

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND 2020-2021 ANNUAL REPORT



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HISTORY OF THE JPA

NCCSIF was **founded in 1979** as the Northern California Cities **Workers' Compensation Fund**.

Formed as a Joint Powers Authority (JPA), it is **one of the first pooled municipal programs in California**.

In 1981, members formed the Liability Program to apply the same concepts of pooling coverage for comprehensive coverage designed for municipalities.

In 1987, the Joint Powers Authority's name was changed to **Northern California Cities Self Insurance Fund (NCCSIF)**.

The same year NorCal Cities began to offer group purchase of:

- Property,
- Crime, and
- Employee Assistance Program (EAP) coverage.

In 1991, the pool **began shared risk programs** for Liability and Workers' Compensation.

The group has grown to **twenty-two cities** that **pool coverage to \$500,000** for both Workers' Compensation and Liability.

In 1993, NCCSIF joined CJPRMA for Excess Liability Coverage.

The same year NorCal Cities became one of the first pools to achieve **CAJPA Accreditation with Excellence**.

In 2003, NorCal Cities joined CSAC-EIA for Excess Workers' Compensation Pooled Coverage.

Since 2008 the pool has expanded coverage and increased the number and variety of risk management services and resources for members, including:

- **Cyber and Pollution Liability Coverage** through the Property Program
- Online training and risk management resources through TargetSolutions
- **Sewer operations risk management** through DKF Solutions
- Police Policy updates and training through Lexipol
- Body-worn camera grants for police agencies
- **Risk Management Best Practices and Scorecard** to benchmark and improve member operations
- Comprehensive Risk Assessments, training and consultation from Sedgwick Risk Services
- Deadly Weapons Response Coverage to assist members in responding to such incidents.

Among the training topics this year was a webinar regarding sidewalk risk management and a half-day information packed workshop on **Risk Management 101 for Supervisors and Managers**, a collaborative effort by Alliant and Sedgwick Claims and Risk Control consultants. The workshop provides a better understanding of how a City manages their risks, tools and techniques to mitigate loss exposures, and the resources available through NorCal Cities to help them reduce their losses.

MISSION STATEMENT

The Northern California Cities Self Insurance Fund (NCCSIF) is an association of municipalities joined together to *protect Member resources* by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.

GOVERNANCE

NorCal Cities operates under the direction of its 22 Member Cities, with each member represented on the Board of Directors. The Executive Committee consists of seven to eleven members that rotate on a geographical basis, with the President, Vice President and Treasurer elected by the Board. Four other committees review and make recommendations regarding risk management, claims, or financial issues.



Board of Directors

The Board of Directors is composed of a representative appointed by the City Council of each member agency. An Alternate Representative is also appointed to serve and may vote in the Board Member's absence. Current Board Members and Alternates are listed below.

Member	Board Director	Alternate
City of Anderson*	Liz Cottrell	Jeff Kiser
City of Auburn	Cristina Shafer	Vacant
City of Colusa	Ishrat Aziz-Khan	Shelly Kittle
City of Corning*	Kristina Miller	Tom Watson
City of Dixon	Rachel Ancheta	Kate Zawadzki
City of Elk Grove	Vacant	Kara Reddig
City of Folsom*	Vacant	Vacant
City of Galt*	Stephanie Van Steyn	Lorenzo Hines Jr.
City of Gridley	Vacant	Elisa Arteaga
City of Ione	Lori McGraw	Vacant
City of Jackson*	Yvonne Kimball	Dalacie Blankenship
City of Lincoln	Veronica Rodriguez	Ruthann Codina
City of Marysville	Jennifer Styczynski	Vacant
City of Nevada City	Loree McCay	Catrina Olson
City of Oroville	Elizabeth Ehrenstrom	Vacant
Town of Paradise	Vacant	Crystal Peters
City of Placerville*	Dave Warren	Cleve Morris
City of Red Bluff	Sandy Ryan	Anita Rice
City of Rio Vista*	Jose Jasso	Jen Lee
City of Rocklin	Kimberly Sarkovich	Andrew Schiltz
City of Willows*	Wayne Peabody	Vacant
City of Yuba City	Spencer Morrison	Vacant

**Founding Members*

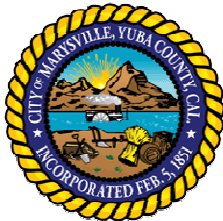
GOVERNANCE



Executive Committee

The Executive Committee is a standing committee of the Board that acts as a steering committee for overall operation of the JPA and has been delegated certain duties in the Bylaws. The President of the Board serves as the Chair of the Committee, with the Vice President and Secretary as voting members. Remaining voting seats are selected on a rotating geographical basis. The Treasurer and CJPRMA Board Representative are non-voting members of the Committee.

Member	Name	Position
City of Placerville	Dave Warren	President
City of Rio Vista	Jose Jasso	Vice President
City of Rio Vista	Jen Lee	Treasurer
City of Marysville	Jennifer Styczynski	Secretary
City of Galt	Stephanie VanSteyn	Member-at-large
City of Jackson	Yvonne Kimball	Member-at-large
City of Lincoln	Veronica Rodriguez	Member-at-large CJPRMA Board Representative
City of Nevada City	Loree McCay	Member-at-large



GOVERNANCE

CLAIMS COMMITTEE

The Claims Committee reviews claims in the Shared Risk Layer, authorizes settlements and makes determinations on coverage. The Claims Committee has settlement authority from a Member's Banking Layer up to \$250,000, and the Executive Committee has authority to settle claims in excess of that amount for both Liability and Workers' Compensation. The Committee also reviews NorCal Cities' claims management practices, claim audits, litigation management and approved attorney lists and makes recommendations as needed. The Executive Committee appoints members to the Claims Committee from their ranks.



FINANCE COMMITTEE

The Board of Directors has delegated financial investment authority and other duties to the Executive Committee. The Executive Committee delegates these duties to the Finance Committee on an as-needed basis. The Treasurer is appointed annually by the Board and serves as the Chair of the Finance Committee.

RISK MANAGEMENT COMMITTEE

NorCal Cities established a Risk Management Committee in 1991, comprised of at least one member from each City. Over the years it has been enriched by participation from employees from Public Works, Finance, Human Resources, Police, Fire, and City Management who have contributed a broad range of ideas and best practices to the members.

The Committee's goal is to foster member risk management programs to reduce the frequency and severity of accidents and claims for loss or damage. Recognizing this goal, the Committee annually recommends and administers a budget to provide each member hands-on risk management consultation and training. For FY 20/21 the risk management budget is \$492,421, or 35% of the pool's total administration expenses.

POLICE RISK MANAGEMENT COMMITTEE



City of Rocklin Police Department

Given the importance of managing public safety risks and the unique nature of their operations, members formed a separate Police Risk Management Committee, and all members with police departments are encouraged to participate. Members meet quarterly to share risk management tips, keep abreast of legislative and case law changes, and attend a training session at each Committee meeting.

The Committee also reviews major claims for risk management practices that can be shared or improved and evaluates equipment to prevent or minimize losses. In the last five years, members have approved a **total of \$350,000 in grant funds to purchase body-worn cameras** and storage. Each meeting includes feedback on how effective the cameras have been in **reducing the number of claims and their severity**.

FY 20/21 MEMBERS PARTICIPATING IN EACH PROGRAM

MEMBER	POOLED PROGRAMS		GROUP PURCHASE							INDIVIDUAL PURCHASE						Alliant Special Events Program
	WORKERS' COMP	LIABILITY	APIP PROPERTY	APIP Auto Physical Damage	APIP FLOOD	APIP EXCESS CYBER	ACIP CRIME	ID FRAUD Expense Reimbursement	ADWRP	AMVP Auto Physical Damage	AIRPORT	POLLUTION	DIC-Earthquake	Fiduciary Liability	EAP through ACI	
City of Anderson	✓	✓	✓			✓	✓	✓	✓	✓					✓	✓
City of Auburn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓
City of Colusa	✓	✓	✓			✓	✓	✓	✓	✓					✓	✓
City of Corning	✓	✓					✓	✓							✓	
City of Dixon	✓	✓	✓			✓	✓	✓	✓	✓					✓	✓
City of Elk Grove	✓							✓								✓
City of Folsom	✓	✓	✓	✓		✓		✓	✓					✓	✓	✓
City of Galt	✓	✓	✓	✓		✓	✓	✓	✓							
City of Gridley	✓	✓	✓			✓	✓	✓	✓	✓					✓	
City of Ione	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓			✓	✓
City of Jackson	✓	✓	✓			✓		✓		✓					✓	✓
City of Lincoln	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓			✓	
City of Marysville	✓	✓	✓		✓	✓	✓	✓	✓	✓					✓	
City of Nevada City	✓							✓								✓
City of Oroville	✓	✓	✓	✓		✓	✓	✓	✓		✓					
Town of Paradise	✓	✓	✓			✓	✓	✓	✓	✓					✓	✓
City of Placerville	✓							✓								✓
City of Red Bluff	✓	✓	✓	✓		✓	✓	✓	✓		✓		✓		✓	
City of Rio Vista	✓	✓	✓			✓	✓	✓		✓	✓				✓	✓
City of Rocklin	✓	✓	✓			✓	✓	✓	✓	✓						✓
City of Willows	✓	✓					✓	✓								
City of Yuba City	✓	✓	✓	✓	✓	✓	✓	✓	✓							

APIP = Alliant Property Insurance Program
ADWRP = Alliant Deadly Weapon Response Program

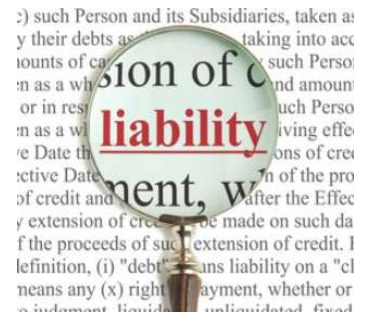
ACIP = Alliant Crime Insurance Program
AMVP = Alliant Mobile Vehicle Program

LIABILITY PROGRAM

Coverage Highlights

The Liability Program provides coverage for losses Members become legally obligated to pay as damages due to:

- **Bodily Injury and Property Damage,**
- **Employment Practices Liability (EPL),**
- **Personal Injury, and**
- **Public Officials' Errors or Omissions.**



Coverage is included for the Member Entity and its commissions, agencies, districts, authorities, boards, or similar entities coming under the Member's direction or control, in addition to officials, employees, or volunteers while acting for or on behalf of the Member.

The program is divided into **three separate coverage layers** - Banking, Shared Risk and Excess Coverage, as illustrated in the table to the right.

All three coverage layers include self-insurance. The **Banking Layer is funded to pay for each Member's own claims, similar to a deductible.** The Shared Risk Layer is funded to pay for claims that are shared by all NorCal Cities Members. The Excess Layer is funded through the California Joint Powers Risk Management Authority (CJPRMA).

<p style="text-align: center;"><u>Excess Layer</u></p> <p style="text-align: center;">Excess Insurance: \$5,000,000 to \$40,000,000 EPL Coverage Limit: \$10,000,000 CJPRMA Members: \$500,000 to \$5,000,000</p>
<p style="text-align: center;"><u>Shared Risk Layer</u></p> <p style="text-align: center;">Banking Layer Limit to \$500,000</p>
<p style="text-align: center;"><u>Banking Layer</u></p> <p style="text-align: center;">Folsom: \$0 to \$100,000 All Other Members: \$0 to \$50,000</p>



**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

CJPRMA members pool risk up to \$5,000,000 and purchase excess reinsurance for total limits up to \$40,000,000, inclusive of NCCSIF's retained limit of \$500,000 per occurrence. Other sublimits apply, including for Employment Practices Liability (EPL) and subsidence coverage. As a result of sharing risk to \$5,000,000, CJPRMA is largely insulated from fluctuating insurance market conditions. CJPRMA also provides valuable risk management training and excess claim management services.



Oroville



Yuba City

LIABILITY PROGRAM

FINANCIAL HIGHLIGHTS

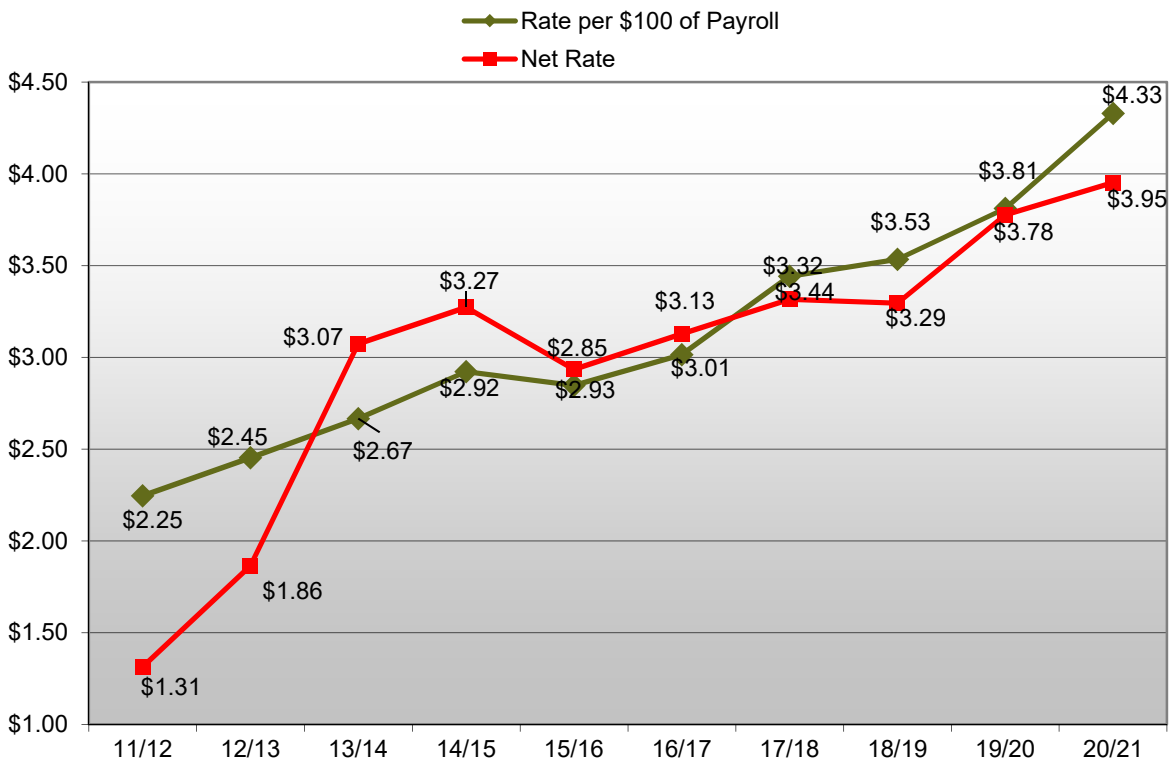
Total FY 20/21 funding for the Liability Program is \$7,803,904. Members agreed to **maintain the funding Confidence Level at 80%**, in spite of a total premium increase of 19%. Member payroll accounted for 5% of the increase, with the base rate for the NCCSIF coverage increasing by 7% and the excess coverage by 11%. Favorable loss development and the impact of increasing the confidence level contributed to a Shared Layer **increase of \$895,048 (34%) in Net Position**, continuing to exceed target benchmarks.

PROGRAM Highlights

The Board of Directors annually reviews the Banking and Shared Risk financial status to evaluate the appropriateness of declaring either a refund or an assessment. **The Banking Fund returned net dividends of \$776,322** to Members who exceeded their target funding levels. The Shared Risk Layer continues to increase without the need for assessments now that funding levels again exceed target benchmarks. The following chart shows the historical rates with and without the impact of refunds and assessments.

Nine years ago the Liability Program **net rates reached historic lows due to large dividends** that continued for several years. The gross rate hit a low of \$2.25 in 2012 before climbing to \$3.44 in 2018, in part due to increased losses during a period when the Shared Layer was \$1 million. The rate has also increased due to an **increase in the funding Confidence Level over the last five years**, from 65% in 14/15; 67.5% in 15/16; 70% in 16/17; 75% in 17/18; and 80% in 18/19 where it remains today. The increase in the net rate is due to Shared Risk Layer Assessments over four years from 13/14 to 16/17.

Liability Rate vs. Net Rate with Refunds & Assessments



WORKERS' COMPENSATION PROGRAM

Coverage Highlights

California Workers' Compensation laws require every employer to provide benefits to employees for injury and/or illness arising out of, or in the course of, employment. Statutory benefits prescribed by law include:

- **Medical Treatment**
- **Temporary Disability Payments**
- **Permanent Disability Compensation**
- **Rehabilitation**
- **Death Benefits**



Like the Liability Program, coverage is divided into three separate layers, Banking, Shared Risk and Excess as illustrated in the chart to the right.

All three coverage layers include self-insurance. The Banking Layer is funded to pay for each Member's own claims, similar to a deductible. The Shared Risk Layer is funded to pay for claims that are shared by all NorCal Cities Members. The Excess Layer is funded through the Public Risk Innovation, Solutions, and Management JPA (PRISM - formerly CSAC-EIA).



<p style="text-align: center;"><u>Excess Layer</u></p> <p style="text-align: center;">Excess Insurance: \$5,000,000 to Statutory PRISM Members: \$500,000 - \$5,000,000 Including Employer's Liability</p>
<p style="text-align: center;"><u>Shared Risk Layer</u></p> <p style="text-align: center;">Banking Layer Limit to \$500,000</p>
<p style="text-align: center;"><u>Banking Layer</u></p> <p style="text-align: center;">All Members: \$0 to \$100,000</p>

PRISM is a risk-sharing pool of most of the counties and many cities and special districts in California. Since 2003, NorCal Cities has participated in PRISM, currently providing coverage from \$500,000 to \$5 Million and purchasing excess reinsurance to provide Statutory limits. The program also provides Employer's Liability Coverage up to \$5 Million. PRISM provides a variety of risk management resources, including online training, consulting and monthly webinars on a variety of topics.

Financial Highlights

The total cost of the program for FY 20/21 is \$13,566,361, after dividends, an increase of 8% over the prior year due to a 7% increase in payroll. **The underlying rate increased 4%** while maintaining the funding confidence level at 80%. Over the last five years members have increased the annual funding confidence level from 60% to 80%, a funding increase that has provided a consistently high margin for maintaining budget stability and meeting or exceeding financial benchmarks.

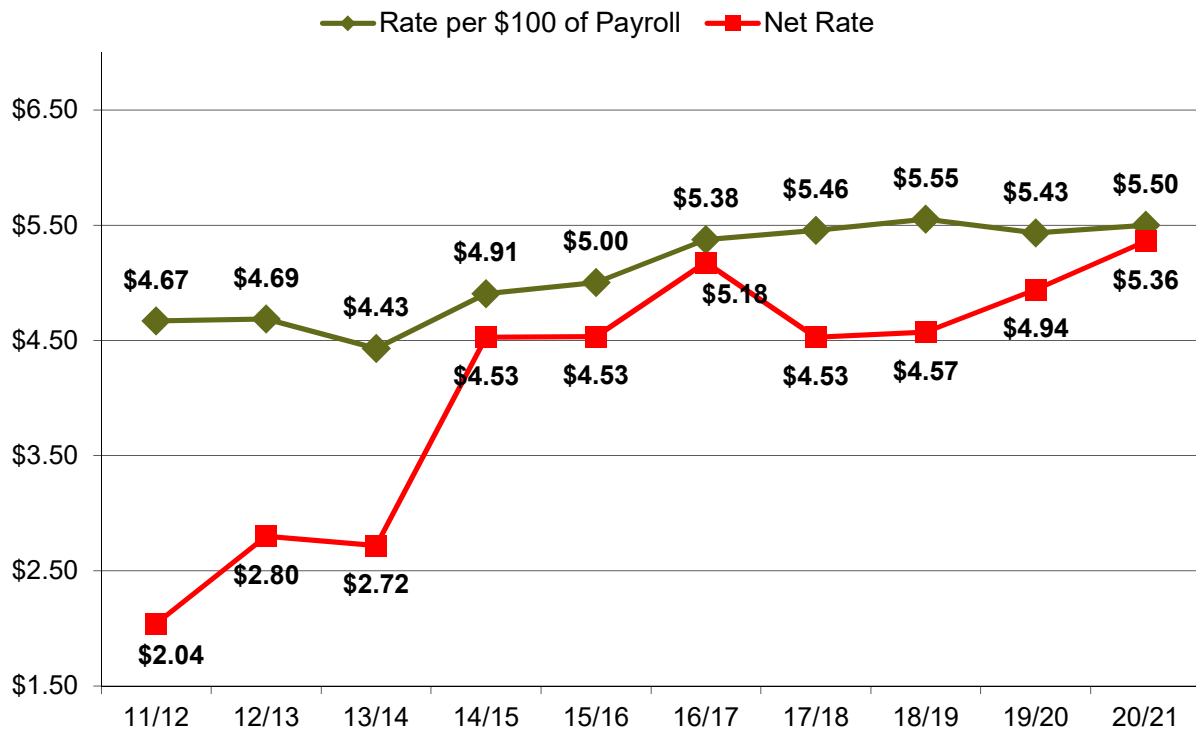
The Board of Directors annually reviews the Program's financial status to evaluate the appropriateness of declaring either a refund or an assessment. In 2020 NorCal Cities **returned \$221,500 in Shared Layer dividends** to its members and **\$568,771 in dividends in the Banking Layer**.

WORKERS' COMPENSATION PROGRAM

PROGRAM HIGHLIGHTS

The following chart shows the historical rates with and without the impact of refunds and assessments. Rates were relatively low and stable from 09/10 to 13/14, largely due to the last regulatory reforms, but they have been increasing since then, though members have also **increased the Confidence Level from 60% to 80% over the last few years, increasing the financial stability of the pool**. Factoring in the refunds and assessments over the years results in a net rate that has dipped as low as \$2.04 per \$100 of payroll.

Work Comp Rate vs. Net Rate with Refunds & Assessments



These results are due to a combination of cost containment strategies, including return to work modified duty placement for injured workers, increased loss control training for the members, and quality claims management from Sedgwick. They provide a “Spring Training” Training Conference available to all NorCal Cities members free of cost designed to enhance knowledge about the Workers’ Compensation claims process and increase risk management and return to work efforts.

Looking Ahead

Members will continue to receive hands-on training and assistance regarding Workers’ Compensation claims, including regular claim reviews, Work Comp 101. Sedgwick will also work with members in identifying qualified medical providers closer to member cities.

City of Colusa



PROPERTY PROGRAM

Coverage Highlights

NorCal Cities continues to offer coverage through the Alliant Property Insurance Program (APIP). This group purchase program provides the following coverages:

- **Broad Replacement Cost valuation**
- \$5,000 All Risk Deductible per claim
- **Rental Income and Tax Interruption**
- Course of Construction (Builder's Risk)
- **Auto Coverage with optional Replacement Cost**
- **Increased Cost of Construction (Code Upgrade)**
- Boiler & Machinery Coverage: \$100,000,000 limit per occurrence & \$5,000 deductible per claim
- **OPTIONAL Flood coverage** with deductible of \$100,000, or \$250,000 for Flood Zones A & V

The APIP Property Program *automatically includes coverage for Pollution Liability as well as Cyber Liability.*



POLLUTION LIABILITY

- Shared limit of \$2M between all NorCal Cities members that participate in APIP
- New Pollution Conditions or Indoor Environmental Conditions Coverage: First-party and third-party coverage for **claims arising out of a pollution condition on, at, under or migrating from a covered location, or an indoor environmental condition** at a covered location
- Transportation Coverage: First-party and third-party coverage for claims arising out of a pollution condition resulting from transportation
- Non-Owned Disposal Site Coverage: Third-party coverage for claims arising out of a pollution condition on, at, under or migrating *from a non-owned disposal site*
- **Coverage for catastrophe management costs and emergency response costs** (first-party remediation costs incurred within seven (7) days following the discovery of a pollution condition) included, **provided that the claim is reported to the insurer within seven (7) days.**

CYBER LIABILITY

- Information Security & Privacy Liability – each member in APIP has a \$2 Million limit, with higher limits available
- **Privacy Notification Costs** limit of \$500,000 (limit is increased to \$1M if Beazley Vendor Services are used)
- **Cyber Extortion Loss**
- Data Protection Loss and Business Interruption
- **Fraudulent Instruction** resulting directly from an Insured having transferred, paid, or delivered any Money or Securities as a direct result of Fraudulent Instruction.



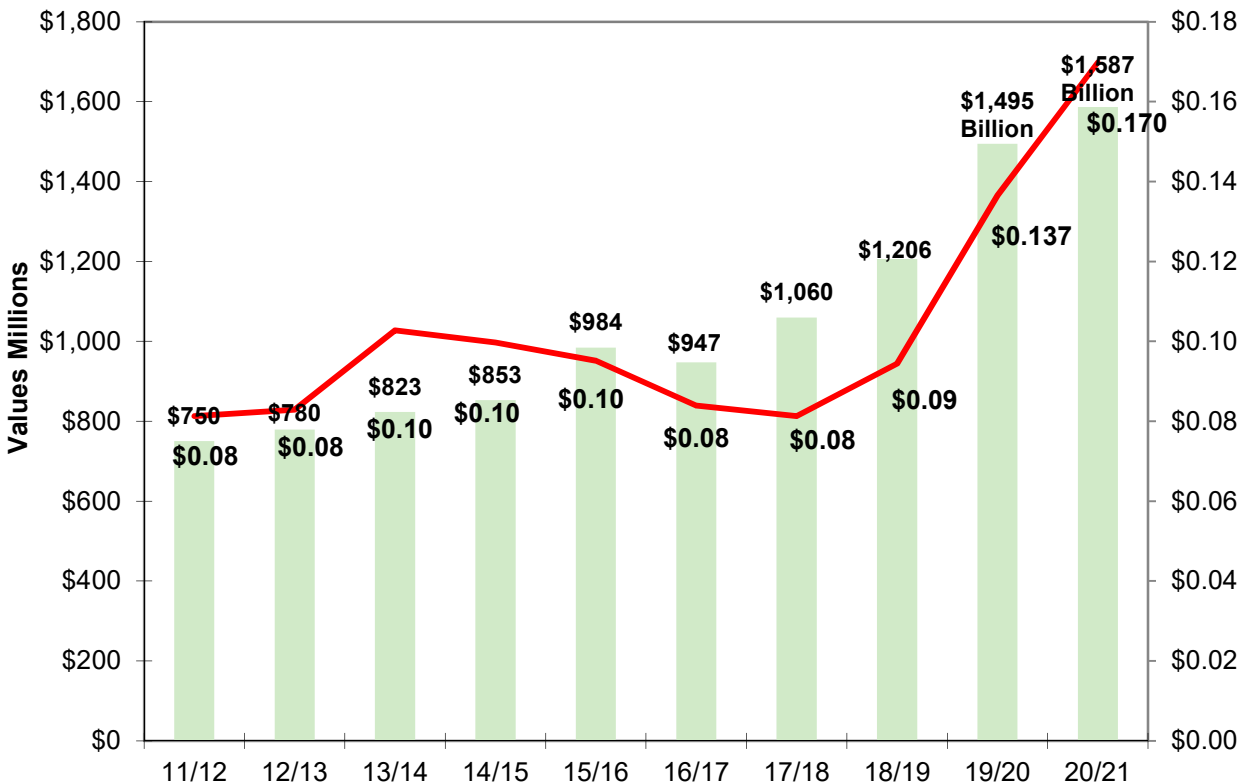
PROPERTY PROGRAM

Financial Highlights

For FY 20/21 total insurable values increased 6%, to almost \$1.6 Billion. The rate increased almost 24%, from \$0.137 to \$0.170, due to the extremely hard insurance market brought about a number of losses, including the CA wildfires, convection storms in the central U.S., and hurricanes along the coast and overseas. In spite of the increase, the Program remains the most competitive option as witnessed by a new member joining this year to obtain broader coverage and avoid a doubling of their premium.

Total Insured Value and Rates

Values in Millions Rate per \$100 of Value



LOOKING AHEAD

The APIP Program provides Real Property Appraisals based upon Real Property Replacement Cost for scheduled locations (Appraisals do not include Personal Property/Contents). Property Appraisals of scheduled buildings are conducted every five years to maintain accurate valuations. Buildings valued over \$5 Million are appraised at no cost to the member. Appraisals for properties below \$5 million are available at reduced group rates, and **members received property appraisals** prior to the FY 18/19 renewal.

Updated appraisals of all buildings are especially important in this period of rising rates, particularly in California, with the cost and availability of coverage a major issue for many member communities.



City of Placerville

CRIME PROGRAM

Coverage Highlights

The ACIP Crime Program provides coverage for employee theft, robbery, fraud, forgery, and other types of crimes through the National Union Fire Insurance Company, A.M. Best Rated A (XV). The **per occurrence limit has remained at \$3,000,000** since FY 17/18, with a \$5,000 deductible, with higher limits available for members to obtain separately.

The ACIP policy also covers Faithful Performance of Duty and deletes typical exclusions for Treasurers, Tax Collectors, and Bonded Employees. Therefore, **there is no need for the city to purchase individual bonds** for city officials who are required by law to give bonds for the faithful performance of their duties. To assure coverage **the City must pass a resolution authorizing the use of a Master Crime Policy.**

The ACIP Coverage contains the following:

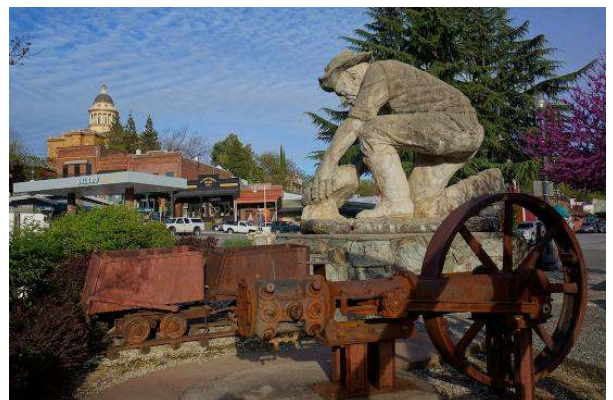
- Employee Theft
- Robbery or Safe Burglary
- Computer Fraud
- **Faithful Performance of Duty**
- Funds Transfer Fraud
- **Investigative Expenses – Sublimit of \$75,000**
- Forgery or Alteration including Credit, Debit or Charge Card Forgery
- Includes chairperson and members of committees as employees
- **Includes volunteer workers other than fund solicitors as employees**
- Includes specified directors and trustees on committees as employees
- **Deletes Treasurer/Tax Collector and Bonded Employees exclusions**
- Includes specified non-compensated officers as employees
- Specified City Officials Coverage Endorsement (for cities that are required by their city charter to individually bond certain employee or officer positions)



Seventeen of the twenty-two members participate in the ACIP Crime program: Cities of Anderson, Auburn, Colusa, Corning, Dixon, Galt, Gridley, Ione, Lincoln, Marysville, Oroville, Red Bluff, Rio Vista, Rocklin, Yuba City, Willows and Town of Paradise.

LOOKING AHEAD

As crime incidents are increasing in frequency and more commonly through computer fraud, members could benefit from the added security a higher limit of insurance affords. NorCal Cities members are always **encouraged to evaluate a higher limit of insurance in the ACIP program.** Members who do not currently participate in the ACIP Crime Coverage but would like additional information should contact the Program Administration for assistance.



City of Auburn

OTHER PROGRAMS

ALLIANT MOBILE VEHICLE PROGRAM (AMVP)



Select Members of NorCal Cities are enrolled in the Alliant Mobile Vehicle Program (AMVP), initially designed specifically for public agencies with a limited number of higher-valued vehicles or special equipment. The program has expanded to include all types of vehicles and mobile equipment. It provides All Risk Equipment Coverage **including earthquake and flood for scheduled equipment**. Claims valuation is on a replacement cost basis for vehicles or equipment less than three years old, otherwise the policy pays to repair or replace damaged property on a like kind and quality basis (not new for old).

Currently ten of the twenty-two NorCal Cities Members are enrolled in this program. **Deductibles below the APIP minimum of \$5,000 are available** in this program and one reason some members choose.

IDENTITY FRAUD PROTECTION

Member employees receive protection from the impact of identity fraud with Identity Fraud Reimbursement Coverage and Resolution Services through Travelers Insurance Company, with a **limit of up to \$25,000 to reimburse many of the costs and expenses associated with identity recovery**, including lost wages, attorney fees, and document replacement fees.

Employees as well as their immediate family members have 24/7 access to an expert fraud specialist to provide unlimited assistance in restoring a victim's identity. They also have access to online educational resources providing tips, information and steps to avoid becoming a victim of identity theft. NCCSIF members will receive step-by-step guidance through the resolution process, 3-in-1 credit reporting, as well as one year of free credit, cyber and fraud monitoring in the event of a fraud incident.



EMPLOYEE ASSISTANCE PROGRAM (EAP)

Thirteen NorCal Cities members participate in the group purchase of an Employee Assistance Program (EAP). An EAP is a worksite-based program designed to assist City employees in identifying and resolving personal concerns, including, but not limited to, health, marital, family, financial, alcohol, drug, legal, emotional, stress, or other personal issues that may affect job performance.

ACI's program includes employees and ALL of their family members – whether or not they live in the home.

The program features a benefit package which includes:

- Counseling and training
- Critical Incident Stress Debriefing (CISD)
- Childcare and eldercare resources
- Legal and financial consultation



SERVICES

PROGRAM ADMINISTRATION

Alliant Insurance Services provides overall program administration, including meeting agendas, underwriting, and management of governing documents and policies. In addition, Alliant provides consultation and advice regarding:

- **Insurance requirements in contracts**
- Certificates of insurance and endorsements
- **Best Practices for Municipal Risk Management**
- Safety Grant administration



CLAIMS MANAGEMENT

Sedgwick provides **claims management for both the Liability and Workers' Compensation Programs**. The Sedgwick claims examiner is responsible for advising the member on the merits of each claim and the appropriate action to be taken, as well as providing for necessary investigation of claims and oversight of legal defense. Sedgwick manages litigated claims **based on NorCal Cities' Litigation Management Guidelines** using a group of select attorneys chosen for their skill in public entity defense of Liability and Workers' Compensation claims.



RISK MANAGEMENT

NCCSIF hired Bickmore Risk Services in 2012 as their Risk Control Services provider to perform a Hazard and Risk Assessment for each member and **recommnd policies, procedures, and training to address their individual needs**. As a result, members are receiving more direct assistance in managing their operations in ways that reduce the frequency and severity of claims. In 2018 Bickmore was purchased by York Risk Services and in 2019 Sedgwick purchased York, *without an interruption in service to members*.

Consulting by Sedgwick includes:

- Hotline Services – call with any safety question
- **Program/Policy Development**
- Safety Materials
- **Training Matrix** – details the type and frequency of training required for member employees
- **Hazard & Safety Assessments**
- On-site Training
- Webinars – on a variety of Risk Management Topics

TARGETSOLUTIONS

NorCal Cities members have access to a comprehensive online training platform to ensure compliance with OSHA, fire safety training, and ethics requirements. Target Solutions offers an **online based training platform** which members can access remotely and helps track training completed by employees.



LEXIPOL

Member law enforcement agencies and fire departments are provided Lexipol policy and training services. Lexipol provides comprehensive, defensible public safety policy content and integrated policy training. The **Daily Training Bulletins (DTB) bring the manual into practice through real-life, scenario-based training exercises** emphasizing high-risk, low frequency events. DTBs often qualify for continuous training certification.



SERVICES

MEMBER TRAINING FUND

For FY 20/21, **members are allotted \$4,000 training fund towards risk management related training** and/or attendance to annual CAJPA, PARMA, CalPELRA, or other Risk Management Conferences. Attendance at Risk Management Conferences helps educate members on claim reduction strategies and other cost control mechanisms.



SEMINARS AND REGIONAL WORKSHOPS

Selection of topics determined annually by the Board and Members, including:

- **Sedgwick:** on-site sessions covering ergonomics, OSHA compliance, customized training and email communications.
- **Regional Workshops:** NorCal Cities conducts regional workshops on pertinent safety topics. Topics for 2020/21 consisted of Temporary Traffic Control and Flagging, Cyber Risk Management and Managing Sidewalk Liability.
- **General Liability and Police Risk Management** related trainings provided through CJPRMA on a wide variety of topics.

WEBSITE

NorCal Cities website resources include a Risk Management tab where members can access Risk Management information, including **recommended policies, procedures and best practices**. Please take a moment to visit our website at: www.nccsif.org.

ALLIANT CONNECT



AlliantConnect is a web based portal that provides a secure way for NorCal Cities members to access coverage information online as well as the **JPA governing documents, agendas and other important documents**. AlliantConnect offers members access to the documents on the go via a **mobile app**. The mobile app version provides the same 24/7 access to the documents and coverage information through a secure platform. The app is available on iOS and Android devices.

FINANCIAL SERVICE PROVIDERS AND CONSULTANTS



Accounting Services
James Marta & Company



Independent Financial Auditing Services
Crowe Horwath LLP



Investment Consultants
Chandler Asset Management, Inc.

FINANCIAL OVERVIEW

STATEMENT OF NET POSITION

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
COMBINING STATEMENT OF NET POSITION
June 30, 2020

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,531,520	\$ 7,011,475	\$ 11,542,995
Member receivable	99,214	436,696	535,910
Excess insurance receivable	649,263	470,028	1,119,291
Interest receivable	<u>82,734</u>	<u>250,816</u>	<u>333,550</u>
Total current assets	5,362,731	8,169,015	13,531,746
Investments *	<u>12,386,074</u>	<u>45,459,840</u>	<u>57,845,914</u>
Total assets	<u>17,748,805</u>	<u>53,628,855</u>	<u>71,377,660</u>
LIABILITIES			
Current liabilities:			
Accounts payable	59,530	107,820	167,350
Unearned revenue	<u>732,942</u>	<u>687,517</u>	<u>1,420,459</u>
Total current liabilities	792,472	795,337	1,587,809
Unpaid claims and claim adjustment expenses	<u>9,252,340</u>	<u>35,991,616</u>	<u>45,243,956</u>
Total liabilities	<u>10,044,812</u>	<u>36,786,953</u>	<u>46,831,765</u>
NET POSITION			
Unrestricted	<u>\$ 7,703,993</u>	<u>\$ 16,841,902</u>	<u>\$ 24,545,895</u>

SUMMARY OF RESULTS

- Total assets increased by \$2,716,359 million, and total liabilities decreased by \$265,000, resulting in an increase in Net Position of 5,399,983, compared to a increase of \$6,210,546 in FY 2019. **Without the dividend to members the program would have shown change in net position of \$4,282,952.**
- Net cash from operations increased by \$1,787,476, from \$2,568,598 to. \$4,356,074. Results reflect increased cash received from members of \$1.9 million, driven by cash received from members and investment prices.

FINANCIAL OVERVIEW

STATEMENT OF REVENUES AND EXPENSES

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2020

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating revenues:			
Banking layer deposit	\$ 2,211,001	\$ 6,501,000	\$ 8,712,001
Shared risk layer deposit	2,374,000	3,560,000	5,934,000
Other deposits/fees	4,097,103	2,520,981	6,618,084
Banking layer assessment	99,206	448,644	547,850
Other income	<u>63,805</u>	<u>43,321</u>	<u>107,126</u>
Total operating revenues	<u>8,845,115</u>	<u>13,073,946</u>	<u>21,919,061</u>
Operating expenses:			
Provision for claims and claim adjustment expenses	3,571,380	10,495,855	14,067,235
Dividends	776,322	790,271	1,566,593
Insurance premiums	3,596,361	1,683,414	5,279,775
Claims administration	-	888,639	888,639
Program administration	238,168	207,350	445,518
Safety services	159,317	265,186	424,503
Other expenses	<u>43,620</u>	<u>25,917</u>	<u>69,537</u>
Total operating expenses	<u>8,385,168</u>	<u>14,356,632</u>	<u>22,741,800</u>
Operating income	<u>459,947</u>	<u>(1,282,686)</u>	<u>(822,739)</u>
Non-operating revenues:			
Net change in the fair value of investments	569,679	1,678,321	2,248,000
Investment income	<u>333,628</u>	<u>957,470</u>	<u>1,291,098</u>
Total non-operating revenues	<u>903,307</u>	<u>2,635,791</u>	<u>3,539,098</u>
Change in net position	<u>1,363,254</u>	<u>1,353,105</u>	<u>2,716,359</u>
Net position, beginning of year	<u>6,340,739</u>	<u>15,488,797</u>	<u>21,829,536</u>
Net position, end of year	<u>\$ 7,703,993</u>	<u>\$ 16,841,902</u>	<u>\$ 24,545,895</u>

SUMMARY OF RESULTS

- Total operating revenues for fiscal year 2020 were \$21,919,061, prior to refunds, an increase of 10% or \$2,003,420 as compared to 2019, driven by increases in excess liability and property insurance premiums as well as shared layer funding.
- NorCal Cities earned \$2,716,359 in 2020 compared to \$6,210,546 in 2019. This decrease is largely due to an increase in insurance costs and provision for claims expenses. Both self-insured program increase Net Position, with almost half of the amount earned going to fund both programs.

PROGRAM ADMINISTRATION CONTACT INFORMATION



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Special thanks to the City of Rocklin for hosting all of NorCal Cities Board and Committee Meetings.