

HANDOUTS

from December 8, 2016 Training and Board of Directors Meeting

Pre-Meeting Training NCCSIF Orientation and Refresher Training Presentation

E.1. Investment 101 Training Presentation

E.3. Drone Liability and Coverage Presentation

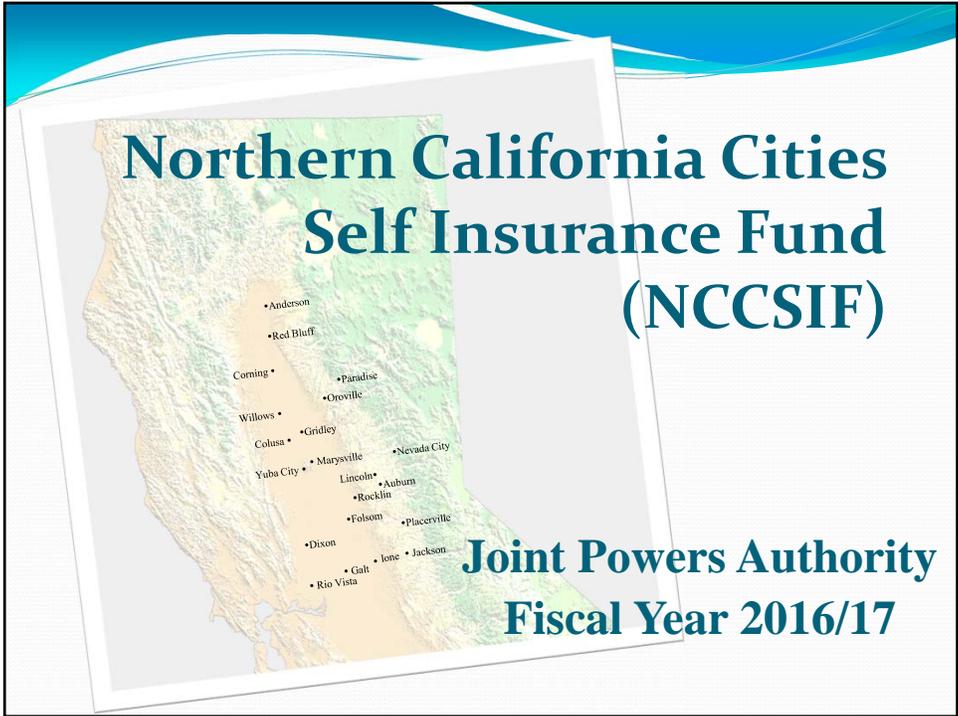
E.4. CJPRMA Overview of Services Presentation

Lunch Presentation Occu-Med Services Presentation

E.5. Resolving Workers' Compensation Claims Presentation

G.2. 2016/17 NCCSIF Annual Report

H.3. Review of Current Financial Condition and Funding Benchmarks Presentation



WHAT IS NCCSIF?

- The Programs
- Funding Mechanisms
- The Governance
- The Program Services
- Claims Administration

Participants

Members	Liab. SIR	WComp SIR	Members	Liab. SIR	WComp SIR
Auburn	\$50K	\$100K	Lincoln	\$50K	\$100K
Anderson	\$50K	\$100K	Marysville	\$50K	\$100K
Colusa	\$50K	\$100K	Nevada City	N/A	\$100K
Corning	\$50K	\$100K	Paradise	\$50K	\$100K
Dixon	\$50K	\$100K	Placerville	N/A	\$100K
Elk Grove	N/A	\$100K	Oroville	\$50K	\$100K
Folsom	\$100K	\$100K	Red Bluff	\$50K	\$100K
Galt	\$50K	\$100K	Rio Vista	\$50K	\$100K
Gridley	\$50K	\$100K	Rocklin	\$50K	\$100K
Ione	\$50K	\$100K	Willows	\$50K	\$100K
Jackson	\$50K	\$100K	Yuba City	\$50K	\$100K

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NCCSIF – The Programs



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NCCSIF Workers' Compensation Coverage Layers

CSAC – EIA
Excess Coverage to Statutory

CSAC – EIA Pooled Layer
\$500,001 - \$5,000,000

Shared Risk Layer
\$100,001 - \$500,000

Banking Layer \$0 - \$100,000

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Workers' Compensation 2016/17 Funding

- **Total Program Costs: \$10,570,747**
- **Banking Layer - \$5,843,000**
- **Shared Risk Layer - \$2,884,000**
- **Excess Layer - \$1,222,000**
- **Administrative Costs: \$621,747, or 5.8%**
- *Increase of 5.3% from 2015/16 but at higher confidence level*

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Excess Workers' Compensation



About EIA Coverages Governance

Home / Coverages / Property & Casualty / Excess Workers' Compensation

Excess Workers' Compensation

Excess Pool – CSAC Excess Insurance Authority

<https://www.csac-eia.org/>

- Statutory Limit
 - Members Pool Risk to \$5 Million
 - Excess Insurance to Statutory Limit
- Employers' Liability - \$5,000,000
- Risk Management Services
 - Target Solutions Online Training

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NCCSIF Liability Coverage Layers

CJPRMA

Excess Coverage to \$40,000,000
EPL Limit = \$10,000,000

CJPRMA Pooled Layer
\$500,001 - \$5,000,000

Shared Risk Layer
\$50,001 - \$500,000

Banking Layer: \$0 - \$50,000
Folsom: \$0 - \$100,000

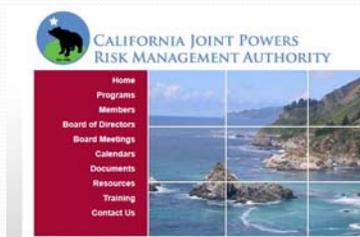
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Liability Program 2016/17 Funding

- Total Program Costs: \$5,392,923
- Banking Layer - \$1,869,000
- Shared Risk Layer - \$1,954,000
- Excess Layer - \$1,042,606
- Administrative Costs - \$263,658, or 4.9%
- Increase of 17% from 2015/16 but at a higher confidence level

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Excess Liability Coverage



www.cjprma.org

- CJPRMA - Excess Liability Pool
- Limits are \$40,000,000 per Occurrence
 - Employment Practices Liability = \$10,000,000 Limit
- Dividends paid past seven years.
- Last year's dividend was \$274,337

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Property

- **All Real and Personal Property**
- **All Risk Less Exclusions such as:**
 - Earthquake and Flood (Flood available individually)
 - Boiler & Machinery (covered)
- **Replacement Cost Coverage**
- **Loss Limit - \$1,000,000,000 per loss**
- **Deductible: \$5,000 per loss**
- **Current Rate per \$100 of Values is: \$.06**

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Other Coverages

- **Fidelity (Crime) Coverages - \$3 Million Limit**
 - Faithful Performance Included
- **Employee Assistance Program (EAP) -**
 - Wellness was added in 2009
- **Airport Liability - \$25 Mil Limit**
- **Auto Physical Damage - \$5,000 Deductible**
 - Replacement Cost Available
- **Pollution Liability - \$10 Mil Limit**
- **ID Fraud - for Member employees**

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NCCSIF Member Program Participation 2016/17

MEMBER	POOLED PROGRAMS			GROUP PURCHASE						INDIVIDUAL PURCHASE			
	LIABILITY SME/CPMA \$50M	WORKERS COMP SBI/SOIA \$100,000 *Cap. Value of Restrictions on file	PROPERTY (SBI/def)	AAP PROPERTY DAMAGE	AAP AUTO	ACP CRIME \$5M limit / SBI, ded.	ID/FRAUD Expense Rebate Program \$25M limit	AAP Auto Value Program (per vehicle limit)	AIRPORT	POLLUTION except Asham	IRC-Earthquake	EAP and Wellness (Covered by NCCSIF ACT)	
	19	ALL (*10)	15	7	4	15	ALL	11	4	3	1	E = EAP (5) W = Wellness (9) E&W (8)	
City of Anderson	X	X*	X			X	X	\$1.2M \$2K ded.				E	
City of Auburn	X	X	X	\$10K ded.	\$17M limit	X	X	\$2.4M \$1K/\$5K ded.	\$25M limit CALIF (OH Republic)	\$1.5M limit \$1716-17 Great American		W	
City of Colusa	X	X	X			X	X	\$1.9M \$5K ded.				E	
City of Corning	X	X*				X	X					E	
City of Dixon	X	X*	X			X	X	\$4.6M \$2K ded.				E&W	
City of Elk Grove		X					X					W	
City of Folsom	X	X	X	\$5K ded.			X					E&W	
City of Galt	X	X	X	1 Street Sweeper \$5K ded.		X	X					W	
City of Gridley	X	X	X			X	X	\$1.9M \$2K ded.				E&W	
City of Ione	X	X*	X	\$5K ded.	\$10M limit	X	X			\$10M limit CSAC EIA		E&W	
City of Jackson	X	X					X	\$1.9M \$2K ded.				E	
City of Lincoln	X	X	X	\$7,500 ded.		X	X		\$25M limit CALIF (OH Republic)	\$10M limit CSAC EIA		E	
City of Marysville	X	X	X		\$15M limit	X	X	\$2.7M \$2K ded.				E&W	
City of Nevada City		X*					X					W	
City of Oroville	X	X*	X			X	X	\$1.9M \$2K ded.	\$10M limit CALIF (OH Republic)			W	
Town of Paradise	X	X*	X			X	X	\$994K \$5K ded.				E&W	
City of Placerville		X					X					W	
City of Red Bluff	X	X*	X	\$5K ded.		X	X		\$10M limit CALIF (OH Republic)	\$10M limit Rockhill		E&W	
City of Rio Vista	X	X					X	\$627K \$5K ded.				E&W	
City of Rocklin	X	X*	X			X	X	\$7.4M \$1K-\$2K				W	
City of Willows	X	X					X					W	
City of Yuba City	X	X*	X	\$5K ded.	\$10M limit	X	X					W	

NCCSIF – Funding Mechanisms



The Funding Mechanisms - Banking and Shared Risk Layers

- **Total Deposit** – based on Actuarial Analysis of Expected Loss Costs
- **Member's Share** – based on:
 - Size of Payroll
 - Loss History for past five years
 - Expected losses based on WCIRB rates
 - Administrative Costs Shared Equally and by Size

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The Funding Mechanisms - The Banking Layer



No Risk Sharing

- Each Member's Funds are Accounted for Separately
- Quarterly Financial Statements Advise Members of the Status of Funds
- Members may borrow funds if needed and repay over time

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The Banking Layer

Refunds/Assessments

- The Board of Directors Annually Declares a Refund or Assessment in the Spring
- Refunds are Based Upon a Positive Combined Fund Balance
- Members may contribute some or all of their refund to their own risk management fund
- Assessments are limited to 20% of the amount needed to meet funding benchmarks

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The Shared Layer



Funding

Based on Member's share of total exposure
(Payroll x Ex Mod)

Refunds/Assessments

- Based on meeting target benchmarks
- All members share in the refund or assessment based on total premiums paid

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NCCSIF – The Governance



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Board of Directors



- **Each Member appoints a Board Director and Alternate**
 - Quarterly Meetings
 - Each Member has One Vote
 - Approves annual budget
 - Approves any changes to the Bylaws or Policies
 - Selects the seven members of the Executive Committee

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Executive Committee

Executive Committee Members as of January 1, 2017	
City of Anderson	Liz Cottrell
City of Colusa	Toni Benson
City of Corning	Kristina Miller
City of Marysville	Satwant Takhar
City of Red Bluff	Sandy Ryan
City of Nevada City	Corey Shaver, Secretary
City of Oroville	Elizabeth Ehrenstrom, Vice President
City of Placerville	Dave Warren, President
City of Yuba City	Natalie Springer
City of Willows	Tim Sailsbery, Treasurer
CJPRMA Representative	Paula Islas, City of Galt

- President, Vice President, Secretary, and seven to eight Members who *rotate based on geography* through two-year terms.
- Treasurer & CJPRMA Board Member (non-voting)
- Responsible for day to day JPA operations
- **Selects Claims Committee**

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Claims Committee

- **Reviews Claims in Shared Risk Layer**
 - Authorize settlements
 - Make determinations on coverage
- **Liability Claims Authority**
 - Banking layer is with City
 - Banking layer to \$250,000 Claims Committee
 - Over \$250,000 decisions are made by the Board of Directors

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Risk Management Committee

One Representative from each Member

- Meets Quarterly
- Develops Safety Policies and Procedures
- Develops Safety Training Programs
 - Recently hired Workplace Answers for Web based training
 - Manages Risk Management Budget
- Exchange of Safety & Risk Management Techniques
- Oversight of Safety & Risk Control services

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Police Risk Management Committee



Police departments are NCCSIF's largest loss exposure

- This subcommittee continually develops policy and procedure manuals for all Cities
- Establishes annual training sessions to assist in the control of loss costs
- Recommends grant fund amounts and uses
- Lexipol Daily training bulletins were made available to all members

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Policy and Procedures



Four types

- Administrative
- Liability
- Workers' Compensation
- Risk Management

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NCCSIF – The Program Services



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Program Administration

➤ Administrative Services provided by Alliant Insurance Services

- Prepare Agendas and Coordinate Meetings
- Develop and Maintain Policy and Procedures
- Preparation of Annual Budget and Program Deposits
- Issue, Modify and Maintain Memorandums of Coverage for the Shared Risk layer
- Assist with Audits
- Maintain NCCSIF Documents

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Program Administration

➤ Brokerage Services provided by Alliant Insurance Services

- Ongoing Review of Coverages
- Develop Renewal Marketing Information
- Marketing of Renewal Policies
- Develop, Issue and Maintain Certificates of Coverage
- Provide Status of Insurance Industry

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Program Administration

- **Risk Management provided by Alliant Insurance Services**
 - Develop Current Risk Management Best Practices
 - Coordinate Risk Management Committee
 - Coordinate Development of Loss Control Material
 - Contract Review for Insurance Requirements

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Safety and Risk Control Services provided by Bickmore Risk Services, Inc. (BRS)

- Performance of On-site Evaluations and training in topics such as lifting, hearing conservation, ergonomics, confined space, scaffold safety, etc.
- BRS works with each City to develop needed training.
- Hotline Service for Risk Management Q&A
- Maintenance of Safety Library
- Services as Requested for the Risk Management Committee
- Annual newsletter
- Police Risk Management Committee Coordinator

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Outside Training Provided

- Bickmore Risk Services – based on member needs and assessments.
- Team Trainers – Employment Practices Liability Seminars
- Target Solutions – Web-based safety training
- Lexipol – daily police training bulletins
- A police risk management specialist selected for a training session at each Police Risk Management Committee meeting.

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NCCSIF – Claims Administration



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Claims Administration by York

➤ **Liability and Workers' Compensation**

- Full Claims Adjusting Services Since 1986
- Claims Management Information System (CMIS)
- Dedicated Risk Analyst
 - Maintenance of Loss Data
 - Production of Monthly Loss Runs
 - Creation of Special / Ad hoc Loss Reports
 - Trust Account Management
- Claim Review Meetings as needed or as requested

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Claims Administration Liability

Full Claims Adjusting and Field Investigation Services

- Claims Manager - Cameron Dewey
 - 1st Dollar Claims Handling
 - 24/7 Emergency Call Out Services
 - Status Reports to Members
 - Settlements with Member's Approval
 - Report and Make Recommendations to Claims Committee
 - Reporting to Excess Pools and Carriers
- **Litigation Management**
 - Assignment of Defense Counsel With Member Approval
 - Approved Defense Counsel Panel
 - Cost Containment with Legal Budgets and Litigation Plans

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Claims Administration Workers' Compensation

- Claims are Handled from Roseville Claims office
 - Ben Berg - Claims Manager
- Dedicated Claims Examiners
- Average of 10 Years Claims Experience per Workers' Compensation Claims Examiner
- Claim Reviews as scheduled with member & Alliant

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Claims Administration Workers' Compensation

Ancillary Services

- Medical Cost Containment
 - Bill Review Services
 - Utilization Review
 - MPN Partnerships
- Fraud Prevention, Investigations & SIU
- **Electronic 5020**
 - Simplified reporting via web-based form
 - Electronic notification of form submission to the Client and York
 - Integration of data into York claim system

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The End

Please see our website at www.nccsif.org





NCCSIF Board Meeting

Managing Public Funds

December 8, 2016

Ned Connolly
Senior Vice President
Relationship Manager

CHANDLER ASSET MANAGEMENT | info@chandlerasset.com | chandlerasset.com | 800.317.4747

Objectives

Investment Objectives

The investment goals of the Northern California Cities Self-Insurance Fund are to preserve principal, to provide liquidity, and to maximize yield within the constraints of capital preservation and liquidity.

Chandler Asset Management Performance Objective

The performance objective for the Northern California Cities Self-Insurance Fund is to achieve a return over a market cycle equal to, or better than, the return on a market index of similar duration.

Strategy

In order to achieve these objectives, the Northern California Cities Self-Insurance Fund invests in high-quality taxable investments, with a maximum maturity of ten years.

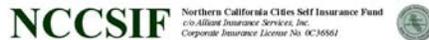


Considerations for Investment Objectives and Plan

- What are the objectives of the investment program
- What are the investment constraints
 - Government Code
 - Investment Policy
 - Risk tolerances
 - For JPAs - actuarial study and future claims
 - Investment staff experience
 - Outsourcing to investment adviser
- What strategies can be implemented that achieve stated objectives and are compliant with constraints



NCCSIF Investment Policy



STATEMENT OF INVESTMENT POLICY

A. PURPOSE

This statement provides guidelines for the prudent investment of the funds of the Northern California Cities Self Insurance Fund (NCCSIF) and outlines the policies and procedures for maximizing the efficiency of NCCSIF's cash management system. The ultimate goal is to enhance the economic status of NCCSIF, while protecting its pooled funds.

B. SCOPE

NCCSIF's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling NCCSIF to invest funds to the fullest extent possible. NCCSIF will attempt to obtain the highest yield obtainable, as long as investments meet the criteria established for safety and liquidity.

NCCSIF operates its pooled idle fund investments under the prudent person rule (Civil Code Section 2261, et seq.)

C. PRUDENCE

NCCSIF shall strive to invest 100 % of all idle funds based upon, projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the NCCSIF Finance Committee, of which the NCCSIF Treasurer is a committee member.

Persons authorized to make investment decisions on behalf of local agencies are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law. (Government Code Section 53600.3)



Purpose of an Investment Plan

- Provides discipline in managing risk
- Helps manage return expectations
- Establishes accountability
- Promotes communication

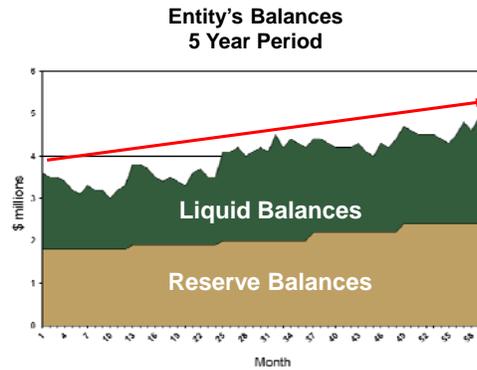


Determining Portfolio Structure

- Cash flow analysis
 - Identifies near-term (6-12 months) funding needs, trends for high and low balances and seasonal patterns
- Liquidity portfolio
 - Often expressed as percentage (e.g. 10-20%) of total portfolio
 - Typically invested in:
 - Liquidity accounts: LAIF, MMMFs, Bank Accounts
 - Money market instruments: T-Bills, Discount Notes, Commercial Paper
- Core/Reserve portfolio(s)
 - Invested longer-term and more diversified for potential for higher earnings and principal growth

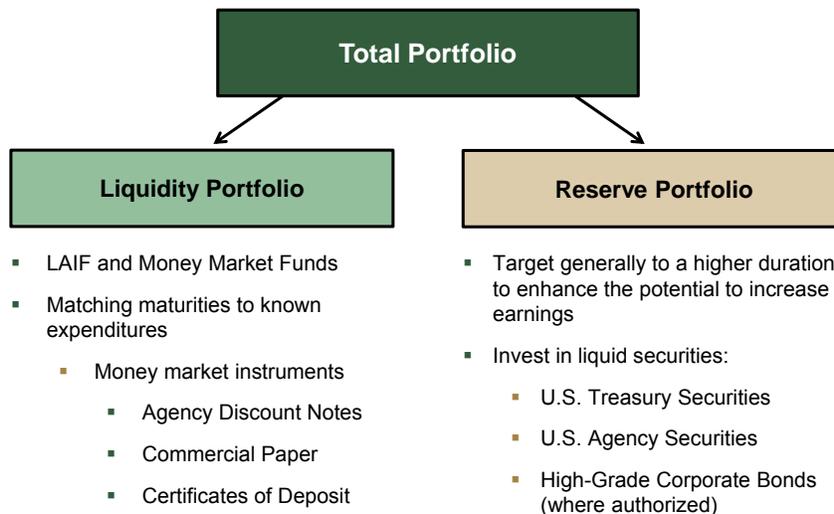
Identify Liquid & Reserve Balances

- Total balances are trending higher
- But balances fluctuate throughout the year
- The “Liquid Balances” are established to meet cash needs
- The “Reserve Balances” are generally stable and available for longer-term more diversified investing



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Segmenting the Portfolio



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Considerations for Determining Appropriate Strategies

- Interest rate exposure
 - Maximum maturity
 - Weighted average maturity
 - Weighted average duration
- Credit exposure (asset classes)
 - Treasuries, agencies, corporate securities, municipal securities, etc.
- Benchmark selection
 - Total return market benchmarks
 - Similar risk profile to investment style selected



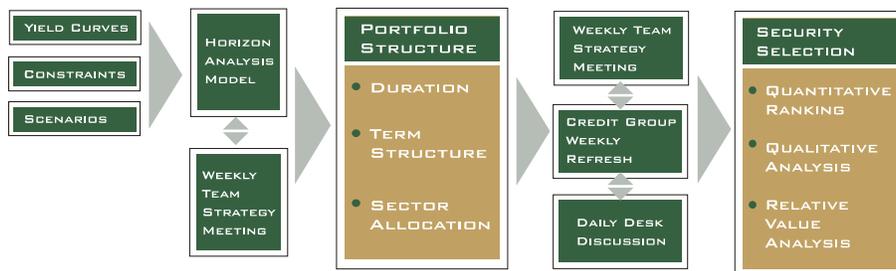
Managing Risk

- Interest rate/market risk
 - Portfolio duration
 - Equal to; longer than; shorter than benchmark duration
 - Maturity structure
 - Ladder; Barbell; Bullet
- Credit risk
 - Allocation limits to asset classes and issuers
 - Minimum credit ratings
 - Ongoing credit analysis and monitoring
- Prepayment risk
 - Callable securities
 - Amortizing securities
- Liquidity risk

What a Benchmark Does

- Provides discipline and guidance to portfolio manager in making investment decisions
- Helps control risk exposure in the portfolio
 - Portfolio structure properly reflects risk tolerance of agency as defined by selected benchmark
 - Duration
 - Credit
- Manages the Returns to Expectations:
 - Performance will be close to the benchmark return
 - Variance of return will be due to variance in duration, sector weighting and maturity structure
- Provides clarity of strategy in communication to Board

Implementing a Disciplined, Repeatable Investment Process



- Proprietary quantitative Horizon Analysis Model suggests target duration, sector allocation and term structure.
- The security selection process employs quantitative tools and rigorous qualitative analysis to determine relative value.

The diagram above reflect the typical investment process applied to Chandler's fixed income strategies. At any given time, other criteria may affect the process.



Impact of Duration

Portfolio #1: \$50 million and 2.0 duration

- If rates **increase** 2.25%, then **(\$2,250,000) Loss**
 $\$50 \text{ million} \times 2 \times 2.25\% \times -1 = \$50 \text{ million} \times -4.5\% = \text{(\$2,250,000)}$
- If rates **decrease** 2.25%, then **\$2,250,000 Gain**
 $\$50 \text{ million} \times 2 \times 2.25\% \times 1 = \$50 \text{ million} \times 4.5\% = \$2,250,000$

Portfolio #2 = \$50 million and 1.0 duration

- If rates **increase** 2.25%, then **(\$1,125,000) Loss**
 $\$50 \text{ million} \times 1 \times 2.25\% \times -1 = \$50 \text{ million} \times -2.25\% = \text{(\$1,125,000)}$
- If rates **decrease** 2.25%, then **\$1,125,000 Gain**
 $\$50 \text{ million} \times 1 \times 2.25\% \times 1 = \$50 \text{ million} \times 2.25\% = \$1,125,000$



Portfolio Characteristics – Short Term

Northern CA Cities Self Ins. Fund Short Term

	10/31/2016		7/31/2016
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	2.70	2.68	2.65
Modified Duration	2.60	2.46	2.46
Average Purchase Yield	n/a	1.44%	1.42%
Average Market Yield	0.99%	1.16%	0.92%
Average Quality**	AAA	AA+/Aa1	AA+/Aa1
Contributions/Withdrawals		3,000,000	
Total Market Value		26,941,028	24,002,903

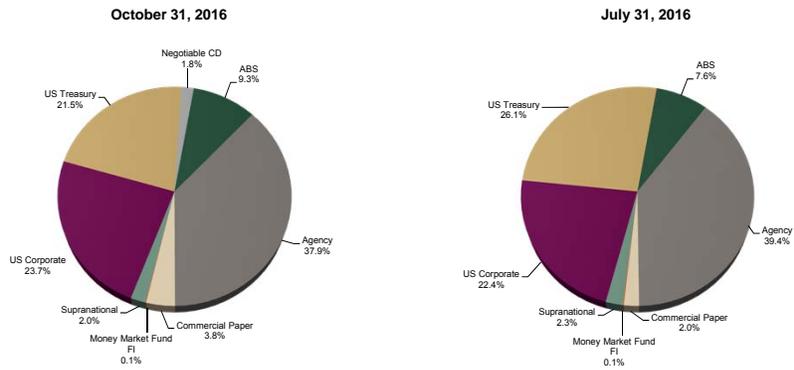
*BAML 1-5 Yr US Treasury/Agency Index

**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.



Sector Distribution – Short Term

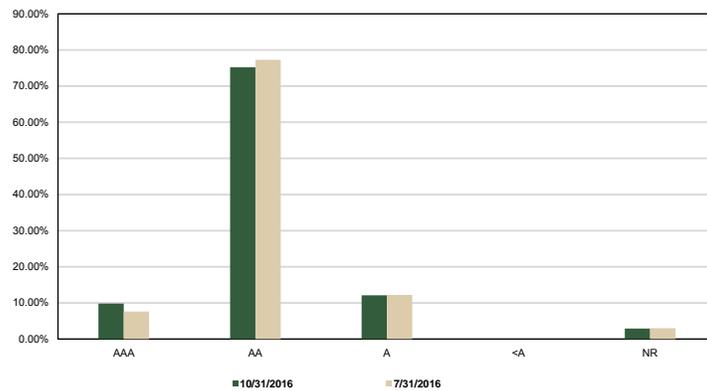
Northern CA Cities Self Ins. Fund Short Term



Quality Distribution – Short Term

Northern CA Cities Self Ins. Fund Short Term

October 31, 2016 vs. July 31, 2016



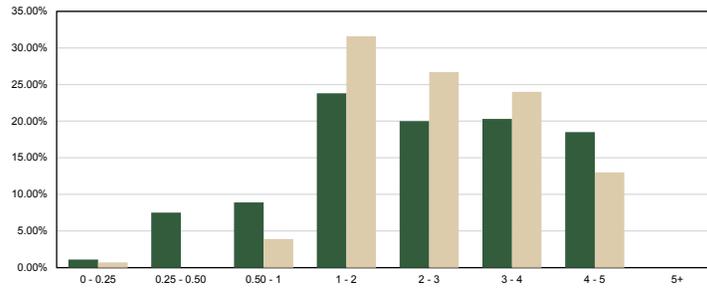
	AAA	AA	A	<A	NR
10/31/16	9.8%	75.2%	12.1%	0.0%	2.9%
07/31/16	7.6%	77.3%	12.2%	0.0%	3.0%

Source: S&P Ratings



Duration Distribution – Short Term

Northern CA Cities Self Ins. Fund Short Term
Portfolio Compared to the Benchmark as of October 31, 2016



■ Northern CA Cities Self Ins. Fund Short Term

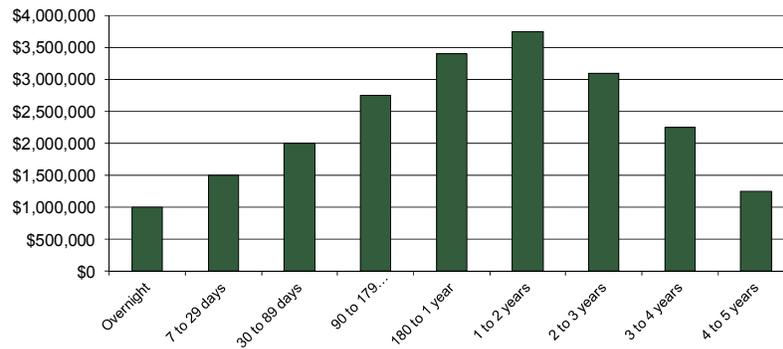
	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	1.1%	7.5%	8.9%	23.8%	20.0%	20.3%	18.5%	0.0%
Benchmark*	0.7%	0.0%	3.9%	31.6%	26.7%	24.0%	13.0%	0.0%

*BAML 1-5 Yr US Treasury/Agency Index



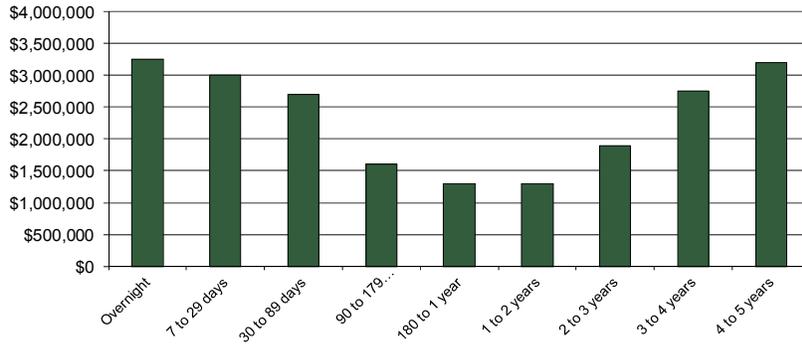
Portfolio Structure - Bullet

Portfolio Structure - Bullet



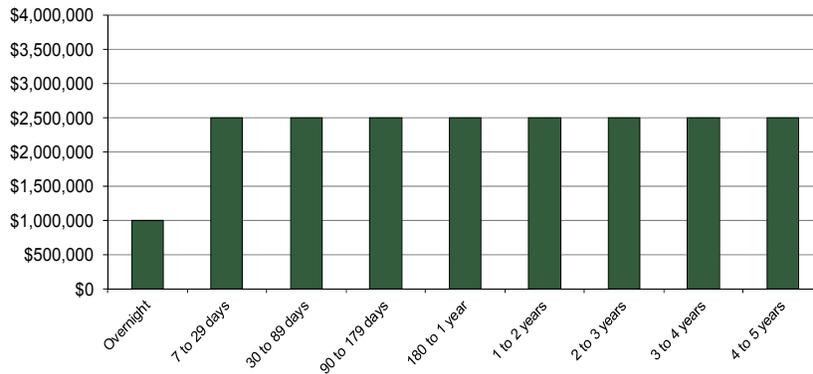
CA Portfolio Structure – Barbell

Portfolio Structure - Bar Bell



CA Portfolio Structure - Laddered

Portfolio - Laddered





Investment Performance – Short Term

Northern CA Cities Self Ins. Fund Short Term

Period Ending
October 31, 2016
Total Rate of Return
Annualized Since Inception
December 31, 1997



	3 months	12 months	Annualized				Since Inception
			2 years	3 years	5 years	10 years	
Northern CA Cities Self Ins. Fund Short Term	-0.25%	1.73%	1.68%	1.49%	1.38%	3.19%	4.14%
BAML 1-5 Yr US Treasury/Agency Index	-0.32%	1.54%	1.47%	1.28%	1.06%	2.90%	3.82%

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



Oversight, Evaluation, Rebalancing

- Ongoing compliance monitoring
- Reporting
 - Monthly accounting for investments
 - Performance
 - Weighted average yield
 - Total return
 - Comparison to benchmark total return
- Rebalancing
 - Bring back in line with duration target
 - Reallocate sector percentages



Adhering to Your Investment Guidelines

Investment Guidelines

Charles River Development

Compliance Check

Define Your Parameters

Code Rules into CRD

Pre-Trade Compliance

- California Government Code
- NCCSIF's Investment Policy
- NCCSIF's Management Directives
- Chandler Guidelines

- Concentration Limits
- Credit Quality
- Issuer Exposure
- Prohibited Transactions

- **Approved**
- ▲ **Warning**
- **Prohibited**

Only a compliance officer can override a "prohibited" alert



Monthly Report Summary Page – Short Term

Northern CA Cities Self Ins. Fund Short Term
Account #170

Portfolio Summary
As of 9/30/2016

PORTFOLIO CHARACTERISTICS		ACCOUNT SUMMARY		TOP ISSUERS	
Average Duration	2.46	Market Value	26,879,184	End Values as of 9/30/16	26,894,709
Average Coupon	1.36 %	Accrued Interest	72,194		81,526
Average Purchase YTM	1.42 %	Total Market Value	26,951,378		26,976,234
Average Market YTM	1.07 %	Income Earned	28,199		29,215
Average S&P/Moody Rating	AA+/Aa1	Cont'd	0		0
Average Final Maturity	2.67 yrs	Plus	26,678,123		26,699,863
Average Life	2.51 yrs	Bank Value	26,633,171		26,653,064
		Cost Value	26,599,958		26,618,538

SECTOR ALLOCATION	MATURITY DISTRIBUTION	CREDIT QUALITY (S&P)
<ul style="list-style-type: none"> US Corporate (23.7%) Commercial Paper (3.8%) None (0.1%) Agency (28.9%) Supranational (2.9%) Negotiable CD (1.8%) US Treasury (21.5%) 	<ul style="list-style-type: none"> 0-3m: 1.9% 3-6m: 4.1% 6-9m: 3.5% 9-12m: 28.6% 1-2y: 30.4% 2-3y: 18.4% 3-5y: 16.9% 	<ul style="list-style-type: none"> AA (16.3%) AAA (8.6%) US (3.0%) A (12.1%)

PERFORMANCE REVIEW	Total Rate of Return					
	Current Month	Latest 3 Months	Year To Date	1 Yr	3 Yrs	Annualized Since 12/31/1997
Northern CA Cities Self Ins. Fund Short Term	0.09 %	-0.08 %	2.23 %	1.77 %	1.64 %	3.25 %
BAML 1-5 Yr US Treasury/Agency Index	0.17 %	-0.17 %	2.18 %	1.51 %	1.43 %	2.96 %
BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index	0.14 %	-0.12 %	2.30 %	1.70 %	1.57 %	3.02 %

Chandler Asset Management - CONFIDENTIAL | Page 1 | Execution Time: 10/30/2016 5:53:44 PM



Compliance – Short Term



Northern California Cities Self-Insurance Fund - Short Term
October 31, 2016

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or better by S&P or Moody's; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody's; 25% maximum; 270 days max	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody's	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAF	\$50 million	Complies
Repurchase Agreements	1 year max maturity. Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies



We Work with You on All Aspects of Your Program





Compliance – Long Term



Northern California Cities Self-Insurance Fund - Long Term
October 31, 2016

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No limitation	Complies
US Agencies	No limitation	Complies
Supranationals	Issued by IBRD, IFC or IADG only; "AA" rated or better by S&P or Moody; 30% maximum; 5 years max maturity	Complies
Municipal Securities	5 years max maturity	Complies
Asset-backed/MBS/CMOs	20% maximum; AA by S&P or Moody; 5 years max maturity	Complies
Banker's Acceptances	40% maximum; 180 days max maturity	Complies
Commercial Paper	A1/P1 by S&P or Moody; 25% maximum; 270 days max maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complies
Money Market Acct	20% maximum; AAA by S&P and Moody	Complies
Mutual Funds	20% maximum; AAA	Complies
Negotiable CDs	30% maximum; 5 years max maturity	Complies
Time Certificates of Deposit	5 years max maturity	Complies
LAF	\$50 million	Complies
Repurchase Agreements	1 year max maturity; Not used by Investment Adviser	Complies
CMOs with collateral not specifically GNMA, FHLMC, FNMA	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Futures and Options	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies
Max Per Issuer	5% (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies

CAM | 26



Portfolio Characteristics – Long Term

Northern Cal. Cities Self Ins. Fund Long Term

	10/31/2016		7/31/2016
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	3.91	3.76	3.81
Modified Duration	3.67	3.45	3.50
Average Purchase Yield	n/a	1.84%	1.92%
Average Market Yield	1.17%	1.36%	1.10%
Average Quality**	AAA	AA+/Aa1	AA/Aa1
Contributions/Withdrawals		3,000,000	
Total Market Value		28,073,815	25,217,441

*BAML 1-10 Yr US Treasury/Agency Index

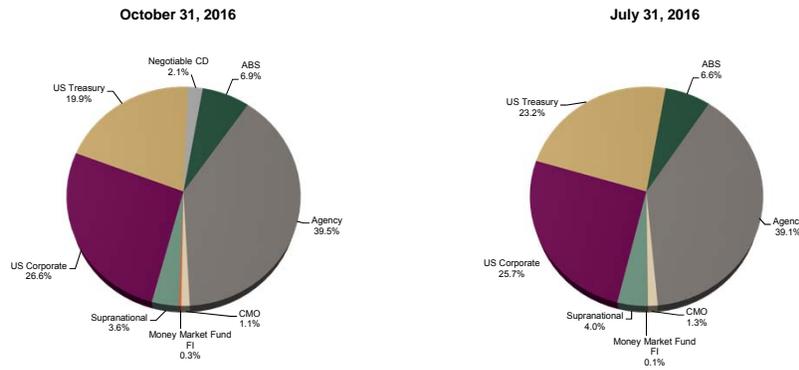
**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

CAM | 27



Sector Distribution – Long Term

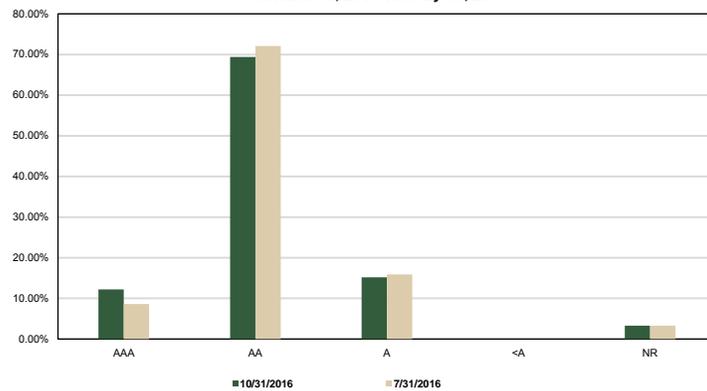
Northern Cal. Cities Self Ins. Fund Long Term



Quality Distribution – Long Term

Northern Cal. Cities Self Ins. Fund Long Term

October 31, 2016 vs. July 31, 2016



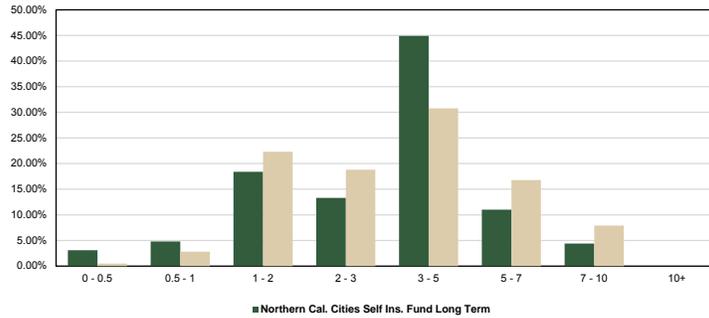
	AAA	AA	A	<A	NR
10/31/16	12.2%	69.4%	15.2%	0.0%	3.3%
07/31/16	8.6%	72.1%	15.9%	0.0%	3.3%

Source: S&P Ratings



Duration Distribution – Long Term

Northern Cal. Cities Self Ins. Fund Long Term
Portfolio Compared to the Benchmark as of October 31, 2016



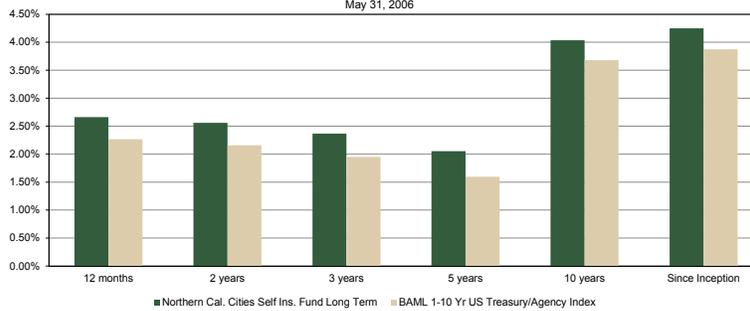
	0 - 0.5	0.5 - 1	1 - 2	2 - 3	3 - 5	5 - 7	7 - 10	10+
Portfolio	3.1%	4.8%	18.4%	13.3%	44.9%	11.0%	4.4%	0.0%
Benchmark*	0.5%	2.8%	22.3%	18.8%	30.8%	16.8%	7.9%	0.0%

*BAML 1-10 Yr US Treasury/Agency Index



Investment Performance – Long Term

Northern Cal. Cities Self Ins. Fund Long Term
Period Ending
October 31, 2016
Total Rate of Return
Annualized Since Inception
May 31, 2006



	3 months	12 months	Annualized				Since Inception
			2 years	3 years	5 years	10 years	
Northern Cal. Cities Self Ins. Fund Long Term	-0.55%	2.66%	2.56%	2.37%	2.05%	4.03%	4.25%
BAML 1-10 Yr US Treasury/Agency Index	-0.72%	2.27%	2.16%	1.95%	1.59%	3.68%	3.87%

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

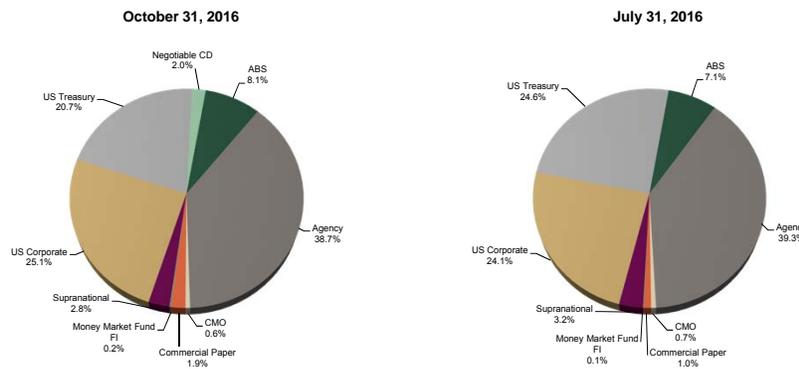
CM Portfolio Characteristics – Consolidated

Nor Cal Consolidated

	10/31/2016	7/31/2016
	Portfolio	Portfolio
Average Maturity (yrs)	3.23	3.24
Modified Duration	2.96	2.99
Average Purchase Yield	1.64%	1.67%
Average Market Yield	1.26%	1.01%
Average Quality**	AA+/Aa1	AA+/Aa1
Contributions/Withdrawals		
Total Market Value	55,014,843	49,220,343

CM Sector Distribution – Consolidated

Nor Cal Consolidated




Issuers – Consolidated
Nor Cal Consolidated – Account #172
As of 10/31/2016

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	20.68%
Federal National Mortgage Association	Agency	15.86%
Federal Home Loan Mortgage Corp	Agency	10.20%
Federal Home Loan Bank	Agency	8.58%
Tennessee Valley Authority	Agency	3.74%
Honda ABS	ABS	2.41%
Intl Bank Recon and Development	Supranational	2.02%
Bank of Nova Scotia	Negotiable CD	1.97%
John Deere ABS	ABS	1.95%
JP Morgan ABS	ABS	1.71%
Toyota ABS	ABS	1.43%
State Street Bank	US Corporate	1.35%
Qualcomm Inc	US Corporate	1.34%
Microsoft	US Corporate	1.34%
Wells Fargo Corp	US Corporate	1.33%
Cisco Systems	US Corporate	1.30%
Oracle Corp	US Corporate	1.23%
US Bancorp	US Corporate	1.21%
Exxon Mobil Corp	US Corporate	1.19%
General Electric Co	US Corporate	1.17%
Apple Inc	US Corporate	1.14%
Berkshire Hathaway	US Corporate	1.13%
Bank of New York	US Corporate	1.11%
Praxair	US Corporate	1.09%
Intel Corp	US Corporate	1.06%
ChevronTexaco Corp	US Corporate	1.05%
Rabobank Nederland NV NY	Commercial Paper	0.98%
Toyota Motor Corp	US Corporate	0.97%
Pepsico Inc	US Corporate	0.89%
Bank of Tokyo-Mit UFJ	Commercial Paper	0.88%

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Issuers – Consolidated
Nor Cal Consolidated – Account #172
As of 10/31/2016

Issue Name	Investment Type	% Portfolio
Paccar Financial	US Corporate	0.87%
Deere & Company	US Corporate	0.83%
Inter-American Dev Bank	Supranational	0.80%
JP Morgan Chase & Co	US Corporate	0.63%
Charles Schwab Corp/The	US Corporate	0.62%
Honda Motor Corporation	US Corporate	0.60%
Federal Home Loan Mortgage Corp	CMO	0.58%
Nissan ABS	ABS	0.56%
IBM Corp	US Corporate	0.48%
HSBC USA Corp	US Corporate	0.36%
Federal Farm Credit Bank	Agency	0.32%
Costco Wholesale Corporation	US Corporate	0.31%
Wal-Mart Stores	US Corporate	0.29%
Dreyfus Institutional Reserves Money Market Fund	Money Market Fund FI	0.19%
Pfizer Inc.	US Corporate	0.15%
United Technology Corp	US Corporate	0.09%
Total		100.00%

 35



Portfolio Holdings



Economic Update

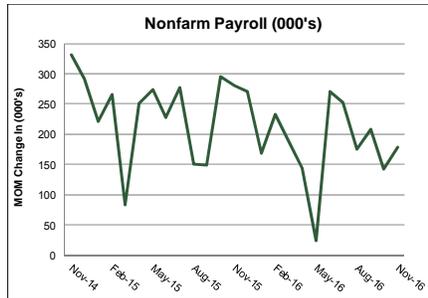


Economic Update

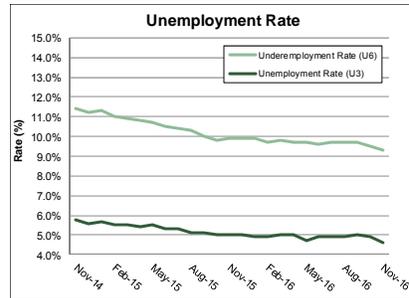
- As expected, the Federal Open Market Committee (FOMC) kept the fed funds rate unchanged at a range of 0.25%-0.50% at the November 1-2 meeting. There were two dissenting votes (out of ten), as Esther George (Kansas City) and Loretta Mester (Cleveland), preferred to raise the target range by a quarter percent. In September, there were three dissenting votes from George, Mester, and Eric Rosengren (Boston), but Rosengren decided to go along with the majority in November, likely due to the meeting's proximity to the US Presidential election. The Fed's overall assessment of the economy was little changed from September. However, the November policy statement noted that inflation has increased from earlier this year, and market-based measures of inflation have also moved up. The Committee also noted the case for an increase in the federal funds rate has continued to strengthen. In deciding whether or not to raise the fed funds rate, the Committee decided to wait for some further evidence of continued progress toward its objectives. The policy statement did not explicitly indicate that the FOMC will hike the fed funds rate at the next meeting on December 13-14, but market participants are expecting a rate hike.
- The outlook for the global economy remains unclear, but domestic economic data remains indicative of slow growth. The U.S. labor market continues to improve with the unemployment rate falling to 4.6% in December. Consumer confidence remains strong. Housing trends remain favorable. The manufacturing sector has slightly improved but may come under renewed pressure due to recent dollar strength. Third quarter 2016 GDP grew 3.2%, following growth of 1.4% in the second quarter and 0.8% in the first quarter. The consensus forecast calls for GDP growth of 2.2% in the fourth quarter. In 2017, GDP growth is expected to be 2.2%, up from an expected rate of 1.6% in 2016.
- In November, the yield curve steepened as the 2-year Treasury yield increased 27 basis points and the 10-year Treasury yield increased nearly 56 basis points. The move up in rates was largely driven by heightened expectations for fiscal stimulus, and a potential increase in inflation, in light of President-elect Trump's victory and the Republican Party congressional sweep in the US. We believe global factors (including rising yields in Japan and Germany, and an expectation for ongoing stimulus from the European Central Bank) also continue to influence US Treasury yields. In addition, the Federal Reserve has signaled a willingness to let the economy run hot (i.e. allow inflation to run above-target) in order to boost labor-force participation, which has fueled an increased in market-based inflation expectations. Nevertheless, the Federal Reserve is expected to hike the fed funds rate by 25 basis points in December.



Employment



Source: US Department of Labor

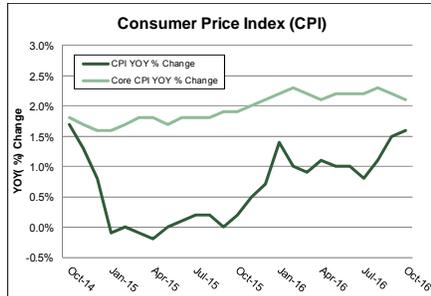


Source: US Department of Labor

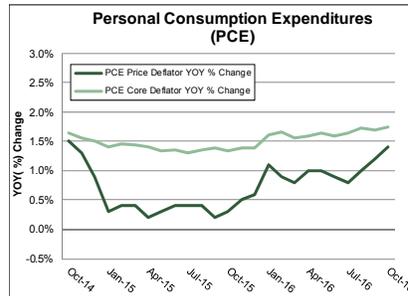
Nonfarm payrolls were roughly in line with expectations in November, up 178,000 versus the consensus forecast of 180,000. September and October payrolls were revised down by a net total of 2,000. On a trailing 3-month and 6-month basis, payrolls increased by an average of 176,000 and 205,000 per month, respectively. The unemployment rate dropped to 4.6% in November from 4.9% in October, but the participation rate also decreased to 62.7% from 62.8%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 9.3% in November from 9.5% in October. Wages were disappointing, down 0.1% in November, versus expectations for a 0.2% increase. On a year-over-year basis, wages were up 2.5% in November, down from 2.8% in October.



CM Inflation



Source: US Department of Labor

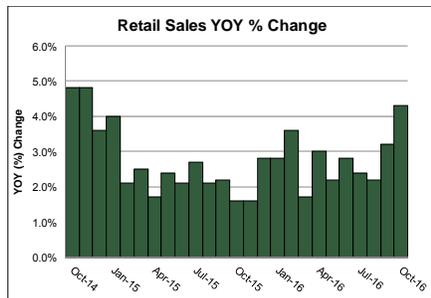


Source: US Department of Labor

The Consumer Price Index (CPI) was up 1.6% year-over-year in October, versus up 1.5% year-over-year in September. Core CPI (CPI less food and energy) was up 2.1% year-over-year in October, vs. 2.2% in September. The Personal Consumption Expenditures (PCE) index was up 1.4% year-over-year in October, versus 1.2% in September. Core PCE (excluding food and energy) was up 1.7% year-over-year in October, unchanged from September. Although Core CPI is trending above 2.0%, the Fed's primary inflation gauge is PCE which remains below the Fed's 2.0% target.



CM Consumer



Source: US Department of Commerce



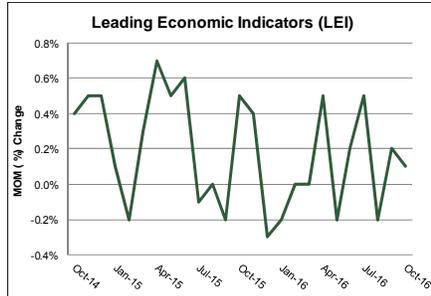
Source: Federal Reserve

On a year-over-year basis, total retail sales were solid, up 4.3% in October compared with a 3.2% increase in September. On a month-over-month basis, retail sales were up 0.8% in October, exceeding expectations. Excluding autos and gas, retail sales rose 0.6% in the month. Meanwhile, consumer confidence increased to 107.1 in November versus 100.8 in October.

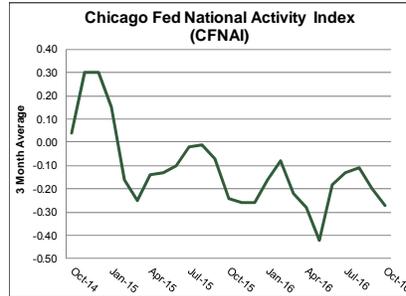




Economic Activity



Source: The Conference Board

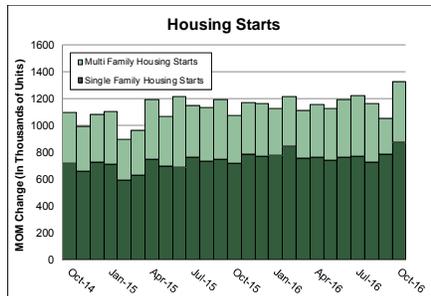


Source: Federal Reserve Bank of Chicago

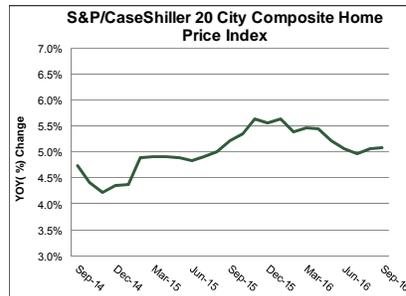
The Index of Leading Economic Indicators (LEI) increased 0.1% in October, in line with expectations, pointing to slow economic growth ahead. Meanwhile, the Chicago Fed National Activity Index (CFNAI) declined further to -0.27 in October on a 3-month moving average basis, from -0.20 in September. The CFNAI suggests that the pace of economic growth is below-trend.



Housing



Source: US Census Bureau



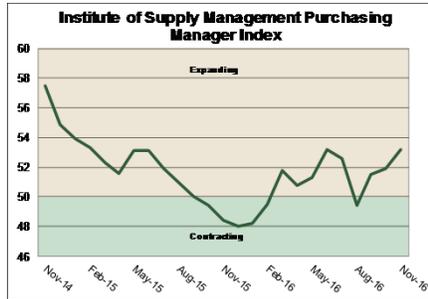
Source: S&P

Total housing starts surged 25.5% in October, following a decline of 9.5% in September. Single-family starts increased 10.7% in October and multi-family starts rose 68.8%. Housing starts tend to be volatile on a month-to-month basis. Permits were up slightly in October. According to the Case-Shiller 20-City home price index, home prices were up 5.1% year-over-year in September, unchanged from August.

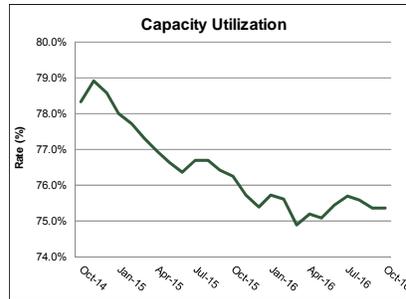




Manufacturing



Source: Institute for Supply Management



Source: Federal Reserve

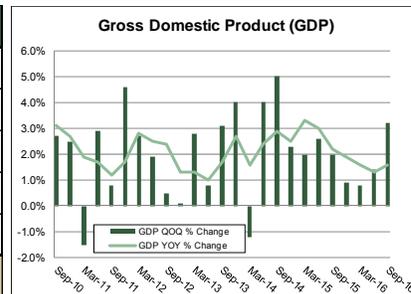
The Institute for Supply Management (ISM) manufacturing index increased to 53.2 in November from 51.9 in October, suggesting that manufacturing activity is modestly improving. Notably, a reading above 50.0 suggests the manufacturing sector is expanding. Meanwhile, capacity utilization, which is production divided by capacity, declined to 75.3% in October from 75.4% in September. The capacity utilization rate remains below the long-run average of 80.0% (1972-2015), suggesting there is still excess capacity in the industrial sector.



Gross Domestic Product (GDP)

Components of GDP	12/15	3/16	6/16	9/16
Personal Consumption Expenditures	1.5%	1.1%	2.9%	1.9%
Gross Private Domestic Investment	-0.4%	-0.6%	-1.3%	0.3%
Net Exports and Imports	-0.5%	0.0%	0.2%	0.9%
Federal Government Expenditures	0.3%	-0.1%	0.0%	0.2%
State and Local (Consumption and Gross Investment)	-0.1%	0.4%	-0.3%	-0.1%
Total	0.9%	0.8%	1.4%	3.2%

Source: US Department of Commerce



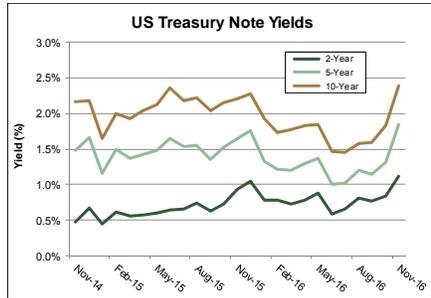
Source: US Department of Commerce

Third quarter real GDP grew at an annualized rate of 3.2% versus 1.4% in the second quarter. Growth from Personal Consumption Expenditures remained strong at 1.9% although down from the second quarter. Market participants are forecasting fourth quarter growth of 2.2%.

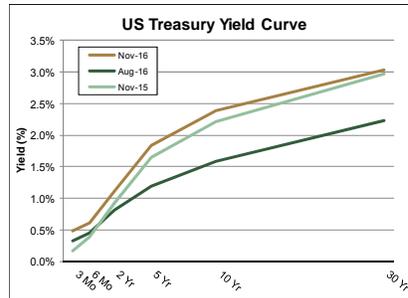




Bond Yields



Source: Bloomberg



Source: Bloomberg

Over the past three months, the yield curve steepened with the 2-year Treasury yield up nearly 32 basis points and the 10-year Treasury yield up more than 81 basis points. On a year-over-year basis the 2-year Treasury yield and 10-year Treasury yield are both up about 18 basis points. Over the past year, financial market volatility has been elevated due to weak global economic growth, volatile commodity prices, political uncertainty, and divergent global central bank monetary policy.



Drone Liability & Coverage



Northern California Cities
Self Insurance Fund
(NCCIF)
Training and Board of Directors Meeting

December 8, 2016

CHUBB

Mike Colson
Underwriting Manager
Chubb - Aviation

CHUBB

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CHUBB

Challenges of Measuring Drone Risks

- New Risk Segment to the Industry
- Lack of Claims Data
- Limited Aviation Experienced Operators
- Rapid Growth of Industry
- Consistent Legislation Changes

Most Recent FAA Regulations that Apply to Local Government Use

- Local Municipal Governments may operate under Part 107 with restrictive Pilot Requirements
- Certificate of Waiver Authorization (COA) granted by FAA
 - Limited for certain uses

Part 107 Pilot Restrictions

- Must be at least 16 years old
- Must pass an initial aeronautical knowledge test at an FAA-approved knowledge testing center+
- Must be vetted by the Transportation Safety Administration (TSA) Background Check

Part 107 Aircraft Requirements

- Aircraft must be less than 55 pounds
- Aircraft must be registered with the FAA

Part 107 Operating Rules

- Class G airspace*
- Must keep the aircraft in sight
- Must fly under 400 feet*
- Must fly during the day*
- Must fly at or below 100 mph*
- Must yield right of way to manned aircraft*
- Must NOT fly over people*
- Must NOT fly from a moving vehicle*
- * All of these rules are subject to waiver

Recreational UAV Users Option #1

- Fly for hobby or recreational purposes only (can't accept money)
- Follow a community-based set of safety guidelines
- Fly the UAS within visual line-of-sight
- Give way to manned aircraft
- Provide prior notification to the airport and air traffic control tower, if one is present, when flying within 5 miles of an airport
- Fly UAS that weigh no more than 55 lbs. unless certified by a community-based organization
- Register the aircraft (UAS over 0.55 lbs. and less than 55 lbs. can be registered online at registermyuas.faa.gov; UAS 55 lbs. or greater must be registered through the FAA's paper-based process)

Recreational UAV User Option #2

- Fly in accordance with the FAA's Small UAS Rule (Part 107). This requires operators to:
 - Obtain a remote pilot certificate or be under the direct supervision of someone who holds such a certificate.
 - Register the aircraft as a non-modeler at registermyuas.faa.gov
 - Follow all the operating rules in accordance with the regulation

Drones & UAVs – Sample Uses & Sources of Business

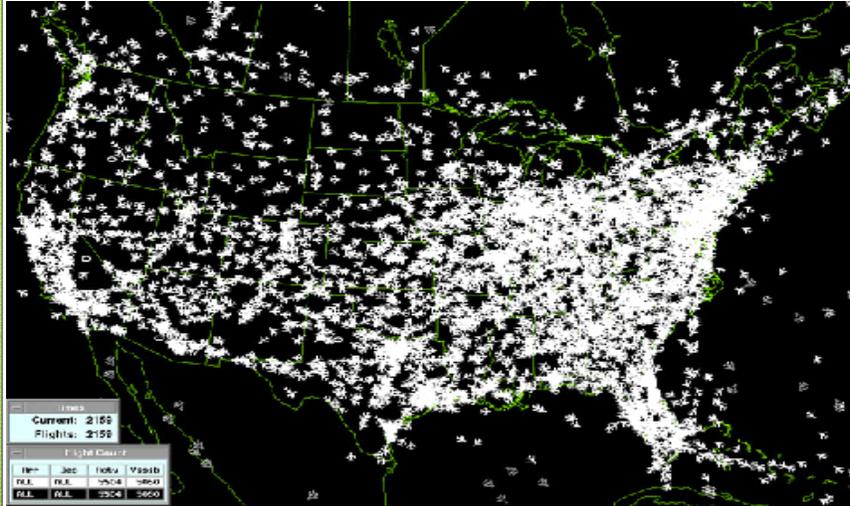
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|---|----------------------|
| •Agricultural | • Traffic Monitoring |
| •Crop Spraying | •Filming/Photography |
| •Terrain Mapping | •Wildlife Monitoring |
| •Delivery | •News Gathering |
| •Mobile Data Networks | •Emergency Response |
| •Law Enforcement – Border Patrol | •Real Estate |
| •Search and Rescue | •Inspection |
| •Space | •Power lines |
| •High Altitude Data Gathering – University Research | •Pipelines |
| •Wildfire Support | •Wind Farms |
| •Pollution Response | •Towers |
| | •Disaster Recovery |

Threats that Drones Present

- Mid Air Collision with Manned Aircraft
- Intentional Acts Involving UAV's
- Terrorism
- Bodily Injury from operations over crowds
- The Unknown Possibilities
- Invasion of Privacy

Drones and Privacy

- The FAA is silent on Privacy matters
- Many States have implemented strong laws restricting drone use for privacy protection
- California being one of only 10 states that recognizes a right to privacy in their constitution
- California's legislators have introduced legislation to regulate flying UAS over K-12 schools, wildfires, and prisons.



Drones & UAVs –Used as Model Aircraft



- System Cost--\$1,000-\$7,000
- System contains an Aircraft, Gimbal/Payload
- Some are streaming video capable
- Upgraded controller, propulsion systems
- 1080p camera with tilt feature

Commercial Drones & UAVs – Hexa & Octa Copters

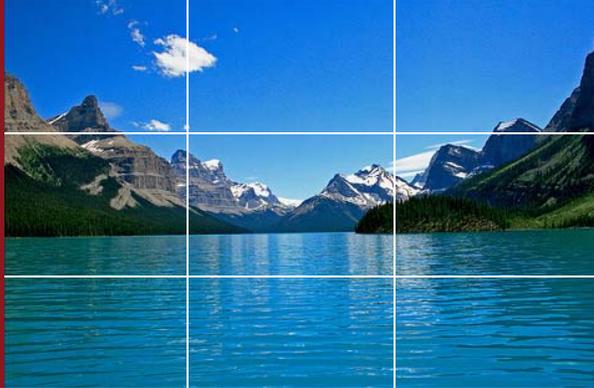


- System Cost--\$1,500-\$75,000
- System contains an Aircraft, Gimbal and Payload as well as possible ground support equipment
- Payloads range from pizza's to multi spectrum cameras
- Some systems require a pilot, spotter and camera operator for maximum effectiveness

Thank You!



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY



CJPRMA



Northern California Cities Self Insurance Fund

By:

David Clovis
General Manager
December 8, 2016

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

CJPRMA



- Annual Report
- Program
- Risk Console Information System
- Cases



CJPRMA Today

- 17 cities
- 4 primary JPA's
- 97 member agencies
- 1.5 billion dollars of payroll
- \$89.5 million assets
- Geographically centered in Northern California



CJPRMA Members

Alameda	Petaluma	Santa Rosa
Chico	Redding	SCORE
Fairfield	REMIF	Stockton
Fremont	Richmond	Sunnyvale
Livermore	Roseville	Vacaville
Lodi	San Leandro	Vallejo
NCCSIF	San Rafael	YCPARMIA

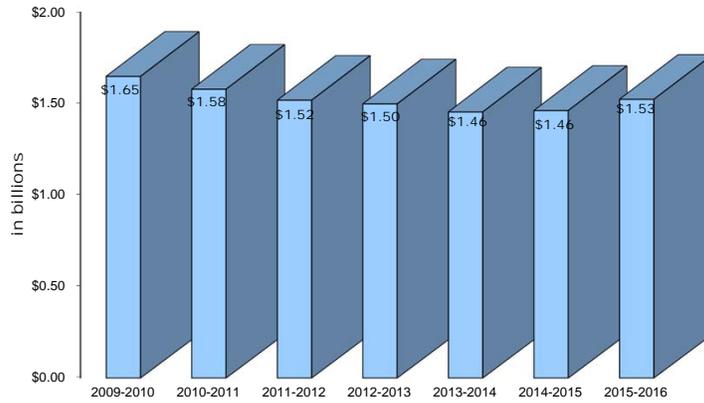


Memorandum of Coverage

- General Liability
- Auto Liability
- Public Officials
- Employment Practices
- Special Events

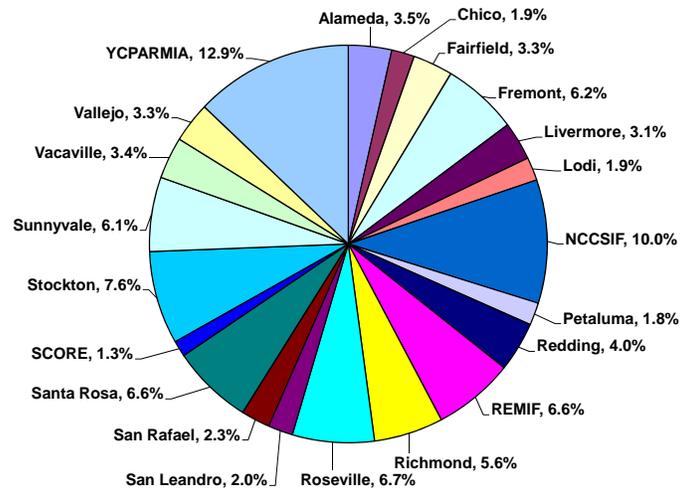


Total Member Payroll

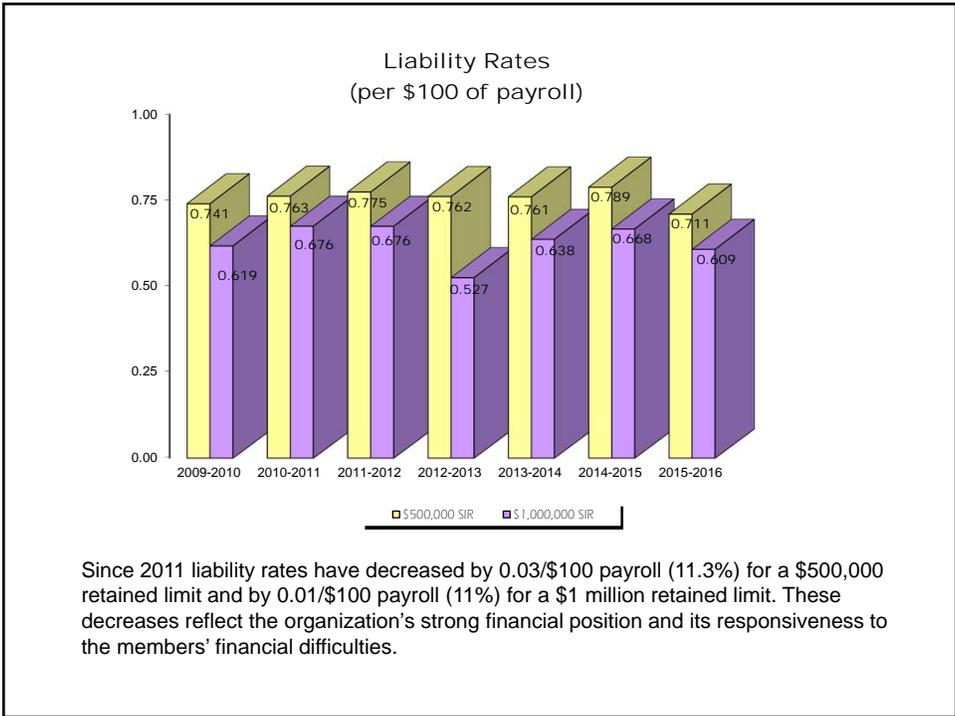
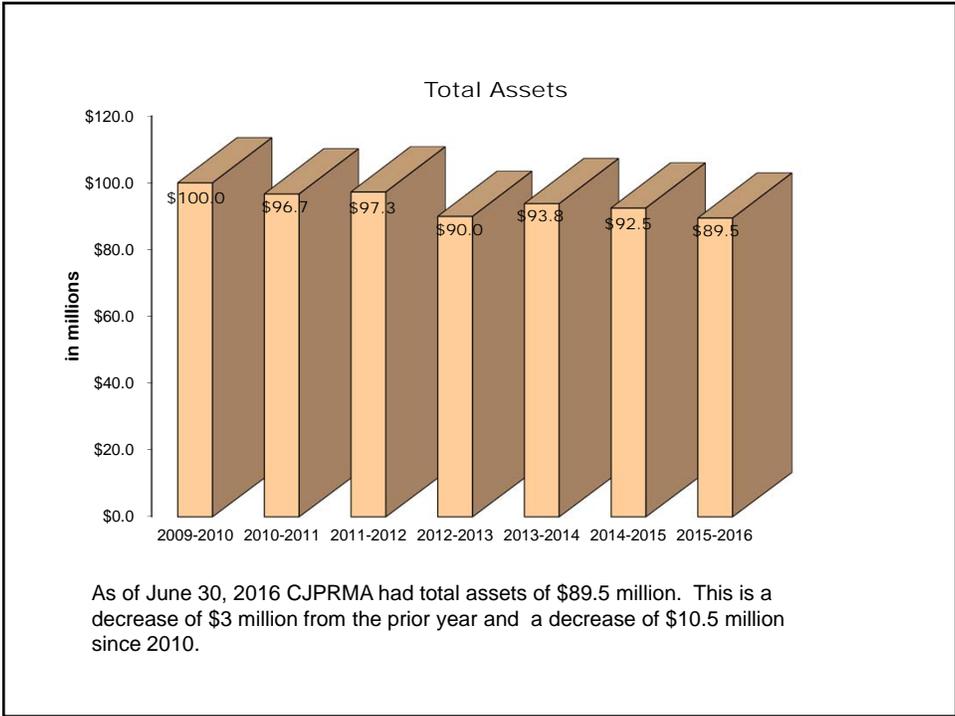


Since 2010 the amount of member payroll has decreased by \$1.2 million (7.3%) to a total of approximately \$1.53 billion. This is the basis upon which member contributions are calculated and allows for the effective sharing of risk.

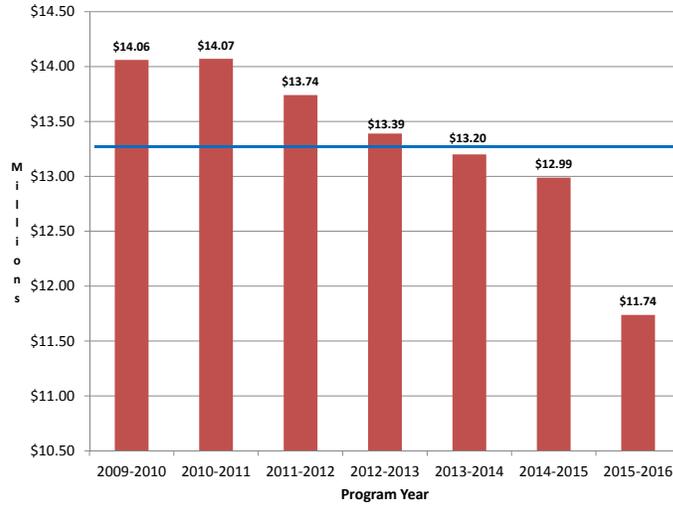
Payroll by Member Entity
2015-2016



Cities consist of 70% and pools consist of 30% of the total payroll.



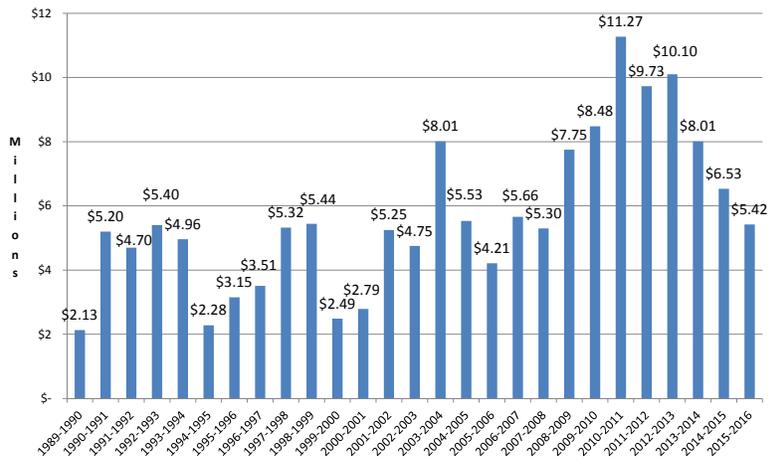
Gross Liability Premiums



Average liability premium for last 7 years has been \$13.31 million per program year.

In 1989, CJPRMA began returning excess equity to its members. Since that year, over \$153 million has been returned to the members. That represents approximately 51.3% of their initial contributions.

Return of Equity by Fiscal Year



Net Cost as of 06/30/16

	<u>CJPRMA</u>	
Member Contributions	\$ 299,274,822	
Redistributions	\$ 118,986,338	
<u>Investment Income Returned</u>	<u>\$ 34,426,409</u>	
Net Cost	\$ 145,862,075	(48.7%)
Current Equity	\$ 70,835,913	
Cost of Coverage	\$ 75,026,162	(25.1%)
Average Cost Per Year	\$ 2,500,872	(30 years)

NCCSIF Net Cost

Contributions	\$ 22,691,333	
Redistributions	\$ 5,182,577	
<u>Investment Income Returned</u>	<u>\$ 3,379,381</u>	
Net Paid	\$ 14,129,375	(62.3%)
Current Equity	\$ 6,449,138	(28.4%)
Cost of Coverage	\$ 7,680,237	(33.8%)
Average Cost Per Year	\$ 349,102	(22 years)

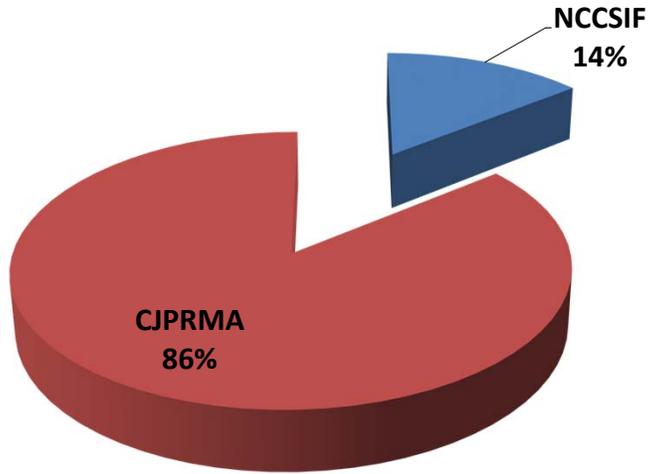
Net Benefit
as of 06/30/16

	<i>CJPRMA</i>
Redistributions/ Invest Income Returned	\$ 153,412,747
Current Equity	\$ 70,835,913
Claims Paid	\$ 140,194,794
<hr/> Total Benefit	<hr/> \$ 364,443,454
 Member Contributions	 \$ 299,274,822
 Net Benefit	 \$ 65,168,632

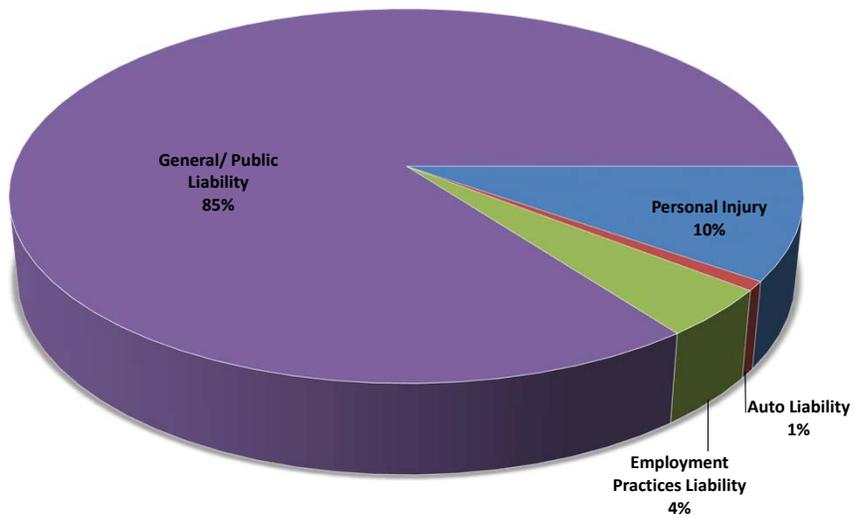
NCCSIF Net Benefit

Redistributions/Invest Income	\$ 8,561,958
Current Equity	\$ 6,449,138
Claims Paid	\$ 13,613,820
<hr/> Total Benefit	<hr/> \$ 28,624,916
 Member Contributions	 \$ 22,691,333
 Net Benefit	 \$ 5,933,583

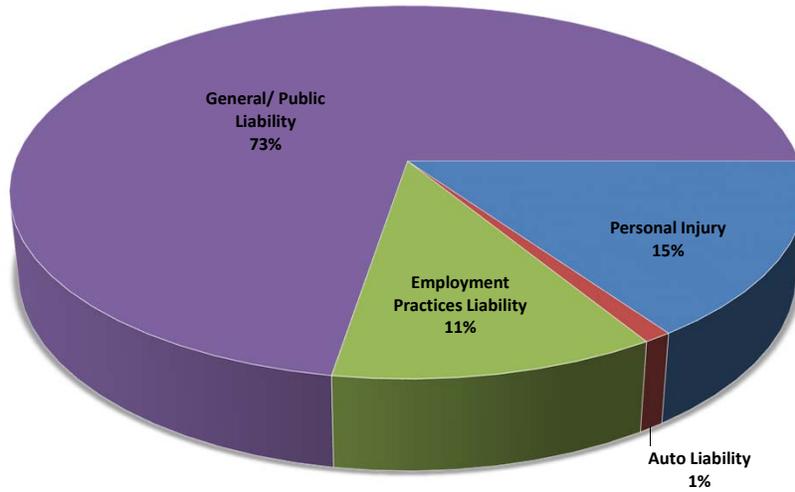
NCCSIF Severity of Losses



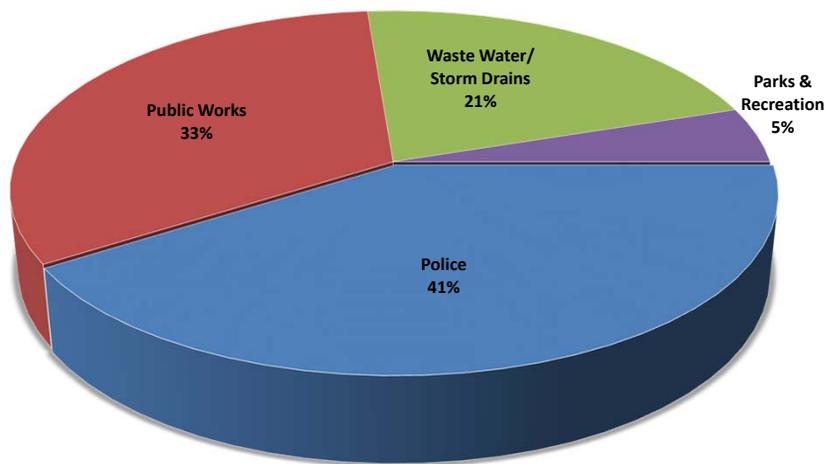
CJPRMA Claims by Coverage Type

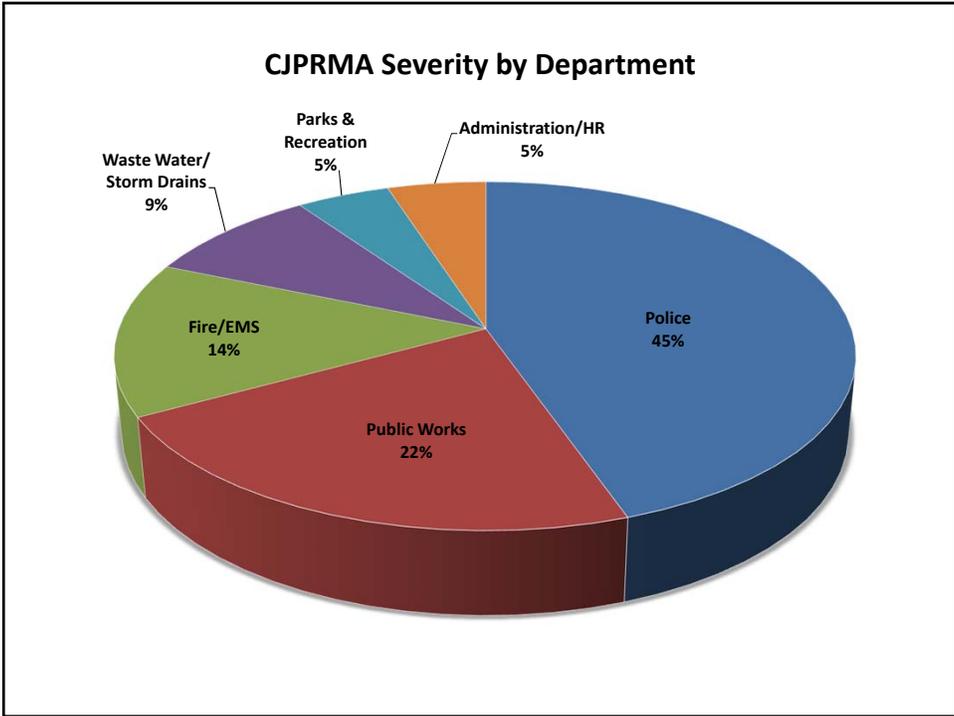


NCCSIF Claims by Coverage Type



NCCSIF Severity By Department





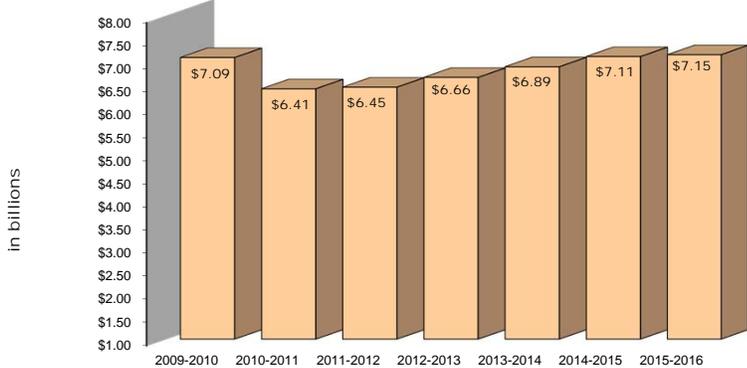
Property Program

- All Risks-Memorandum of Coverage
- \$400,000,000 Limits
- \$25,000 Deductible
- \$8.3 Billion of covered property
- Cyber coverage included
- Pollution to be incorporated in 2017
- DIC available as an add-on



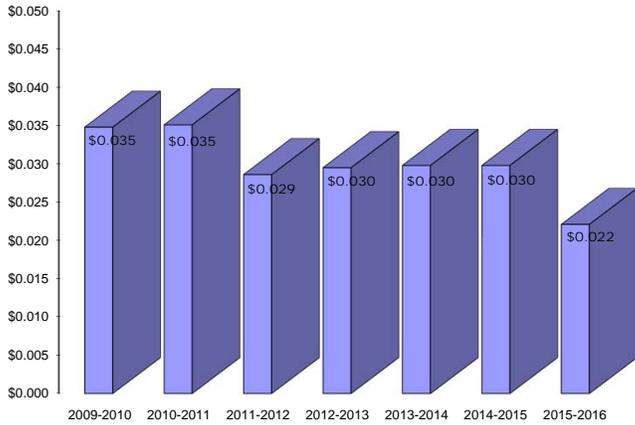
CJPRMA

Property Program - Total Insured Values



CJPRMA provides a commercially insured program for the property of its members. Since 2010 the total insured value of that property has increased approximately \$600 thousand (0.86%).

Property Program - Rates
(per \$100 of valuation)



Other Programs

- Auto Physical Damage
- Pollution program
- Cyber Program
- Special Events



Added Services

- Risk Management support services
- Risk Management Training
 - Contractual Risk Transfer
 - Associate in Risk Management
 - Board Member Orientation
 - Police Liability
- Risk Console Information System
- Property valuation services
- Risk Management staff support



State of the Industry

- Law Enforcement Liability
 - Jefferson, MO
 - Stockton, CA
 - Oakland, CA
 - Federal Cause of Action
- Employment Practices Liability
 - Recession impacts
 - Attorney fee exposure



State of the Industry

- Public Works
 - Impacts of recession
 - Sebastopol, CA
 - Inverse Condemnation
 - Dangerous condition of public property
- All other
 - Recreation
 - Public Officials

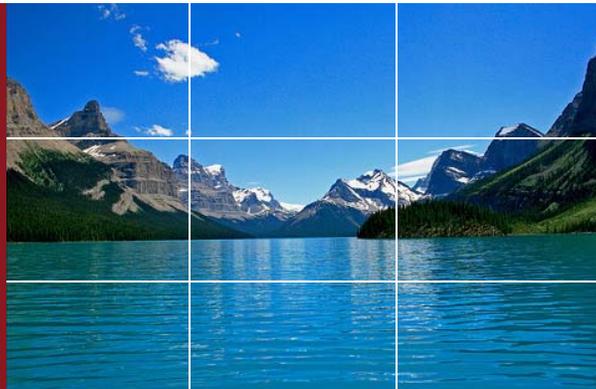


Case History



Questions

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY





December 8, 2016
Amy Crowley & Bill Vogeler
Client Services



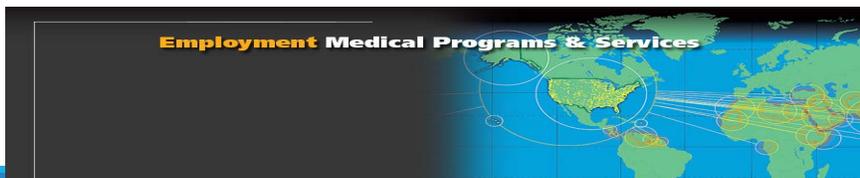
Experience



Occu-Med has over 35 years of employment medical evaluation experience:

- Founded in 1979 as a research company designed to identify the cause of, and reduce the amount of workplace injuries.

Medical and Legal experts on staff, in your office, throughout the United States and around the globe.





Legally Defensible

Occu-Med understands the legal environment within which employee placement decisions must be made:

- ADA(AA) and HIPAA Compliance
- OSHA Compliance
- DOT Drug Screen Collection Compliance



End-To-End Solution

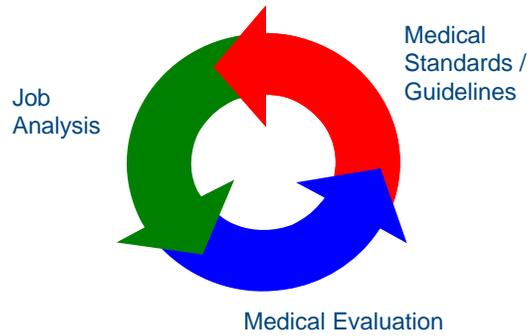
The Occu-Med System:

- The Occu-Med Network
- Exam Scheduling & Harvesting
- EXAMQA
 - Matched medical findings with specific essential job tasks using medical standards or guidelines
 - Created legally defensible hiring recommendations
 - Assisted/Lead reasonable accommodations process
 - Assisted with correspondence to applicants/employees regarding placement status
- Occu-VAX
- Ready Resource



OCCU-MED

Three Integrated Components



OCCU-MED

Exam Scheduling

- Your applicant will be contacted within 2 hours of receipt of referral
- You will immediately receive an email confirmation of the appointment time and date
- The exam will be scheduled at your preferred medical clinic



Harvesting

- Having scheduled the medical exam, and with knowledge of the length of time required to obtain results of the medical testing (TB skin tests take 48-72 hours for results), Occu-Med contacts the medical provider to request, or “harvest,” the exam results at the absolute earliest time that it should be ready for review.
- This service is currently saving Occu-Med clients approximately 50% in terms of turnaround time for exam results.



EXAMQA

- Ensures all appropriate and authorized medical testing was performed for each applicant.
- The determination of whether applicants for jobs for which they have been conditionally offered are able to perform those jobs safely, with or without reasonable accommodation.

Medical Qualification Terms



Glossary of Terms

Medically Qualified (MQ) - Applicant is Medically Qualified to perform the essential duties of the job in question based upon the requirements of the job, medical information obtained during the Pre-Placement Medical Examination, and any additional medical information provided subsequent to the examination.

Conditionally Qualified (CQ) - Applicant is Conditionally Qualified to perform the essential duties of the job in question only with specific work restrictions and/or accommodations based upon the requirements of the job, medical information obtained during the Pre-Placement Medical Examination, and any additional medical information provided subsequent to the examination.

Recommendation Delayed for Qualification (RDQ) - Applicant's Pre-Placement Medical Examination revealed findings that required further investigation (*Individualized Assessment*) prior to a determination of medical suitability. Applicants who receive this temporary classification will be re-classified after individualized assessment of condition is identified.

Conditional Offer Withdrawn (COW) - Applicant's job offer was rescinded due to failure to provide necessary additional medical information.

Medically Disqualified (DQ) - Applicant was not placed due to medical / physical condition(s) that prevent the safe performance of the essential duties of the job. Reasonable accommodation was not feasible.

Pending - Applicant was classified as RDQ and has not completed the process of providing Occu-Med with additional medical information and therefore has not yet been re-classified



"RDQ" Assistance

When a medical finding precludes immediate placement, Occu-Med attempts to contact the applicant the same day in order to provide both written and oral justification for the delay so that a final placement decision can be rendered as effectively as possible.

- The NCCSIF member is also provided notice of the delay as well as an updated timeline for when a final placement decision is now expected.



“RDQ” Resolution

Additional medical information submitted to Occu-Med:

- Allows the applicant to become cleared, or
- Does not allow the candidate to become cleared, applicant is Medically Disqualified (DQ)
 - Occu-Med assists the City with reasonable accommodation/interactive process.
 - Appropriate Disqualification report is tendered.



Clinic Invoice Review

- Occu-Med has evaluated more than 425,000 clinic invoices and have found that more than 75% of invoices were initially submitted with inaccuracies.
- Occu-Med will submit to the NCCSIF member a monthly invoice for all medical exams performed pursuant to job class pricing that has been pre-approved by the NCCSIF member, mitigating inaccurate invoices from clinics.

Employer	Initial Decision	Job Class	Qualification Reason	Final Decision
	RDQ	Firefighter Series	Abnormal CBC	MQ
	RDQ	Police Officer Series	Inadequate Exercise Tolerance, Decreased PFT	CQ
	RDQ	Maintenance Worker I/II/K/Landscape	Elevated Fasting Blood Glucose	PSE
	RDQ	Recreation Leader I/II/III/IV	Vision Deficiency	PSE
	RDQ	Clerical	PPD No Show	MQ
	RDQ	Recreation Leader I/II/III/IV	PPD No Show	PSE
	RDQ	Maintenance Worker I/II/K/Landscape	Inadequate Testing	CQ
	RDQ	Building Inspector	PPD No Show, Vision Deficiency	MQ
	RDQ	Maintenance Worker I/II/K/Landscape	Vision Deficiency, Elevated Fasting Blood Glucose, Decreased PFT	PSE
	RDQ	Building Official	PPD No Show	MQ
	RDQ	Recreation Leader I/II/III/IV	Vision Deficiency	CQ
	RDQ	Maintenance Worker I/II/K/Landscape	Back	PSE
	RDQ	Police Officer/Sergeant/Captain/Lieutenant	Vision Deficiency, Incomplete Forms	MQ
	RDQ	Police Officer/Sergeant/Captain/Lieutenant	PPD No Show	MQ
	RDQ	Recreation Leader I/II/III/IV	Positive Drug Screen	PSE
	RDQ	Recreation Leader I/II/III/IV	Vision Deficiency	CQ
	RDQ	Recreation Leader I/II/III/IV	Muscular Disorder, Incomplete Forms	MQ
	RDQ	Recreation Leader I/II/III/IV	Inadequate Testing	MQ
	RDQ	Recreation Leader I/II/III/IV	Diabetes, Incomplete Forms	CQ
	RDQ	Maintenance Worker I/II/K/Landscape	Diabetes	MQ
	RDQ	Recreation Leader I/II/III/IV	Incomplete Forms	CQ
	RDQ	Recreation Leader I/II/III/IV	Incomplete Forms	MQ
	RDQ	Recreation Leader I/II/III/IV	Inadequate Testing	MQ
	RDQ	Teen Center Recreation Leader I/II/III/IV	PPD No Show	MQ
	RDQ	Maintenance Worker I/II/K/Landscape	PPD No Show, Diabetes	CQ
	RDQ	Police Officer/Sergeant/Captain/Lieutenant	Vision Deficiency	MQ
	RDQ	Recreation Leader I/II/III/IV	Positive Drug Screen	PSE
	RDQ	Recreation Leader I/II/III/IV	Vision Deficiency	CQ
	RDQ	Program Coordinator/Supervisor	Vision Deficiency	CQ
	RDQ	Maintenance Worker I/II/K/Landscape	PPD No Show, Inadequate Testing	MQ
	RDQ	Police Officer/Sergeant/Captain/Lieutenant	Vision Deficiency, Low Fasting Blood Glucose	MQ
	RDQ	Police Officer/Sergeant/Captain/Lieutenant	Hearing Loss	DQ
	RDQ	Firefighter/Paramedic/Captain/Engineer	Elevated Blood Pressure	MQ
	RDQ	Heavy Equipment Operator	Hernia	MQ
	RDQ	Sanitation Driver/Crew Supervisor	Carpal Tunnel Syndrome	MQ
	RDQ	Police Officer/Sergeant/Captain/Lieutenant	Vision Deficiency, Elevated Liver Function Test	MQ
	RDQ	Police Officer/Sergeant/Captain/Lieutenant	History of Asthma	MQ
	RDQ	Maintenance Electrician	Positive PPD Result	CQ
	RDQ	Firefighter/Paramedic/Captain/Engineer	Elevated Fasting Blood Glucose	MQ
	RDQ	Bus Driver/Transit Operator Supervisor	Diabetes, Sleep Apnea	MQ
	RDQ	Bus Driver/Transit Operator Supervisor	Elevated Fasting Blood Glucose	MQ
	RDQ	Sanitation Driver/Crew Supervisor	Back Injury, Recent Surgery, Medication	CQ
	RDQ	Police Officer/Sergeant/Captain/Lieutenant	Elevated LFT, Positive PPD Result	CQ
	RDQ	Bus Driver/Transit Operator Supervisor	Elevated Fasting Blood Glucose	MQ
	RDQ	Heavy Equipment Operator	Processing Suspended by Applicant	PSA

Resolving **Workers' Compensation** Claims

Presented by:

Jen Hamelin, Workers' Compensation Claims Manager
CSAC Excess Insurance Authority

Dori Zumwalt, Senior Account Manager
York Risk Services Group



Agenda

- Survival kit
- Claims process overview
- Settlement types
- Why C&R
- Misconceptions about C&Rs
- Settlement extras
- Settlement analysis
- Settlement authority request translation





Stipulations with Request for Award **(Stips)**:

- Resolves all issues of indemnity and/or body parts
- Claim remains open for future medical care

Compromise and Release **(C&R)**:

- Resolves all issues and aspects of claim (indemnity, medical care, body part, disputes, etc.)
- Claim is closed



Why C&R?

How often do you talk about a closed claim?

- Annually for premium assessments?
- Every month when reviewing loss runs?
- File reviews?

The answer is **NEVER!**



A C&R Claim:

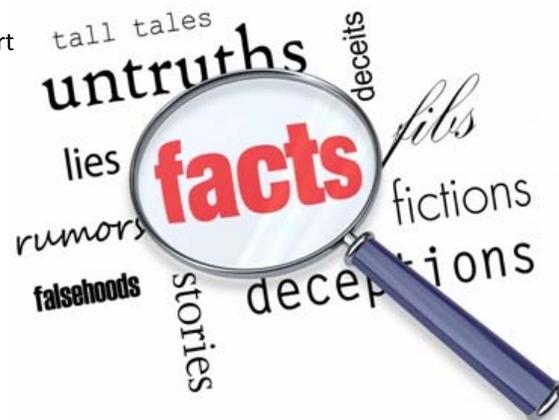
- **Reduces** undetermined exposures (IBNR)
- Helps reduce future premium and x-mod calculations
- Void of any future liability
- Reduces number of claims reported year after year to OSIP



Common **misconceptions** about C&Rs: Still employed with the City

University of California Case Study:

- Analyzed cases settled by C&R for existing employees from 2006 to 2011
- 4,076 cases settled by C&R
- 1% filed subsequent cases for the same body part



Common misconceptions about C&Rs: Costs too much

Workers' Compensation claims are **not like a fine wine** – they do not get better with age

- Average NCCSIF future medical claimant is 56 years old with an incurred value of \$178,183 and \$64,104 in open reserves
- 42% of the open inventory are FM claims
- FM claims total 86% of claims more than five years old
- Oldest open NCCSIF claim....1979!



Common misconception about C&Rs: News will spread of settlement

Remember to make a good business decision – not a personal one!

Always know when it is time to

cut your losses!



Possible **opportunities** to C&R:

- Disputed claim
- Employee deposition
- Added allegations
- Ongoing litigation
- Known diagnosis and likely outcome (usually with litigated claims)



Settlement **extras**

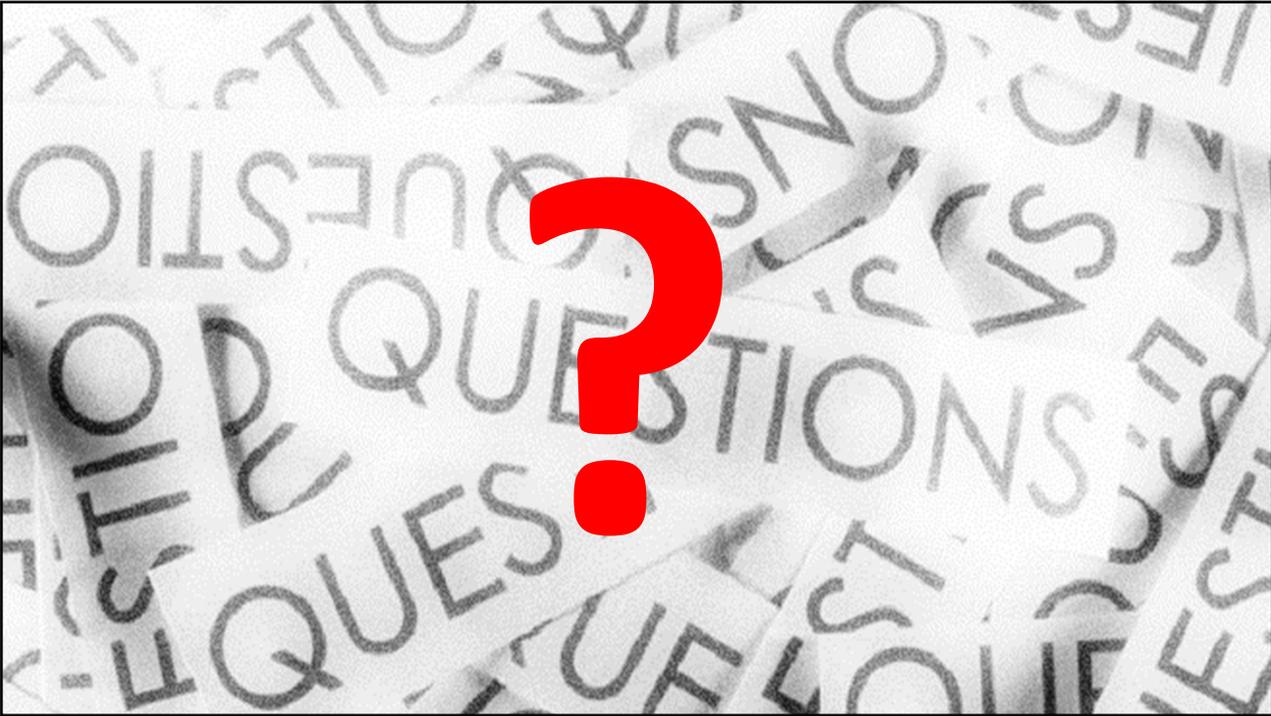
- Medicare Set-Asides
- Structured settlements



Settlement analysis

- Permanent disability
- Future medical needs
- Employment issues
- Projected costs
- Co-morbidities
- Disputed issues
- Cost benefit **analysis**







2016/17 Annual Report



NCCSIF Program Administrators
Alliant Insurance Services, Inc.
2180 Harvard Street, Suite 460
Sacramento, California 95815
Main: (916) 643-2700 – Fax: (916) 643-2750



NCCSIF 2016/17 Annual Report

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Main Cover Photo: *City of Placerville*

Corner Photo: *City of Rio Vista Bridgewater Causeway*

Northern California Cities Self Insurance Fund

Letter to Our Members

Dear Members,

Northern California is a wonderful place to live, work, and play. Over the past 37 years, NCCSIF has become the JPA of choice in providing exceptional risk sharing services to NorCal cities and helping them maintain their high quality of life.

I am pleased to present the 2016/17 NCCSIF Annual Report at a time when the group continues to see improved results because of a renewed focus on risk management practices.

Over the last four years, NCCSIF has focused on expanding the Risk Management services and training programs available to Members. In addition to site visits, assessments, and training, Members have begun to track their progress in implementing best practices through a scorecard system that helps prioritize risks and direct scarce resources where they are most needed.

The Police Risk Management Committee has seen increased participation and ideas for training and equipment, including funding for body-worn cameras, that have reduced the frequency and severity of claims, paying dividends almost immediately after their use.

These changes have contributed to NCCSIF's financial stability and the JPA's overall financial condition improved substantially over the last year. Total Assets increased by \$3 million and net position increased almost 50% to \$14 million. This in addition to \$1.1 million returned to members as Dividends last year and \$4 million over the last three years.

The Workers' Compensation Program has seen continued improvement that enabled members to raise the annual funding

Confidence Level to 70% while maintaining a 5.3% increase. Members' continued focus on risk management techniques, including return to work and ergonomic programs, have kept rate increases modest. A renewed focus on workers' compensation claim management, with more emphasis on settling claims, has strengthened the program.

While NCCSIF continues to be financially strong, the Liability Program Shared Risk Layer remains in a deficit state. Members have responded by increasing the annual funding confidence level from 65% to 70% over the past two years and charging assessments, demonstrating their commitment to maintaining the health of the program. The JPA is committed to exploring additional measures to further strengthen the Liability Program.

Members will continue to face challenges in managing their operations, and NCCSIF will continue to be a valuable partner in providing them access to broader coverage, lower rates, and more risk management services than they could find elsewhere. I am proud to serve as NCCSIF President and support the continued success of the group in providing exceptional service and sound risk management practices to our members now and into the future.



Dave Warren
NCCSIF President
Director of Finance - City of Placerville

Northern California Cities Self Insurance Fund

MISSION STATEMENT

The Northern California Cities Self Insurance Fund (NCCSIF) is an association of municipalities joined together in 1979 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.

Protect Member Resources

Reliable

Economical

Stable

Broad Coverage

Quality Services

Risk and Claims Management

Northern California Cities Self Insurance Fund

History of the JPA

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:

- General and Automobile Liability,
- Personal Injury,
- Errors and Omissions, and
- Employment Practices Liability.

In 1987, NCCSIF began to offer group purchase of:

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

The same year the Joint Powers Authority's name was **changed to Northern California Cities Self Insurance Fund (NCCSIF)**.

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

NCCSIF joined CJPRMA in 1993 for Excess Liability Coverage

NCCSIF joined CSAC-EIA in 2003 for Excess Workers' Compensation Pooled Coverage.

NCCSIF started providing Wellness services to Members in 2008.

NCCSIF has been increasing the number and variety of risk management services and resources for members since 2008, including:

- Wellness Services through ACI
- Online training risk management resources through Target Solutions
- Sewer Operations Risk management through DKF Solutions
- Police Policy updates and training through Lexipol
- Comprehensive Risk Assessments, training and consultation from Bickmore Risk Services
- Body-worn camera grants for police agencies
- Risk Management Best Practices and Scorecard to help members benchmark and improve their programs.

Northern California Cities Self Insurance Fund

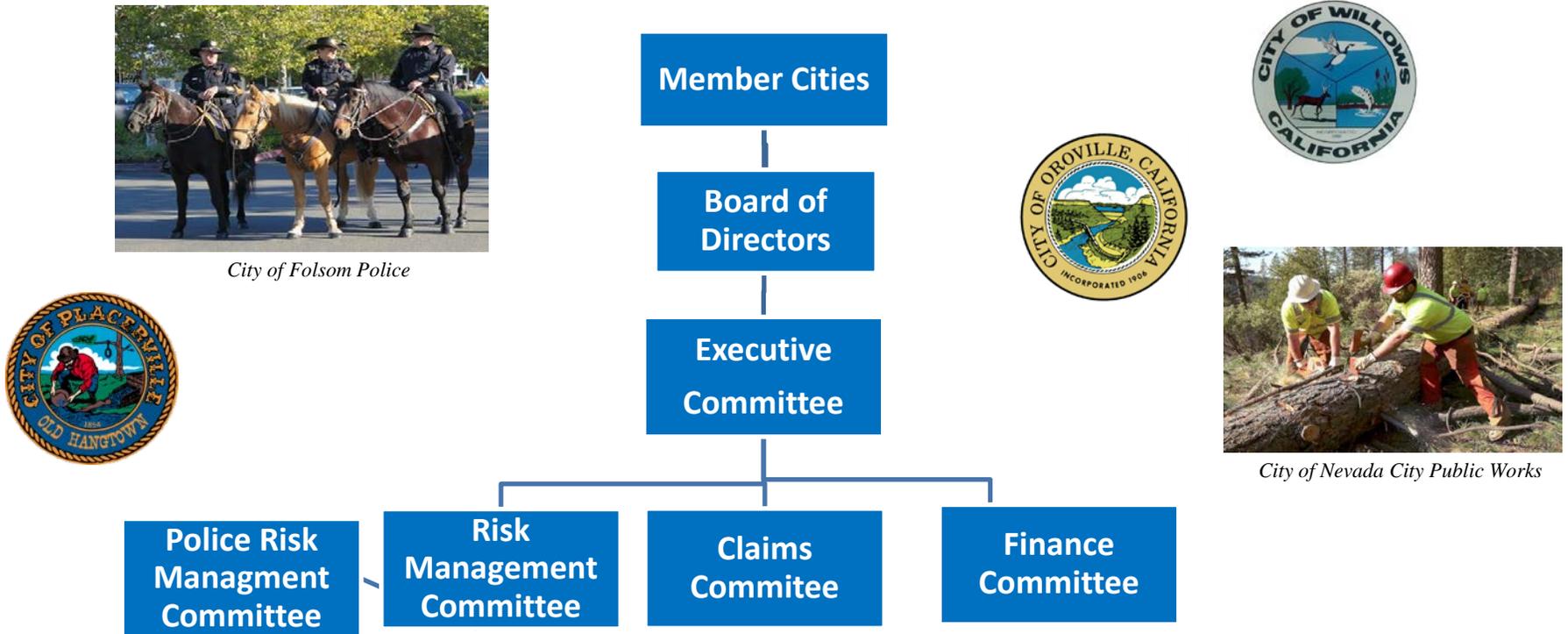
NCCSIF Historical Timeline

1979	1980's					
<p>The Northern California Cities Workers' Compensation Fund was formed in early 1979.</p> <p>It is one of the oldest pooled municipal insurance programs in the State.</p> <p>Members who joined: Anderson, Corning, Folsom, Galt, Jackson, Placerville, Rio Vista, Willows</p>	<p>1980</p> <p>Additional members join the WC JPA:</p> <p>Gridley Rocklin</p> <p>1981</p> <p>Auburn</p>	<p>1981</p> <p>A number of members apply the same concepts of pooling to Automobile and General Liability coverage.</p> <p>Anderson, Corning, Folsom, Galt, Gridley, Rocklin, Willows</p>	<p>1982</p> <p>Nevada City joins the WC JPA</p> <p>1983</p> <p>Dixon and Red Bluff join the WC JPA</p> <p>1984</p> <p>Lincoln joins the WC JPA</p>	<p>1985</p> <p>A number of the member cities join the Liability JPA:</p> <p>Lincoln Oroville Paradise Rio Vista</p> <p>1986</p> <p>Auburn Red Bluff</p>	<p>1987</p> <p>The name of the JPA was changed to Northern California Cities Self Insurance Fund (NCCSIF).</p> <p>NCCSIF offers group purchase of Property, Crime & EAP programs.</p> <p>Additional members join: Jackson - Liability Town of Paradise - WC</p>	<p>1988</p> <p>Additional members join the Liability JPA:</p> <p>Colusa, Dixon</p>
1990's			2000's			
<p>1990</p> <p>Oroville joins the WC JPA</p> <p>1991</p> <p>Marysville joins the Liability JPA</p>	<p>1991</p> <p>NCCSIF begins shared risk program for Liability and Workers' Compensation</p> <p>NCCSIF begins a Risk Management Committee</p>	<p>1992</p> <p>Yuba City joins the Liability JPA</p> <p>Additional members join the WC JPA: Colusa Marysville Yuba City</p>	<p>1993</p> <p>NCCSIF is one of the first JPAs to achieve CAJPA Accreditation with Excellence</p> 	<p>1993</p> <p>NCCSIF joins CJPRMA for Excess Liability Coverage</p>	<p>2003</p> <p>NCCSIF joins CPEIA for Excess Workers' Compensation Coverage.</p> <p>In 2007 CPEIA merged into CSAC-EIA.</p>	<p>2007</p> <p>NCCSIF's Shared Risk Liability Layer changes from \$500,000 to \$1,000,000.</p>
2008	2009	2010's				
<p>NCCSIF Revises its Dividend Formula and Distributes \$6M to Members</p> <p>Multiple risk management services are paid for by an administrative surplus.</p>	<p>NCCSIF is once again awarded the CAJPA Accreditation with Excellence</p> <p>Online risk management services are enhanced through partnerships with Target Solutions and Risk Control Online.</p>	<p>2010</p> <p>Ione joins Liability and Workers' Compensation JPA</p> <p>2012</p> <p>NCCSIF's Shared Risk Liability Layer changes from \$1,000,000 to \$500,000.</p>	<p>2013</p> <p>Elk Grove joins WC JPA</p>	<p>2014</p> <p>Identity Fraud Coverage Provided to Member Employees and Families</p> <p>Grants begun for Police body-worn cameras</p>	<p>2015</p> <p>CAJPA Accreditation with Excellence</p> <p>Risk Management Scorecard implemented to assess member best practices</p>	<p>2016</p> <p>Review and Revision of Risk Management Policies and Procedures</p>

Northern California Cities Self Insurance Fund

Governance

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



Northern California Cities Self Insurance Fund

Board of Directors

The Board of Directors of NCCSIF is composed of a representative appointed by the City Council of each member agency. An Alternate Member is also appointed to serve in the absence of the appointed representative. Only the Board Member - or in the Board Member's absence the Alternate Member - has voting authority.

Current Members are as follows:

Member	Board Director	Alternate	Member	Board Director	Alternate
City of Anderson*	Jeff Kiser	Liz Cottrell	City of Lincoln	Astrida Trupovnieks	Ruthann Codina
City of Auburn	Nita Wracker	<i>Vacant</i>	City of Marysville	Satwant Takhar	Walter Muncheimer
City of Colusa	Toni Benson	<i>Vacant</i>	City of Nevada City	Corey Shaver	Catrina Olson
City of Corning*	Kristina Miller	Tom Watson	City of Oroville	Liz Ehrenstrom	<i>Vacant</i>
City of Dixon	Michelle Pellegrino	Kim Stalie	City of Placerville*	Dave Warren	Cleve Morris
City of Elk Grove	Brad Koehn	Jonathan Hobbs	City of Red Bluff	Sandy Ryan	Cheryl Smith
City of Folsom*	Jim Francis	Kristine Haile	City of Rio Vista*	Donna Lee	Robert Hickey
City of Galt*	Paula Islas	Steven Rudolph	City of Rocklin	Kimberly Sarkovich	Jason Johnson
City of Gridley	Matt Michaelis	Elisa Arteaga	City of Willows*	Tim Sailsbery	<i>Vacant</i>
City of Ione	Jon Hanken	Anna Daneri	City of Yuba City	Natalie Springer	Robin Bertagna
City of Jackson*	Michael Daly	Dalacie Blankenship	Town of Paradise	Gina Will	Crystal Peters

**Founding Members*

Northern California Cities Self Insurance Fund

Committees

Executive

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, while the Vice President and the Secretary are voting members of the Committee. Remaining voting seats are selected on a rotating geographical basis. The Treasurer and CJPRMA Board Representative are non-voting members of the Committee.

Executive Committee Members, as of January 1, 2017

City of Anderson	Liz Cottrell
City of Colusa	Toni Benson
City of Corning	Kristina Miller
City of Marysville	Satwant Takhar
City of Red Bluff	Sandy Ryan
City of Nevada City	Corey Shaver, <i>Secretary</i>
City of Oroville	Elizabeth Ehrenstrom, <i>Vice President</i>
City of Placerville	Dave Warren, <i>President</i>
City of Yuba City	Natalie Springer
City of Willows	Tim Sailsbery, <i>Treasurer</i>
CJPRMA Representative	Paula Islas, City of Galt

Claims

The Claims Committee reviews claims in the Shared Risk Layer, authorizes settlements and makes determinations on coverage. Authority is granted to the Executive Committee to act as or appoint members of the Claims Committee. Members have authority to settle claims in their Banking Layer for Liability and Workers' Compensation. The Claims Committee has settlement authority up to \$250,000, and the Board of Directors settles claims over \$250,000 for both Liability and Workers' Compensation.

Finance

The NCCSIF 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. A Treasurer is annually elected by the Board of Directors and serves as the Chair of the Finance Committee.

Northern California Cities Self Insurance Fund

Risk Management

NCCSIF established a formal Risk Management Committee (RMC) in 1991, comprised of 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 loss control programs to guard against all types of accidents and incidents wherever possible.

Recognizing the above goal, the Committee annually recommends and administers a Risk Management Budget as approved by the Board of Directors. For 2016/17 the total budget is \$478,438, almost 50% of the total program administration expenses, less claims management.

Additionally, the Committee has adopted and frequently reviews policies and procedures on various topics, including most recently:

- **Risk Management Policy & Framework**
- **Driving Standards, Vehicle Use and Operation**
- **ADA Compliance & Transition Plans**
- **Urban Forest Management**

Additional Best Practices will be developed or revised over the next fiscal year.

Police Risk Management

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 and keep abreast of legislative and case law changes.

A training session is held at each Police Risk Management Committee meeting. Topics for 2016 included:

- 21st Century Policing - Lessons Learned: The Case for Change
- Managing Your Message Social Media Style
- Police Use of Force and the Mentally Ill
- Introduction to Legal Marijuana for Law Enforcement

The Committee also reviews major claims for risk management practices that can be shared or improved and evaluates equipment that can prevent or minimize losses. **In the last three years members have approved a total of \$150,000 in grant funds to purchase body-worn cameras and storage.** Each PRMC meeting includes feedback on how effective the cameras have been in **reducing the number of claims and their severity.**

Northern California Cities Self Insurance Fund

Liability Program

The Liability Program provides coverage for damages due to:

- **Bodily Injury & 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 Entity's direction or control.

The program is divided into three separate coverage layers - Banking, Shared Risk and Excess, as illustrated. 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 NCCSIF Members.

The Excess Layer is funded through the California Joint Powers Risk Management Authority (CJPRMA), www.cjprma.org. Since 1993 NCCSIF has participated in CJPRMA, which shares risk up to \$5 Million with three other JPAs and 17 individual cities. CJPRMA purchases excess reinsurance for total limits of \$40 Million, \$10 Million for Employment Practices Liability, inclusive of NCCSIF’s retained limit of \$500,000 per occurrence.

<p><u>Excess Layer</u></p> <p>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><u>Shared Risk Layer</u></p> <p>Banking Layer Limit to \$500,000</p>
<p><u>Banking Layer</u></p> <p>Folsom: \$0 to \$100,000 All Other Members: \$0 to \$50,000</p>

As a result of sharing risk to \$5,000,000, CJPRMA is largely removed from the impact of insurance market conditions. In addition, members share in dividends declared when CJPRMA exceeds its funding goals. **In 2016 NCCSIF received dividends from CJPRMA of \$274,337 which were credited to the liability shared risk assessments.**

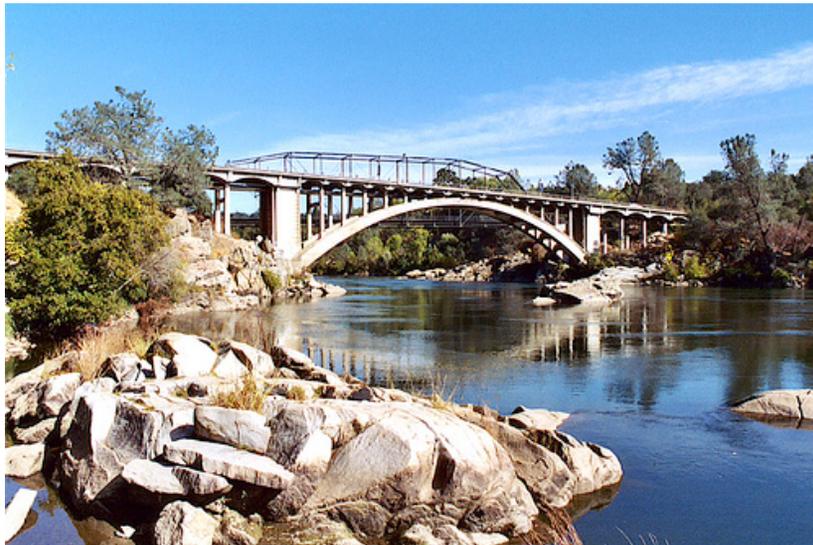
Total 2016/17 funding for the Liability Program is \$5,392,923. This represents a 9% increase in the rate, in addition to a 6% increase in Member payroll and an **increase in the funding Confidence Level from 67.5% to 70%.**

Northern California Cities Self Insurance Fund

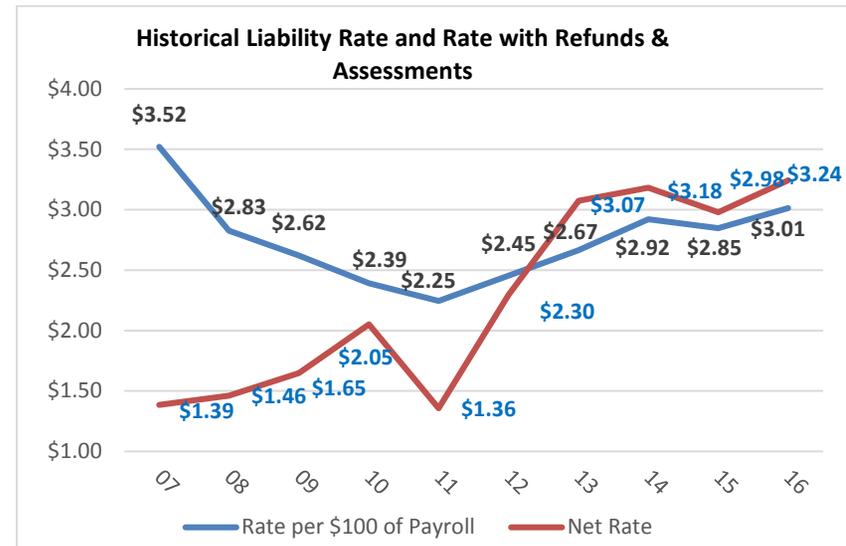
The Board of Directors annually reviews the Banking and Shared Risk financial status to evaluate the appropriateness of declaring either a refund or an assessment. **The Banking Fund returned \$392,022 to Members** who exceeded their target funding levels. **The Shared Risk Layer Fund was assessed \$325,661** this year after application of the CJPRMA refund. The following chart shows the historical rates with and without the impact of refunds and assessments.

Eight 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 \$2.26 in 2012 before climbing the last three years, due to an increase in anticipated losses and decreases in payroll. The increase in the net rate is due to the Shared Risk Layer Assessments for the last three years.

The following chart shows historical claims performance and illustrates that liability claims tend to be volatile.



City of Folsom Rainbow Bridge



Northern California Cities Self Insurance Fund

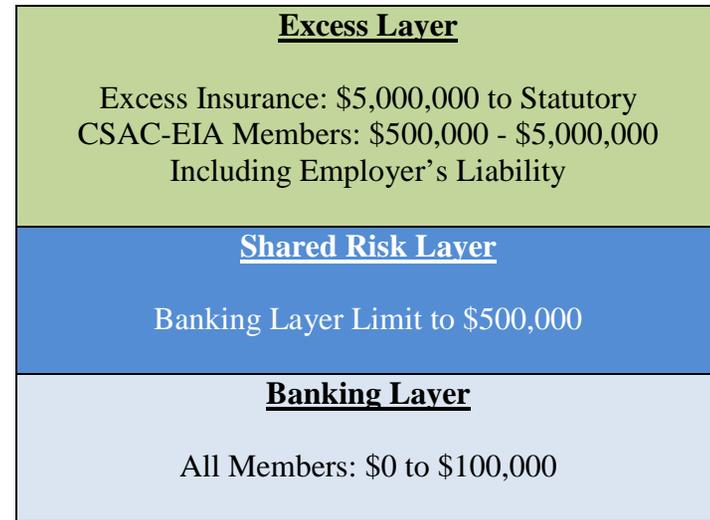
Workers' Compensation

California Workers' Compensation (WC) 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**

The WC program is also divided into three separate coverage layers - Banking, Shared Risk and Excess, as illustrated. 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 NCCSIF Members.

The Excess Layer is funded through the CSAC Excess Insurance Authority (EIA), www.csac-eia.org, a risk sharing pool of most of the counties and many cities and special districts in California. Since 2003 NCCSIF has participated in the EIA, 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.



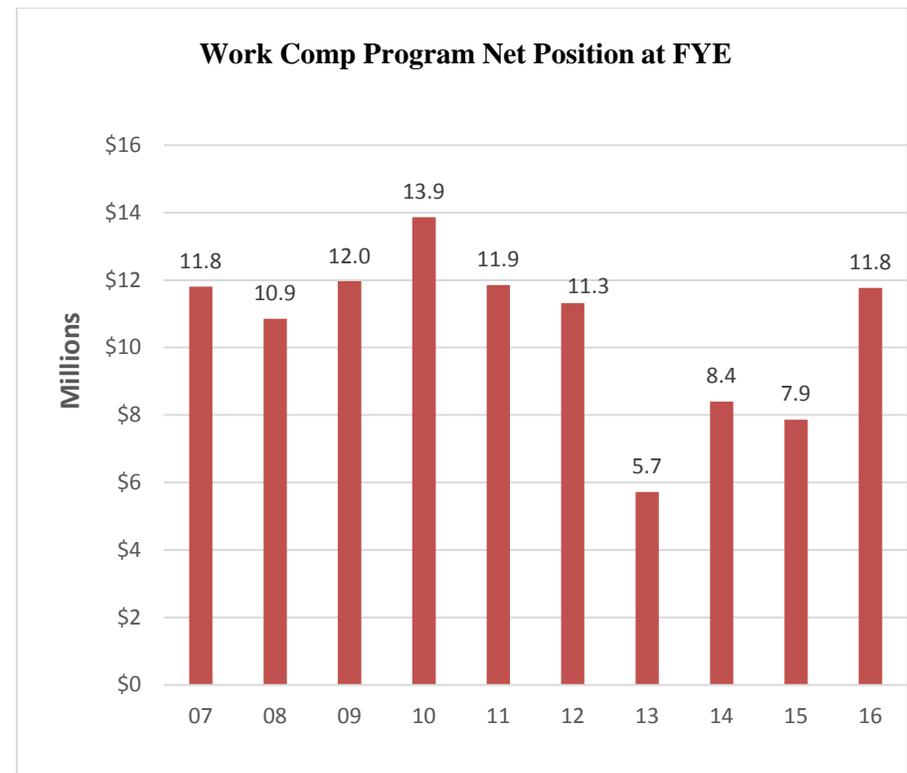
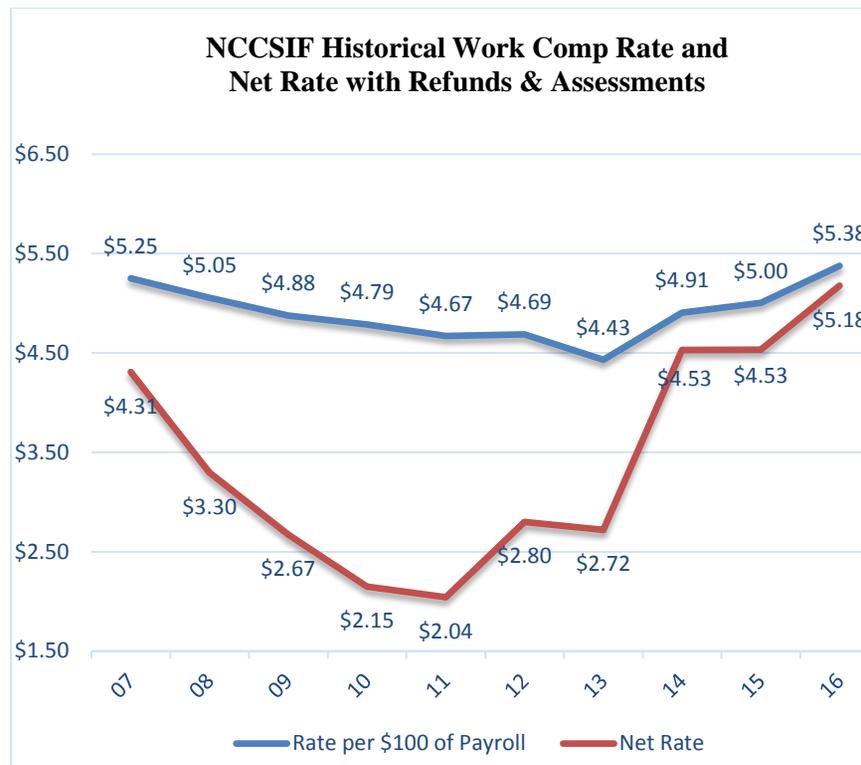
The total cost of the program for 2016/17 is \$10,570,747, before dividends, an increase of 5.3% over the prior year. However, the increase was almost entirely attributable to an **increase in the funding confidence level from 67.5% to 70%**. The funding has remained relatively stable over the last ten years, with a difference of \$0.95, or 21%, from the highest to the lowest rate.

Annually, the Board of Directors reviews the Program's financial status to evaluate the appropriateness of declaring either a refund or an assessment. In 2016 NCCSIF **returned \$280,809 in Shared Layer dividends** to its members **and \$524,915 in dividends in the Banking Layer**.

Northern California Cities Self Insurance Fund

The following chart shows the historical rates with and without the impact of refunds and assessments. The rates steadily declined from 2007 to 2013 and have been increasing since then, though members have also increased the Confidence Level from 60% to 70% 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.**

These results are due to a combination of NCCSIF cost containment strategies, including encouraging return to work modified duty placement for injured workers, increased loss control training for the members, and quality claims management from York Risk Services.



Northern California Cities Self Insurance Fund

Property Program

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

- Broad Replacement Cost coverage
- \$5,000 deductible per claim
- Boiler & Machinery Coverage at a \$100,000,000 limit per occurrence and \$2,500 deductible per claim
- Course of Construction (Builder’s Risk)
- Increased Cost of Construction (Code Upgrade)
- Auto Coverage with optional Replacement Cost
- Rental Income and Tax Interruption
- Flood coverage excess of a deductible of \$100,000, or \$250,000 for Flood Zones A & V

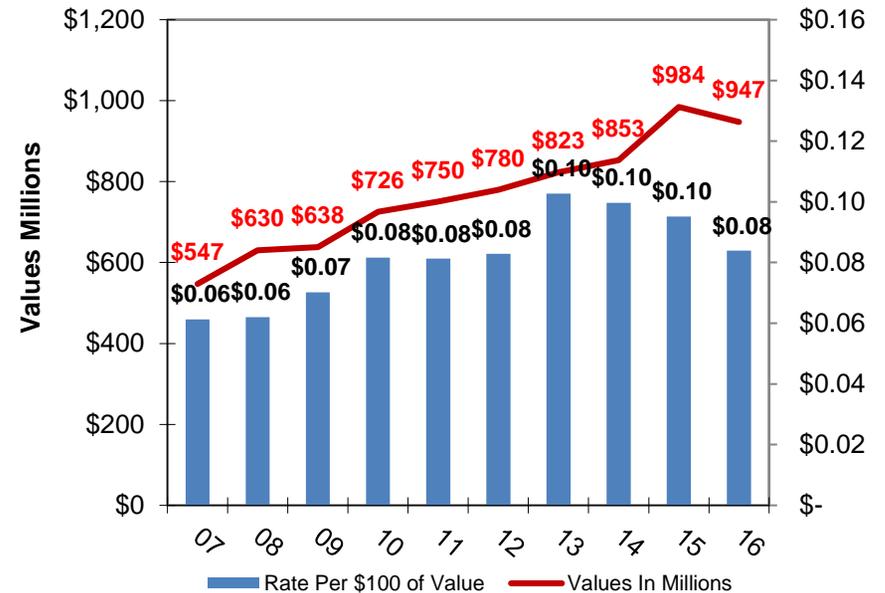
Plus Additional Liability Coverage Unique to APIP:

- Pollution Liability, and
- Cyber Liability

Property appraisals are conducted on a regular schedule to maintain accurate valuations for NCCSIF members and as needed for new properties over \$5 million.

For 2016/17 NCCSIF saw both the total insured values and the rate decrease. The values decreased to \$947 million after years of steadily rising to almost \$1 billion. The rate decreased to \$0.08 per \$100 of value, a level not seen since 2012, due largely to improved loss results.

NCCSIF Total Insured Property Values and Rates



Northern California Cities Self Insurance Fund

Crime Program

NCCSIF Member Crime Insurance was improved in 2016/17 by participation in the Alliant Crime Insurance Program (ACIP), though the coverage is still provided by National Union Insurance Company, A.M. Best Rated A++ XV.

Coverage Includes:

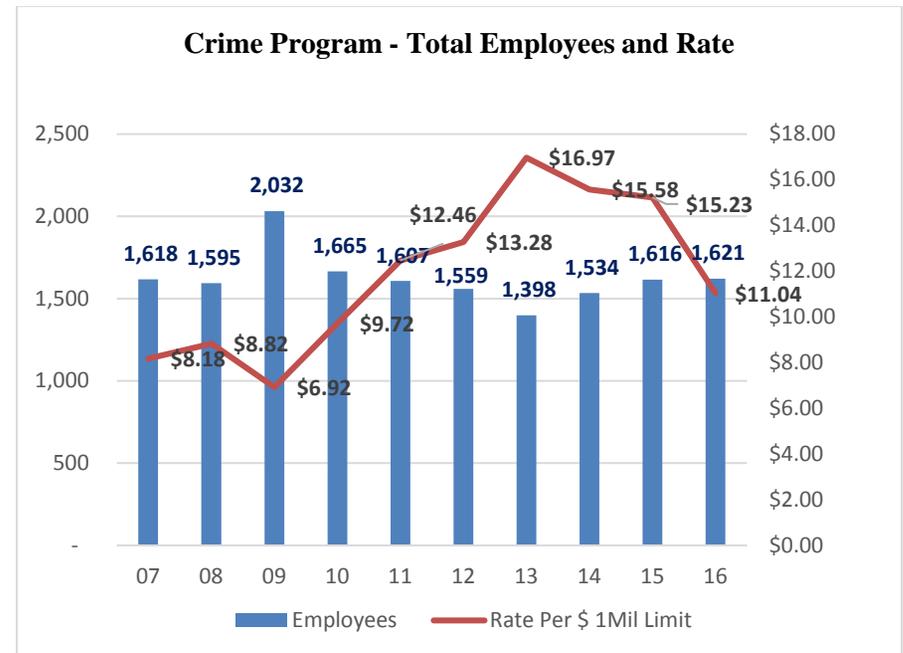
- Employee Theft
- Forgery or Alteration
- Robbery or Safe Burglary
- Computer Fraud
- Volunteers and Committee Members
- **Treasurer/Tax Collector and Bonded Employees**
- **Faithful Performance of Duty**
- \$5,000 Deductible



City of Rocklin

Program Changes & Highlights:

- **Increased per occurrence limit from \$1 to \$3 Million**
- Increased Investigative Expenses from \$50,000 to \$75,000
- **Added Impersonation Fraud** –
 - \$250,000 Limit with a \$25,000 deductible.
 Covers loss from a fraudulent instruction to transfer funds from a Member’s account or to change accounts for payments to a vendor.



Northern California Cities Self Insurance Fund

Other Programs

Motor Vehicle Program

Currently eleven Members are enrolled in the Alliant Motor 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 an All Risk Equipment Floater including earthquake and flood for scheduled equipment. Claims valuation is on a replacement cost basis for vehicles or equipment less than four years old, otherwise the policy pays to repair or replace damaged property on a like kind and quality basis (not new for old).

Wellness & Employee Assistance Program (EAP)

ACI Specialty Benefits provides all NCCSIF members a comprehensive Wellness Program that includes an annual Walking Challenge competition. Eighteen members also participate in the group purchase of ACI's Employee Assistance Program (EAP). The EAP assists City employees and all of their family members in identifying and resolving personal concerns, including health, marital, family, financial, alcohol, drug, legal, stress, or other personal issues that may affect job performance.

The program features a benefit package which includes:

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

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 have access to a fraud specialist who will provide unlimited assistance to restore a victim's identity. They also have access to exclusive online educational resources providing tips, information and steps to avoid becoming a victim of identity theft.

Northern California Cities Self Insurance Fund

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**
- **Safety Grant administration**
- **Best Practices for Municipal Risk Management**

Claims Management

The York 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. York manages litigated claims based on NCCSIF's 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 in 2012 as their Risk Control Services provider to perform a Hazard and Risk Assessment for each member and recommend 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.

Consulting by Bickmore Risk Services includes:

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

Northern California Cities Self Insurance Fund

Other Risk Management Services

Safety Library

On-line Video Libraries are available through the Bickmore website, riskcontrol.brsrisk.com as well as the CSAC- EIA website, csac-eia.org.

Conference Attendance

Sponsorship of members for attendance at the Annual PARMA, CAJPA or CalPELRA Risk Management Conferences.

Seminars and Training Sessions

Selection of topics determined annually by the Risk Management Committee including:

- Bickmore: on-site sessions covering employment issues such as Harassment, Skills for Supervisors, and e-mail communications
- TargetSolutions: online training services on a variety of topics including OSHA Compliance and Employment Practices
- DKF Solutions: updates wastewater safety policies and provides training at the City level on an as-needed basis

- Regional Workshops: NCCSIF conducts regional workshops on pertinent safety topics. Topics for 2016 consisted of AB 1825: Prevention of Sexual Harassment & Abusive Conduct Training, Traffic Control/Flagger & Excavation Competent Person.

Website

NCCSIF website resources, including a Risk Management tab where members can access Risk Management information.



City of Auburn

Northern California Cities Self Insurance Fund

Financial Overview

The following report reflects on the financial condition of Northern California Cities Self Insurance Fund (NCCSIF) for the fiscal year ended June 30, 2016. It is provided to highlight the information in the financial audit and should be reviewed in concert with that report.

NCCSIF Statements of Revenue, Expenses, and Changes in Net Assets

	2016	2015	Percentage Change	2015	2014	Percentage Change
Operating Revenues	\$ 16,962,772	\$ 15,802,553	7%	\$ 15,802,553	\$ 15,798,109	0%
Provisions for Claims	7,750,453	10,879,465	-29%	10,879,465	7,773,183	40%
Dividends	1,121,444	1,506,568	-26%	1,506,568	1,445,334	4%
Insurance Premiums	3,004,729	2,654,843	13%	2,654,843	2,735,852	-3%
Administration	2,032,859	2,089,957	-3%	2,089,957	1,950,718	7%
Total Expenses	13,909,485	17,130,833	-19%	17,130,833	13,905,087	23%
Non-operating:						
Investment Income	1,566,145	644,473	143%	644,473	777,402	-17%
Net Income (Loss)	4,619,432	(683,807)	776%	(683,807)	2,670,424	-126%
Beginning Net Position	9,380,125	10,063,932	-7%	10,063,932	7,393,508	36%
Ending Net Position	\$ 13,999,557	\$ 9,380,125	49%	\$ 9,380,125	\$ 10,063,932	-7%

Northern California Cities Self Insurance Fund

Financial Highlights, FYE June 30, 2016

NCCSIF achieved a 49% increase in Net Position during the Fiscal Year Ending on June 30, 2016, from \$9.4 to \$14 Million, due largely to a \$3.1 million decrease in the Provisions for Claims expense and an increase in Investment Income. Net Income increased 776%, to \$4.6 Million, compared to a loss of \$683,807 in FYE 2015. Members also received a total of \$1.1 Million in Dividends.

- **Net Position increased 49%, to almost \$14 Million**
- **Dividends paid of \$1.1 Million**
- **Provisions for claims decreased by \$3.1 Million**
- **Investment income increased 143%**
- **Total Assets increased by \$3 Million**
- **Total Liabilities Decreased by \$1.6 Million**
- **Net Income increased 776%, to \$4.6 Million**
- **Operating Expenses decreased by \$3.2 Million**

Pool-Wide Financial Analysis

	June 30, 2016	Percent	June 30, 2015	Percent	June 30, 2014	Percent
Current Assets	\$ 7,684,507	14%	\$ 8,038,589	16%	\$ 12,955,780	28%
Noncurrent Assets	46,395,121	86%	42,988,439	84%	33,984,221	72%
Total Assets	54,079,628	100%	51,027,028	100%	46,940,001	100%
Current Liabilities	335,047	1%	900,740	1%	448,980	1%
Claim Liabilities	39,745,024	73%	40,746,163	80%	36,427,089	78%
Total Liabilities	40,080,071	74%	41,646,903	82%	36,876,069	79%
Net Position	13,999,557	26%	9,380,125	18%	10,063,932	21%
Total Liabilities and Net Position	54,079,628	100%	51,027,028	100%	46,940,001	100%

Northern California Cities Self Insurance Fund

Investment revenues are used to offset program costs wherever possible and reduce the required member contributions. The overall investments of the pool increased in 2015-16 from **\$51,027,028 to \$54,079,628**.

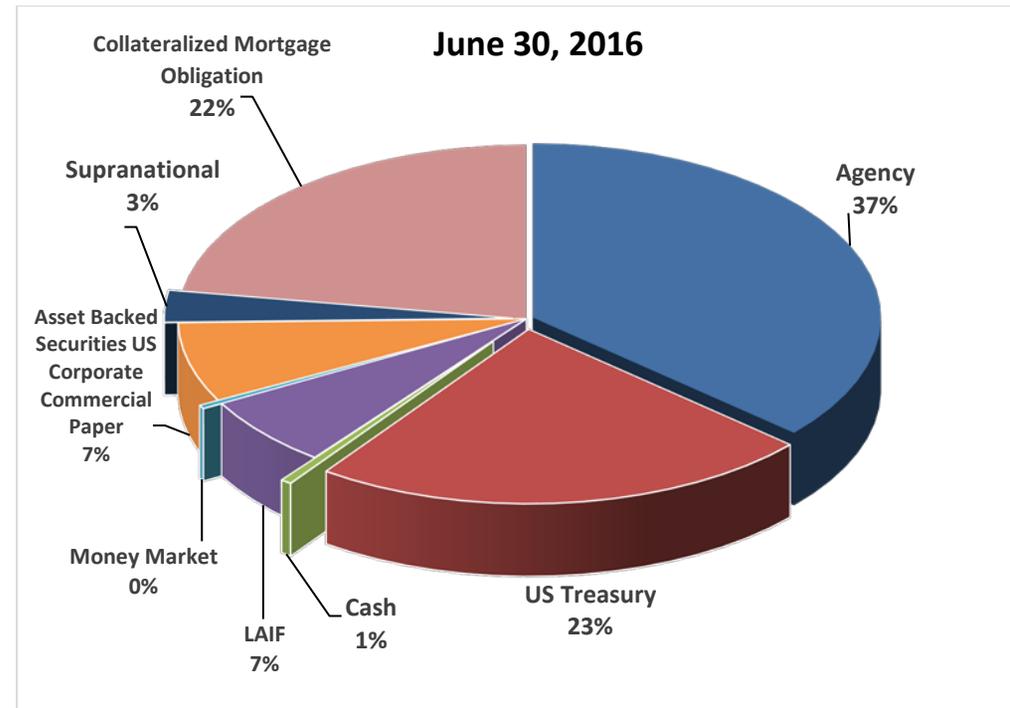
The assets needed for current operations are maintained by the Local Agency Investment Fund (LAIF), administered by the State Treasurer’s Office. Interest rates have remained low in the past two years, for example, the average rate of return for funds invested in LAIF during the fiscal year 2014 was 0.243%, in 2015 it was 0.258%, and in 2016 it was 0.425%.



City of Oroville - Lake Oroville

However, the effective **rate of return** for the overall JPA investment portfolio **increased from 1.5% in FY 2015 to 3.2% in FY 2016**. The ability of these funds to earn investment income has a direct effect on rates, as this income is used to discount future liabilities.

Components of NCCSIF Portfolio at June 30, 2016



Northern California Cities Self Insurance Fund

Service Providers and Consultants

PROGRAM ADMINISTRATORS:



Alliant Insurance Services, Inc.
Marcus Beverly, First-Vice President
Raychelle Maranan, Administration Coordinator
Joan Crossley, Account Executive
Michael Simmons, Vice Chair (Peer Review)

INVESTMENT CONSULTANTS:



Chandler Asset Management, Inc.
Martin Cassell, CFA, EVP and Chief Investment Officer
Scott Prickett, CFA, SVP, Portfolio Strategist
Kay Chandler, CFA, President and CEO

ACCOUNTING SERVICE PROVIDER:



James Marta & Company
Jim Marta, CPA, ARM
Alana, Theiss, CPA

INDEPENDENT FINANCIAL AUDITING SERVICES:



Crowe Horwath LLP
Matthew Nethaway, Financial Audit

THIRD PARTY CLAIMS ADMINISTRATION:



York Risk Services Group, Inc.
Dori Zumwalt, Account Manager
Cameron Dewey, Claims Manager - GL
Ben Burg, Claims Manager - WC

RISK CONTROL AND ACTUARIAL SERVICES:



Bickmore Risk Services
Henri Castro, Risk Control Consultant
Tom Kline, Risk Control Consultant
Jeff Johnston, Director, Risk Control Services
Mike Harrington, Director, Actuarial Services

Northern California Cities Self Insurance Fund

Please see our website at www.nccsif.org



NCCSIF

Northern California Cities Self Insurance Fund
A Joint Powers Authority

The Northern California Cities Self Insurance Fund (NCCSIF) is an association of municipalities joined together in 1979 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.



Northern California Cities Self Insurance Fund (NCCSIF)

Target Funding Benchmarks

Presented by:

Marcus Beverly, Alliant Insurance Services

December 8, 2016

Outline

- Funding Policy – Purpose & Definitions
- Benchmarks – Key Risk Exposures
 - Large Losses
 - Reserving Errors
 - Pricing Errors
- Trends & Takeaways

Target Funding Policy - Purpose

- *Guidance* for Board in development of *annual funding, dividend and assessment decisions*
- Provide benchmarks to *measure and maintain* the pool's *financial stability*
- Expose deteriorating experience and *react to minimize adverse impact* on the pool

3

Definitions

- **Confidence Level (CL)** – an estimated probability that a given level of funding will be sufficient to pay actual claim costs. The higher a CL the greater certainty the actuary has that losses will not exceed the dollar value used to attain the CL. An estimate at the 70% CL means that in 7 of 10 years the amount will be at least enough to pay all applicable claims.
- **Expected Liabilities (EL)** – Outstanding Reserves plus Incurred But Not Reported (IBNR) and Loss Adjustment Expense, discounted, at the “Expected” CL (approximately 55% CL).
- **Incurred But Not Reported (IBNR)** – the estimate of funds needed to pay for covered losses that have occurred but have not been reported to the member and/or NCCSIF, and expected future development on claims already reported.

4

Definitions

- **Loss Adjustment Expense (LAE)** – administrative expenses to manage a claim to conclusion. Allocated LAE (ALEA) are expenses attributable to a specific claim, such as attorney fees. Unallocated LAE (ULAE) are overhead expenses not attributable to a specific claim, such as office rental.
- **Net Assets (NA)** (Equity, Surplus or Net Position) - Total Assets less Expected Liabilities.
- **Net Contribution (NC)** - total contribution for losses less excess insurance
- **Self Insured Retention (SIR)** - the maximum amount of exposure to a single loss retained by NCCSIF.

5

Financials For Benchmarks - FYE 2016

Funding Policy Applies to Shared Layer Only

Work Comp	Banking	Shared	Total
Net Assets (NA)	\$6,649,718	\$5,116,141	\$11,765,859
Expected Liabilities (EL)	\$14,594,405	\$15,342,362	\$29,936,767
Net Contributions (NC)	\$5,843,000	\$2,884,000	\$8,727,000
General Liability	Banking	Shared	Total
Net Assets (NA)	\$1,802,584	-\$431,114	\$2,233,698
Expected Liabilities (EL)	\$2,968,968	\$7,174,336	\$10,143,304
Net Contributions (NC)	\$1,869,000	\$1,954,000	\$3,823,000

6

NA and EL as of 6/30/15. NC for 2016/17

Benchmarks Measure Exposure To:

- **Large Losses** – Net Assets (NA) to SIR
- **Reserving Errors** – Expected Liabilities to NA
- **Pricing Errors** – Net Contributions to NA

Also measure *yearly changes & trends* in
Net Assets, Liabilities, and Contributions

7

Net Assets to Self Insured Retention Benchmark $\geq 3-5:1$

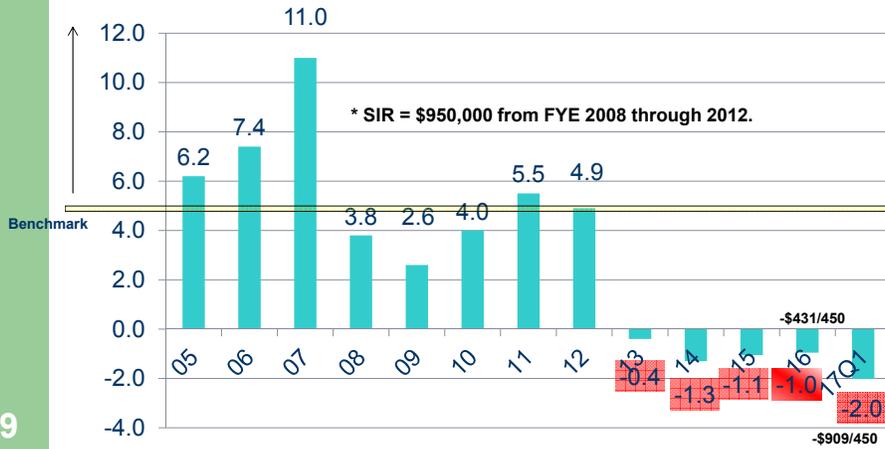
- Measures **how many** maximum **SIR losses** NCCSIF could pay from Net Assets.
- Measures feasibility of increasing the pool SIR.
- A high ratio is desirable.

Takeaway

1. GL – Net Assets disappeared in 2013 due to reserve changes. Slight improvement in 2015 and 2016 but **deficit doubled in first quarter of 2017**.
2. WC – Increase from 5.6 to 12.8 in 2016, **continuing to maintain above benchmark** after big drop four years ago.

8

Net Assets to SIR: Liability
Benchmark \geq 3-5:1 SIR = \$450,000*



9

Net Assets to SIR: Work Comp
Benchmark \geq 3-5:1 SIR = \$400,000



10

Change in Net Assets Benchmark $\geq -10\%$

- A decline in net assets in excess of 10% may warrant an increase in annual contributions or an assessment.
- Large fluctuations in net assets indicate the program is experiencing change due to losses and/or dividends.

Takeaway

1. *GL – trading just below water for the last 3-4 years, with **deficit more than doubled** over the first quarter of FYE 2017. Need to **update assessment plan**.*
2. *WC – **Net assets more than doubled in 2016** after decrease in 2015. Big rebound in 2014 after three years of decreases.*

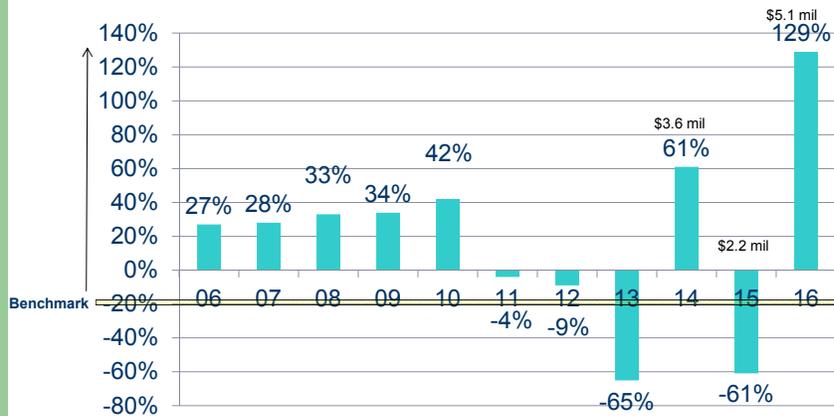
11

Change in Net Assets: Liability Benchmark $\geq -10\%$



12

Change in Net Assets: Work Comp Benchmark $\geq -10\%$



13

Expected Liabilities to Net Assets Benchmark $\leq 3:1$

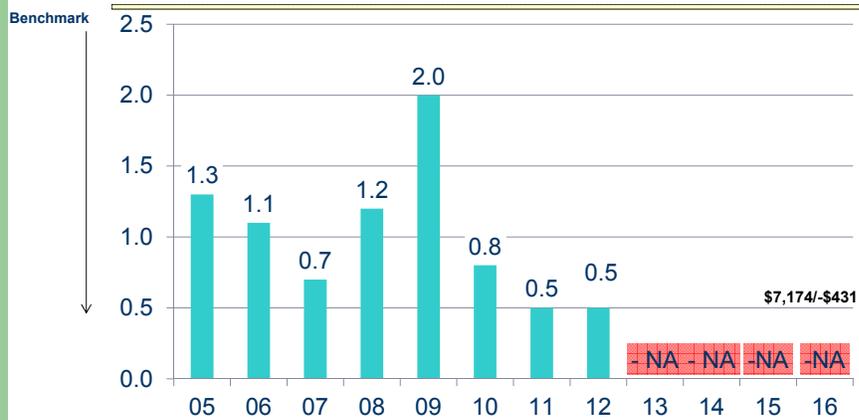
- A measure of NCCSIF's susceptibility to **reserving errors** and/or **adverse loss development**.
- Over time this ratio could also indicate changing loss exposures.
- A low ratio is desirable.

Takeaway

1. *GL – no significant change in deficit position but first quarter of 2017 has seen further decrease in net assets.*
2. *WC – volatile results above benchmark for the last three years with significant improvement in 2016 to again hit the 3:1 target.*
3. *Both experienced significant deterioration in 2013 and 2014*

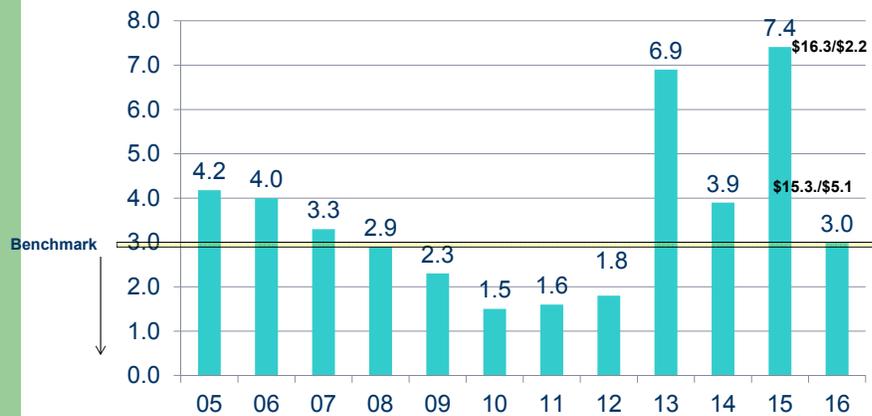
14

Liabilities to Net Assets – Liability Benchmark $\leq 3:1$



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Liabilities to Net Assets – WC Benchmark $\leq 3:1$



16

Change in Expected Liabilities (EL) Benchmark $\leq 20\%$

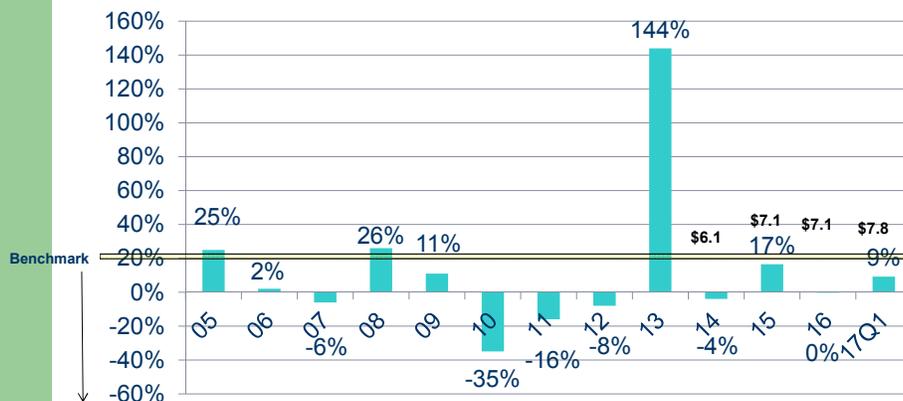
- Measures the change in EL from one year to the next.
- Changes in EL are an *indicator of the accuracy of prior reserve estimates* by claims adjuster and actuary.
- Change of greater than 20% indicates reserving practices may not be conservative enough and/or loss exposures are increasing more than past experience indicates.

Takeaway

1. *GL – Significant increase in EL in 2013 after three years of decreases. Increase of 17% in 2015, no change in 2016, but increase of 9% in Q1.*
2. *WC – Volatility over last five years, increase of 16% in 2015, decrease of 6% in 2016.*

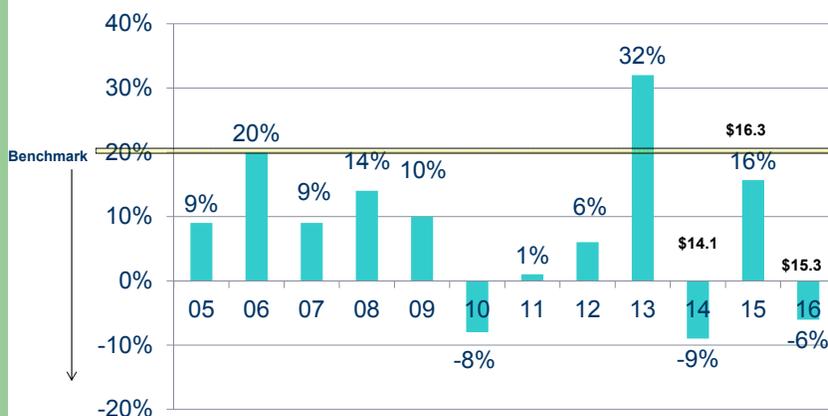
17

Change in Liabilities – Liability Benchmark $\leq 20\%$



18

Change in Liabilities – Work Comp Benchmark $\leq 20\%$



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Net Contribution to Net Assets Benchmark $\leq 2:1$

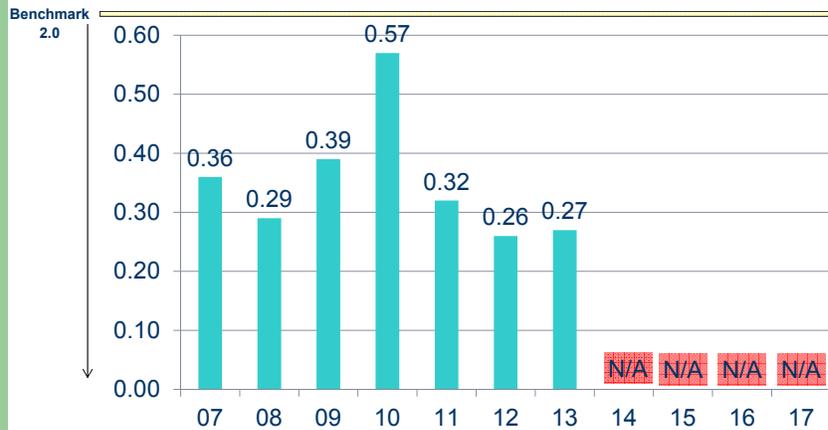
- A measure of how net assets are leveraged against possible **pricing** inaccuracies.
- Relationship between *annual deposits* and net assets.
- A low ratio is desirable.

Takeaway

1. GL – No Net Assets for calculation. Well within benchmarks for years before large losses and dividends reduced NA.
2. WC- Last four years have seen volatility but still within benchmark, with **current ratio best since 2013.**

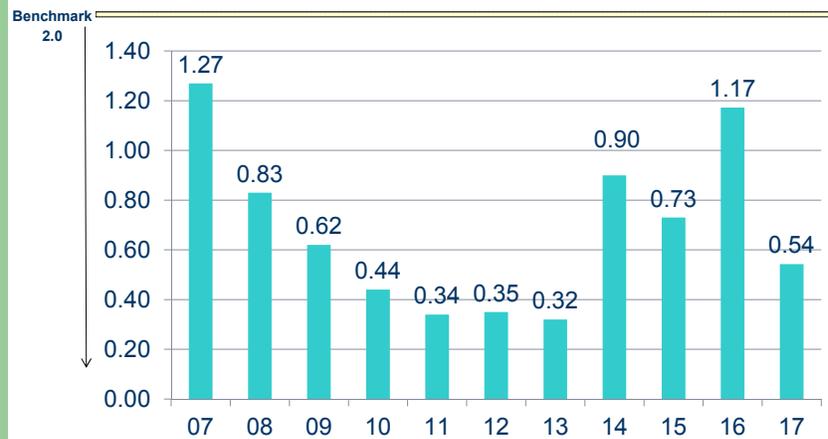
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Net Contributions to Net Assets Liability - Benchmark $\leq 2:1$



21

Net Contributions to Net Assets Work Comp - Benchmark $\leq 2:1$



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Change in Net Contributions (NC) Benchmark $\leq 20\%$ per year

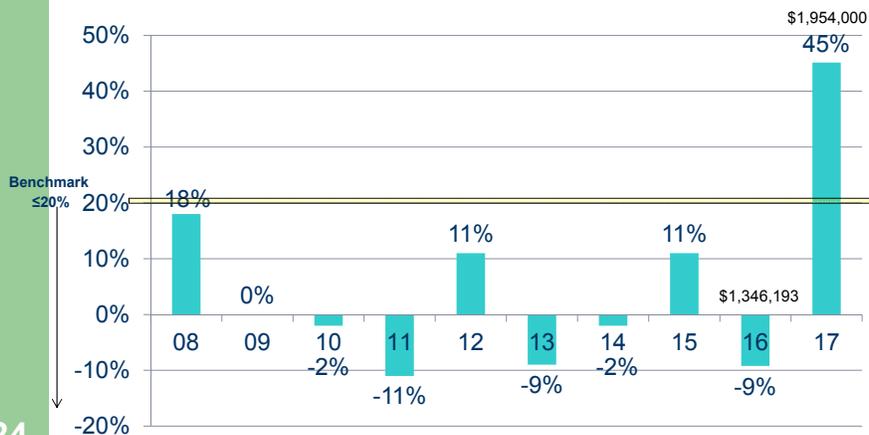
- Measures annual change in NC.
- Changes are an indicator of underlying trends in losses and payroll and the loss sensitivity of the rating plan.
- Change $> 20\%$ indicates potential increase in losses and/or exposure or a rating plan that is too loss sensitive.

Takeaway

1. *GL – decrease in 2016 in spite of increase in Confidence Level. Increase of 45% for 2017, with increase to 70% CL.*
2. *WC – Decrease of 3% in 2017 while increasing CL 70%. Increases of 31% in 2015 and 13% in 2016.*

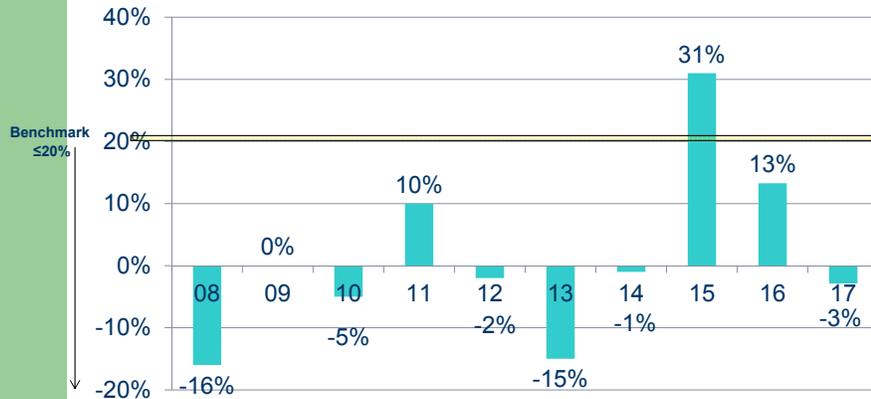
23

Change in Net Contributions – GL Benchmark $\leq 20\%$ per year



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Change in Net Contributions – WC Benchmark ≤ 20% per year



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Summary of Benchmarks

Program Layer	Large Losses NA to SIR	Reserving Errors EL to NA	Pricing Errors NC to NA
WC Shared	Rebound in 2016 to well above benchmark after big decrease in net assets in 2013.	At benchmark this year with drop in EL and increase in NA . <i>More volatility over the last 4-5 years.</i>	Volatile last 4 years but within benchmark and improved in 2016, with decrease in net contributions
GL Shared	<i>Treading water</i> for the last three years with a deficit that has recently increased.	Liabilities unchanged from 2015 to 2016 but increasing in 2017. Still impacted by 2013 reserve increase.	Increase of 45% in 2017 reflects increased rates and 70% CL. <i>Trend to higher rates and CL.</i>

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Summary of Programs & Trends

- GL – four years of running in place after impact of increased SIR, large losses, and dividends. Assessments to replenish Net Assets not decreasing deficit. Recommend updating assessment plan and increasing funding to 80% CL.
- WC – within guidelines and good results for 2016 but volatility remains a concern with swings in EL and NA.
- *Volatility and adverse development in both programs have left less room for error and dictate a more conservative approach until the trends change.*

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Questions



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