been visits/discussions with four potential vendors, and the process of writing the proposal has started.
5. Recently I had a meeting with Arden Psychological Services. It is apparent that they are doing a good job of straddling the fence between the rank and file and command. One of the interesting things that they are doing is to avoid group meetings in post-traumatic stress reviews. They have found that officers are much more likely to open up when not surrounded by their peers. They have added a second former police officer to their counseling staff.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

COMMUNICATIONS
AGENDA ITEM NO. 4C

DATE: June 28, 2012

SUBJECT: Next Meeting

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

The following is the date of our next Board meeting:

DATE: August 23, 2012

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: June 28, 2012

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of May 24, 2012 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for May 24, 2012 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

ACTION ITEM
AGENDA ITEM No: 6A

DATE: June 28, 2012

SUBJECT: Reinsurance of the Esparto School Bus Fleet

RECOMMENDED ACTION: That the Board authorize the CEO/Risk Manger to bind coverage with an annual premium of \$26,942

BACKGROUND INFORMATION:

The YCPARMIA Liability Memorandum of Coverage excludes coverage for multi-passenger vehicles with over 20 seats, but endorsement #2 exempts the Esparto School bus fleet from the 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 in excess of that.

In an effort to protect the risk sharing pools from a potentially catastrophic exposure of multiple injuries in a single accident, YCPARMIA has historically re-insured the bus exposure by purchasing separate commercial coverage for the risk. This means that the insurance policy would pay 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's premium quote is \$26,942; the \$273 increase over last year's premium was driven by an increase in the uninsured motorist component.

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 \$6,475, or \$70 less than the FY 11/12 premium.

FISCAL IMPACT:

The cost of the reinsurance is already included in the 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 28, 2012

SUBJECT: Cash Payment for the General/Auto Liability Program for FY 12/13

RECOMMENDED ACTION: That the Board:

- approve the General/Auto Liability Program's cash payment of \$2,721,770 for FY 12/13,
- approve a rebate/credit of \$87,268, and
- direct the CEO/Risk Manger to bill the balance, \$2,634,502, pursuant to YCPARMIA Board policies after July 1, 2012

BACKGROUND INFORMATION:

The General/Auto liability payment is determined by using the Board approved formula found in the YCPARMIA By-laws based on known and projected costs, credits, 2011 calendar year payroll, and a three-year incurred loss history ending December 31, 2011. 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 \$2,721,770. After applying the proposed rebate credit of \$87,268 the total billed to members would be \$2,634,502; each member's share of the total premium will be affected by their three-year claim history.

This amount would mean that premium payments for this program have remained virtually identical, or flat for the past five years.

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;
- Have approximately \$1M available in excess surplus to cover a WC Program assessment.

The Auto/Liability Program has generated a substantial excess surplus estimated at \$1,287,694 as a result of lower than budgeted claims costs, lowered actuarially determined program reserves, and better than anticipated excess rebates. We are proposing that the surplus be used for three purposes:

- The first is to retain a portion in surplus to guard against recent adverse claim development and to keep reserves sufficient to cover the five-year program reserve average;

- The second is to credit \$87,268 against this year's premium to keep total member billing flat; and
- The third is to declare a rebate credit in the amount of \$1M to be used to pay a Workers' Compensation Program assessment.

The premium/cash payment will be as follows:

	<u>premium</u>	<u>rebate</u>	<u>premium less rebate</u>
DAVIS	\$509,382.73	\$12,789.25	\$496,593.48
ESPARTO	\$39,823.73	\$1,179.67	\$38,644.06
WEST SACRAMENTO	\$341,672.99	\$17,067.31	\$324,605.68
WINTERS	\$42,471.90	\$1,112.23	\$41,359.67
WOODLAND	\$330,989.02	\$17,802.43	\$313,186.59
COUNTY OF YOLO	\$1,363,191.77	\$34,337.43	\$1,328,854.34
YECA	\$13,669.64	\$540.31	\$13,129.33
YOLO/SOLANO AQMD	\$18,568.47	\$389.62	\$18,178.85
CAPAY FPD	\$5,000.00	\$161.48	\$4,838.52
IHSS-Public Authority	\$5,000.00	\$161.48	\$4,838.52
DAVIS CEMETERY	\$5,000.00	\$289.61	\$4,710.39
LAW LIBRARY	\$500.00	\$16.15	\$483.85
YOLO CO. HABITAT JPA	\$2,500.00	\$80.74	\$2,419.26
MADISON FIRE DISTRICT	\$5,000.00	\$161.48	\$4,838.52
WINTERS CEMETERY DIST.	\$5,000.00	\$161.48	\$4,838.52
SPRINGLAKE	\$500.00	\$16.15	\$483.85
EAST DAVIS FPD	\$500.00	\$16.15	\$483.85
NO MAN'S LAND	\$500.00	\$16.15	\$483.85
Dunnigan	\$5,000.00	\$161.48	\$4,838.52
LAFCO	\$500.00	\$16.15	\$483.85
Cottonwood Cemetery	\$500.00	\$16.15	\$483.85
Clarksburg FPD	\$7,500.00	\$161.48	\$7,338.52
Winters FPD	\$5,000.00	\$161.48	\$4,838.52
Port	\$8,500.00	\$274.52	\$8,225.48
Madison Serv. Dist.	\$5,000.00	\$161.48	\$4,838.52
Woodland-Davis Clean Water	\$500.00	\$16.14	\$483.86
	\$2,721,770.25	\$87,268.00	\$2,634,502.25

FISCAL IMPACT:

The recommended funding level is reflected in the approved FY12/13 Budget.

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>June 28, 2012</u>	
SUBJECT:	Fidelity Cash Payment
RECOMMENDED ACTION:	That the Board: <ul style="list-style-type: none"> - approve the Fidelity Cash Payment for FY 12/13 of \$28,002; - approve a rebate credit of \$6,534 to be applied against this year's premium; and - direct the CEO/Risk Manger to bill these cash payments after July 1, 2012.

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's share of the total is based on the participating member's proportionate share of total employee headcount.

There were no claims reported for this program so we have built up an excess surplus estimated at \$8,287. We are recommending that the Board declare a \$6,534 rebate credit for this program. After the credit the program will:

- Have a fully funded confidence margin;
- Have a fully funded catastrophic fund; and
- A small remaining surplus.

The recommended action will result in a net premium of \$21,468. This is virtually identical to last year's premium, and is the average cost of the last four year's member billings.

The premium/cash payment will be as follows:

	FY 12/13		Premium
<u>ENTITY</u>	<u>PREMIUM</u>	<u>REBATE</u>	<u>Less Rebate</u>
CITY OF DAVIS	\$5,864.34	\$1,329.57	\$4,534.77
ESPARTO SCHOOL DIST	\$1,014.51	\$230.84	\$783.67
CITY OF W SACRAMENTO	\$4,404.44	\$950.82	\$3,453.62
CITY OF WINTERS	\$470.14	\$110.88	\$359.26
CITY OF WOODLAND	\$3,126.00	\$759.77	\$2,366.23
COUNTY OF YOLO	\$11,497.73	\$2,828.64	\$8,669.09
YECA	\$354.66	\$62.76	\$291.90
YOLO-SOLANO AQMD	\$206.20	\$30.70	\$175.50

IHSS	\$32.99	\$7.58	\$25.41
YOLO COURTS	\$965.02	\$210.15	\$754.87
CLARKSBURG FPD	\$16.50	\$3.50	\$13.00
DUNNIGAN FPD	\$24.74	\$5.25	\$19.49
MADISON SERVICE	\$24.74	\$3.54	\$21.20
TOTAL	\$28,002.00	\$6,534.00	\$21,468.00

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 28, 2012

SUBJECT: Cash Payment for the Workers' Compensation Program for FY 12/13

RECOMMENDED ACTION: That the Board:

- approve the Workers' Compensation Program's cash payment for FY 12/13 in the amount of \$4,256,577;
- declares a \$1M assessment to fund program reserves and confidence margin shortfalls (an amount equal to a rebate credit in the Liability Program); and
- direct the CEO/Risk Manager to bill the member cash payments after July 1, 2012.

BACKGROUND INFORMATION:

The Workers' Compensation cash payments are normally determined by using the Board approved formula found in the YCPARMIA Bylaws. This formula uses known and projected costs, credits, 2011 calendar year payroll, and a three-year paid to date history ending December 31, 2011. Catastrophic claims are capped at \$75,000 and deductible payments are rolled into the calculations. The Board, as a matter of policy, funds at an actuarially determined 70% confidence level.

In response to the ongoing financial crisis the Board made an informed decision to suspend the premium formula, and fund at a lower level. Catastrophic reserves were used to offset the shortfall, and resulted in the program suffering a funding deficit. At the start of the current fiscal year the WC program had no confidence margin or catastrophic fund, and program reserves had dropped below the actuary's projections. In FY 11/12 we again funded at a rate lower than called for in the premium formula, and instead based the funding on a five year average of program expenses along with the current year's budgeted costs. The short term goal was to avoid further program deterioration without putting additional fiscal pressure on our members. The result was a net premium figure of \$4,222,697. This year's premium figure, generated by the premium formula is \$4,256,577 – a figure respectably close to last year's reduced funding. Each member's individual share of the total will depend in part on their three- year claim history.

It is important to look at the overall program funding when considering the member's total proposed cash payments. We ended FY 10/11 with an overall program deficit of \$4,047,850. As stated above we had no confidence margin or catastrophic fund, and had eaten into program reserves. We are projecting that FY 11/12 will end with a \$2,810,420 program deficit; an improvement of \$1,237,430. We will end the year with:

- fully funded program reserves;
- a confidence margin funded to about 21% of its actuarially determined level; and
- no confidence margin.

After applying the proposed \$1M assessment we will see the funding deficit drop to \$1,810,420, with the confidence margin funding rising to 81% of its approved level. A realistic goal for the coming year is to bring the confidence margin up to a fully funded level, and to have a minor impact on the unfunded catastrophic fund. Of course continued improvement is largely dependent on the results of the end of the year actuary study.

The premium/cash payment will be as follows:

	<u>FY12/13 Premium</u>
DAVIS	\$989,420.71
ESPARTO USD	\$144,402.03
WEST SACRAMENTO	\$761,642.13
WINTERS	\$35,709.13
WOODLAND	\$726,772.10
COUNTY OF YOLO	\$1,511,941.56
YECA	\$16,106.38
YOLO/SOLANO	\$14,583.70
CAPAY FPD	\$5,000.00
IHSS PUBLIC AUTH.	\$5,000.00
DAVIS CEMETERY	\$5,000.00
MADISON FPD	\$5,000.00
WINTERS CEMETERY	\$5,000.00
YOLO CO. HABITAT	\$2,500.00
DUNNIGAN FIRE	\$7,500.00
LAFCO	\$500.00
COTTONWOOD CEM.	\$500.00
CLARKSBURG FPD	\$5,000.00
WINTERS FIRE	\$5,000.00
MADISON CSD	\$5,000.00
PORT	\$5,000.00
	\$4,256,577.74

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

	ACTION ITEM
	AGENDA ITEM NO. <u>6E</u>
	DATE: <u>June 28, 2012</u>
SUBJECT:	Cash Payment for the Property/Boiler & Machinery Program for FY 12/13
RECOMMENDED ACTION:	That the Board approve the Property/Boiler & Machinery Cash Payment for FY 12/13 of \$502,294, and direct the CEO/Risk Manager to bill these cash payments after July 1, 2012.

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. The total premium 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 thru to them.

Declared member values dropped from an historic high of \$963,538,615 in FY11/12 to \$926,480,652 for FY 12/13. At the same time the insurance market for property, due to a series of world-wide events, has hardened dramatically. In response CSAC-EIA and the excess broker, Alliant, have tweaked the program in an effort to control cost increases – rates have risen, and coverage has contracted.

- The programs average rate increased by 7%;
 - YCPARMIA's went up about 10% due to our experience and exposures;
- The shared limit all policy was reduced from \$602.5M to \$600M;
- The flood limit was reduced from \$602.5M to \$300M with an additional \$100M coverage shared among all members;
- Unscheduled infrastructure is no longer included;
 - This is defined as "unscheduled roads, bridges, tunnels, culverts, sidewalks and street lights for non-FEMA declared disasters;"
- Vehicle deductibles for replacement cost coverage has risen to \$20K on vehicles valued at less than \$250K and \$100K on vehicles valued over \$250K.

This program has historically built up surplus that was available for rebates. FY 11/12 has been an active claim year, and the impact on the bottom line has ruled out any rebate credits for the coming year. The program is ending the year:

- With a fully funded confidence margin; and
- A fully funded catastrophic fund.

Unfortunately the lack of rebate credits, along with the increased excess costs has resulted in a significant increase in premium for the coming year. FY 11/12 had a total premium of \$480,723 which was reduced by a \$142,000 rebate credit. In FY 12/13 our premium cost will be \$502,294 with no rebate credits.

The premium/cash payment will be as follows:

ENTITY	PREMIUM
CITY OF DAVIS	\$73,609.48
ESPARTO SCHOOL DIST	\$13,614.16
CITY OF W SACRAMENTO	\$98,887.10
CITY OF WINTERS	\$11,899.44
CITY OF WOODLAND	\$68,304.53
COUNTY OF YOLO	\$142,998.81
YECA	\$4,944.43
YOLO-SOLANO AQMD	\$419.81
CAPAY VALLEY FPD	\$1,011.46
IHSS	\$74.06
DAVIS CEMETERY DIST	\$779.35
LAW LIBRARY	\$593.43
YOLO COURTS	\$3,368.15
CLARKSBURG FPD	\$1,293.04
MADISON FIRE DIST	\$1,125.77
WINTERS CEMETERY DIST	\$327.64
COTTONWOOD CEMETERY	\$12.52
DUNNIGAN FPD	\$794.62
WINTERS FPD	\$1,125.06
PORT	\$77,058.16
MADISON SERVICE	\$53.89
TOTAL	\$502,294.93

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

	ACTION ITEM
	AGENDA ITEM NO. <u>6F</u>
	DATE: <u>June 28, 2012</u>
SUBJECT:	Election of Officers
RECOMMENDED ACTION:	That the Board nominates and elects a President and a Vice President for FY 12/13

BACKGROUND INFORMATION:

YCPARMIA's Bylaws require that the officers of YCPARMIA's Board of Directors be elected on an annual basis prior to the beginning of 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 first year 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

	INFORMATION ITEM AGENDA ITEM NO. <u>7A</u>
	DATE: <u>June 28, 2012</u>
SUBJECT:	YCPARMIA Financial Report
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through May 31, 2012 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>June 28, 2012</u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

For your information:

	<u>Investment Statement</u>
LAIF as of 4/30/2012:	\$ 7,879,111.00
CHANDLER as of 4/30/2012:	<u>\$ 8,263,046.00</u>
TOTAL AS OF 4/30/2012:	\$ 16,142,157.00
LAIF as of 5/31/2012:	\$ 7,401,470.00
CHANDLER as of 5/31/2012:	<u>\$ 8,268,674.00</u>
TOTAL AS OF 5/31/2012:	\$ 15,670,144.00

For your information:

	<u>Outstanding Reserves</u>
Total as of 5/31/2011:	\$ 7,844,993.00
Total as of 4/30/2012:	\$ 8,542,820.00
Total as of 5/31/2012:	\$ 9,408,257.00

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>June 28, 2012</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>June 28, 2012</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>June 28, 2012</u>
SUBJECT:	Workers' Comp Loss Run Summary
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the 5/31/12 loss run summary provided by our TPA, York. This report represents program performance for the first eleven months of the fiscal year.

Summary: We are continuing to have a mixed year. New indemnity claims are down, monthly benefit costs are down, but future reserves are spiking up, and we are seeing increased reopening's and conversions by prior medical only to indemnity. Having said that, we are dealing with small numbers that are vulnerable to a few bad claims.

Frequency:

- 384 WC claims were reported to YCPARMIA during the eleven months of the fiscal year.
- This is an average of 34.9 claims per month; last year we averaged 32.7 claims, so our trend is slightly higher, but the increase is in the cheaper medical-only claims.

Severity:

- Of the 384 claims, 43 (11.1%) were initially coded as indemnity due to reserved exposures for temporary disability and/or permanent disability. The average of 3.9 indemnity claims per month is down from our yearly average of 6 last year. BUT – we have had a net of 32 med-only claims converted to indemnity which brings our total to 75, or 19.5% of our total, and 6.8 claims per month. This is cause for concern.

Benefits:

- Our average monthly total for total benefits paid is \$223,142; a substantial reduction over the previous year's average of \$241,643, and substantially lower than the \$291,416 average in FY 09-10.
 - Temporary Disability: This class of benefits is running lower than last year, and reflects the reduced number of new indemnity claims, and members providing modified work.

- Permanent Disability: This class of benefits is trending up slightly when compared to last year. This benefit has a lag time built in to it. PD awards are coming out on cases are two or three years old.
- Compromise and Release Settlements: This class of benefits is down when compared to last year, which is not necessarily a good thing; we like to buy out our future medical costs to end our exposure on the claim.
- Medical Costs: Medical costs have been trending higher over the last few months largely driven by a few claimants receiving surgery.
- Vocational Rehabilitation: This benefit, after the 2004 reforms, has all but disappeared.
- Legal, Investigative, Sub-rosa, etc.: The increase in costs was tied directly to a policy of more aggressive use of sub-rosa. Legal costs remained flat while investigation costs have risen.

The overall picture is mixed. Benefit costs are down on both an actual and pro-rata basis, but future reserves have sky-rocketed. These will inevitably lead to higher paid benefit totals and adverse trends in our actuarial studies. The only answer, given the built in benefit inflation in the workers' compensation system, is reducing claims through aggressive loss prevention.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: June 28, 2012

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: June 28, 2012

SUBJECT: Premium/Cash Payment and Rebate Process

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

The June Board meeting is mainly dedicated to approving premium/cash payments for the coming year. To help the members understand the process what follows is a short review. Attached you will find an estimated year end quarterly report, and a graph of premiums paid for the last seven years along with the proposed numbers for FY 12/13.

The premium and rebate process is found in the YCPARMIA Bylaws and various Board policies.

- The actual premium formulas are found in addendums to the Bylaws starting on page O-11.
- The annual Actuarial Study, a necessary component in the premium formulas, is mandated by the Board Policy found on page K-85.
- The Funding Policy, establishing the use of a 70% confidence level for premium funding, is on K-83.

The quarterly Statement of Revenues, Expenses and Retained Earnings lays out the financial position of YCPARMIA's pooled programs; the end of the year estimate is attached.

- The Confidence Margin is created by Board policy, and is found on page K-70.
- Similarly, Catastrophic Fund is governed by the Board policy found on K-84.

The premium/cash payment process is pretty straight forward. The data required in the premium formulas is gathered and applied resulting in the annual cash payments billed to participating members.

- Excess coverage costs are obtained from our excess pools and insurance carriers;
- Administrative expenses are taken from the budget that the Board considers in March;
 - A set percentage is charged against each program (Fidelity 1%, Property 3%, Liability 36%, WC 60%);
- Payroll figures are taken off our member's 12/31 DE 6s;
- Member headcounts for Fidelity come off the DE 6's;

- Property values come from the annual property lists that are reviewed and submitted by members in September;
- Claims history is taken off of our loss runs;
- Actuarial determined claims costs come from the actuary study;
- Various other minor components are obtained as needed.

Rebate/credits are at the discretion of the Board, and controlled by the Board policy found on page K-26. Generally the excess surplus found on the bottom line of the June 30th quarterly Statement of Revenues, Expenses and Retained Earnings reflects the funds potentially available for rebate/credits.

With the Board's approval of the budget and actuary study at its March meeting, the premium/cash payments for the coming year are pretty well set. Final premium approval and consideration of rebate credits occur at the end of the year Board meeting in June.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

INFORMATION ITEM
AGENDA ITEM NO. 7H

DATE: June 28, 2012

SUBJECT: Miscellaneous Claims Graphs and Reports

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

At the Board meeting we will be handing out selected graphs that address trends in claims, finance and loss prevention. With the fiscal year ending on June 30th a much more complete set of data will be provided at the August Board meeting.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

INFORMATION ITEM
AGENDA ITEM NO. 71

DATE: June 28, 2012

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