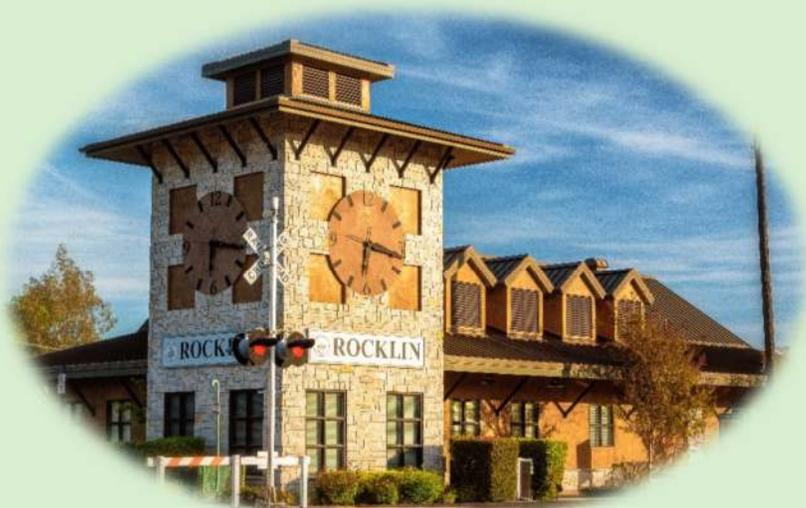
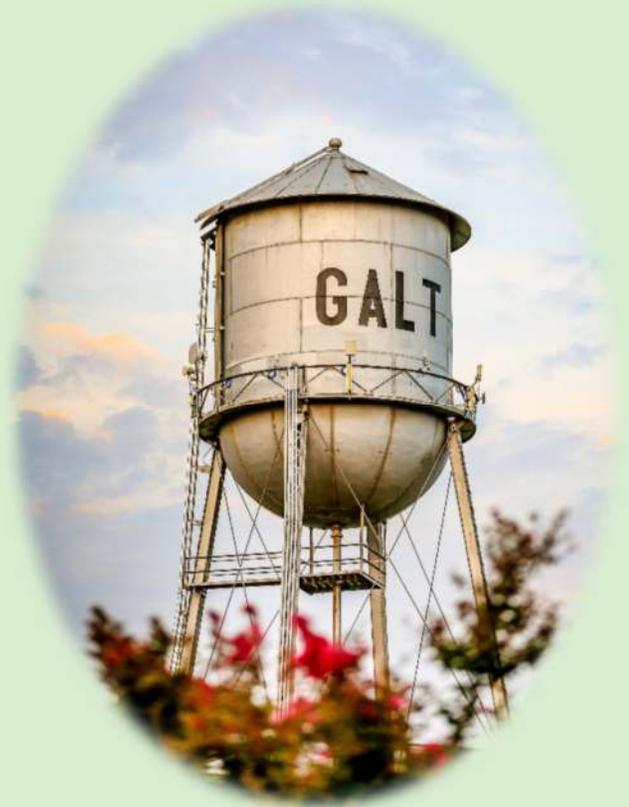


NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND 2021-2022 ANNUAL REPORT



LETTER TO OUR MEMBERS

Dear Members,

I am pleased to present the 2021/2022 Annual Report for the Northern California Cities Self Insurance Fund. As we enter our 42nd year of operation, the group is facing the most challenging environment since NorCal Cities was first formed.

In the 1970's, the concern was Workers' Compensation coverage. In the 1980's it was a liability insurance crisis that caused many public agencies to create pools and share risk among themselves to obtain coverage. More recently, **property insurance has become increasingly expensive and harder to place** due to wildfire risk and extreme weather events. Added to this, we now have **another liability crisis, with a "frequency of severity"** that has resulted in less coverage for more premium. And to top it off, we now have cyber risks that threaten our operations daily, with **ransomware claims driving increases of 300% or more**. All of this while navigating the **COVID-19 Pandemic**.

NorCal Cities members have responded to increasing risks and premiums by continuing their focus on risk management while maintaining conservative funding for each program. The group has **added services related to wildfire and cyber risk management** while analyzing the addition of a property program self-insured layer to mitigate the impact of rising deductibles.

Risk management training and services continue to contribute to the group's financial stability. During Fiscal Year 2020/2021, **net Position decreased (\$566,839) after payment of dividends totaling \$3,071,640**. Total assets increased by \$6,269,793 and liabilities increased \$6,836,632. Net cash from operations was \$6,604,773, an increase of \$2,175,582 due to increased member contributions and less paid for claims.

The **Workers' Compensation Program** continues to deliver steady results, allowing members to maintain the funding confidence level at 80% with a **2.9% increase in the underlying rate and over \$2 million in dividends** were returned to our members. These results reflect the continued focus on risk and claims management that includes ergonomic and return to work programs and partnering with medical providers to administer prompt diagnoses and effective treatment.

The **Liability Program** also continues to maintain steady results in the underlying NorCal Cities rates while facing extreme pressure from the excess and reinsurance markets to take on more risk. **The rate for the self-insured coverage decreased by -2%**, reflecting the members' decision a few years ago to increase the annual funding confidence level from 75% to 80%. However, excess coverage increased a total of 76%, representing all of the increase in FY 21/22 funding. In Fiscal Year 2020/2021, **Net Position decreased (\$433,709) after payment of dividends totaling over \$1 million**.

Members will continue to face challenges in this unprecedented environment, and NCCSIF will continue to be a valuable partner in providing them access to broader coverage, more risk management services, at competitive rates. 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.

Sincerely,



Dave Warren - NCCSIF President

Assistant City Manager/Director of Finance - City of Placerville



LETTER TO OUR MEMBERS

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HISTORY OF THE JPA

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

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

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

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

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

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

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

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

In 1993, NCCSIF joined CJPRMA for Excess Liability Coverage.

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

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

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

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

Among the training topics this year were Webinars regarding Temporary Traffic Control and Flagging, Mandated Reporter Training, AB 1234 and AB 1825, Cyber Risk Management, Insurance Requirements in Contracts, and Coping with Stress. ACI Specialty hosted trainings on Assertive Communication and Maintaining a respectful workplace, that were part of a four-part training series.

MISSION STATEMENT

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

GOVERNANCE

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



BOARD OF DIRECTORS

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

Member	Board Director	Alternate
City of Anderson*	Liz Cottrell	Jeff Kiser
City of Auburn	Nathan Bagwill	Shari Harris
City of Colusa	Ishrat Aziz-Khan	Shelly Kittle
City of Corning*	Kristina Miller	Tom Watson
City of Dixon	Rachel Ancheta	Kate Zawadzki
City of Elk Grove	Kara Reddig	Jim Ramsey
City of Folsom*	<i>Vacant</i>	Steven Wang
City of Galt*	Stephanie Van Steyn	Lorenzo Hines Jr.
City of Gridley	Vacant	Elisa Arteaga
City of Ione	Michael Rock	Chris Hancock
City of Jackson*	Yvonne Kimball	Dalacie Blankenship
City of Lincoln	Veronica Rodriguez	Ruthann Codina
City of Marysville	Jennifer Styczynski	Vacant
City of Nevada City	Joan Phillipe	Gabrielle Christakes
City of Oroville	Elizabeth Ehrenstrom	Vacant
Town of Paradise	Ross Gilb	Crystal Peters
City of Placerville*	Dave Warren	Cleve Morris
City of Red Bluff	Sandy Ryan	Anita Rice
City of Rio Vista*	Jose Jasso	Jen Lee
City of Rocklin	Andrew Schiltz	Vacant
City of Willows*	Marti Brown	Vacant
City of Yuba City	Spencer Morrison	Vacant

***Founding Members**

GOVERNANCE



EXECUTIVE COMMITTEE

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

Member	Name	Position
City of Placerville	Dave Warren	President
City of Rio Vista	Jose Jasso	Vice President
City of Rio Vista	Jen Lee	Treasurer
City of Marysville	Jennifer Styczynski	Secretary
City of Red Bluff	Sandra Ryan	Member-at-large
City of Jackson	Yvonne Kimball	Member-at-large
City of Corning	Kristina Miller	Member-at-large
City of Elk Grove	Kara Reddig	Member-at-large
City of Yuba City	Spencer Morrison	Member-at-large
City of Ione	Michael Rock	Member-at-large



GOVERNANCE

CLAIMS COMMITTEE

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



FINANCE COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

The Committee's goal is to foster member risk management programs to reduce the frequency and severity of accidents and claims for loss or damage. Recognizing this goal, the Committee annually recommends and administers a budget to provide each member hands-on risk management consultation and training. For FY 22/22 the risk management budget is \$490,120, or 34% of the pool's total administration expenses.

POLICE RISK MANAGEMENT COMMITTEE

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



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

City of Yuba City Police Department – National Night Out 2020

FY 21/22 MEMBERS PARTICIPATING IN EACH PROGRAM

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

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

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

LIABILITY PROGRAM

COVERAGE HIGHLIGHTS

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

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

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

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

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



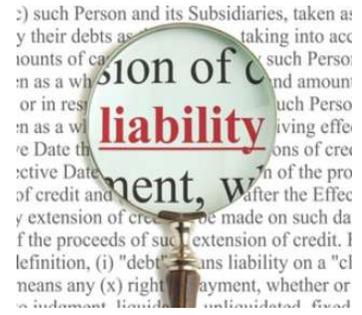
CJPRMA members pool risk up to \$7,500,000 and purchase excess reinsurance for total limits up to \$40,000,000, inclusive of NCCSIF's retained limit of \$500,000 per occurrence. Other sublimit apply, including for Employment Practices Liability (EPL) and subsidence coverage. As a result of sharing risk to \$7,500,000, CJPRMA is largely insulated from fluctuating insurance market conditions. CJPRMA also provides valuable risk management training and excess claim management services.



Yuba City



City of Lincoln



<p style="text-align: center;"><u>Excess Layer</u></p> <p style="text-align: center;">Excess Insurance: \$7,500,000 to \$40,000,000 EPL Coverage Limit: \$12,500,000 CJPRMA Members: \$500,000 to \$7,500,000</p>
<p style="text-align: center;"><u>Shared Risk Layer</u></p> <p style="text-align: center;">Banking Layer Limit to \$500,000</p>
<p style="text-align: center;"><u>Banking Layer</u></p> <p style="text-align: center;">Folsom: \$0 to \$100,000 All Other Members: \$0 to \$50,000</p>

LIABILITY PROGRAM

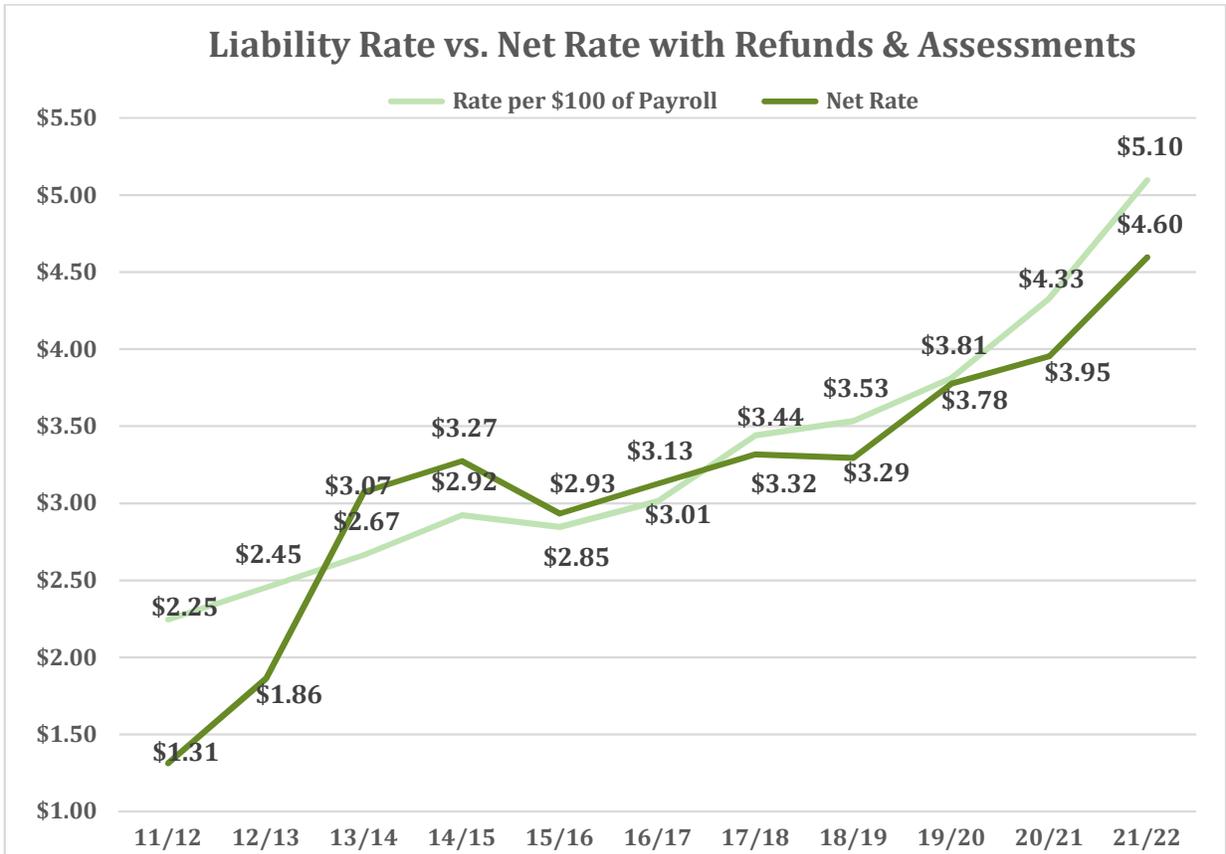
FINANCIAL HIGHLIGHTS

Total FY 21/22 funding for the Liability Program is \$9,324,127. Members agreed to **maintain the funding Confidence Level at 80%**, in spite of a total premium increase of 19% for the second year in a row. Member payroll accounted for 2% of the increase, with the **base rate for the NCCSIF coverage decreasing by 2%**. The excess insurance market is extremely challenging and drove all the change with an increase of 103%. Increased funding confidence levels have lessened the impact of \$1,476,799 in unfavorable loss development in the Shared Layer and resulted in an increase of \$234,016 in the Banking Layer.

PROGRAM HIGHLIGHTS

The Board of Directors annually reviews the Banking and Shared Risk financial status to evaluate the appropriateness of declaring either a refund or an assessment. **The Banking Fund returned net dividends of \$1,313,705** to Members who exceeded their target funding levels. The Shared Risk Layer continues to be stable without the need for assessments now that funding levels again exceed target benchmarks. However, rates for the last two years have been increasing due to extremely “hard” excess insurance market conditions. The following chart shows the historical rates with and without the impact of refunds and assessments.

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



WORKERS' COMPENSATION PROGRAM

COVERAGE HIGHLIGHTS

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

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



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

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



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

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

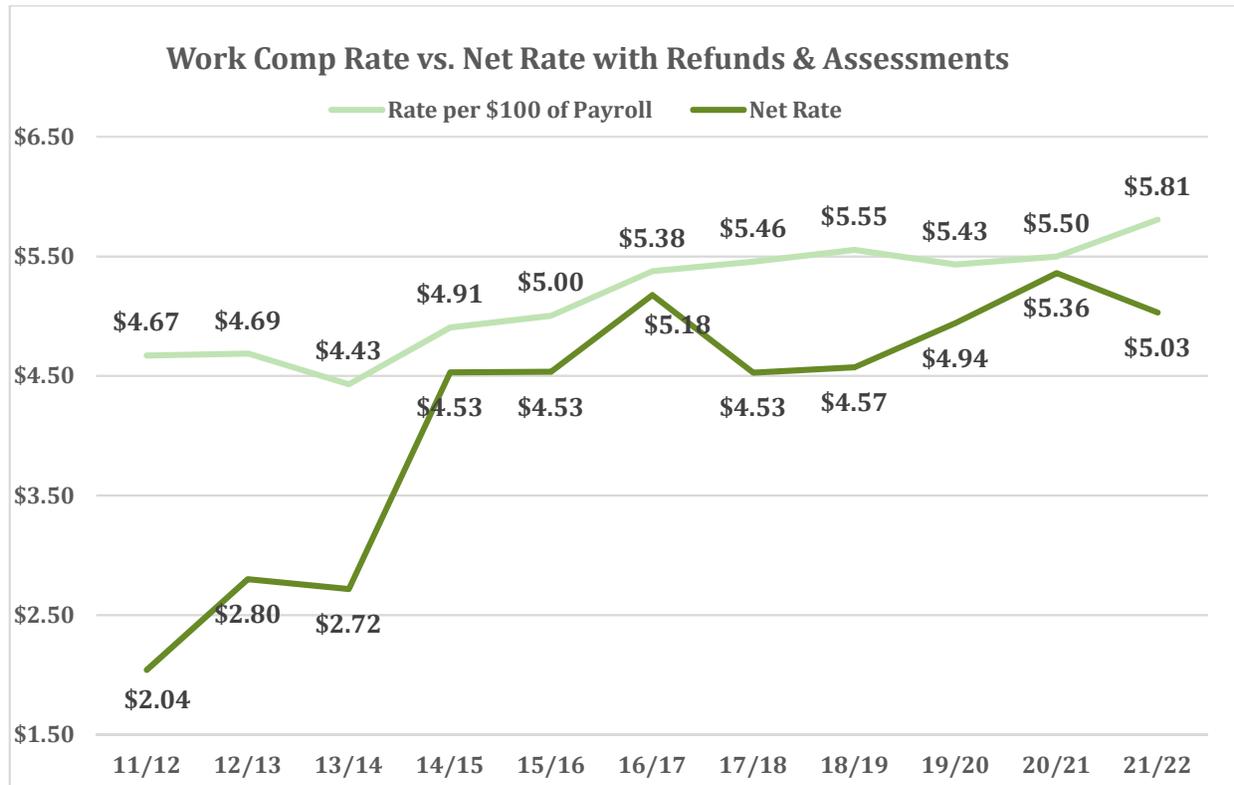
FINANCIAL HIGHLIGHTS

The total funding of the program for FY 21/22 is \$14,572,379 before dividends, an increase of 7% over the prior year. Payroll increases accounted for 1% of the total, while the underlying NCC rate increased 3% and excess insurance increased 27%, accounting for the remaining 4% increase overall. Over the last several years members have increased the annual funding confidence level from 60% to 80% and kept it there, a funding increase that has provided a consistently high margin for maintaining budget stability and meeting or exceeding financial benchmarks.

The Board of Directors annually reviews the Program's financial status to evaluate the appropriateness of declaring either a refund or an assessment. **In 2021 NorCal Cities returned \$562,750 in Shared Layer dividends to its members and \$2,153,420 in dividends in the Banking Layer.**

WORKERS' COMPENSATION PROGRAM

The following chart shows the historical rates with and without the impact of refunds and assessments. While the gross rate increased to \$5.81 due to rising benefit expenses the **net rate fell to \$5.03 due to net refunds of \$2,043,486**. Rates were relatively low and stable from 09/10 to 13/14, largely due to the last regulatory reforms, but they have been increasing since then. Factoring in the refunds and assessments the net rate has dipped as low as \$2.04 per \$100 of payroll.



PROGRAM HIGHLIGHTS

These results are due to a combination of cost containment strategies, including return to work programs with modified duty “bridge” assignments for injured workers, member training, regular claim reviews and quality claims management from Sedgwick. In addition to Work Comp 101 training, they host an annual conference available to NorCal Cities members free of charge with the latest updates regarding Workers’ Compensation regulations and best practices.

LOOKING AHEAD

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



City of Rio Vista

PROPERTY PROGRAM

COVERAGE HIGHLIGHTS

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

- **Broad Replacement Cost valuation**
- **\$25,000 All Risk Deductible per claim**
- **Rental Income and Tax Interruption**
- Course of Construction (Builder's Risk)
- **Auto Coverage with optional Replacement Cost**
- **Increased Cost of Construction (Code Upgrade)**
- Boiler & Machinery Coverage: \$100,000,000 limit per occurrence & \$10,000 deductible per claim
- **OPTIONAL Flood coverage** with deductible of \$100,000, or \$250,000 for Flood Zones A & V

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



POLLUTION LIABILITY

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

CYBER LIABILITY

- Information Security & Privacy Liability – each member in APIP has a **\$2M/\$40M** aggregate limit.
- NorCal Cities purchases **excess limits of \$2M/\$3M** aggregate.
- **Privacy Notification Costs** limit of \$500,000 (limit is increased to \$1M if Beazley Vendor Services are used)
- **Cyber Extortion Loss**
- Data Protection Loss and Business Interruption
- **Fraudulent Instruction** resulting directly from an Insured having transferred, paid, or delivered any Money or Securities as a direct result of Fraudulent Instruction.

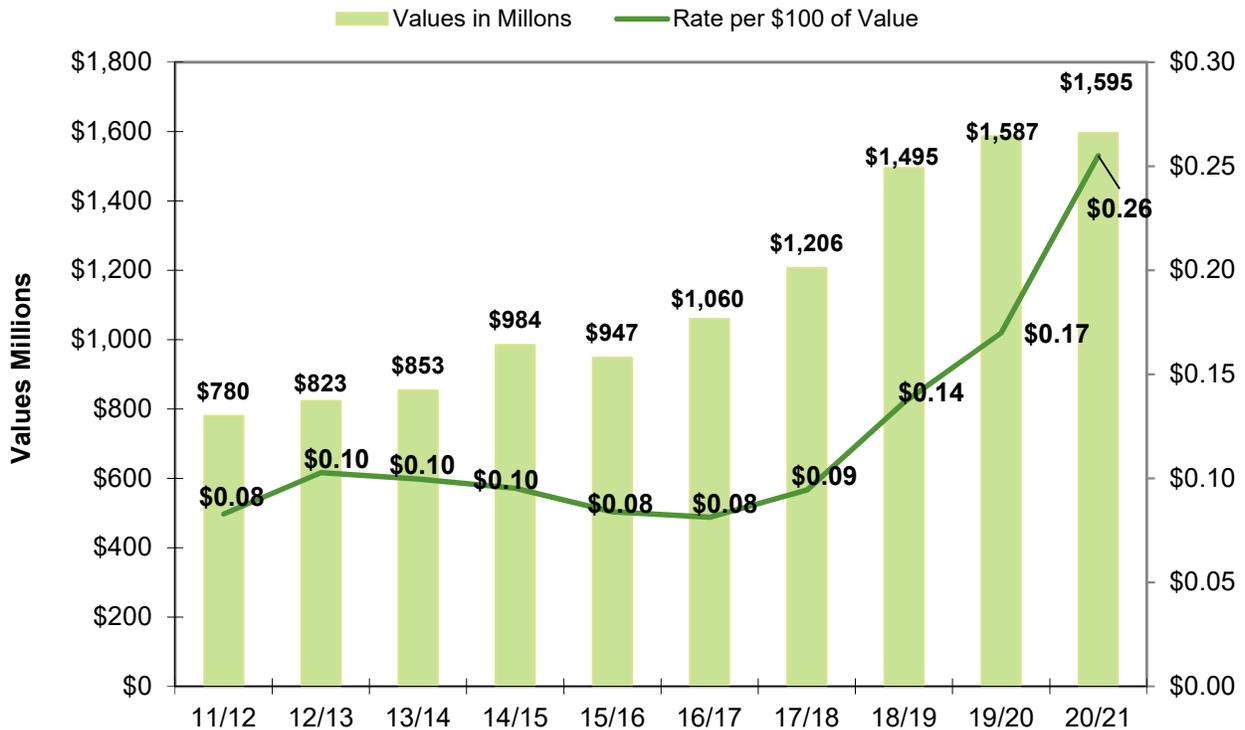


PROPERTY PROGRAM

FINANCIAL HIGHLIGHTS

For FY 21/22 total insurable values increased slightly, largely due to several members moving their vehicles to the AMVP program. This was due not only to rates increasing 53% but deductibles increasing from as low as \$5,000 to \$25,000 and \$50,000 for police vehicles. Rates continue to rise due to the extremely hard insurance market brought about by a previous soft market and increasingly severe losses, including CA wildfires, ice storms in the central U.S., and hurricanes along the coast and overseas. Despite the increases the Program remains the most competitive option available in a very tough environment.

Total Insured Property Values and Rates



LOOKING AHEAD

Members are faced with increasing pressure to take on higher retentions and focus more on loss control. The pool has obtained wildfire risk scores for select properties and will assess select properties to provide recommendations that can be used by all members to assess their properties.

Property Appraisals of scheduled buildings are conducted every five years to maintain accurate valuations. Buildings valued over \$5 Million are appraised at no cost to the member. Appraisals for properties below \$5 million are available at reduced group rates, and **members received property appraisals** prior to the FY 18/19 renewal.

Trending is done annually based on cost of construction indexes. Insured values are expected to increase due to inflationary pressures brought on by COVID and supply chain issues.



City of Elk Grove

CRIME PROGRAM

COVERAGE HIGHLIGHTS

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

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

The ACIP Coverage contains the following:

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



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

LOOKING AHEAD

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



City of Dixon

OTHER PROGRAMS

ALLIANT MOBILE VEHICLE PROGRAM (AMVP)



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

Currently seventeen of the twenty-two NorCal Cities Members are enrolled in this program. **Deductibles below the APIP minimum of \$25,000 are available** in this program and one reason some members choose.

IDENTITY FRAUD PROTECTION

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

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



EMPLOYEE ASSISTANCE PROGRAM (EAP)

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

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

The program features a benefit package which includes:



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

SERVICES

PROGRAM ADMINISTRATION

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

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



CLAIMS MANAGEMENT

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



RISK MANAGEMENT

NCCSIF hired Bickmore Risk Services in 2012 as their Risk Control Services provider to perform a Hazard and Risk Assessment for each member and **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. In 2018 Bickmore was purchased by York Risk Services and in 2019 Sedgwick purchased York, *without an interruption in service to members*.

Consulting by Sedgwick includes:

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

VECTOR SOLUTIONS

NorCal Cities members have access to a comprehensive online training platform to maintain compliance with OSHA regulations, fire and EMS standards, ethics and sexual harassment requirements, as well as a wide variety of other topics. Vector Solutions offers an **online based training platform** which members can access remotely and **track training** completed by employees.



LEXIPOL

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



SERVICES

MEMBER TRAINING FUND

For FY 21/22, members are allotted \$4,000 training fund towards risk management related training and/or attendance to annual CAJPA, PARMA, CalPELRA, or other Risk Management Conferences. Attendance at Risk Management Conferences helps educate members on claim reduction strategies and other cost control mechanisms.



SEMINARS AND REGIONAL WORKSHOPS

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

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

WEBSITE

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

ALLIANT CONNECT



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

FINANCIAL SERVICE PROVIDERS AND CONSULTANTS



Accounting Services
James Marta & Company



Independent Financial Auditing Services
Crowe Horwath LLP



Investment Consultants
Chandler Asset Management, Inc.

FINANCIAL OVERVIEW

STATEMENT OF NET POSITION

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

COMBINING STATEMENT OF NET POSITION

June 30, 2021

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,639,458	\$ 11,562,355	\$ 18,201,813
Member receivable	111,515	93,154	204,669
Excess insurance receivable	366,868	669,822	1,036,690
Interest receivable	<u>61,541</u>	<u>183,482</u>	<u>245,023</u>
Total current assets	7,179,382	12,508,813	19,688,195
Investments *	<u>12,413,723</u>	<u>45,545,535</u>	<u>57,959,258</u>
Total assets	<u>19,593,105</u>	<u>58,054,348</u>	<u>77,647,453</u>
LIABILITIES			
Current liabilities:			
Accounts payable	439,544	230,347	669,891
Unearned revenue	<u>854,527</u>	<u>1,595,654</u>	<u>2,450,181</u>
Total current liabilities	1,294,071	1,826,001	3,120,072
Unpaid claims and claim adjustment expenses	<u>11,028,749</u>	<u>39,519,576</u>	<u>50,548,325</u>
Total liabilities	<u>12,322,820</u>	<u>41,345,577</u>	<u>53,668,397</u>
NET POSITION			
Designated for contingency	100,000	100,000	200,000
Designated for risk management	-	430,715	430,715
Unrestricted	<u>7,170,285</u>	<u>16,178,056</u>	<u>23,348,341</u>
Unrestricted	<u>\$ 7,270,285</u>	<u>\$ 16,708,771</u>	<u>\$ 23,979,056</u>

**For internal reporting purposes, investments and unpaid claims and claims adjustment expenses are classified as non-current.*

SUMMARY OF RESULTS

- The Net Position for the whole pool decreased by (\$566,837). This decrease included member dividends of \$3,071,640. **Without the dividends the pool would have shown an increase in net position of \$2,504,803.**
- The increase in prior years claims liabilities totaled \$1,388,854; \$1,078,109 increase for the liability program and (\$90,806) decrease for Workers' Compensation.

FINANCIAL OVERVIEW

STATEMENT OF REVENUES AND EXPENSES

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
 For the Year Ended June 30, 2021

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating revenues:			
Banking layer deposit	\$ 2,422,487	\$ 7,214,999	\$ 9,637,486
Shared risk layer deposit	2,849,538	3,948,000	6,797,538
Other deposits/fees	5,372,697	2,459,867	7,832,564
Banking layer assessment	109,282	93,154	202,436
Other income	<u>28,574</u>	<u>94,646</u>	<u>123,220</u>
Total operating revenues	<u>10,782,578</u>	<u>13,810,666</u>	<u>24,593,244</u>
Operating expenses:			
Provision for claims and claim adjustment expenses	4,608,334	8,916,902	13,525,236
Dividends	1,028,154	2,043,486	3,071,640
Insurance premiums	4,906,432	1,549,764	6,456,196
Claims administration	254,131	953,797	1,207,928
Program administration	246,022	214,203	460,225
Safety services	158,704	286,251	444,955
Other expenses	<u>34,733</u>	<u>38,026</u>	<u>72,759</u>
Total operating expenses	<u>11,236,510</u>	<u>14,002,429</u>	<u>25,238,939</u>
Operating loss	<u>(453,932)</u>	<u>(191,763)</u>	<u>(645,695)</u>
Non-operating revenues:			
Net change in the fair value of investments	(299,523)	(838,171)	(1,137,694)
Investment income	<u>319,746</u>	<u>896,804</u>	<u>1,216,550</u>
Total non-operating revenues	<u>20,223</u>	<u>58,633</u>	<u>78,856</u>
Change in net position	(433,709)	(133,130)	(566,839)
Net position, beginning of year	<u>7,703,993</u>	<u>16,841,902</u>	<u>24,545,895</u>
Net position, end of year	<u>\$ 7,270,284</u>	<u>\$ 16,708,772</u>	<u>\$ 23,979,056</u>

SUMMARY OF RESULTS

- Total operating revenues for fiscal year 2021 were \$24,593,244, prior to refunds, an increase of 12%, or \$2,674,183, as compared to 2020. The change was driven by increases in excess liability and property insurance premiums.
- NorCal Cities lost (\$566,839) in 2021, compared to earning \$2,716,359 in 2020. This change is due to dividends paid of \$3,071,640 and an increase in claims liabilities.

PROGRAM ADMINISTRATION CONTACT INFORMATION



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