



**President**  
Ms. Elizabeth Ehrenstrom  
City of Oroville

**Vice President**  
Ms. Kristine Haile  
City of Folsom

**Treasurer**  
Mr. Tim Sailsbery  
City of Willows

**Secretary**  
Ms. Gina Will  
Town of Paradise

**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND  
EXECUTIVE COMMITTEE MEETING  
AGENDA**

**Date:** Thursday, March 14, 2019

**Time:** 10:00 a.m.

**Location:** Rocklin Event Center - Ballroom  
2650 Sunset Blvd.  
Rocklin, CA 95677

**A – Action**  
**I – Information**

**1 – Attached**  
**2 – Hand Out**  
**3 – Separate Cover**  
**4 – Verbal**

**MISSION STATEMENT**

*The Northern California Cities Self Insurance Fund, or NCCSIF, is an association of municipalities joined 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.*

**A. CALL TO ORDER**

**B. INTRODUCTIONS**

**C. APPROVAL OF AGENDA AS POSTED**

**A 1**

**D. PUBLIC COMMENTS**

*This time is reserved for members of the public to address the Executive Committee on matters pertaining to NCCSIF that are of interest to them.*

pg. 5 **E. CONSENT CALENDAR**

**A 1**

*All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or the Executive Committee may request any item to be considered separately.*

- pg. 6 1. Executive Committee Special Meeting Minutes - November 19, 2018 (Draft)
- pg. 10 2. Check Register from December 1, 2018 to February 28, 2019
- pg. 13 3. Investment Reports
  - a. Chandler Asset Management Short/Long Term - December 2018 to February 2019
  - b. Local Agency Investment Fund (LAIF) Report as of December 31, 2018
  - c. Treasurer’s Report as of December 31, 2018
- pg. 37 4. Brokerage, Risk Management and Program Administration Services
- pg. 38 Agreement with Alliant Insurance Services
- pg. 39



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pg. 55	5. Safety and Risk Control Services Agreement with York Risk Services Group, Inc.		
pg. 63	6. NCCSIF Conflict of Interest Code Final 2019		
pg. 67	<b>F. GENERAL RISK MANAGEMENT ISSUES</b>		<b>I 4</b>
	<i>The Committee should discuss the concept of having more interactive discussion and member participation in risk management topics at the beginning of a meeting.</i>		
	<b>G. ADMINISTRATION REPORTS</b>		<b>I</b>
	1. <b>President’s Report</b>		<b>4</b>
	<i>Elizabeth Ehrenstrom will address the Committee on items pertaining to NCCSIF.</i>		
	2. <b>Program Administrator’s Report</b>		<b>4</b>
	<i>Alliant will address the Committee on items pertaining to NCCSIF.</i>		
	<b>H. JPA BUSINESS</b>		
	1. <b>Actuarial Services</b>		<b>A 1</b>
pg. 68	a. <b>Actuarial Services Transition to “Bickmore Actuarial”</b>		
	<i>Mike Harrington will discuss the change of services from York Risk Services Group, Inc. to Bickmore Actuarial.</i>		
pg. 69	b. <b>Actuarial Study for Workers’ Compensation Program</b>		
	<i>The Committee will review and may recommend the Draft Actuarial Study for the Workers’ Compensation Program.</i>		
pg. 105	c. <b>Actuarial Study for Liability Program</b>		
	<i>The Committee will review and may recommend the Draft Actuarial Study for the Liability Program.</i>		
	2. <b>Workers’ Compensation Program</b>		<b>A 1</b>
pg. 143	a. <b>Annual Banking Plan Adjustments - James Marta &amp; Company</b>		
	<i>The Committee will review and may recommend adjustments to the Banking Layer for the Workers’ Compensation program.</i>		
pg. 145	b. <b>Annual Shared Risk Plan Adjustments - Alliant Insurance Services</b>		
	<i>The Committee will review and may recommend adjustments to the Shared Risk Layer for the Workers’ Compensation program.</i>		



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pg. 147	c. <b>FY 19/20 Deposit Premium Calculations</b> <i>The Committee will review and may recommend the Preliminary Deposit Premium Calculations for the Workers' Compensation Program.</i>	
	<b>3. Liability Program</b>	<b>A 1</b>
pg. 150	a. <b>Annual Banking Plan Adjustments - James Marta &amp; Company</b> <i>The Committee will review and may recommend adjustments to the Banking Layer for the Liability program.</i>	
pg. 152	b. <b>Annual Shared Risk Plan Adjustments - Alliant Insurance Services</b> <i>The Committee will review and may recommend adjustments to the Shared Risk Layer for the Liability program.</i>	
pg. 154	c. <b>FY 19/20 Deposit Premium Calculations</b> <i>The Committee will review and may recommend the Preliminary Deposit Premium Calculations for the Liability Program.</i>	
pg. 156	<b>4. Property Renewal Strategy Discussion</b> <i>The Committee will receive an update regarding the upcoming Property renewal and potential strategies minimizing the expected premium increase.</i>	<b>A 4</b>
pg. 157	<b>5. FY 19/20 NCCSIF Administration Budget</b> <i>The Committee will review the Preliminary Admin Budget.</i>	<b>I 1</b>
pg. 161	<b>6. Claims Committee Membership Appointment</b> <i>The Executive Committee shall appoint members to serve on the NCCSIF Claims Committee for 2019.</i>	<b>A 4</b>
pg. 162	<b>7. York Risk Services Group, Inc. Claims Agreement Renewals</b> <i>The Committee will be asked to review and may approve or recommend York's renewal terms effective July 1, 2019.</i>	<b>A 1</b>
	a. Workers' Compensation Claims Administration Services	
	b. Liability Claims Administration Services	
pg. 174	<b>I. INFORMATION ITEMS</b>	<b>I 1</b>
pg. 175	1. NCCSIF Organizational Chart	
pg. 176	2. NCCSIF 2019 Meeting Calendar	
pg. 177	3. NCCSIF Travel Reimbursement Form	

**J. ADJOURNMENT**



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### **UPCOMING MEETINGS**

Risk Management Committee Meeting - April 25, 2019  
Board of Directors Meeting - April 25, 2019  
Police Risk Management Committee Meeting - May 2, 2019  
Claims Committee Meeting - May 16, 2019  
Executive Committee Meeting - May 16, 2019

*Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Raychelle Maranan at Alliant Insurance Services at (916) 643-2712.*

*The Agenda packet will be posted on the NCCSIF website at [www.nccsif.org](http://www.nccsif.org). Documents and material relating to an open session agenda item that are provided to the NCCSIF Executive Committee less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.*

*Access to some buildings and offices may require routine provisions of identification to building security. However, NCCSIF does not require any member of the public to register his or her name or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*



## CONSENT CALENDAR

### ACTION ITEM

**ISSUE:** Items on the Consent Calendar should be reviewed by the Executive Committee and, if there is any item requiring clarification or amendment, such item(s) should be pulled from the agenda for separate discussion.

**RECOMMENDATION:** The Program Administrator recommends adoption of the Consent Calendar after review by the Executive Committee. *Items pulled from the Consent Calendar by a member will be placed in order, back on the agenda, by the President.*

**FISCAL IMPACT:** None.

**BACKGROUND:** The Executive Committee places the following items on the Consent Calendar for adoption. The Executive Committee may accept the Consent Calendar as presented, or pull items for discussion and separate action while accepting the remaining items.

### ATTACHMENT(S):

1. Executive Committee Special Meeting Minutes - November 19, 2018 (Draft)
2. Check Register from December 1, 2018 to February 28, 2019
3. Investment Reports
  - a. Chandler Asset Management Short/Long Term - December 2018 to February 2019
  - b. Local Agency Investment Fund (LAIF) Report as of December 31, 2018
  - c. Treasurer's Report as of December 31, 2018
4. Brokerage, Risk Management and Program Administration Services Agreement with Alliant Insurance Services
5. Safety and Risk Control Services Agreement with York Risk Services Group, Inc.
6. NCCSIF Conflict of Interest Code Final 2019



**MINUTES OF THE  
NCCSIF EXECUTIVE COMMITTEE SPECIAL MEETING  
ROCKLIN EVENT CENTER, ROCKLIN, CA  
NOVEMBER 19, 2018**

**COMMITTEE MEMBERS PRESENT**

Liz Cottrell, City of Anderson  
Kristina Miller, City of Corning  
Liz Ehrenstrom, City of Oroville

Sandy Ryan, City of Red Bluff  
Dave Warren, City of Placerville (**Chair**)

**COMMITTEE MEMBERS ABSENT**

Juan Solis, City of Gridley  
Gina Will, Town of Paradise

Tim Sailsbery, City of Willows

**CONSULTANTS & GUESTS**

Marcus Beverly, Alliant Insurance Services  
Michael Simmons, Alliant Insurance Services  
Raychelle Maranan, Alliant Insurance Services

Henri Castro, Bickmore  
Gail Zeigler, Bickmore

**A. CALL TO ORDER**

Chair Dave Warren called the meeting to order at 1:34 p.m.

**B. APPROVAL OF AGENDA AS POSTED**

**A motion was made to approve the Agenda as posted.**

**Motion:** Kristina Miller

**Second:** Liz Ehrenstrom

**Motion Carried**

**Ayes:** Cottrell, Miller, Ehrenstrom, Ryan, Warren

**C. PUBLIC COMMENTS**

Ms. Henri Castro stated effective December 1, 2018 Bickmore Risk Control will operate under the parent company, York Risk Services Group, Inc.

Mr. Marcus Beverly stated that Rick Crabtree from City of Red Bluff was displeased by Cameron Dewey's departure from York and noted that Tom Baber will reach out to City of Red Bluff on the matter.



**D. CONSENT CALENDAR**

1. Executive Committee Meeting Minutes - September 27, 2018

**A motion was made to approve the Consent Calendar as presented.**

**Motion:** Liz Ehrenstrom                      **Second:** Kristina Miller                      **Motion Carried**  
**Ayes:** Cottrell, Miller, Ehrenstrom, Ryan, Warren

**E. JPA BUSINESS**

**E.1. Safety and Risk Control Services Agreement with Bickmore**

Mr. Beverly indicated that the Risk Management Committee already reviewed the Scope of Services on October 25, 2018, meeting.

The Committee reviewed the proposed Risk Control Services Agreement with Bickmore Risk Control. Pursuant to the discussion, the Committee increased the number of meetings from five to six, four Police Risk Management Committee and two Risk Management Committee meetings per fiscal year. The term of the contract is for three years, 2019 through 2022 with two optional one-year terms.

Ms. Castro indicated that Bickmore reserve the right to reevaluate the pricing structure prior to any amendments to the agreement.

**A motion was made to approve the Safety and Risk Control Services Agreement with Bickmore as amended with six meetings a year.**

**Motion:** Liz Ehrenstrom                      **Second:** Kristina Miller                      **Motion Carried**  
**Ayes:** Cottrell, Miller, Ehrenstrom, Ryan, Warren

*Henri Castro and Gail Zeigler left the meeting at 1:50 p.m.*

**E.2. Brokerage, Risk Management and Program Administration Services with Alliant Insurance Services**

Mr. Beverly indicated that the Brokerage, Risk Management and Program Administration Services agreement with Alliant Insurance Services will renew effective July 1, 2019. Mr. Beverly indicated there are no major changes to the contract language and reviewed the proposed changes page by page with the Committee. The contract term is for five years with two optional one-year terms. The fee increase for first year is 9.50% reset rate and 3.25% each subsequent year.

Chair Warren asked the Alliant team to step out of the room.





Respectfully Submitted,

\_\_\_\_\_  
Gina Will, Secretary

\_\_\_\_\_  
Date

DRAFT

Company Name: NCCSIF

Report Name: NCCSIF Check Register Board Report

Created On: 12/26/2018

Check#	Date	Vendor	Account Title	Account Memo	Amount
11492	12/5/2018	CJPRMA	Prepaid Expense	13500 Lincoln Drone Model & Liab Premium	330.00
11493	12/5/2018	City of Placerville	Member Travel	52502 11.19.18 EC Mtg	41.75
11494	12/5/2018	Liz Cottrell	Member Travel	52502 11.19.18 EC Mtg	183.12
11495	12/5/2018	Liz Ehrenstrom	Member Travel	52502 11.19.18 EC Mtg	65.40
11496	12/5/2018	Sandy Ryan	Member Travel	52502 11.19.18 EC Mtg	162.41
11497	12/5/2018	Kristina Miller	Member Travel	52502 11.19.18 EC Mtg	92.65
11498	12/5/2018	Raychelle Maranan	Executive Committee	52501 Catering Reimb from 11.19.18 EC Mtg	160.36
11499	12/5/2018	Alliant Insurance Services	Program Admin Fee	52401 Monthly Consulting Services	25,798.00
11500	12/5/2018	York Risk Services Group, Inc.	Claims Admin - Liability	51135 November 2018 Liab Service Fees	24,523.49
11501	12/5/2018	Bickmore Risk Services Inc.	On Site	52204 Safety & Risk Ctrl Services - Dec 2018	14,726.66
11502	12/5/2018	James Marta & Co	Accounting Services	52403 Monthly Accounting Services	8,500.00
11503	12/5/2018	CAM, Inc.	Investment Income	44040 Nov-18	4,409.25
11504	12/5/2018	AssetWORKS	Misc Consultants	52109 Property Appraisals - fieldwork	89,600.00
11505	12/19/2018	Liz Ehrenstrom	Board Meetings	52503 12.13.18 Mtg & Reissue for 10.25.18 Mtg	130.80
11506	12/19/2018	York	Claims Admin - Monthly WC	52300 Monthly Claims Administration Fee	48,224.17
11507	12/19/2018	Dept. of Industrial Relations	State Funding/Fraud Assess.	52304 Assessment for FY 18-19	271,424.16
11508	12/19/2018	Bickmore Risk Services Inc.	Safety Grant Funds	54200 Risk Management for City of Folsom	4,500.00
11509	12/19/2018	Marcus Beverly	BOD Long Range Planning	52509 Successories Award Reimb	204.99
11510	12/19/2018	City of Placerville	Board Meetings	52503 12.13.18 BOD Mtg	41.75
11511	12/19/2018	Loree McCay	Board Meetings	52503 12.13.18 BOD Mtg	37.61
11512	12/19/2018	Rachel Ancheta	Board Meetings	52503 12.13.18 & 10.25.18 BOD Mtgs	95.92
11513	12/19/2018	Kristina Miller	Board Meetings	52503 12.13.18 BOD Mtg	92.65
11514	12/19/2018	Yvonne Kimball	Board Meetings	52503 12.13.18 BOD Mtg	56.68
11515	12/19/2018	Gail Zeigler	Risk Mgmt Comm Services	52201 12.13.18 Red Bluff Catering Reimb	205.00
11516	12/19/2018	Raychelle Maranan	Board Meetings	52503 Catering Reimb from 12.13.18 BOD Mtg	662.81
Voided - 11491	12/12/2018	Liz Ehrenstrom	Board Meetings	52503 10.25.18 RM and BOD Mtg	(65.40)

**Company Name:** NCCSIF

**Report Name:** NCCSIF Check Register Board Report

**Created On:** 1/23/2019

Check#	Date	Vendor	Account Title	Account	Memo	Amount
11517	1/7/2019	Gibbons and Conley	Legal Services	52103	Oct & Nov 2018 General Matters	1,649.37
11518	1/7/2019	Allied Printing Company	BOD Long Range Planning	52509	18-19 Annual Report Printing	441.66
11519	1/7/2019	Hazard Management Svcs	Risk Mgmt Comm Services	52201	Lincoln & Red Bluff abestos training	3,200.00
11520	1/7/2019	Rocklin Police Department	Safety Contingency	52209	Body and car cameras reimb	5,603.76
11521	1/7/2019	Alliant Insurance Services	Program Admin Fee	52401	Monthly Consulting Services	25,798.00
11522	1/7/2019	Bickmore Risk Services Inc.	On Site	52204	Safety and Risk Control Services - Jan 19	14,726.67
			Safety Grant Funds	54200	Risk Management for City of Folsom	4,500.00
11523	1/7/2019	CAM, Inc.	Investment Income	44040	Dec-18	4,439.52
11524	1/7/2019	James Marta & Co.	Accounting Services	52403	Dec 18 Accounting Services	8,500.00
11525	1/7/2019	Susan Walter	Seminars and PARMA	52207	2018 CalPELRA Conference	2,051.45
11526	1/7/2019	AGRIP	Associations Memberships	52504	2/19-1/20 Membership Renewal - CAJPA	2,180.43
11527	1/18/2019	City of Anderson	Seminars and PARMA	52207	12.4.18 CalPELRA Reimb	2,933.36
11528	1/18/2019	Gibbons and Conley	Legal Services	52103	December 2018 General Matters	843.06
11529	1/18/2019	York Risk Svcs Group, Inc.	Claims Admin - Liability	51135	December 2019 Liab Service Fees	20,924.40
11530	1/18/2019	York	Claims Admin - Monthly WC	52300	Monthly Claims Administration Fee	48,224.17
11531	1/18/2019	City of Oroville	Seminars and PARMA	52207	12.4.18 CalPELRA Reimb	1,400.14
11532	1/18/2019	City of Yuba City	Seminars and PARMA	52207	12.4.18 CalPELRA Reimb	2,616.65
Voided - 11404	1/22/2019	York Risk Svcs Group, Inc.	Claims Refunds	51110	June 18 returned check	(3,219.98)
Voided - 11427	1/22/2019	NONPROFIT	Claims Refunds	51110	July 18 returned check - will reissue	(3,219.98)

**Company Name:** NCCSIF  
**Report Name:** NCCSIF Check Register Board Report  
**Created On:** 2/21/2019

Check#	Date	Vendor	Account Title	Account	Memo	Amount
8867	2/6/2019	NONPROFIT	Claims Refunds	51110	Refund NPWA-559043 Debbie Patterson	3,219.98
11533	2/6/2019	City of Corning	Seminars and PARMA	52207	12.7.18 CALPelra Miller	1,132.00
11534	2/6/2019	Kristina Miller	Seminars and PARMA	52207	12.7.18 CALPelra Conference	732.16
11535	2/6/2019	Alliant Insurance Services	Program Admin Fee	52401	Monthly Consulting Svcs	25,798.00
11536	2/6/2019	Bickmore Risk Services Inc.	On Site	52204	Safety and Risk Ctrl Svcs - Feb 2019	14,726.67
11537	2/6/2019	James Marta & Co. LLP	Accounting Services	52403	Monthly Accounting Svcs - Jan 2019	8,744.27
11538	2/6/2019	CAM, Inc.	Investment Income	44040	Jan-19	4,472.98
11539	2/20/2019	VIEVU	Safety Contingency	52209	18 LE5 Cameras - Auburn Police	2,810.26
11540	2/20/2019	York Risk Services Group, Inc.	Claims Admin - Liability	51135	January 2019 Liab Service Fees	36,430.54
11541	2/20/2019	York	Claims Admin - WC	52300	Monthly Claims Administration Fee	48,224.17
11542	2/20/2019	Corning Police Department	Safety Contingency	52209	Reimb for New Firewall	2,301.12
11543	2/20/2019	City of Galt	Seminars and PARMA	52207	PARMA Conf Reimb	921.67
11544	2/20/2019	Gibbons and Conley	Legal Services	52103	January 2019 General Matters	448.43



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

## MONTHLY ACCOUNT STATEMENT

DECEMBER 1, 2018 THROUGH DECEMBER 31, 2018

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

Bank of New York Mellon  
Lauren Dehner  
(904) 645-1918

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	2.33
Average Coupon	2.00%
Average Purchase YTM	2.09%
Average Market YTM	2.76%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.59 yrs
Average Life	2.45 yrs

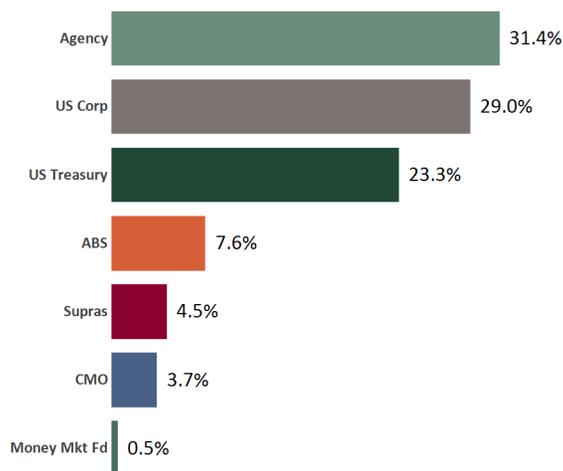
**ACCOUNT SUMMARY**

	Beg. Values as of 11/30/18	End Values as of 12/31/18
Market Value	25,590,218	25,832,215
Accrued Interest	119,156	126,810
<b>Total Market Value</b>	<b>25,709,374</b>	<b>25,959,025</b>
Income Earned	43,548	46,195
Cont/WD		0
Par	26,176,960	26,213,926
Book Value	26,109,461	26,148,002
Cost Value	26,089,157	26,126,127

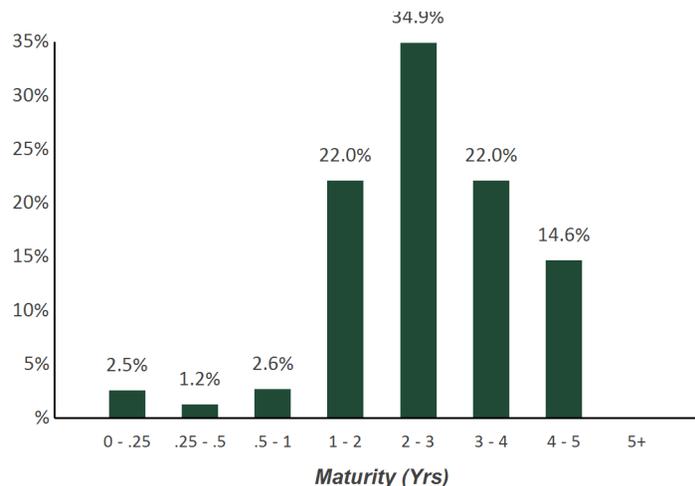
**TOP ISSUERS**

Government of United States	23.3%
Federal National Mortgage Assoc	17.6%
Federal Home Loan Mortgage Corp	9.8%
Federal Home Loan Bank	7.6%
Inter-American Dev Bank	3.8%
Honda ABS	2.1%
US Bancorp	1.8%
John Deere ABS	1.7%
<b>Total</b>	<b>67.8%</b>

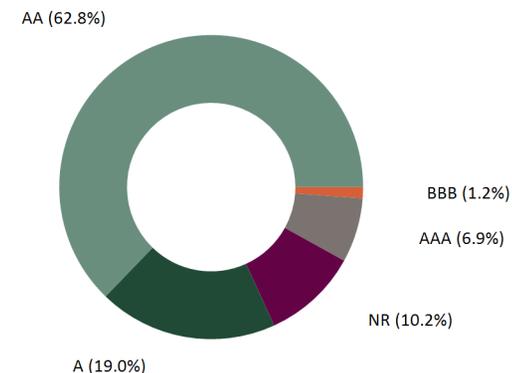
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	12/31/1997	
Northern CA Cities Self Ins. Fund Short Term	0.97%	1.40%	1.52%	1.52%	1.30%	1.30%	1.31%	1.77%	3.80%	
ICE BAML 1-5 Yr US Treasury/Agency Index	1.10%	1.71%	1.53%	1.53%	1.10%	1.09%	1.10%	1.38%	3.48%	
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	1.08%	1.61%	1.47%	1.47%	1.16%	1.19%	1.20%	1.70%	3.59%	

# Statement of Compliance

As of December 31, 2018



## Northern California Cities Self-Insurance Fund - Short Term

The portfolio complies with state law and with the Client's 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 maturity	Complies
Medium Term Notes	30% maximum; A rated by S&P or Moody's; 5 years max maturity	Complied at time of purchase*
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
LAIF	\$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% per issuer (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies

\* General Electric (36962G7G3) rated Baa1/BBB+/BBB+ was downgraded November 2018 and October 2018; Complied at time of purchase.

## Reconciliation Summary

As of December 31, 2018



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$26,109,460.92</b>
<b>Acquisition</b>		
+ Security Purchases	\$0.00	
+ Money Market Fund Purchases	\$95,661.58	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$95,661.58</b>
<b>Dispositions</b>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$0.00	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$58,696.19	
<b>Total Dispositions</b>		<b>\$58,696.19</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	\$1,575.53	
		\$1,575.53
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
<b>ENDING BOOK VALUE</b>		<b>\$26,148,001.84</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$35,085.21</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$36,036.75	
Dividend Received	\$928.64	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$58,696.19	
<b>Total Acquisitions</b>	<b>\$95,661.58</b>	
<b>Dispositions</b>		
Withdrawals	\$0.00	
Security Purchase	\$0.00	
Accrued Interest Paid	\$0.00	
<b>Total Dispositions</b>	<b>\$0.00</b>	
<b>ENDING BOOK VALUE</b>		<b>\$130,746.79</b>



# Northern Cal. Cities Self Ins. Fund Long Term - Account #171

## MONTHLY ACCOUNT STATEMENT

DECEMBER 1, 2018 THROUGH DECEMBER 31, 2018

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

Bank of New York Mellon  
Lauren Dehner  
(904) 645-1918

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	3.26
Average Coupon	2.26%
Average Purchase YTM	2.30%
Average Market YTM	2.81%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	3.57 yrs
Average Life	3.50 yrs

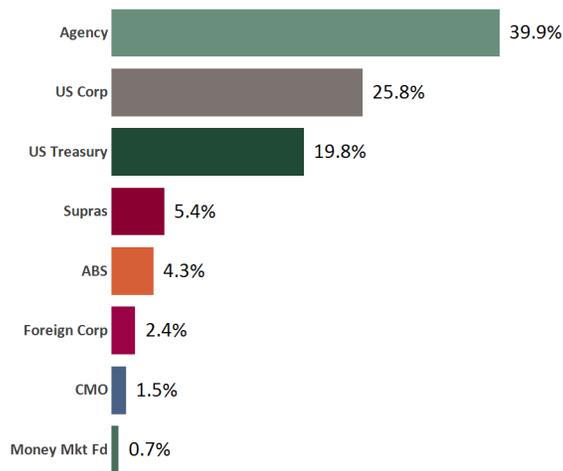
**ACCOUNT SUMMARY**

	Beg. Values as of 11/30/18	End Values as of 12/31/18
Market Value	26,383,330	26,702,455
Accrued Interest	139,620	159,969
<b>Total Market Value</b>	<b>26,522,950</b>	<b>26,862,424</b>
Income Earned	50,701	52,474
Cont/WD		0
Par	27,102,946	27,134,442
Book Value	27,029,830	27,061,954
Cost Value	27,046,119	27,077,621

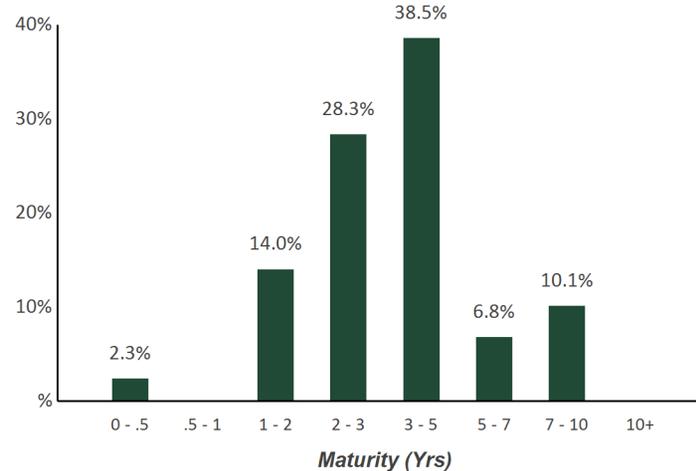
**TOP ISSUERS**

Government of United States	19.8%
Federal Home Loan Bank	17.2%
Federal National Mortgage Assoc	13.5%
Federal Home Loan Mortgage Corp	7.4%
Inter-American Dev Bank	4.7%
Tennessee Valley Authority	3.4%
John Deere ABS	1.9%
State Street Bank	1.5%
<b>Total</b>	<b>69.3%</b>

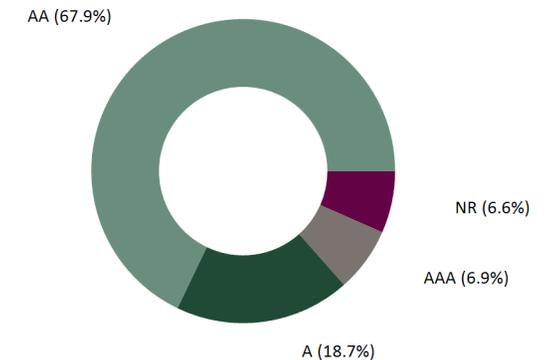
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2006	
Northern Cal. Cities Self Ins. Fund Long Term	1.28%	1.71%	1.34%	1.34%	1.45%	1.52%	1.87%	2.39%	3.63%	
ICE BAML 1-10 Yr US Treasury/Agency Index	1.45%	2.18%	1.44%	1.44%	1.26%	1.22%	1.53%	1.85%	3.27%	
ICE BAML 1-10 Yr US Corporate/Govt Rated AAA-A Idx	1.38%	1.91%	1.22%	1.22%	1.41%	1.45%	1.75%	2.49%	3.40%	

# Statement of Compliance

As of December 31, 2018



## Northern California Cities Self-Insurance Fund - Long Term

The portfolio complies with state law and with the Client's 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; 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
LAIF	\$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

## Reconciliation Summary

As of December 31, 2018



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$27,029,829.73</b>
<b>Acquisition</b>		
+ Security Purchases	\$0.00	
+ Money Market Fund Purchases	\$92,209.02	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$92,209.02</b>
<b>Dispositions</b>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$0.00	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$60,712.87	
<b>Total Dispositions</b>		<b>\$60,712.87</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	\$628.55	
		\$628.55
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
<b>ENDING BOOK VALUE</b>		<b>\$27,061,954.43</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$105,490.75</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$30,614.30	
Dividend Received	\$881.85	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$60,712.87	
<b>Total Acquisitions</b>	<b>\$92,209.02</b>	
<b>Dispositions</b>		
Withdrawals	\$0.00	
Security Purchase	\$0.00	
Accrued Interest Paid	\$0.00	
<b>Total Dispositions</b>	<b>\$0.00</b>	
<b>ENDING BOOK VALUE</b>		<b>\$197,699.77</b>



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

## MONTHLY ACCOUNT STATEMENT

JANUARY 1, 2019 THROUGH JANUARY 31, 2019

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

Bank of New York Mellon  
Lauren Dehner  
(904) 645-1918

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	2.33
Average Coupon	2.02%
Average Purchase YTM	2.10%
Average Market YTM	2.64%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.59 yrs
Average Life	2.45 yrs

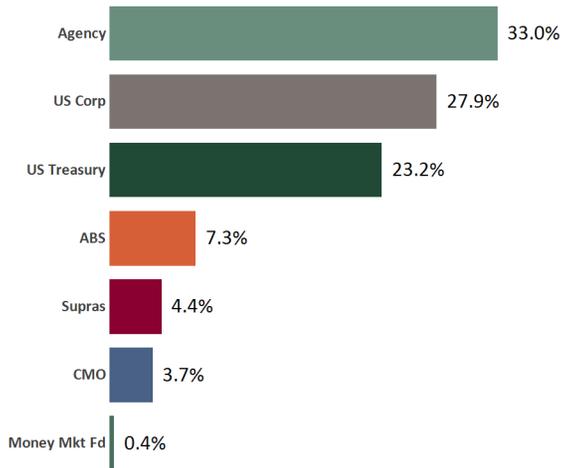
**ACCOUNT SUMMARY**

	Beg. Values as of 12/31/18	End Values as of 1/31/19
Market Value	25,832,215	25,978,348
Accrued Interest	126,810	109,785
<b>Total Market Value</b>	<b>25,959,025</b>	<b>26,088,133</b>
Income Earned	46,195	45,498
Cont/WD		-538
Par	26,213,926	26,261,577
Book Value	26,148,002	26,209,987
Cost Value	26,126,127	26,185,496

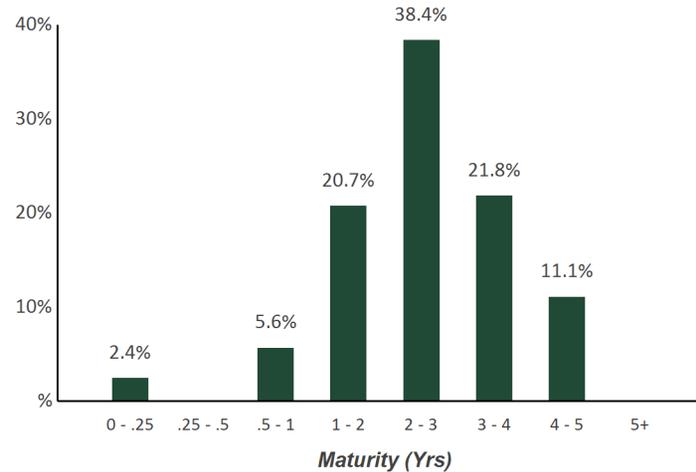
**TOP ISSUERS**

Government of United States	23.2%
Federal National Mortgage Assoc	17.5%
Federal Home Loan Mortgage Corp	9.8%
Federal Home Loan Bank	9.4%
Inter-American Dev Bank	3.7%
Honda ABS	2.1%
US Bancorp	1.8%
John Deere ABS	1.6%
<b>Total</b>	<b>69.3%</b>

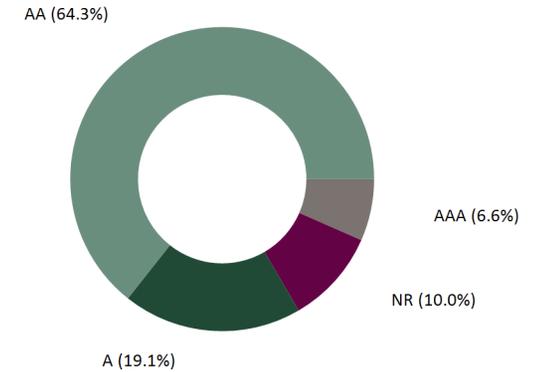
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	Annualized								
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	12/31/1997
Northern CA Cities Self Ins. Fund Short Term	0.50%	1.87%	0.50%	2.51%	1.46%	1.15%	1.31%	1.86%	3.81%
ICE BAML 1-5 Yr US Treasury/Agency Index	0.32%	1.91%	0.32%	2.43%	1.17%	0.85%	1.08%	1.47%	3.48%
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.41%	1.93%	0.41%	2.45%	1.28%	0.99%	1.19%	1.76%	3.59%

# Statement of Compliance

As of January 31, 2019



## Northern California Cities Self-Insurance Fund - Short Term

The portfolio complies with state law and with the Client's 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 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'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
LAIF	\$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% per issuer (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies

## Reconciliation Summary

As of January 31, 2019



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$26,148,001.84</b>
<b>Acquisition</b>		
+ Security Purchases	\$452,843.60	
+ Money Market Fund Purchases	\$428,228.11	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$881,071.71</b>
<b>Dispositions</b>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$454,452.35	
- MMF Withdrawals	\$537.50	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$305,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$60,586.68	
<b>Total Dispositions</b>		<b>\$820,576.53</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	\$1,489.53	
		\$1,489.53
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
<b>ENDING BOOK VALUE</b>		<b>\$26,209,986.55</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$130,746.79</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$62,513.82	
Dividend Received	\$127.61	
Principal on Maturities	\$305,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$60,586.68	
<b>Total Acquisitions</b>	<b>\$428,228.11</b>	
<b>Dispositions</b>		
Withdrawals	\$537.50	
Security Purchase	\$452,843.60	
Accrued Interest Paid	\$1,608.75	
<b>Total Dispositions</b>	<b>\$454,989.85</b>	
<b>ENDING BOOK VALUE</b>		<b>\$103,985.05</b>



# Northern Cal. Cities Self Ins. Fund Long Term - Account #171

## MONTHLY ACCOUNT STATEMENT

JANUARY 1, 2019 THROUGH JANUARY 31, 2019

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

Bank of New York Mellon  
Lauren Dehner  
(904) 645-1918

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	3.34
Average Coupon	2.28%
Average Purchase YTM	2.32%
Average Market YTM	2.68%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	3.66 yrs
Average Life	3.59 yrs

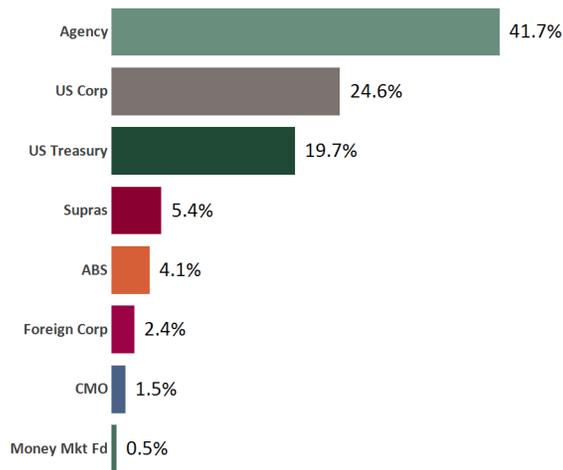
**ACCOUNT SUMMARY**

	Beg. Values as of 12/31/18	End Values as of 1/31/19
Market Value	26,702,455	26,879,446
Accrued Interest	159,969	157,034
<b>Total Market Value</b>	<b>26,862,424</b>	<b>27,036,480</b>
Income Earned	52,474	51,737
Cont/WD		0
Par	27,134,442	27,183,698
Book Value	27,061,954	27,116,626
Cost Value	27,077,621	27,129,802

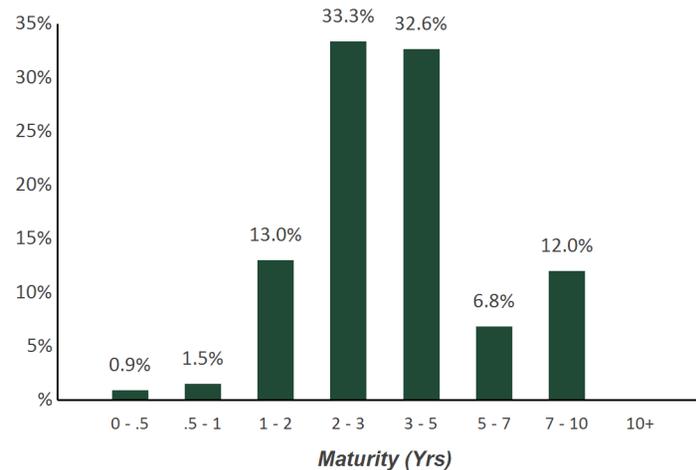
**TOP ISSUERS**

Government of United States	19.7%
Federal Home Loan Bank	19.0%
Federal National Mortgage Assoc	13.5%
Federal Home Loan Mortgage Corp	7.4%
Inter-American Dev Bank	4.7%
Tennessee Valley Authority	3.3%
John Deere ABS	1.8%
State Street Bank	1.5%
<b>Total</b>	<b>71.0%</b>

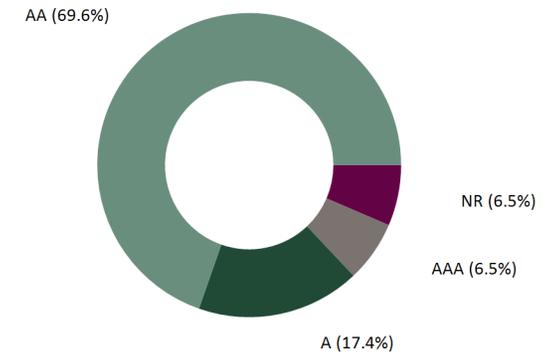
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2006	
Northern Cal. Cities Self Ins. Fund Long Term	0.65%	2.39%	0.65%	2.79%	1.66%	1.22%	1.79%	2.56%	3.65%	
ICE BAML 1-10 Yr US Treasury/Agency Index	0.42%	2.55%	0.42%	2.81%	1.38%	0.83%	1.43%	2.03%	3.28%	
ICE BAML 1-10 Yr US Corporate/Govt Rated AAA-A Idx	0.65%	2.61%	0.65%	2.78%	1.63%	1.19%	1.68%	2.64%	3.43%	

# Statement of Compliance

As of January 31, 2019



## Northern California Cities Self-Insurance Fund - Long Term

The portfolio complies with state law and with the Client's 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; 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
LAIF	\$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

## Reconciliation Summary

As of January 31, 2019



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$27,061,954.43</b>
<b>Acquisition</b>		
+ Security Purchases	\$504,785.00	
+ Money Market Fund Purchases	\$456,740.38	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$961,525.38</b>
<b>Dispositions</b>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$507,087.08	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$340,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$60,397.18	
<b>Total Dispositions</b>		<b>\$907,484.26</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	\$630.74	
		\$630.74
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
<b>ENDING BOOK VALUE</b>		<b>\$27,116,626.29</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$197,699.77</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$56,091.97	
Dividend Received	\$251.23	
Principal on Maturities	\$340,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$60,397.18	
<b>Total Acquisitions</b>	<b>\$456,740.38</b>	
<b>Dispositions</b>		
Withdrawals	\$0.00	
Security Purchase	\$504,785.00	
Accrued Interest Paid	\$2,302.08	
<b>Total Dispositions</b>	<b>\$507,087.08</b>	
<b>ENDING BOOK VALUE</b>		<b>\$147,353.07</b>



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

## MONTHLY ACCOUNT STATEMENT

FEBRUARY 1, 2019 THROUGH FEBRUARY 28, 2019

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

Bank of New York Mellon  
Lauren Dehner  
(904) 645-1918

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	2.28
Average Coupon	2.02%
Average Purchase YTM	2.11%
Average Market YTM	2.65%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.53 yrs
Average Life	2.40 yrs

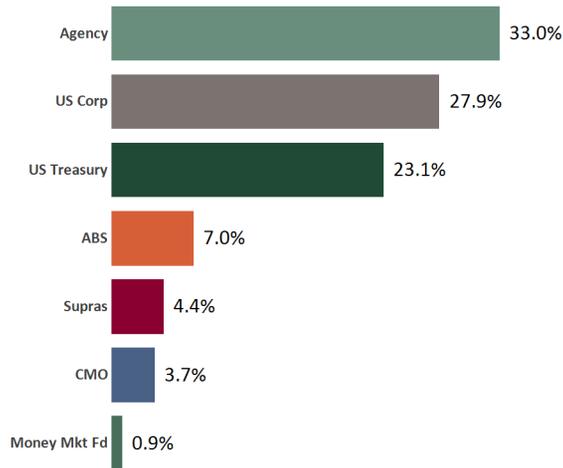
**ACCOUNT SUMMARY**

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	25,978,348	26,018,487
Accrued Interest	109,785	109,447
<b>Total Market Value</b>	<b>26,088,133</b>	<b>26,127,933</b>
Income Earned	45,498	45,253
Cont/WD		0
Par	26,261,577	26,315,516
Book Value	26,209,987	26,255,546
Cost Value	26,185,496	26,227,998

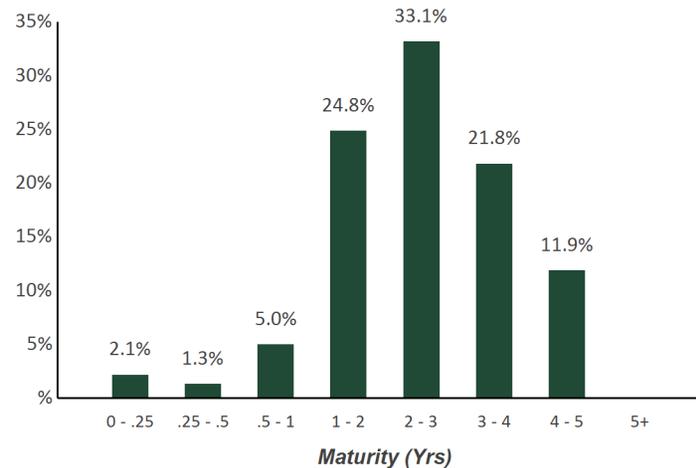
**TOP ISSUERS**

Government of United States	23.1%
Federal National Mortgage Assoc	17.5%
Federal Home Loan Mortgage Corp	9.8%
Federal Home Loan Bank	9.3%
Inter-American Dev Bank	3.7%
Honda ABS	2.0%
US Bancorp	1.8%
John Deere ABS	1.6%
<b>Total</b>	<b>69.0%</b>

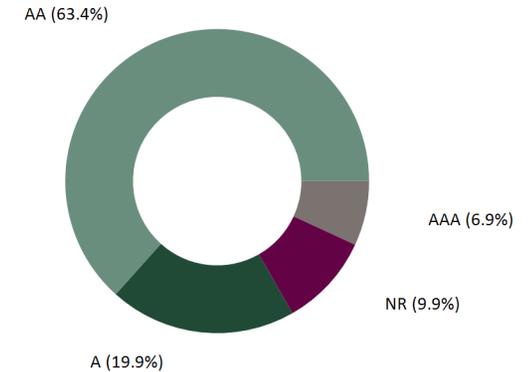
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	12/31/1997	
Northern CA Cities Self Ins. Fund Short Term	0.15%	1.63%	0.65%	2.85%	1.44%	1.13%	1.30%	1.86%	3.80%	
ICE BAML 1-5 Yr US Treasury/Agency Index	0.04%	1.46%	0.36%	2.60%	1.12%	0.78%	1.06%	1.49%	3.47%	
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	0.07%	1.57%	0.48%	2.68%	1.22%	0.94%	1.17%	1.80%	3.58%	

# Statement of Compliance

As of February 28, 2019



## Northern California Cities Self-Insurance Fund - Short Term

The portfolio complies with state law and with the Client's 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 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'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
LAIF	\$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% per issuer (except US Treasury and US Agency issuers)	Complies
Maximum Maturity	10 years	Complies

## Reconciliation Summary

As of February 28, 2019



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$26,209,986.55</b>
<b>Acquisition</b>		
+ Security Purchases	\$215,003.25	
+ Money Market Fund Purchases	\$137,945.41	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$352,948.66</b>
<b>Dispositions</b>		
- Security Sales	\$214,991.40	
- Money Market Fund Sales	\$0.00	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$94,006.57	
<b>Total Dispositions</b>		<b>\$308,997.97</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	\$1,641.01	
		\$1,641.01
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	(\$32.41)	
		(\$32.41)
<b>ENDING BOOK VALUE</b>		<b>\$26,255,545.84</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$103,985.05</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$214,991.40	
Accrued Interest Received	\$2,081.32	
Interest Received	\$42,315.67	
Dividend Received	\$256.83	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$94,006.57	
<b>Total Acquisitions</b>	<b>\$353,651.79</b>	
<b>Dispositions</b>		
Withdrawals	\$0.00	
Security Purchase	\$215,003.25	
Accrued Interest Paid	\$703.13	
<b>Total Dispositions</b>	<b>\$215,706.38</b>	
<b>ENDING BOOK VALUE</b>		<b>\$241,930.46</b>



# Northern Cal. Cities Self Ins. Fund Long Term - Account #171

## MONTHLY ACCOUNT STATEMENT

FEBRUARY 1, 2019 THROUGH FEBRUARY 28, 2019

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

Bank of New York Mellon  
Lauren Dehner  
(904) 645-1918

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	3.35
Average Coupon	2.30%
Average Purchase YTM	2.33%
Average Market YTM	2.72%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	3.67 yrs
Average Life	3.60 yrs

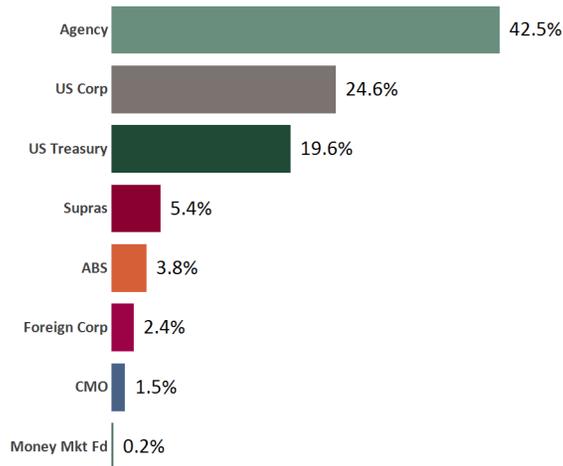
**ACCOUNT SUMMARY**

	Beg. Values as of 1/31/19	End Values as of 2/28/19
Market Value	26,879,446	26,911,381
Accrued Interest	157,034	154,114
<b>Total Market Value</b>	<b>27,036,480</b>	<b>27,065,495</b>
Income Earned	51,737	51,864
Cont/WD		0
Par	27,183,698	27,226,922
Book Value	27,116,626	27,169,213
Cost Value	27,129,802	27,191,427

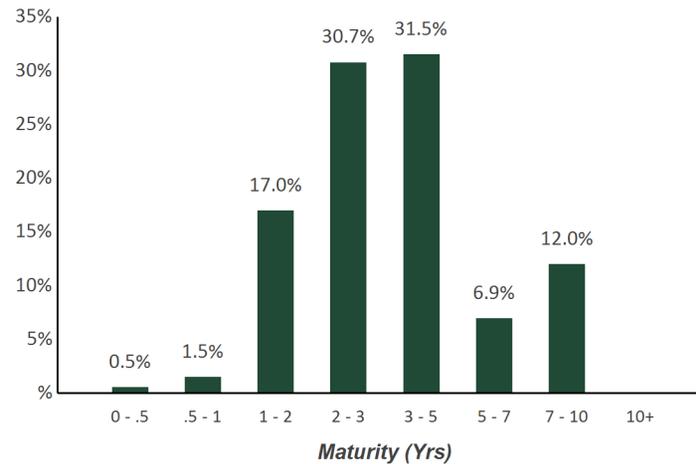
**TOP ISSUERS**

Government of United States	19.6%
Federal Home Loan Bank	19.0%
Federal National Mortgage Assoc	13.4%
Federal Home Loan Mortgage Corp	6.2%
Tennessee Valley Authority	5.4%
Inter-American Dev Bank	4.7%
John Deere ABS	1.8%
State Street Bank	1.5%
<b>Total</b>	<b>71.5%</b>

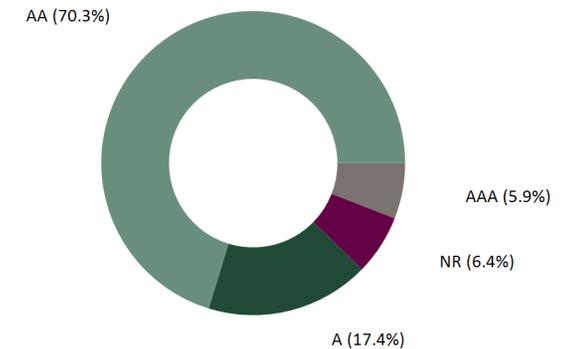
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

TOTAL RATE OF RETURN	Annualized									
	1M	3M	YTD	1YR	2YRS	3YRS	5YRS	10YRS	5/31/2006	
Northern Cal. Cities Self Ins. Fund Long Term	0.11%	2.05%	0.76%	3.24%	1.55%	1.11%	1.76%	2.57%	3.64%	
ICE BAML 1-10 Yr US Treasury/Agency Index	-0.06%	1.82%	0.36%	3.03%	1.21%	0.65%	1.37%	2.05%	3.25%	
ICE BAML 1-10 Yr US Corporate/Govt Rated AAA-A Idx	0.04%	2.08%	0.68%	3.20%	1.46%	1.04%	1.63%	2.71%	3.41%	

# Statement of Compliance

As of February 28, 2019



## Northern California Cities Self-Insurance Fund - Long Term

The portfolio complies with state law and with the Client's 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; 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
LAIF	\$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

## Reconciliation Summary

As of February 28, 2019



BOOK VALUE RECONCILIATION		
<b>BEGINNING BOOK VALUE</b>		<b>\$27,116,626.29</b>
<b>Acquisition</b>		
+ Security Purchases	\$556,352.50	
+ Money Market Fund Purchases	\$133,015.05	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
<b>Total Acquisitions</b>		<b>\$689,367.55</b>
<b>Dispositions</b>		
- Security Sales	\$330,544.50	
- Money Market Fund Sales	\$231,470.52	
- MMF Withdrawals	\$0.00	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$73,320.96	
<b>Total Dispositions</b>		<b>\$635,335.98</b>
<b>Amortization/Accretion</b>		
+/- Net Accretion	\$752.34	
		\$752.34
<b>Gain/Loss on Dispositions</b>		
+/- Realized Gain/Loss	(\$2,197.68)	
		(\$2,197.68)
<b>ENDING BOOK VALUE</b>		<b>\$27,169,212.52</b>

CASH TRANSACTION SUMMARY		
<b>BEGINNING BALANCE</b>		<b>\$147,353.07</b>
<b>Acquisition</b>		
Contributions	\$0.00	
Security Sale Proceeds	\$330,544.50	
Accrued Interest Received	\$1,497.03	
Interest Received	\$59,249.99	
Dividend Received	\$444.10	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$73,320.96	
<b>Total Acquisitions</b>	<b>\$465,056.58</b>	
<b>Dispositions</b>		
Withdrawals	\$0.00	
Security Purchase	\$556,352.50	
Accrued Interest Paid	\$7,159.55	
<b>Total Dispositions</b>	<b>\$563,512.05</b>	
<b>ENDING BOOK VALUE</b>		<b>\$48,897.60</b>

**Local Agency Investment Fund**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**  
**(916) 653-3001**

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)  
 January 03, 2019

NORTHERN CALIFORNIA CITIES  
 SELF-INSURANCE FUND  
 FINANCIAL CONSULTANT  
 701 HOWE AVENUE  
 SUITE E3  
 SACRAMENTO, CA 95825

PMIA Average Monthly Yields

**Account Number:**  
 35-11-001

// [Tran Type Definitions](#)

December 2018 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
12/7/2018	12/6/2018	RW	1591545	JAMES MARTA	-347,000.00
12/14/2018	12/13/2018	RW	1591996	JAMES MARTA	-446,000.00
12/20/2018	12/20/2018	RW	1592478	JAMES MARTA	-89,000.00
12/27/2018	12/27/2018	RW	1592919	JAMES MARTA	-112,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	8,321,387.94
Total Withdrawal:	-994,000.00	Ending Balance:	7,327,387.94
		<b>4100.1-3</b>	

# NCCSIF

## Northern California Cities Self Insurance Fund

c/o Alliant Insurance Services, Inc.  
Corporate Insurance License No. 0C36861

Main Location: 2180 Harvard Street, Suite 460, Sacramento, CA 95815 \* (916) 643-2700 \* Facsimile: (916) 643-2750  
Accounting Location: Mr. James Marta, James Marta & Company, 701 Howe Avenue, Suite E3, Sacramento, CA 95825 \* (916) 993-9494

### NCCSIF INVESTMENT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2018

	<u>MARKET VALUE</u>
CASH:	
(1) Tri Counties Checking	\$ 126,517.42
(2) Local Agency Inv Fund (LAIF)	<u>7,327,387.94</u>
Total Cash	<u>7,453,905.36</u>
INVESTMENTS (Unrestricted):	
(3) Chandler Investments	
Account no. 170	25,832,215.00
Account no. 171	<u>26,702,455.00</u>
Total Unrestricted Investments	<u>52,534,670.00</u>
TOTAL CASH AND INVESTMENTS	<u><u>\$ 59,988,575.36</u></u>

- (1) This consists of one checking account and two pass-thru accounts (liability and workers comp claims).
- (2) The LAIF rate of return as of quarter ended December 31, 2018 2.40%
- (3) See attached Investment Activity Reports.

THIS PORTFOLIO IS IN COMPLIANCE WITH NCCSIF'S INVESTMENT POLICY AND IS LIQUID ENOUGH TO MEET EXPECTED CASH FLOW NEEDS OVER THE NEXT SIX MONTHS.

  
\_\_\_\_\_  
Tim Sailsbery, Treasurer

2/11/19  
\_\_\_\_\_  
Date

*A Joint Powers Authority*

Members: Cities of Anderson, Auburn, Colusa, Corning, Dixon, Elk Grove, Folsom, Galt, Gridley, Ione, Jackson, Lincoln, Marysville, Nevada City, Oroville, Town of Paradise, Placerville, Red Bluff, Rio Vista, Rocklin, Willows and Yuba City.

# **BROKER, RISK MANAGEMENT AND PROGRAM ADMINISTRATION SERVICES AGREEMENT**

## **I. PARTIES**

The PARTIES to this AGREEMENT are **Northern California Cities Self Insurance Fund** (NCCSIF) and **Alliant Insurance Services, Inc.**, a Delaware Corporation, (PROGRAM ADMINISTRATOR). This AGREEMENT is effective from July 1, 2019 and shall remain in effect for five years through, and including, June 30, 2024.

## **II. AGREEMENT**

In consideration of the payments and agreements specified in the AGREEMENT, PROGRAM ADMINISTRATOR shall perform SERVICES pursuant to Section IV, Scope of Service.

## **III. DEFINITIONS**

When used herein, when capitalized, whether in the singular or in the plural, the following terms shall have the following meanings:

- A. PROGRAM ADMINISTRATOR – Alliant Insurance Services, Inc.
- B. NCCSIF – Northern California Cities Self Insurance Fund, and its Members.
- C. AGREEMENT - This PROGRAM ADMINISTRATOR services agreement, including any written changes thereto, which were agreed upon by the PARTIES.
- D. COMPENSATION:
  - FEES – Remuneration paid by NCCSIF directly to PROGRAM ADMINISTRATOR for Services (does not include commission).
  - COMMISSION - Remuneration paid by NCCSIF's insurance carriers (or excess programs) for services directly to PROGRAM ADMINISTRATOR.
- E. COMPANIES - The business entities other than the PROGRAM ADMINISTRATOR which make available services necessary to implement the PROGRAM.
- F. PARTY - NCCSIF or PROGRAM ADMINISTRATOR.

- G. PROGRAM – The lines of Insurance coverage placed on behalf of NCCSIF and SERVICE provided under the scope of this Agreement.
- H. SERVICE - Any and all obligations of PROGRAM ADMINISTRATOR to be performed pursuant to the AGREEMENT.
- I. KEY PERSONNEL –Those individuals on the Account Service Team, listed in **Addendum B**, responsible for the PROGRAM ADMINISTRATOR roles provided for under the SCOPE OF SERVICE.

#### IV. SCOPE OF SERVICE

- A. DESIGNATION OF BROKER AND BROKERAGE SERVICES. NCCSIF hereby engages and designates PROGRAM ADMINISTRATOR to act as NCCSIF’s insurance broker and perform all customary duties of an insurance broker for NCCSIF’s Programs including without limitation:
  - 1. Marketing the PROGRAMS to insurance carriers and/or excess Joint Powers Authorities;
    - a. Develop marketing specifications based upon an evaluation of NCCSIF’s loss exposure and which address such exposures;
    - b. Evaluate quotations as to the adequacy of coverage, appropriate retention levels, restrictions in coverage, the existence of warranties, concurrency of coverage, and suitability of forms;
    - c. Evaluate the financial status and service capabilities of insurers making quotations of coverage under the PROGRAMS, based upon available data. NCCSIF recognizes and agrees that PROGRAM ADMINISTRATOR is not responsible for any change in the financial condition of any insurance carrier or Joint Powers Authority after an insurance placement is made.
  - 2. Deliver binders and other evidences of insurance within ten (10) calendar days after the placement of any insurance under the PROGRAMS, to be effective until such times as the policy or policies for the placement are received by NCCSIF from the insurance carriers. Such binders shall be signed by an authorized agent or employee of the insurance carrier. The PROGRAM ADMINISTRATOR shall use best efforts to secure a correct policy or policies within ninety (90) days of placement of any insurance under the Programs. The PROGRAM ADMINISTRATOR shall not be responsible for the failure of Members of NCCSIF to make premium payments;

3. Forward questions from NCCSIF and/or its Members to the insurance carriers or excess Joint Powers Authorities;
4. Identify, review and comment on loss-control activities and recommendations of insurers or excess Joint Powers Authorities;
5. Issue Certificates of Insurance regarding the PROGRAMS;
6. In the event that any insurance is written for the PROGRAMS, unless NCCSIF gives the PROGRAM ADMINISTRATOR contrary instructions, the PROGRAM ADMINISTRATOR will implement the practice of notifying all excess insurance carriers whenever NCCSIF or one of its members has requested that notice of claim be given to the carriers;
7. Assist NCCSIF and, where applicable, NCCSIF's third party administrator in settlement issues with insurance carriers. However, it is understood and agreed that the PROGRAM ADMINISTRATOR is not providing claims management services under this Agreement;
8. Act upon request as a liaison for communications among or between all parties involved in the Programs including NCCSIF, its participating Members, insurance carriers and others;
9. Prepare written reports to NCCSIF to include:
  - a. Report as needed of pending rate, coverage or renewal problems including significant changes in the financial status of major insurers or reinsurers for the Programs;
  - b. At least thirty (30) days prior to the Programs anniversary(s), a written report stating anticipated renewal terms and conditions and other indications of market conditions, trends and anticipated changes;
  - c. A comprehensive summary report, within fifteen (15) days of purchasing coverage, outlining the coverage(s) purchased. Such report shall contain the following information:
    - 1) Summary of insurance and their terms and conditions, and
    - 2) Summary of financial conditions of insurers providing coverage;

**B. PROGRAM ADMINISTRATION SERVICES.** PROGRAM ADMINISTRATOR agrees to provide the following services to the satisfaction of the Board of Directors of NCCSIF:

1. Act as “key” contact for the NCCSIF coverage programs including Liability, Workers’ Compensation and Property Programs.
2. Handle clerical and correspondence duties of the Joint Powers Authority.
3. Work with the NCCSIF committees and coordinate NCCSIF program administration.
4. Meet with cities as requested and necessary.
5. Maintain Program Policies and Procedures on website.
6. Develop, issue and maintain Certificates of Coverage for the NCCSIF Memorandums of Coverage on behalf of the members of NCCSIF.
7. Issue, modify as directed and maintain Memorandums of Coverage forms for the shared risk layer of PROGRAMS.
8. Prepare NCCSIF agendas and other general administrative functions.
9. Meet with the Board of Directors and the committees on a scheduled basis.
10. Prepare the annual budget.
11. Act as a central clearinghouse for dissemination of information on risk management issues and NCCSIF programs.
12. Assist Members in matters of proper Liability insurance coverage requirements of contractors.
13. Assist as may be required with financial audits, claims audits or actuarial studies conducted by NCCSIF's retained auditors and actuaries.
14. Monitor loss runs of NCCSIF programs and Members.
15. Coordinate matters of safety/loss control programming and assist in the development of loss prevention material.
16. Time spent on each program shall be reviewed every three years.
17. Maintain on behalf of NCCSIF; loss reports, insurance policies, certificates of insurance, JPA vendor contracts, claims audits, actuarial studies, financial audits, statistical studies, deposit premium calculations, and other pertinent materials in accordance with standard insurance record retention practices and with the NCCSIF approved Policy and Procedure on Records Retention. Records will be maintained in a digital format.
18. Maintain a suitable backup and recovery system for data and develop and

implement processes for the protection of electronic data, including a written policy with respect to:

- a. Disaster recovery
- b. Physical and electronic data security
- c. Electronic data retention

- 19. On a six-month basis provide a service calendar reporting on the services rendered for the period and a projection of work to be accomplished during the next six months.
- 20. Update and maintain the NCCSIF website and other PROGRAM documentation.
- 21. Prepare an Annual Report to be distributed at a Board of Directors meeting.

## V. COMPENSATION

With respect to the categories of risk and insurance identified in **Addendum A** and the SERVICES specified in Section IV. SCOPE OF SERVICE, PROGRAM ADMINISTRATOR shall receive compensation as follows:

- A. Total FEE for Workers' Compensation and Liability shall be as follows:

<u>YR.</u>	<u>LIABILITY</u>	<u>WORKERS' COMP</u>	<u>TOTAL</u>
1 <sup>st</sup> :	\$ 184,902	\$ 154,084	\$ 338,986
2 <sup>nd</sup> :	\$190,911	\$159,092	\$350,003
3 <sup>rd</sup> :	\$197,116	\$164,262	\$361,378
4 <sup>th</sup> :	\$203,522	\$169,601	\$373,123
5 <sup>th</sup> :	\$210,136	\$175,113	\$385,249

- B. New Members will be added at equivalent rates in effect at the time of joining.
- C. Fees shall be paid in twelve (12) equal monthly installments.
- D. COMMISSIONS on insurance coverage placed for NCCSIF PROGRAMS, as well as other lines of insurance placed on behalf of NCCSIF and its Members, at customary commission rates. Coverage includes: Property, Excess Workers' Compensation, crime, auto physical damage, mobile equipment, airport liability, flood, earthquake, and other miscellaneous lines.

**E. Disclosures.**

1. **Commissions.** During this Agreement, PROGRAM ADMINISTRATOR shall annually disclose, in writing, any COMMISSIONS received by PROGRAM ADMINISTRATOR in connection with any insurance placed on behalf of NCCSIF or its Members.

2. **Exclusions.** Commissions for Special Events, Notary Bonds and Vendor/Contractor Liability Programs are not included in the Annual FEE or COMPENSATION, as coverage is provided to Third Party Individuals.

3. **Transparency.** During the time of this Agreement, PROGRAM ADMINISTRATOR will annually disclose any Commissions received by PROGRAM ADMINISTRATOR or any affiliated Company in connection with any Insurance Placements on behalf of NCCSIF under the Alliant's "Transparency and Disclosure" Policy, a copy of which is made available upon request. Pursuant to its Policy, Alliant will conduct business in conformance with all applicable Insurance Regulations and in advancement of the best interests of NCCSIF. In addition, Alliant's Conflict of Interest Policy precludes it from accepting any form of Broker incentives that would result in business being placed with carriers in conflict with the interests of Alliant and/or NCCSIF.

4. **Other Alliant Services.** In addition to the Compensation that PROGRAM ADMINISTRATOR receives, its related entity, Alliant Specialty Insurance Services ("ASIS") and its Underwriting operations, Alliant Underwriting Services ("AUS") may receive Compensation from Pool Administration and/or a carrier involved in underwriting services. The financial impact of the Compensation received by AUS and/or ASIS is a cost included in the premium. Compensation received by AUS and/or ASIS will be disclosed in writing to NCCSIF and is Agreed to by NCCSIF as part of the Premium. NCCSIF further acknowledges that PROGRAM ADMINISTRATOR and ASIS maintain an arm's length relationship. NCCSIF understands that while PROGRAM ADMINISTRATOR represents NCCSIF as an Individual Entity, AUS and/or ASIS independently administers its Program as a whole, and not on behalf of any particular Member.

Additionally, the related entities of Alliant Business Services (ABS) may receive Compensation from PROGRAM ADMINISTRATOR and/or a carrier for providing designated, value-added services. Services contracted by NCCSIF directly will be invoiced accordingly.

**VI. TAXES AND FEES AND USE OF INTERMEDIARIES**

A. **Surplus Lines Fees and Taxes.** In certain cases, placement made by PROGRAM ADMINISTRATOR on behalf of NCCSIF, with approval of NCCSIF, may require the payment of surplus lines assessments, taxes and/or fees to state

regulators, boards or associations. Such assessments, taxes and/or fees will be charged to NCCSIF and identified separately on invoices covering these placements. PROGRAM ADMINISTRATOR shall not be responsible for the payment of any such fees, taxes or assessments, except to the extent such taxes or fees have been collected from NCCSIF.

- B. **Intermediaries.** PROGRAM ADMINISTRATOR may determine from time to time that it is necessary or appropriate to utilize the services of intermediaries (such as surplus lines brokers, underwriting managers, London market brokers, and reinsurance brokers) to assist in marketing the PROGRAM. These intermediaries may be affiliates of PROGRAM ADMINISTRATOR or may be unrelated intermediaries. Compensation of such intermediaries will be paid by the insurance company out of paid insurance premiums. Where a placement through such an intermediary will result in compensation to a PROGRAM ADMINISTRATOR affiliate, PROGRAM ADMINISTRATOR will fully disclose in writing to NCCSIF its relationship to the affiliate and the reason that placement of coverage through that intermediary is in the best interest of NCCSIF.
- C. **Indirect Income.** Indirect Income includes such items as insurance carrier contingency arrangements. PROGRAM ADMINISTRATOR will not accept these compensation incentives from insurers, including contingent commissions, market service agreements (MSA), volume-based commission incentives and rebates on business placed on behalf of NCCSIF within the SCOPE OF SERVICE of this AGREEMENT.

## VII. KEY PERSONNEL

PROGRAM ADMINISTRATOR agrees KEY PERSONNEL will be responsible for performance of the designated functions for NCCSIF as delineated in **Addendum B**. Should such personnel become unavailable to perform SERVICES for NCCSIF, PROGRAM ADMINISTRATOR agrees to replace, as soon as practical, such personnel with personnel of comparable skills and experience as determined by NCCSIF's evaluation and subject to NCCSIF's right of refusal for any reason.

## VIII. TERM

The term of the AGREEMENT shall be effective from July 1, 2019 to June 30, 2024, unless cancelled pursuant to Section X Termination of Agreement. NCCSIF shall have an option to extend the AGREEMENT for two additional one-year periods, exercisable by NCCSIF by notifying PROGRAM ADMINISTRATOR of such extension and obtaining acceptance by PROGRAM ADMINISTRATOR at least three months prior to the anniversary date. The AGREEMENT shall have an anniversary date each July 1, for the purpose of reviewing compensation and optional extensions. This AGREEMENT supersedes and replaces all previous AGREEMENTS or Contracts.

**IX. NONASSIGNABLE**

This AGREEMENT is binding upon the parties hereto and their respective successors by merger, sale, consolidation or reorganization. The AGREEMENT is otherwise personal to the PARTIES and cannot be assigned or delegated without prior written consent of the other PARTY.

**X. TERMINATION OF AGREEMENT**

The AGREEMENT may be cancelled by either PARTY any time upon 90 days advance written notice delivered or mailed to the other PARTY. In the event of cancellation, PROGRAM ADMINISTRATOR will assist NCCSIF in arranging a smooth transition to another COMPANY, including, but not limited to providing NCCSIF copies of requested products, files, records, computations, quotations studies and other data, prepared or obtained in connection with this AGREEMENT, in a mutually-agreed format, which shall become the permanent property of NCCSIF.

Should this agreement be terminated pursuant to this section prior to the end of this AGREEMENT's term, the PROGRAM ADMINISTRATOR shall be entitled to retain as earned compensation for its SERVICES a prorated portion of the fees paid by NCCSIF for each member in certain NCCSIF programs as follows: if termination is effective in the first quarter of the program year, 50% of such fees; if in the second quarter of the program year, 67.7%; if in the third quarter of the program year, 83.3%; and if in the fourth quarter of the program year 100%. These percentages apply only to the per-member fees. Fees and commissions charged by the PROGRAM ADMINISTRATOR for all other compensation shall be considered fully earned upon termination of the agreement.

In the event of termination, PROGRAM ADMINISTRATOR shall give to NCCSIF copies of all products, files, records, computations, quotations, studies and other data prepared or obtained in connection with this contract, which shall become the permanent property of NCCSIF.

**XI. ENTIRE AGREEMENT MODIFICATION**

This AGREEMENT constitutes the entire understanding of the PARTIES hereto. PROGRAM ADMINISTRATOR shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both PARTIES. PROGRAM ADMINISTRATOR specifically acknowledges that in entering into and executing this AGREEMENT, PROGRAM ADMINISTRATOR relies solely upon the provisions contained in this AGREEMENT and no others.

**XII. SEVERABILITY**

If any term, covenant, condition or provision of this AGREEMENT is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

### **XIII. APPLICABLE LAW**

This AGREEMENT has been executed and delivered in the State of California, and the validity, enforceability and interpretation of any of the clauses of this AGREEMENT shall be determined and governed by the laws of the State of California.

### **XIV. HOLD HARMLESS**

- A. In the event that POOL ADMINISTRATOR, its Agents, Employees, Representatives, or Assigns, negligently or intentionally violate any Law or Regulation, any Provision of the Agreement, or any written Rule, Regulation, Policy, Procedure or similar instruction under the Program, POOL ADMINISTRATOR shall Indemnify, Defend, and Hold NCCSIF harmless from and against all Loss and Damage, including any reasonable Costs or Expenses (including Attorney's Fees), incurred by NCCSIF in connection with such conduct.
  
- B. In the event that NCCSIF, its Agents, Employees, Representatives, or Assigns, negligently or intentionally violate any Law or Regulation, or any Provision of the Agreement, NCCSIF shall Indemnify, Defend, and Hold POOL ADMINISTRATOR harmless from and against all Loss and Damage, including any reasonable Costs or Expenses (including Attorney's Fees), incurred by POOL ADMINISTRATOR in connection with such conduct.

The above obligations shall survive the termination of this Agreement.

### **XV. INSURANCE REQUIREMENTS**

During the term of this Agreement, Broker shall maintain the following insurance coverage and limits or the equivalent self-insurance coverage:

- A. Professional Liability insurance with minimum limits of \$15 million per claim providing coverage for any errors and omissions which the Broker or its agents may make resulting in financial loss to NCCSIF;
  
- B. Commercial General and Automobile Liability insurance with limits of at least \$2 million combined single limit per occurrence and aggregate for bodily injury and property damage. The policies are to contain, or be endorsed to contain the following provisions:
  - 1. NCCSIF, its trustees, officers, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of the work or operations performed by the PROGRAM ADMINISTRATOR or on behalf of the PROGRAM ADMINISTRATOR, or arising from operation of "any auto," whether owned leased, hired or borrowed by the PROGRAM ADMINISTRATOR.

2. For any covered claims related to this Agreement, the PROGRAM ADMINISTRATOR's insurance coverage shall be primary insurance as respects Client, its trustees, officers, employees, or volunteers. Any insurance or self-insurance maintained by NCCSIF or any of its members shall be excess to the PROGRAM ADMINISTRATOR's insurance and shall not contribute with it.

- a. Workers' Compensation coverage in compliance with the laws of the State of California, and Employers' Liability insurance in the amount of \$1 million per accident or aggregate.
- b. Commercial Umbrella of at least \$4 million aggregate coverage over General Liability and Auto primary coverages.
- c. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled or non-renewed by PROGRAM ADMINISTRATOR, except with thirty (30) days prior written notice by certified mail, return receipt requested, given to NCCSIF.

All insurance carriers providing the coverages required by this section shall have a financial rating of at least an "A" published A.M. Best, or the published reports of an equivalent financial rating firm will be used to confirm the insurance carriers' rating, unless the PROGRAM ADMINISTRATOR has obtained the NCCSIF's written acknowledgment that an insurance carrier with a lower financial rating is permitted.

PROGRAM ADMINISTRATOR shall also provide to NCCSIF certificates of insurance and copies of applicable endorsements evidencing the above coverages and limits, and will maintain these coverages during the term of this AGREEMENT.

The failure of the PROGRAM ADMINISTRATOR to procure and maintain the required insurance does not negate the PROGRAM ADMINISTRATOR's obligation under this AGREEMENT to do so.

## **XVI. DISPUTE RESOLUTION**

Any dispute arising under the terms of this AGREEMENT which is not resolved within a reasonable period of time by authorized representatives of the PROGRAM ADMINISTRATOR and the NCCSIF shall be brought to the attention of the Chief Executive Officer (or designated representative) of the PROGRAM ADMINISTRATOR and the Chair (or designee) of the NCCSIF for joint resolution. At the request of either PARTY, the NCCSIF shall provide a forum for discussion of the disputed item(s). If resolution of the dispute through these means is pursued without success, such dispute shall be submitted to final and binding arbitration upon the mutual agreement of both of

the parties. Such arbitration shall be conducted under the auspices of, and in accordance with the procedures and rules of the California Code of Civil Procedure. Any hearings held in the course of any such arbitration shall be held in the County of Sacramento, California unless the parties mutually agree in writing to another location.

Despite an unresolved dispute, the PROGRAM ADMINISTRATOR shall continue without delay to perform its responsibilities under this AGREEMENT. The PROGRAM ADMINISTRATOR shall keep accurate records of its SERVICES in order to document the extent of its SERVICES under this AGREEMENT.

## **XVII. WAIVER**

No Provision of this AGREEMENT shall be considered Waived, unless such Waiver is in writing and signed by the Party that benefit from the Enforcement of such Provision. No Waiver of any Provision in this AGREEMENT, however, shall be deemed a Waiver of a subsequent Breach of such Provision or a Waiver of a similar Provision. In addition, a Waiver of any Breach or a Failure to Enforce any Term or Condition of this AGREEMENT shall not in any way Affect, Limit, or Waive a Party's Right under this AGREEMENT at any time to Enforce strict Compliance thereafter with every Term and Condition of this AGREEMENT.

## **XVIII. COPYRIGHT**

Any reports, documents or other materials produced in whole or in part under this AGREEMENT shall be the property of NCCSIF and none shall be subject to an application for copyright by or on behalf of PROGRAM ADMINISTRATOR.

## **XIX. CONFIDENTIAL INFORMATION**

No reports, information, documents, any other materials given to or prepared by PROGRAM ADMINISTRATOR under this AGREEMENT which NCCSIF deems confidential and requests in writing to be kept confidential, shall NOT be made available by PROGRAM ADMINISTRATOR to any individual or organization without prior written approval by NCCSIF. Notwithstanding the foregoing, however, the provisions of the proceeding sentence shall not apply where:

- A. PROGRAM ADMINISTRATOR is required by law, regulation or pursuant to any subpoena to disclose such information.
- B. The disclosure of such information is, in the good faith discretion of PROGRAM ADMINISTRATOR, necessary or appropriate to any civil litigation or arbitration commenced against the NCCSIF by PROGRAM ADMINISTRATOR; or the defense of PROGRAM ADMINISTRATOR or its officers, directors, employees,

agents, attorneys-in-fact, attorneys-at-law, predecessors-in-interest or successors-in-interest in any pending or threatened civil litigation or arbitration prosecuted against PROGRAM ADMINISTRATOR by the NCCSIF, or to any civil litigation commenced against either the NCCSIF or PROGRAM ADMINISTRATOR by any third party.

- C. The disclosure of such information is, in the good faith discretion of PROGRAM ADMINISTRATOR, necessary and appropriate to the discharge of PROGRAM ADMINISTRATOR of its duties pursuant to this AGREEMENT including, without limitation, the provision of customary underwriting information to insurers.
- D. Such information, without any act by PROGRAM ADMINISTRATOR, is available to the public.
- E. Such information is rightfully acquired by PROGRAM ADMINISTRATOR from any third party.

## **XX. ETHICS AND CONFLICT OF INTEREST STATEMENT**

The PROGRAM ADMINISTRATOR understands and agrees that NCCSIF desires to compare the cost of obtaining services or insurance products from PROGRAM ADMINISTRATOR against other viable and competitive options and expects that the PROGRAM ADMINISTRATOR will make its compensation agreements and revenue streams known to NCCSIF, so as to provide NCCSIF with a clear accounting of the costs of the placement of insurance services and products. The PROGRAM ADMINISTRATOR shall conduct its business so as to fulfill all legal and ethical requirements and standards of the industry and the State of California, and shall place the best interests of NCCSIF ahead of any other concerns in the placement of insurance services and products. To this end, PROGRAM ADMINISTRATOR:

- A. Warrants that it will adhere to its ethical obligations to NCCSIF to deliver honest, competitive, and meaningful Service and advice on the placement of any Insurance Products, Services, or Coverage, and to provide access to an open, fair, and competitive insurance marketplace;
- B. Shall exercise Due Diligence in making a full and complete Disclosure of all Quotes and Declinations from all Markets contacted for each specific Line of Coverage, including the date and time of Contact and the Name, Address, Phone Number and, to the extent available, Email Address of the individual Contact for each Market;

- C. Shall make every good faith attempt to avoid even the Appearance of a Conflict of Interest between the PROGRAM ADMINISTRATOR, NCCSIF, and any Provider of any Insurance Product or Service, and will promptly Notify NCCSIF of any real or potential Conflict of Interest;
- D. Agrees to include a copy of PROGRAM ADMINISTRATOR's own Ethics Statement or Code, or PROGRAM ADMINISTRATOR's Compliance Statement available on the PROGRAM ADMINISTRATOR's Website; and,
- E. Shall request that all Insurance Carriers show any Commission Rates on their Insurance Policies and will otherwise ensure those Rates are known to NCCSIF.
- F. Acknowledges the Mutual Trust and Confidence by both Parties, and that all Actions of the PROGRAM ADMINISTRATOR shall be for the specific benefit of the NCCSIF and their Programs as a whole.

## **XXI. OBLIGATIONS OF NCCSIF**

NCCSIF will reasonably cooperate with the PROGRAM ADMINISTRATOR in the performance of the PROGRAM ADMINISTRATOR's brokerage, risk management and program administration duties by providing the PROGRAM ADMINISTRATOR where available reasonably complete and accurate information as to NCCSIF's loss experience risk exposures and any other pertinent information that the PROGRAM ADMINISTRATOR requests. NCCSIF shall promptly review coverage documents concerning the Programs delivered by the PROGRAM ADMINISTRATOR for consistency with NCCSIF's specifications. NCCSIF shall designate one or more officers or committees of NCCSIF to receive and provide significant intervening substantive review, and independently evaluate any and all recommendations or proposals made to NCCSIF by the PROGRAM ADMINISTRATOR which are significant, substantive in nature and under which any benefit shall accrue to the PROGRAM ADMINISTRATOR or the PROGRAM ADMINISTRATOR's affiliates a Material Financial Impact, under the terms of this AGREEMENT. Such committees shall then provide their own recommendations concerning such matters to the Board of Directors of NCCSIF, having ultimate decision making authority on such matters.

## **XXII. RELATIONSHIP OF THE PARTIES**

At all times and for all purposes, the Relationship between the Parties is intended to be that of Independent Contractors and there is no intent to create a Joint Venture Relationship, and any Person representing PROGRAM ADMINISTRATOR, shall be an Independent Contractor to NCCSIF, and the Agreement shall not in any way be construed as a Contract of Employment between NCCSIF and PROGRAM ADMINISTRATOR's Agents. In addition, the Parties Agree that, except as otherwise provided herein, NCCSIF shall not be obligated for any expense incurred by PROGRAM ADMINISTRATOR in

rendering Services, or by engaging in any other transaction or conduct arising out of this Agreement.

### **XXIII. OWNERSHIP OF BOOKS AND RECORDS**

The Parties shall each maintain normal business records related to all business generated under this Agreement. Upon reasonable request, and subject to the Confidentiality Provisions set forth herein, the Parties may each obtain from the other copies of all Policyholder Documents, including but not limited to Policies, Binders, Certificates, Endorsements, Underwriting Data, Loss Data, and other Statistical information in the other's possession, custody, or control with respect to all business generated under this Agreement.

### **XXIV. NON-SOLICITATION**

PROGRAM ADMINISTRATOR agrees that, during the Term of this Agreement, PROGRAM ADMINISTRATOR's personnel shall not purposely solicit NCCSIF Members from Programs or Lines of Coverage, on which they work or have worked. NCCSIF understands and agrees that PROGRAM ADMINISTRATOR has offices, staff, clients, and prospects nationwide, and nothing in this paragraph shall restrict it from responding to any Request for Proposal with notice to NCCSIF, or from otherwise providing Services or Products when asked by a NCCSIF Member after receiving permission from NCCSIF. In addition, this paragraph shall not prohibit PROGRAM ADMINISTRATOR from engaging in general advertising, or marketing campaigns. Nothing in this paragraph shall be applied in a manner that violates any State or Federal Law or Regulation.

### **XXV. DISASTER RECOVERY; CONTINUITY**

PROGRAM ADMINISTRATOR agrees that it has a Disaster Recovery Plan in place that is intended to secure, and if necessary, restore information, physical and electronic data, affected by a Security Breach, Force Majeure or Natural Disaster. In addition, PROGRAM ADMINISTRATOR will make commercially reasonable efforts to ensure that, at all times, it has a sufficient number of Trained Personnel on hand to meet its Obligations under this Agreement, including in the Event of a Force Majeure, Natural Disaster, or Pandemic.

### **XXVI. COST AND ATTORNEY FEES**

The prevailing party in any action brought to enforce the terms of this AGREEMENT or arising out of this AGREEMENT may recover its reasonable costs and attorney's fees incurred in connection with such action from the other party to such action.

**XXVII. GENERAL**

- A. **ASSIGNMENT.** Neither PARTY shall assign this AGREEMENT in whole or in part without the prior written consent of the other PARTY.

**NOTICES.** All notices hereunder shall be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To NCCSIF:

President, Board of Directors  
Northern California Cities Self Insurance Fund  
AT THE OFFICE ADDRESS OF CURRENT  
PRESIDENT

To PROGRAM ADMINISTRATOR:

Alliant Insurance Services, Inc.  
2180 Harvard Street, Suite 460  
Sacramento, CA 95815  
Attn: Marcus Beverly

**XXVIII. PERFORMANCE MEASURES**

The PROGRAM ADMINISTRATOR agrees to be evaluated by performance measures as developed with the Executive Committee.

**IN WITNESS WHEREOF,** NCCSIF and PROGRAM ADMINISTRATOR have hereby executed this AGREEMENT on this 13th day of December 2018.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

By:   
President

ALLIANT INSURANCE SERVICES, INC.

By:   
Michael Simmons,  
Vice Chairman – Public Entity

## **ADDENDUM A**

### **Programs and Coverages**

PROGRAM ADMINISTRATOR agrees to provide SERVICES to the following PROGRAMS of NCCSIF:

1. Workers' Compensation Program;
2. Liability Program; and
3. Other lines of coverage and excess insurance purchased by NCCSIF and Member Cities.

It is understood and agreed that NCCSIF may obtain additional services from PROGRAM ADMINISTRATOR for additional PROGRAMS. NCCSIF and PROGRAM ADMINISTRATOR shall agree in writing to the Scope of Services and compensation in advance of PROGRAM ADMINISTRATOR's performance of additional SERVICES.

## **ADDENDUM B**

### **Account Service Team**

Vice Chairman – PE	Mike Simmons*
Vice President	Marcus Beverly*
Account Manager	Raychelle Maranan
Claims Specialist	Diana Walizada, Bob Frey

\* Denotes KEY Personnel

**CONSULTING SERVICES AGREEMENT**

**AMENDMENT NO.1**

TO THE NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND AGREEMENT WITH BICKMORE FOR CONTINUED RISK CONTROL CONSULTING SERVICES

The Agreement to provide risk control services for a safety officer to the Northern California Cities Self Insurance Fund entered into on December 20, 2018, and amended on day and year written below; by and between the Northern California Cities Self Insurance Fund (CLIENT) and York Risk Services Group, Inc. (YORK) is hereby amended as follows:

SECTION 1. NAME CHANGE. As of December 1, 2018, BICKMORE has changed its corporate name to York Risk Services Group, Inc. (YORK).

THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, both Parties agree as follows: Wherever in the Master Agreement and subsequent Amendments the term "BICKMORE" appears, such term shall be replaced with "York Risk Services Group, Inc." or "York".

IN WITNESS WHEREOF, CLIENT and YORK have executed this Agreement as of the day and year written below.

NORTHERN CALIFORNIA CITIES  
SELF INSURANCE FUND

Signature:



Print Name: Elizabeth Ehrenstrom

Print Title: NCCSIF President

Execution Date: 01.09.19

YORK RISK SERVICES GROUP, INC.

Signature:



Name: Jeff Johnston

Title: Vice President, Pool Administration

Execution Date: 12/21/2018

## RISK CONTROL SERVICES AGREEMENT

This Agreement was entered into on July 1, 2019, by and between **BICKMORE** ("BICKMORE") a California corporation located at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833 and **Northern California Cities Self Insurance Fund** (NCCSIF) ("CLIENT"), a Joint Powers Authority located at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.

### WITNESSETH

WHEREAS, CLIENT wishes to retain BICKMORE, for itself or a subsidiary, for professional and technical services as set forth below; and

WHEREAS, BICKMORE wishes to provide the aforesaid services;

### NOW THEREFORE

In consideration of the foregoing and the promises and undertakings set forth herein, the parties agree as follows:

1. CONTRACT TERM

This contract period shall be from the commencement of work on July 1, 2019 through June 30, 2022, or through date of extension by mutual written agreement for continued services.

2. GENERAL

BICKMORE hereby agrees to provide CLIENT and its affiliated companies with services as set forth in Exhibit A hereto "Scope of Services". The services will be provided at mutually agreeable locations in California, the scope of which may change during the term of this Agreement. CLIENT hereby agrees to pay BICKMORE and BICKMORE agrees to accept in full satisfaction for its services rendered hereunder, compensation in accordance with the fees specified in the Scope of Services. The terms of this Agreement and its Exhibits, shall constitute the entire contract between the parties. This Agreement may be amended or modified only in writing if agreed to and signed by BICKMORE and CLIENT.

3. INDEPENDENT CONTRACTOR

BICKMORE agrees that its relationship to CLIENT is that of an independent contractor and, as such, that BICKMORE is wholly responsible for all of its own taxes, withholdings and/or similar matters. It is agreed and understood that BICKMORE has no authority or power to act for, enter into contracts of any type or incur any liability or obligation on behalf of or for CLIENT.

4. CLIENT RESPONSIBILITIES

A. CLIENT shall provide the data and access to personnel necessary to assist BICKMORE in performing the Services, including but not limited to those listed in Exhibit A Attached.

B. CLIENT acknowledges that in performing the Services, BICKMORE shall rely on all information furnished by CLIENT and on any decisions made or approvals given by Client in connection with the Services. BICKMORE shall be under no obligation to verify or investigate the accuracy or completeness of the data and information provided by Client, and BICKMORE shall have no liability or responsibility for any inaccuracies in the data or information and/or for any reports, services, materials, or documents prepared or provided to Client based on such inaccurate or incomplete data or information.

5. DEFEND & INDEMNIFY

A. CLIENT shall indemnify, defend and hold harmless BICKMORE, its directors, officers, agents and employees from any and all causes of actions, claims, damage loss, costs, and expenses attributable to the negligent or otherwise wrongful acts or omissions of CLIENT or CLIENT's employees, agents, representatives or contractors.

B. BICKMORE shall indemnify, defend and hold harmless CLIENT, its directors, officers, agents and employees from any and all causes of actions, claims, damage loss, costs, and expenses attributable to the negligent or otherwise wrongful acts or omissions of BICKMORE or BICKMORE's employees, agents, representatives or contractors.

C. BICKMORE shall indemnify, defend, and hold harmless CLIENT, its directors, officers, agents and employees from any and all causes of actions, claims, damage, loss, costs and expenses resulting from BICKMORE's failure to protect against disclosure of Confidential Information, as defined in Section 6, as well as for BICKMORE's misappropriation of Confidential Information, as defined in Section 6.

D. BICKMORE shall defend and indemnify CLIENT from and against all claims, damage, liability and expenses (including but not limited to court costs and reasonable attorney's fees) related to or arising out of allegations that the services rendered by BICKMORE infringe on any patent, copyright or other intellectual property right enforceable in the United States.

E. The above defense, indemnification and hold harmless undertakings by the parties shall survive the termination of this Agreement. A party seeking indemnification (the "Indemnified Party") shall promptly notify the other (the "Indemnifying Party") of any of the above circumstances for which indemnification is sought, following actual knowledge of the facts giving rise to such indemnification, provided however that the failure to give such notice shall not relieve the indemnifying party of its obligations hereunder except to the extent that such indemnifying party is prejudiced by such failure. In the event that any third party claim is brought, the Indemnifying Party shall have the right and option to undertake and control of the defense of such action with counsel of its choice, subject to reasonable approval of the Indemnified Party.

6. CONFIDENTIALITY

BICKMORE, or anyone acting on its behalf, acknowledges that it may receive CLIENT's confidential or proprietary business information or trade secrets of CLIENT in the course of rendering its services. In addition, BICKMORE, or anyone acting on its behalf, acknowledges that CLIENT has in its possession insurance claim files of others, and that those files contain non-public personal information protected against disclosure by the Gramm-Leach-Bliley Act, 15 U.S.C. 6801-6809, et. seq and/or personal health information protected against disclosure by the Health Insurance Portability and Accountability Act, 42 U.S.C. 1301, et. seq. ("HIPAA"). The information in those files and CLIENT's confidential or proprietary business information or trade secrets are collectively referred to as "Confidential Information". As between CLIENT and BICKMORE and for purposes of this Agreement, all Confidential Information shall be deemed owned by CLIENT. BICKMORE, or anyone acting on its behalf, agrees to hold such Confidential Information in confidence and to protect such Confidential Information with at least the same degree of care as it normally exercises to protect its own confidential or proprietary information or trade secrets of a similar nature. BICKMORE, or anyone acting on its behalf, further agrees to not disclose such Confidential Information to any third party without the prior written approval of CLIENT. BICKMORE shall promptly notify CLIENT in the event of a failure to comply with its obligations under this Section 4. To the extent required by law, this Agreement shall be a "Business Associate Agreement" as defined and required by HIPAA

BICKMORE agrees that all CLIENT data provided to BICKMORE under this Agreement shall be received in confidence and shall not be disclosed to any third parties, except as reasonably necessary for BICKMORE to perform its services hereunder or to comply with any validly issued subpoena or court order; provided, that to the extent not prohibited by law, BICKMORE shall provide prior written notice of such disclosure to CLIENT so that CLIENT may have a chance to review such disclosure, object to such disclosure, and, if applicable, seek confidential treatment of any data to be included in such disclosure.

The Services and work product provided by BICKMORE hereunder are provided for the exclusive use of CLIENT. Notwithstanding the foregoing, nothing contained herein shall prohibit BICKMORE from using any of BICKMORE's general knowledge or knowledge acquired under this Agreement to perform similar services for others; provided however, that BICKMORE shall not use any of CLIENT's confidential information in providing services to others.

7. TERMINATION OF AGREEMENT

CLIENT and BICKMORE shall have the right to terminate this Agreement, with or without cause, at any time upon 30 days' prior written notice to the other. After this agreement is terminated, CLIENT shall compensate BICKMORE for professional time provided and expenses incurred up to and including the date of termination. All CLIENT Documents secured to the point of contract termination shall be returned to CLIENT upon request.

8. INSURANCE

A. To the extent required by law, BICKMORE will obtain and maintain Workers' Compensation Insurance for its employees, with policy limits no less than the minimum statutory requirements. BICKMORE will provide CLIENT with a Waiver of Subrogation in accordance with the aforementioned Workers' Compensation Insurance. BICKMORE will provide CLIENT with a Certificate of Insurance which reflects the aforesaid coverage.

B. BICKMORE will obtain and maintain Automobile Liability Insurance, Commercial General Liability Insurance, with broad form coverage, including a blanket additional insured endorsement, product liability and completed operations endorsements, without exclusion for cyber liability coverage, as well as Employer Liability Insurance. BICKMORE will provide CLIENT with Certificates of Insurance which reflect the approved limits of liability. The policy limits shall not be less than two million dollars (\$2,000,000) in Automobile Liability Insurance, two million dollars (\$2,000,000) in Commercial General Liability Insurance and one million dollars (\$1,000,000) in Employer Liability Insurance. Professional liability insurance coverage, specific to the services provided under this Agreement, in an amount not less than \$4,000,000 per claim and \$10,000,000 in annual aggregate claims.

9. INTELLECTUAL PROPERTY RIGHTS

CLIENT acknowledges that BICKMORE's computer systems are proprietary. Neither CLIENT nor anyone acting on its behalf will acquire any rights of any kind whatsoever in BICKMORE's systems or any part thereof, whether or not CLIENT performed any work on such systems in connection herewith. Any work product or other activity by either party hereto that is designed to assist BICKMORE in the provision of the Scope of Services, whether related to BICKMORE's systems or otherwise, shall be the sole and exclusive property of BICKMORE

To the extent CLIENT has any rights in anything developed under this Agreement, notwithstanding the foregoing, this Agreement constitutes an assignment to BICKMORE of all patent, copyright, and all other intellectual property developed during the assignment, including without limitation, all rights in

flow charts, code, descriptive materials, data structures, screen layouts and business processes and CLIENT hereby grants and shall grant a perpetual, exclusive, fully-paid, transferable, worldwide license in and to such intellectual property.

10. INTELLECTUAL PROPERTY RIGHTS

In addition to all warranties, expressed or implied, established by statutes or common law, or elsewhere set forth. BICKMORE warrants that all goods provided and/or services rendered will conform to all specifications, drawings, samples and any other description, furnished or adopted by CLIENT, and will be of best quality and fit and sufficient for the purposes intended. BICKMORE warrants that it possesses proper rights to provide services and that said services are free from any lien or encumbrance of any kind. BICKMORE warrants that it and its employees have secured and possess all required licenses necessary to provide the agreed upon goods and/or services. BICKMORE warrants that all goods provided and services rendered comply with all applicable laws, regulations and codes. BICKMORE will undertake to perform such services with reasonable dispatch, diligence and care with the objective of assisting the CLIENT in the furtherance of its goals with respect to the Scope of Services set forth in this Agreement. However, BICKMORE cannot and does not represent that its analysis, evaluation, reports and other activities will identify a precise measure of expected losses, target funding levels, or any other assumptions that will be provided in the Scope of Services. All analysis and recommendations will project an expected range of outcomes that may or may not align with the actual results. Therefore, no analysis, evaluation, report, or recommendation shall constitute an undertaking by BICKMORE on behalf of or for the benefit of the CLIENT or others, to determine or warrant that the projected funding levels or expected losses will be greater than, equal to, or less than actual losses. Furthermore, Bickmore assumes no responsibility for the funding of claims and losses.

11. ASSIGNABILITY

This Agreement, in its entirety and each and every provision hereto, shall inure to the benefit of BICKMORE and its CLIENT. Neither party may assign this Agreement without written consent of the other party and any such assignment shall be null and void.

12. WAIVER

Any failure by either party to enforce or require strict performance of any terms or conditions of this Agreement shall not constitute a waiver thereof by such and party may at any time avail itself of the remedies it may have for any breach of the terms hereof.

13. PRIOR AGREEMENTS

The terms and conditions of this Agreement, including those terms and conditions set forth in the Scope of Services, shall supersede any and all prior agreements between CLIENT and BICKMORE and render those prior agreements null and void.

14. GOVERNING LAW

This Agreement shall be governed by the laws of the State of California, without giving effect to any Conflict of Laws principles.

15. DISPUTES

In the event of a dispute between the parties leading to litigation, the parties agree and stipulate that such litigation shall be resolved in the Superior Court of the State of California. In the event of a dispute between the parties resulting in litigation, the prevailing party may, in addition to any other relief obtained, recover its court costs and reasonable attorney's fees.

16. LIMITATION OF LIABILITY

Neither party shall be responsible to the other for any indirect, special, incidental, consequential, exemplary or punitive damages in connection with this Agreement. The maximum liability of either party to the other shall not exceed an amount equal to the aggregate fees paid and fees expected to be paid pursuant hereto during the term of this Agreement.

17. NAME USAGE

Except as necessary for CLIENT to perform its duties as set forth in this Agreement, CLIENT shall not utilize BICKMORE's trade names, logos, trademarks, service marks or other identification in any press release, advertisement, marketing material, promotional literature, article, presentation or other type of communication, without the prior written consent of BICKMORE, which consent may be withheld or denied in BICKMORE's sole discretion.

18. NON-SOLICITATION

CLIENT shall not hire any employee of BICKMORE or induce any employee of BICKMORE to terminate his or her employment (or encourage, and aid or abet any third party to do the same) at any time during which this Agreement or any extension or renewal thereof is in effect and for a period of twelve (12) months thereafter. CLIENT agrees and acknowledges that BICKMORE has invested time and resources in training its personnel and that BICKMORE will suffer harm, the extent of which is difficult to quantify, should CLIENT directly or indirectly cause BICKMORE's employee to terminate their employment with BICKMORE. Therefore, in the event that CLIENT violates this provision, CLIENT shall be liable to BICKMORE for liquidated damages in a sum equal to the employee's salary for two (2) years based on the employee's salary over the two (2) months prior to the termination of that employee's employment with BICKMORE.

19. REPRESENTATIONS

The services to be provided by BICKMORE are not of a legal, tax or accounting nature and BICKMORE shall in no event give, or be required to give, any legal opinion or provide any legal, tax or accounting representation to CLIENT.

NORTHERN CALIFORNIA CITIES  
SELF INSURANCE FUND

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

Execution Date: \_\_\_\_\_

BICKMORE

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Execution Date: \_\_\_\_\_

## **Exhibit A**

### **SCOPE OF SERVICES**

Services will be coordinated with the NCCSIF Risk Management Committee, and at its direction, annual services will include:

**Focused Risk Assessments/Action Plan - \$27,280 (22 members, one service day/member @ \$1,240/service day)**

Conduct a focused risk assessment for each member including discussion on member's specific needs, develop action plans and review the available risk control resources. Maintain and update the member's progress and scorecard throughout the year.

**Member Services - \$81,840 (22 members, 3 service days/member @ \$1,240/service day)**

Provide the equivalent of three days (provided in half day and/or full day increments) of risk management and risk control services to each member; facilitate Risk Management 101 for Supervisors and Managers; and, provide risk control services orientations to new risk management committee members. Risk management and risk control services may include assisting with best practice recommendations identified in the risk assessments, providing on-site training, participating/facilitating in committee meetings, ergonomic evaluations, developing written programs/policies, inspecting facilities, providing incident root cause and trend analysis, and other consulting services.

**NCCSIF Meetings - \$21,000 (6 meetings/year @ flat rate \$3,500/meeting)**

At least one Bickmore staff will prepare, attend and participate in the meetings which may include:

- Risk Management Committee
- Police Risk Management Committee
- Executive Committee (when CLIENT requested)
- Board of Directors meeting (when CLIENT requested)

Pricing includes staff time for staff report development, analysis/research of topics, training coordination, agenda preparation, meeting attendance, travel time, and expenses.

**Phone and Email Consultation - \$22,320 (1.5 service days/month @ \$1,240/service day)**

Provide members with unlimited access to a risk control professional for technical information and guidance. This service provides one central resource to help answer questions about occupational safety and health, risk management and CLIENT best practices.

**Safety Communication/Resource Development - \$7,440 (6 service days @ \$1,240/service day)**

Timely safety topic information will be provided to NCCSIF members on a regular basis. In addition the Bickmore website will be updated regularly, and links will be provided in the safety communication.

**Training Coordination - \$18,600 (15 service days @ \$1,240/service day)**

Coordination of member services and eight regional trainings per year (four topics offered in a Northern and Southern member location). Service may include topic research, trainer and location selection, announcements, electronic registration management, materials development, coordination and facilitation of services and/or attendance and participation at training.

**Bickmore Risk Control Website Resources - (no additional cost)**

Members will have unlimited access to all the resources available on the Bickmore Risk Control website which includes over 300 on-line streaming videos, hundreds of safety training handouts and risk management regulatory publications, recorded safety webinars, sample programs, forms, and checklists. Members will also receive invitations to participate in all live webinars.

Total Cost: \$178,480.00

## **COST OF SERVICES**

### **Fee Structure**

1. All services identified in this agreement will be provided for the not-to-exceed fee of \$178,480.00 annually. This rate includes mileage travel expenses, and value-added services such as access to streaming videos, webinars, and safety communications.
2. BICKMORE will invoice CLIENT monthly at a rate of \$14,873.33, with payment due on the last day of the month of service for the life of the Agreement.
3. CLIENT will be asked to reimburse BICKMORE for any pre-approved additional expense(s) incurred that are beyond the scope of the Agreement. This will include such things as industrial hygiene lab work and supplies, training materials, refreshments for training attendees, etc.

### **Additional Services**

Additional services consistent with this proposal will be available to CLIENT on a time and materials basis. Fees for such additional services will be negotiated on an as-needed basis.

**CONFLICT OF INTEREST CODE  
FOR THE  
NORTHERN CALIFORNIA CITIES SELF-INSURANCE FUND**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **Northern California Cities Self-Insurance Fund (Authority)**.

Individuals holding designated positions shall file their statements of economic interests with the **Authority**, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008) Upon receipt of the statements, the Authority shall make and retain copies and forward the originals to the **Fair Political Practices Commission**. Statements may be filed electronically with the **Fair Political Practices Commission**. All statements will be retained by the **Fair Political Practices Commission**.

**CONFLICT OF INTEREST CODE  
FOR THE  
NORTHERN CALIFORNIA CITIES SELF-INSURANCE FUND**

**Appendix A-Designated Positions**

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Program Administrator	1, 2, 3, 4, 5
Claims Administrator	1, 2, 3, 4, 5
Auditor	1, 2, 3, 4, 5
Board Counsel	1, 2, 3, 4, 5

Note: The positions of Program Administrator, Claims Administrator, Board Counsel, and Auditor are filled by outside consultants, but act in a staff capacity.

**Consultants/New Positions \***

\*Consultants/new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The President may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The President's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008)

The following positions are not covered by the code because the positions manage public investments. Individuals holding such positions must file under Government Code Section 87200 and are listed for informational purposes only.

- Members of the Board of Directors
- Alternate Members of the Board of Directors
- Treasurer
- Consultants who manage public investments

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Section 87200.

**CONFLICT OF INTEREST CODE  
FOR THE  
NORTHERN CALIFORNIA CITIES SELF-INSURANCE FUND**

**Appendix B-Disclosure Categories**

Designated positions must disclosure pursuant to the categories below.

1. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources of the type that contract with the Authority to supply goods, services, materials, or supplies.
2. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that are engaged in the performance of work or services of the type utilized by the Authority, including insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers, and actuaries.
3. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that have filed a claim or have a claim pending that are reviewed and administered by the Authority.
4. Interests in real property located within the Authority's jurisdiction of the type purchased or leased by the Authority for its use.
5. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), which are financial institutions including banks, savings and loan associations and credit unions.

This is the last page of the conflict of interest code for the **Northern California Cities Self-Insurance Fund**.



**CERTIFICATION OF FPPC APPROVAL**

Pursuant to Government Code Section 87303, the conflict of interest code for the **Northern California Cities Self-Insurance Fund** was approved on 1/31/ 2019. This code will become effective on 3/21 2019.

John M. Feser, Jr.  
Senior Commission Counsel  
Fair Political Practices Commission



**Agenda Item F.**

**GENERAL RISK MANAGEMENT ISSUES**

**INFORMATION ITEM**

**ISSUE:** The Program Administrators have placed this item at the beginning of the agenda, rather than the usual “Roundtable” item at the end, to receive feedback regarding this idea, and ways to increase membership participation in discussions. In the past, placing the item at the end of the agenda has often led to little or no discussion, likely due in part to the timing on the agenda and desire for members to avoid traffic returning to their jurisdictions.

Other pools have found it beneficial to have this topic at the beginning of their meetings, or they have specific topics submitted by members in advance and included in the agenda packet. The Program Administrators could also suggest topics for discussion if none from the members.

**RECOMMENDATION:** Provide direction regarding the placement of the agenda item and increasing participation in discussion of risk management issues.

**FISCAL IMPACT:** None.

**BACKGROUND:** Normally titled “Round Table Discussion”, this item has historically been placed at the end of Committee and Board meetings as an *opportunity for a member to discuss a topic of interest or seek guidance and input from the group about a current issue, risk management topic or exposure the member is facing*. Often there is little or no discussion, while with other groups this item has led to very valuable discussion and interest from the members. The Program Administrators would like to get feedback from NCCSIF EC members regarding ways to increase participation, and the membership value for this type of agendized item.

**ATTACHMENT(S):** None.



BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Executive Committee Meeting  
March 14, 2019

Agenda Item H.1.a.

**ACTUARIAL SERVICES TRANSITION TO “BICKMORE ACTUARIAL”  
INFORMATION ITEM**

**ISSUE:** Mike Harrington will be in attendance to discuss the change of services from York Risk Services Group, Inc. to “Bickmore Actuarial” effective April 1, 2019.

**RECOMMENDATION:** None. Information only.

**FISCAL IMPACT:** None

**BACKGROUND:** Bickmore Risk Services has been providing actuarial services to NCCSIF for over twenty years. York Risk Services Group, Inc. purchased Bickmore Risk Services in 2017 and re-branded Bickmore as York in December, 2018. The actuarial services traditionally provided by Bickmore are transitioning from York to a new entity with the Bickmore name. The same team of actuaries, led by Mike Harrington, are expected to form the new company.

**ATTACHMENT(S):** None.



**Agenda Item H.1.b.**

**ACTUARIAL STUDY FOR WORKERS' COMPENSATION PROGRAM**

**ACTION ITEM**

**ISSUE:** NCCSIF's actuary annually provides a report to assist in making funding, dividend and assessment decisions. Below is a summary of this year's report that will be discussed in greater detail at the meeting.

**FY 19/20 Funding**

Total recommended funding for the Banking and Shared Risk Layers is \$10,061,000 at the current 80% Confidence Level (CL). *Overall the rates have decreased 2.9%, from \$4.475 to \$4.346, with a 4% decrease in the Banking Layer and a 1.4% decrease for the Shared Layer.*

**Outstanding Liabilities at June 30<sup>th</sup>**

The actuary estimates that NCCSIF will have total assets of approximately \$46,258,000 on June 30, 2019, compared to \$44,489,000 last year. The estimated total Outstanding Liability at June 30 is \$38,721,000 at the 90% Confidence Level (CL), compared to \$38,057,000 last year. *This results in an estimated \$7,537,000 in net position above the 90% CL, compared to \$6,432,000 last year.*

Assets for the Banking Layer are estimated at \$23,353,000 as of June 30, 2019, \$1,095,000 above the estimate of \$22,258,000 in 2018. Banking Layer liabilities are \$17,594,000 at the 90% CL, compared to \$17,388,000 last year. *This means the Banking Layer net position above the 90% CL is estimated at \$5,759,000 compared to \$4,870,000 last year.*

Assets for the Shared Risk Layer are estimated to be \$22,905,000 at June 30, 2019, compared to \$22,231,000 in 2018. Liabilities are estimated at \$21,127,000 at the 90% CL, compared to \$20,669,000 last year. *The net position in excess of the 90% CL is estimated to be \$1,778,000, compared to \$1,562,000 last year.*

**RECOMMENDATION:** Request the actuary finalize the report for presentation at the April, 25, 2019, Board of Directors meeting.

**FISCAL IMPACT:** T.B.D.; while rates are decreasing the overall funding is increasing due to an increase in payroll of 5.3%, from \$220 to \$231 million. No change is expected to the CL of 80%.

**BACKGROUND:** NCCSIF annually receives an actuary report to determine the estimated Outstanding Liabilities (OL) for the Workers' Compensation program as of June 30 and to estimate the amount of funding required for the upcoming fiscal year. These figures are used for financial reporting purposes and to prepare the budget for member deposits. *The funding CL was increased from 75% to 80% for FY 18/19.*

**ATTACHMENT(S):** Workers' Compensation Program Actuarial Study - *DRAFT Summary*

Friday, March 1, 2019

Mr. Marcus Beverly  
Vice President  
Northern California Cities Self Insurance Fund  
c/o Alliant Insurance Services, Inc.  
2180 Harvard Street, Suite 460  
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Mr. Beverly:

As you requested, we have completed our review of Northern California Cities Self Insurance Fund's self-insured workers' compensation program. Assuming an SIR of \$500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$8,426,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income, but excludes 4850 TD (Temporary Disability) and 4850 SC (Salary Continuation). Of this amount, \$5,683,000 is for the banking layer (\$0 – \$100,000 per occurrence) and \$2,743,000 is for the shared layer (\$100,000 – \$500,000 per occurrence). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of NCCSIF's claims, assuming a 1.5% return on investments per year. For budgeting purposes, the expected cost of 2019-20 claims translates to a rate of \$3.640 per \$100 of payroll, \$2.455 for the banking layer and \$1.185 for the shared layer (assuming \$231,495,000 in rated payroll).

In addition, we estimate the program's liability for outstanding claims to be \$30,804,000 as of June 30, 2019 again including ALAE and ULAE, and discounted for anticipated investment income, but excluding 4850 TD and 4850 SC benefits. Given estimated program assets of \$46,258,000 as of June 30, 2019, the program will be funded above the 90% confidence level on a combined basis and for both the banking layer and shared layer separately (see Graphs 1a, 1b and 1c on pages 11, 12, and 13).

The \$30,804,000 estimate is the minimum liability to be booked by NCCSIF at June 30, 2019 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires NCCSIF to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

**DRAFT**

Our conclusions regarding NCCSIF's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2019 are summarized in the table below.

Northern California Cities Self Insurance Fund  
Self-Insured Workers' Compensation Program  
Estimated Liability for Unpaid Loss and LAE  
Banking and Shared Layer Combined  
at June 30, 2019  
Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$30,753,000					
ULAE	1,809,000					
Investment Income Offset	(1,758,000)					
Discounted Loss and LAE	\$30,804,000	\$33,330,000	\$34,316,000	\$35,486,000	\$36,872,000	\$38,721,000
Assets	46,258,000					
Surplus or (Deficit)	\$15,454,000	\$12,928,000	\$11,942,000	\$10,772,000	\$9,386,000	\$7,537,000

Northern California Cities Self Insurance Fund  
Self-Insured Workers' Compensation Program  
Estimated Liability for Unpaid Loss and LAE  
Banking Layer  
at June 30, 2019  
Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$13,899,000					
ULAE	1,809,000					
Investment Income Offset	(848,000)					
Discounted Loss and LAE	\$14,860,000	\$15,811,000	\$16,153,000	\$16,524,000	\$17,000,000	\$17,594,000
Assets	23,353,000					
Surplus or (Deficit)	\$8,493,000	\$7,542,000	\$7,200,000	\$6,829,000	\$6,353,000	\$5,759,000

Northern California Cities Self Insurance Fund  
 Self-Insured Workers' Compensation Program  
 Estimated Liability for Unpaid Loss and LAE

**Shared Layer**

at June 30, 2019

Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$16,854,000					
ULAE	0					
Investment Income Offset	(910,000)					
Discounted Loss and LAE	\$15,944,000	\$17,519,000	\$18,163,000	\$18,962,000	\$19,872,000	\$21,127,000
Assets	22,905,000					
Surplus or (Deficit)	\$6,961,000	\$5,386,000	\$4,742,000	\$3,943,000	\$3,033,000	\$1,778,000

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on NCCSIF's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

Furthermore, the CSAC Excess Insurance Authority standard states that based upon the actuarial recommendations, the member should maintain assets and make funding contributions equal to or exceeding the present value of expected losses and a reasonable margin for contingencies.

**DRAFT**

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2019-20 fiscal year.

Northern California Cities Self Insurance Fund  
 Self-Insured Workers' Compensation Program  
 Loss and LAE Funding Guidelines for 2019-20  
 Banking and Shared Layers Combined  
 Banking Layer: \$0 to \$100,000  
 Shared Layer: \$100,000 to \$500,000  
 Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$8,026,000					
ULAE	749,000					
Investment Income Offset	(349,000)					
Discounted Loss and LAE	\$8,426,000	\$9,311,000	\$9,656,000	\$10,061,000	\$10,549,000	\$11,215,000
Rate per \$100 of 2019-20 Payroll	\$3.640	\$4.022	\$4.171	\$4.346	\$4.557	\$4.844

Northern California Cities Self Insurance Fund  
 Self-Insured Workers' Compensation Program  
 Loss and LAE Funding Guidelines for 2019-20  
 Banking Layer: \$0 to \$100,000  
 Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$5,169,000					
ULAE	749,000					
Investment Income Offset	(235,000)					
Discounted Loss and LAE	\$5,683,000	\$6,149,000	\$6,314,000	\$6,501,000	\$6,729,000	\$7,024,000
Rate per \$100 of 2019-20 Payroll	\$2.455	\$2.656	\$2.727	\$2.808	\$2.907	\$3.034

Northern California Cities Self Insurance Fund  
 Self-Insured Workers' Compensation Program  
 Loss and LAE Funding Guidelines for 2019-20

Shared Layer: \$100,000 to \$500,000

Net of 4850 TD and 4850 SC

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,857,000					
ULAE	0					
Investment Income Offset	(114,000)					
Discounted Loss and LAE	\$2,743,000	\$3,162,000	\$3,342,000	\$3,560,000	\$3,820,000	\$4,191,000
Rate per \$100 of 2019-20 Payroll	\$1.185	\$1.366	\$1.444	\$1.538	\$1.650	\$1.810

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program. They do not include 4850 TD and 4850 SC benefits.

**DRAFT**

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB.

The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NCCSIF's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Northern California Cities Self Insurance Fund in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

Bickmore

**DRAFT**

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Mike Harrington, FCAS, MAAA  
President, Actuarial Consulting Practice, Bickmore  
Fellow, Casualty Actuarial Society  
Member, American Academy of Actuaries

**DRAFT**

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James Kim, ACAS, MAAA  
Senior Analyst, Property and Casualty Actuarial Services, Bickmore  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries

**DRAFT**

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Eric Small  
Senior Analyst, Property and Casualty Actuarial Services, Bickmore

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**I. BACKGROUND**

Northern California Cities Self Insurance Fund began its self-insured workers' compensation program on July 1, 1979. Its purpose was to provide excess workers' compensation coverage to its members which consist of Northern California municipalities. The original NCCSIF program was comprised of eight members. Currently, the program includes the twenty two members shown below.

ANDERSON	ELK GROVE	JACKSON	PARADISE	WILLOWS
AUBURN	FOLSOM	LINCOLN	PLACERVILLE	YUBA CITY
COLUSA	GALT	MARYSVILLE	RED BLUFF	
CORNING	GRIDLEY	NEVADA CITY	RIO VISTA	
DIXON	IONE	OROVILLE	ROCKLIN	

The Program's current self-insured retention is \$500,000, and excess coverage is provided by the CSAC Excess Insurance Authority. Claims administration services are provided by York Insurance Services. Additional background on the program is given in Appendix K. Please note that the estimates contained in this report exclude costs for 4850 TD (temporary disability) and 4850 SC (salary continuation).

Although NCCSIF carries a self-insured retention of \$500,000, the program is actually split into two parts, a banking layer and a shared risk layer. The banking layer applies to the first \$100,000 of each loss and each member is directly responsible for its actual losses in this layer. The shared risk layer applies to the portion of each loss between \$100,000 and \$500,000. The shared risk layer losses are pooled among members. The table below shows the confidence levels to which each layer was funded by year.

Accident Year	Shared Layer	Banking Layer
1996-97	70%	70%
1997-01	80%	70%
2001-02	80%	Expected
2002-03	60%	70%
2003-04	70%	70%
2004-05	70%	Expected
2005-06	70%	70%
2006-07	70%	70%
2007-08	70%	70%
2008-09	60%	60%
2009-10	60%	60%
2010-11	60%	60%
2011-12	60%	60%
2012-13	60%	60%
2013-14	60%	60%
2014-15	65%	65%
2015-16	67.5%	67.5%
2016-17	70%	70%
2017-18	75%	75%
2018-19	75%	75%

**DRAFT**

The purpose of this review is to provide a guide to NCCSIF to determine reasonable funding levels for its self-insurance program according to the funding policy NCCSIF has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate NCCSIF's liability for outstanding claims as of June 30, 2019, project ultimate loss costs for 2019-20, and provide funding guidelines to meet these liabilities and future costs.

## **II. CONCLUSIONS AND RECOMMENDATIONS**

### **A. LIABILITY FOR OUTSTANDING CLAIMS**

Graphs 1a, 1b and 1c on the following pages summarize our assessment of NCCSIF's funding position as of June 30, 2019. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal line across each graph indicates NCCSIF's available assets at June 30, 2019.

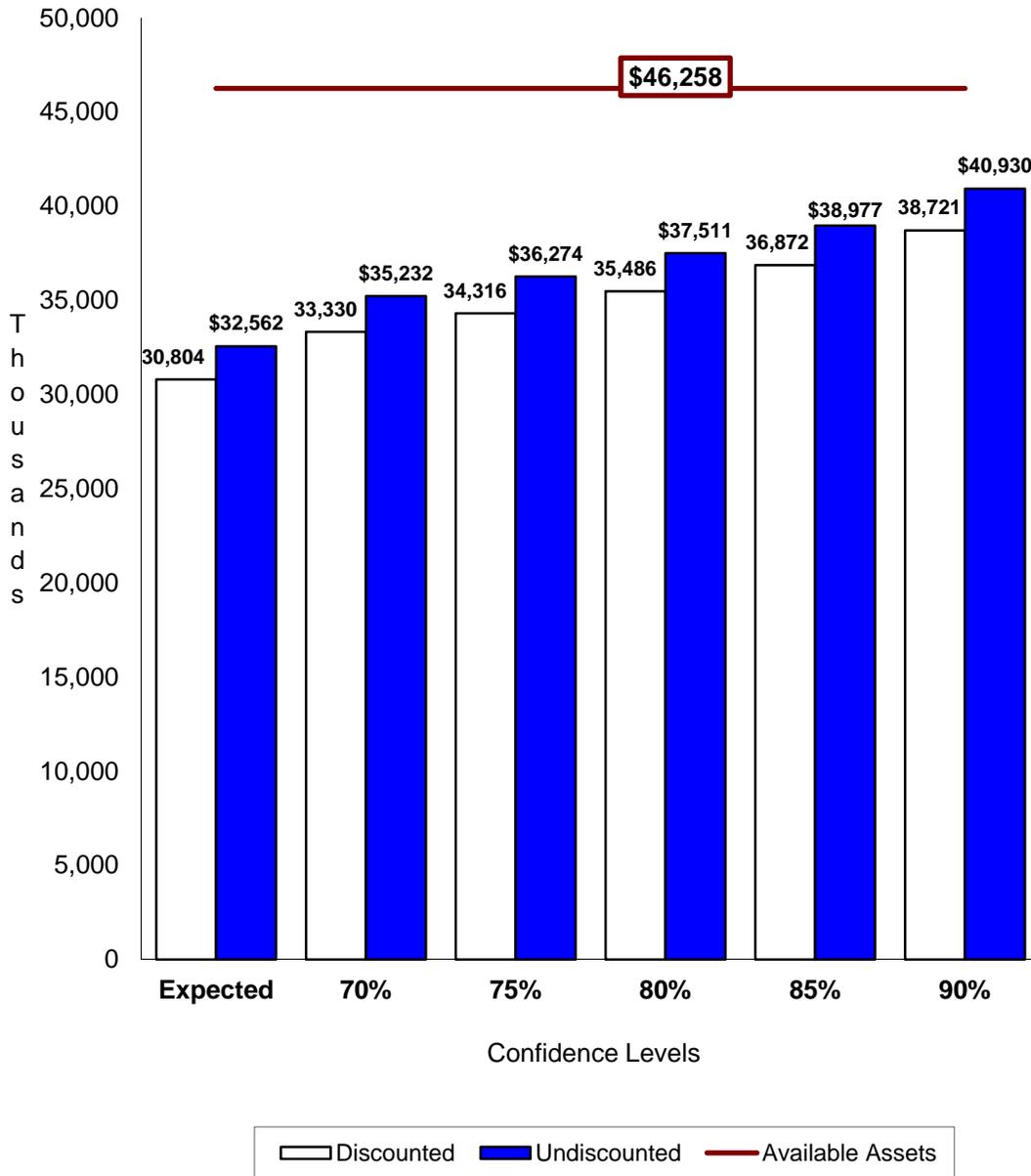
Our best estimate of the full value of NCCSIF's liability for outstanding claims within its pool limit is \$32,562,000, \$15,708,000 is for the banking layer and \$16,854,000 is for the shared layer as of June 30, 2019. These amounts include losses, allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE), but exclude 4850 TD and 4850 SC benefits. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a, 1b and 1c show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

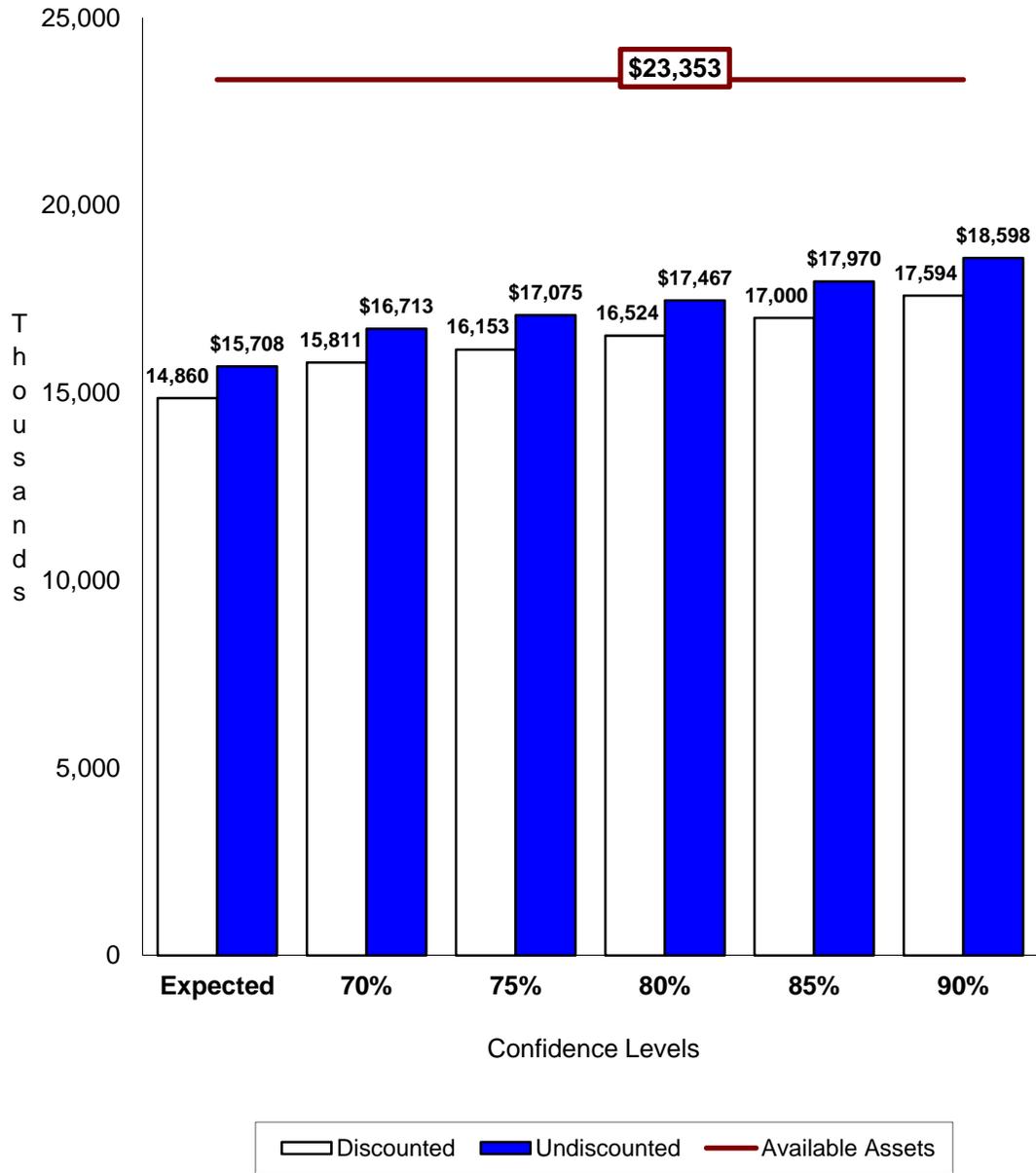
NCCSIF can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 5.4% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$30,804,000, \$14,860,000 for the banking layer and \$15,944,000 for the shared layer as of June 30, 2019.

Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a, 1b and 1c show our estimates of NCCSIF's discounted liability for outstanding claims.

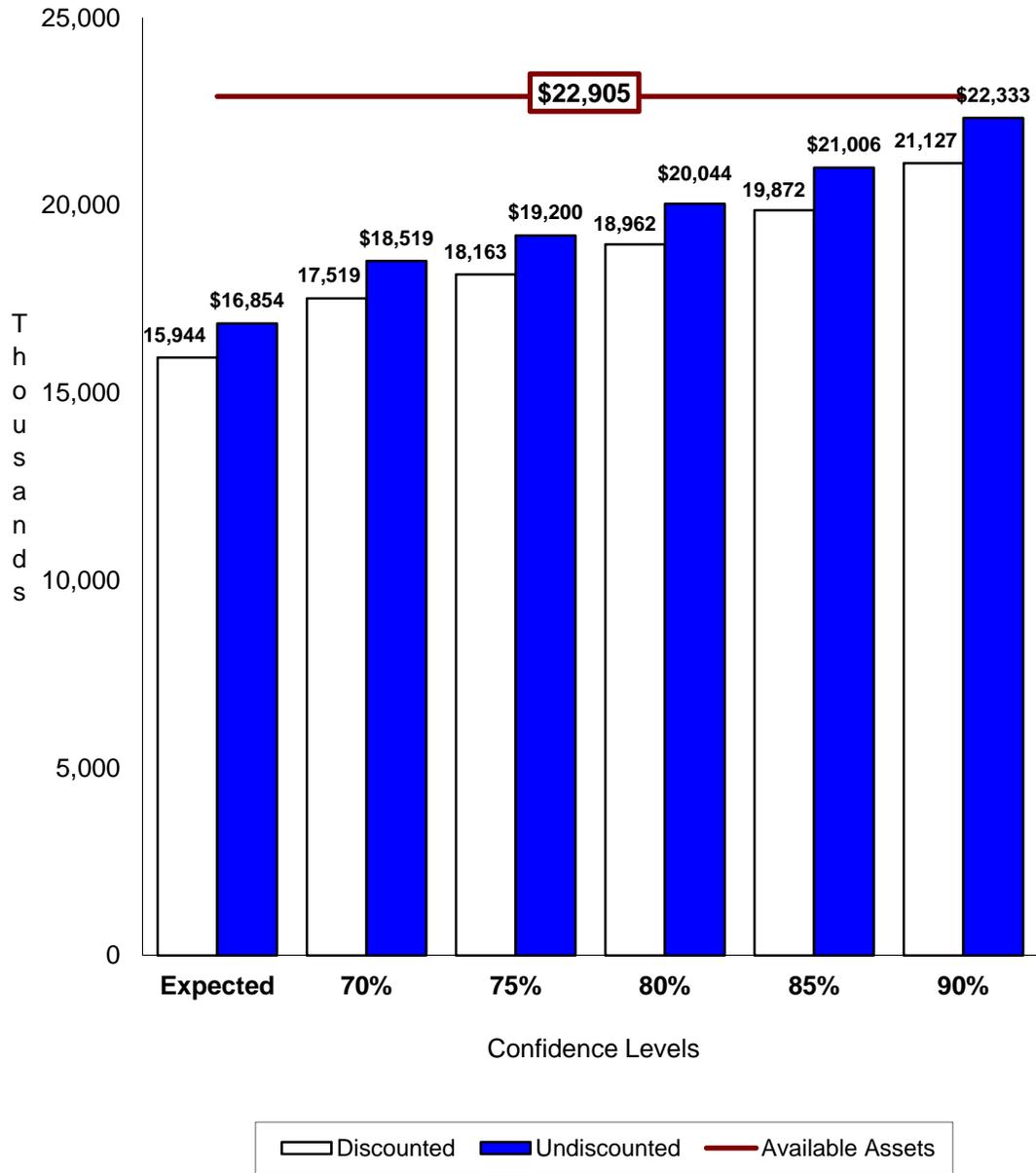
NCCSIF - Workers' Compensation  
 Available Assets vs Outstanding Liability (\$000's)  
 at June 30, 2019  
 Banking and Shared Layers Combined  
 Net of 4850 TD and 4850 SC



NCCSIF - Workers' Compensation  
Available Assets vs Outstanding Liability (\$000's)  
at June 30, 2019  
Banking Layer  
Net of 4850 TD and 4850 SC



NCCSIF - Workers' Compensation  
 Available Assets vs Outstanding Liability (\$000's)  
 at June 30, 2019  
 Shared Layer  
 Net of 4850 TD and 4850 SC



**DRAFT**

The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2019, before recognition of investment income.

Northern California Cities Self Insurance Fund  
 Self-Insured Workers' Compensation Program  
 Estimated Liability for Unpaid Loss and LAE at June 30, 2019  
 Banking and Shared Layers Combined  
 Net of 4850 TD and 4850 SC

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$789,061	\$39,307	\$828,368
1998-99	75,947	7,947	83,894
1999-00	188,147	23,365	211,512
2000-01	283,903	38,612	322,515
2001-02	168,998	42,705	211,703
2002-03	329,494	91,408	420,902
2003-04	167,007	73,315	240,322
2004-05	331,417	74,042	405,459
2005-06	448,622	87,118	535,740
2006-07	590,762	142,940	733,702
2007-08	386,290	115,257	501,547
2008-09	613,530	143,237	756,767
2009-10	604,556	190,058	794,614
2010-11	421,616	197,510	619,126
2011-12	1,220,124	268,217	1,488,341
2012-13	812,195	226,778	1,038,973
2013-14	1,452,217	275,521	1,727,738
2014-15	2,052,496	407,357	2,459,853
2015-16	1,859,093	951,065	2,810,158
2016-17	2,108,230	1,385,900	3,494,130
2017-18	2,349,821	2,310,925	4,660,746
2018-19	1,666,524	4,740,704	6,407,228
Loss and ALAE	\$18,920,050	\$11,833,288	\$30,753,338
ULAE		1,808,820	1,808,820
Total	\$18,920,050	\$13,642,108	\$32,562,158

## **B. PROGRAM FUNDING: GOALS AND OBJECTIVES**

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by NCCSIF.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

**DRAFT**

We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, NCCSIF's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

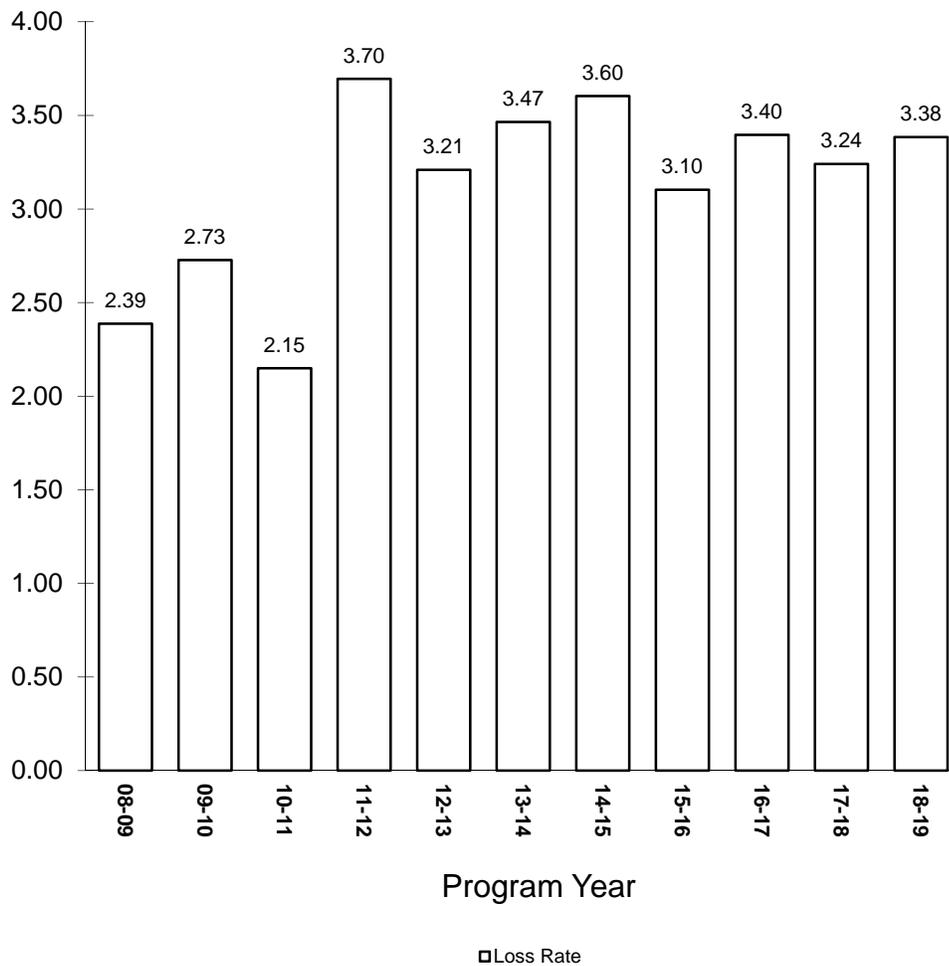
It is estimated that program assets will be \$46,258,000 at June 30, 2019, \$23,353,000 for the banking layer and \$22,905,000 for the shared layer, resulting in the program being funded above the 90% confidence level on a combined basis and for both the banking layer and shared layer separately

### C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has been relatively flat during the last seven years. We selected a loss rate of \$3.38 per \$100 of payroll for the 2018-19 program year based on the assumption that this trend will continue. See Graph 2a below.

Graph 2a

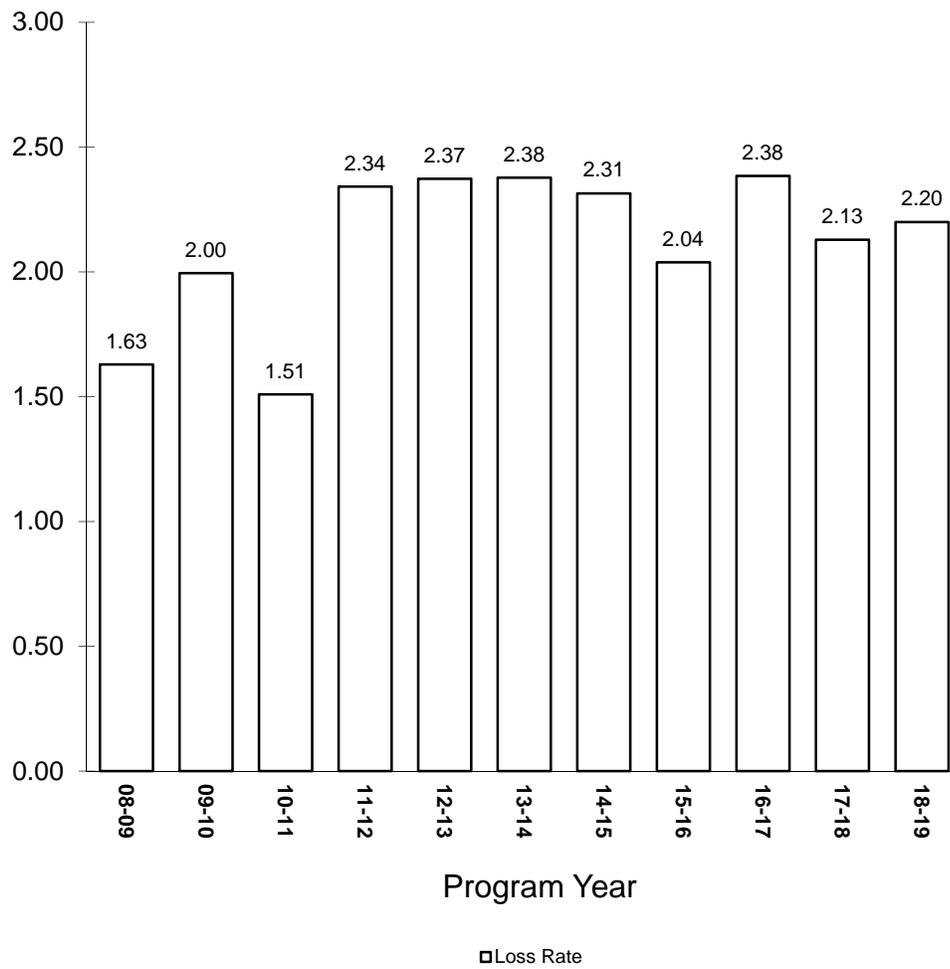
NCCSIF - Workers' Compensation  
Banking and Shared Layers Combined  
Dollars of Loss per  
\$100 of Payroll  
Net of 4850 TD and 4850 SC



The banking layer loss rate per \$100 payroll has been generally decreasing during the last seven years. Our projected 2018-19 loss rate of \$2.20 per \$100 of payroll reflects this trend. See Graph 2b below.

Graph 2b

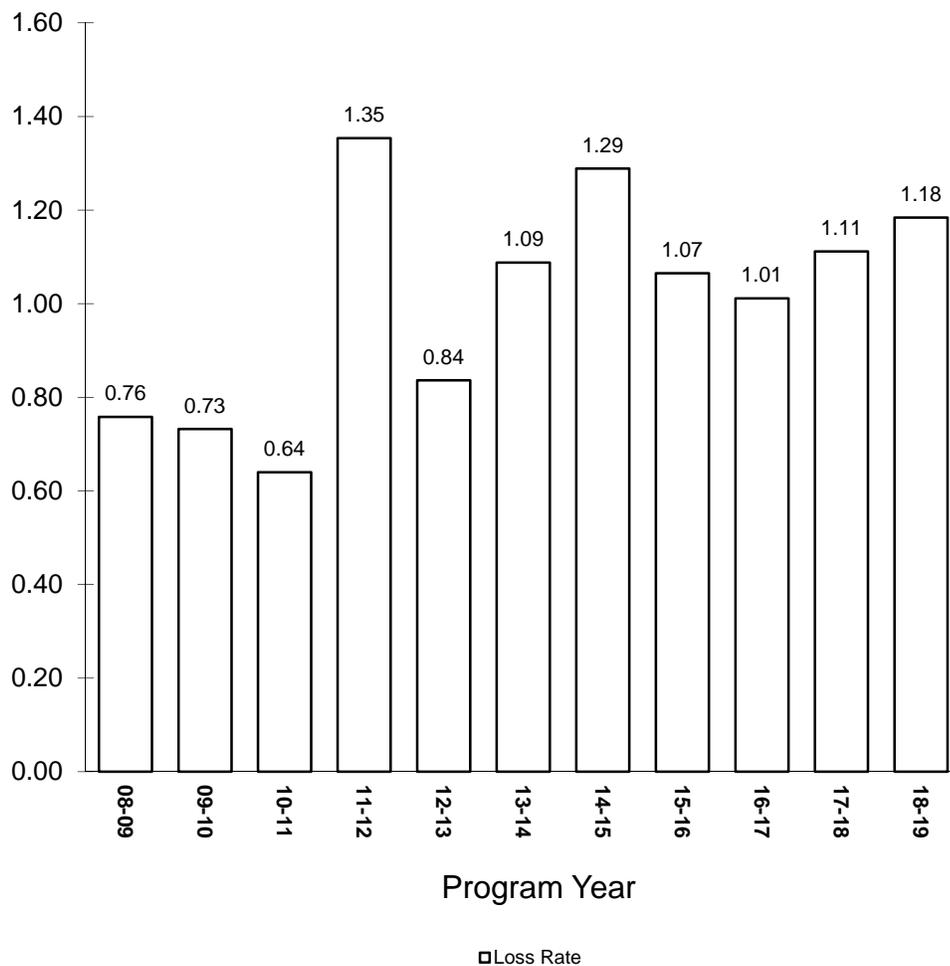
NCCSIF - Workers' Compensation  
Banking Layer  
Dollars of Loss per  
\$100 of Payroll  
Net of 4850 TD and 4850 SC



The shared layer loss rate has varied a great deal over the last ten years, typical for excess layers losses. Overall rates appear to follow an increasing trend in the most recent eight years. We projected 2018-19 loss rate of \$1.18 based on this trend. See Graph 2c below.

Graph 2c

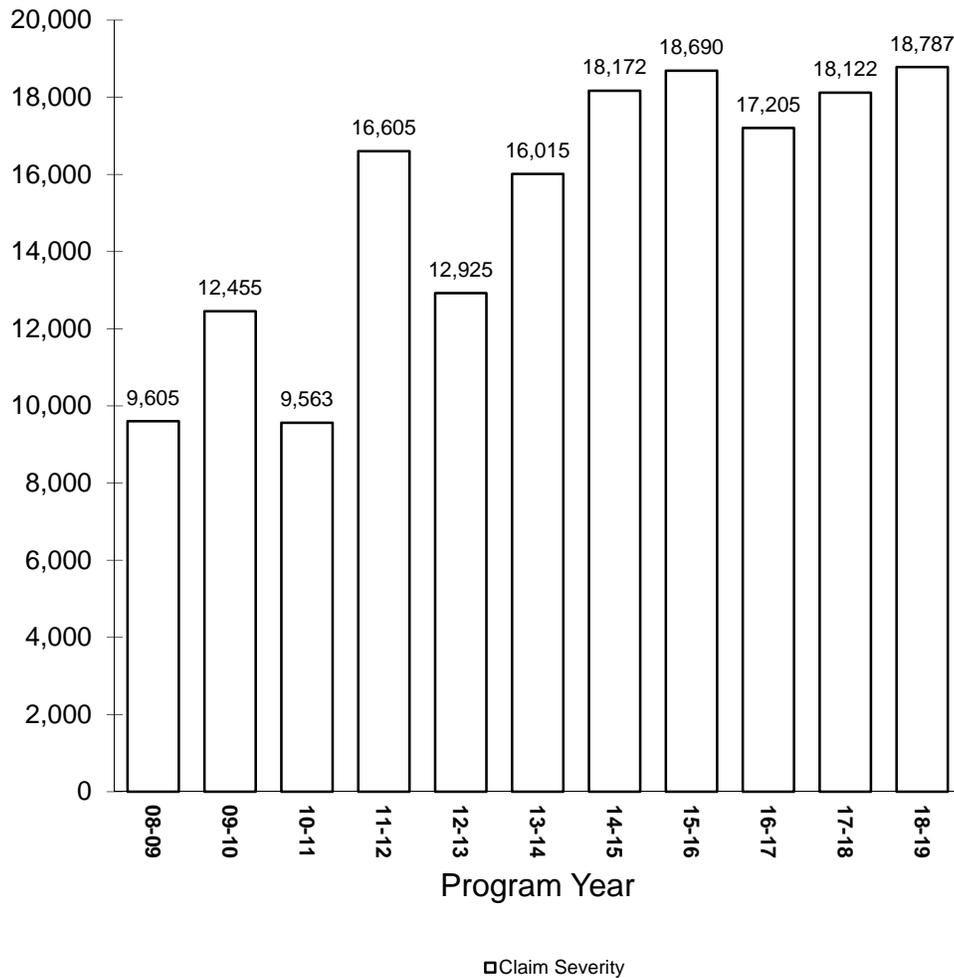
NCCSIF - Workers' Compensation  
Shared Layer  
Dollars of Loss per  
\$100 of Payroll  
Net of 4850 TD and 4850 SC



The program's average cost per claim has been following a generally increasing trend over the past ten years. The program's average cost per claim has ranged from a low of \$9,563 to a high of \$18,690. Our projected 2018-19 average cost of \$18,787 per claim reflects this upward trend. See Graph 3a below.

Graph 3a

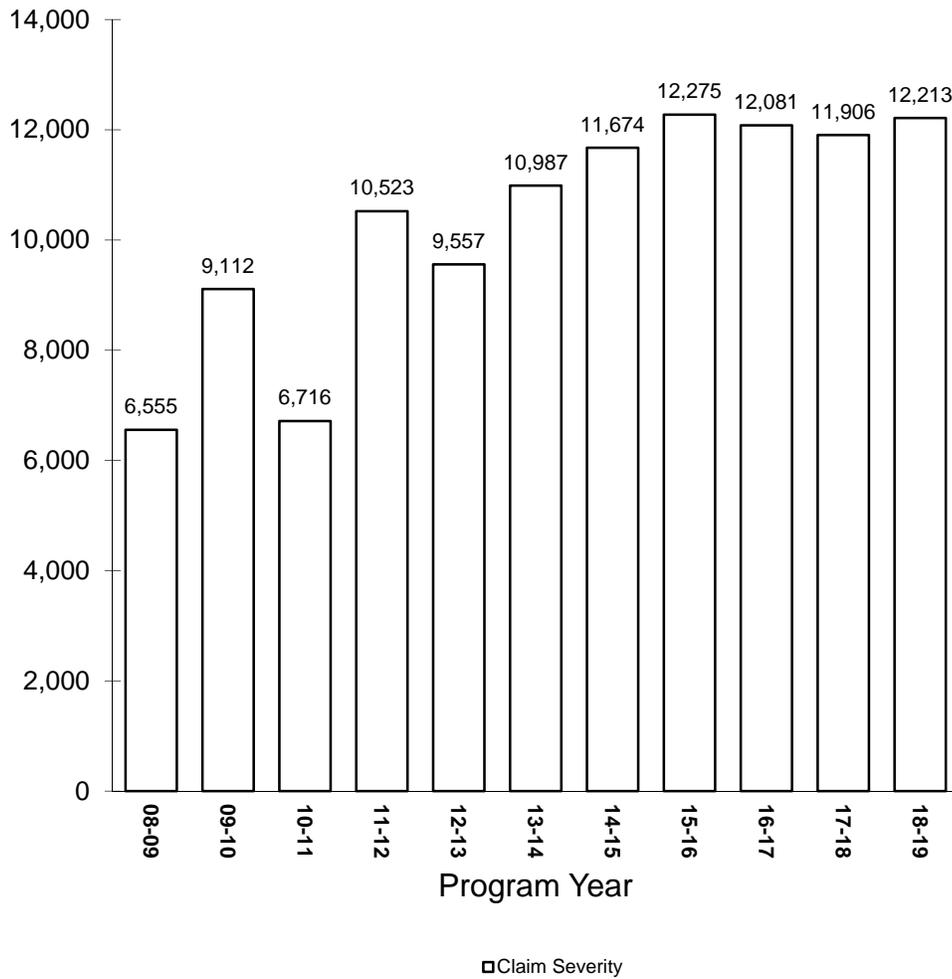
NCCSIF - Workers' Compensation  
Banking and Shared Layers Combined  
Dollars of Loss per Claim  
Net of 4850 TD and 4850 SC



The banking layer's average cost per claim has varied considerably, ranging from a low of \$6,555 to a high of \$12,275. Our projected 2018-19 average cost is \$12,213 based on the average of recent years. See Graph 3b below.

Graph 3b

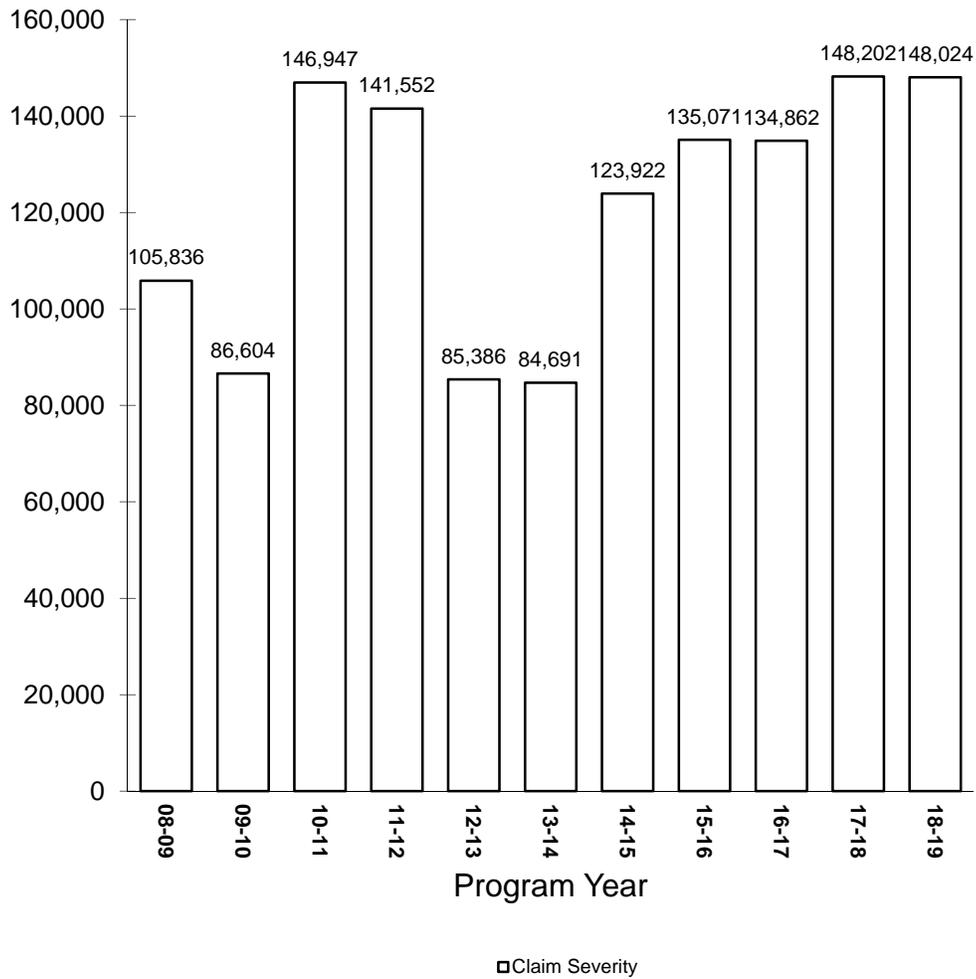
NCCSIF - Workers' Compensation  
Banking Layer  
Dollars of Loss per Claim  
Net of 4850 TD and 4850 SC



The shared layer average cost per claim has been volatile over the period shown below but has been generally increasing. We project the 2018-19 shared layer severity to be \$148,024 per claim. See Graph 3c Below.

Graph 3c

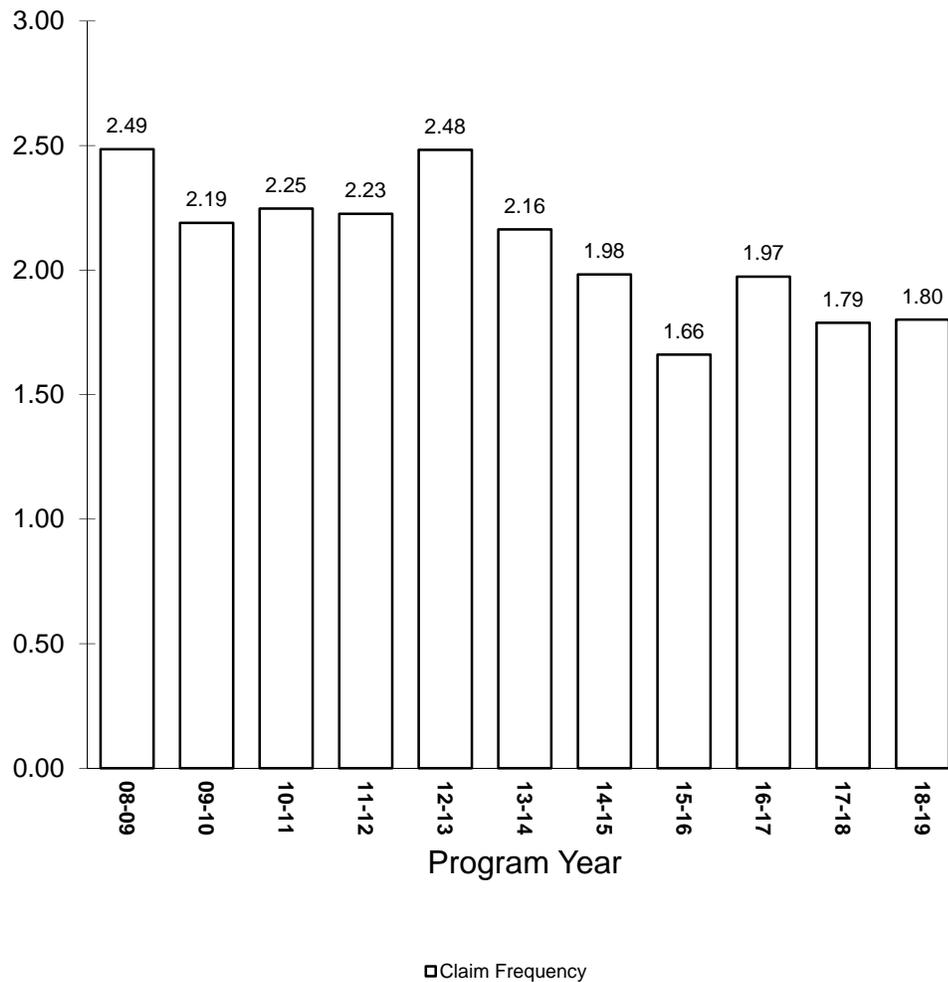
NCCSIF - Workers' Compensation  
Shared Layer  
Dollars of Loss per Claim  
Net of 4850 TD and 4850 SC



The program's frequency of claims per \$1 million payroll has been generally trending downward. The projected 2018-19 frequency of 1.80 is based on that decreasing trend. See Graph 4a below. (Note that banking layer frequency is the same as shown below for the program.)

Graph 4a

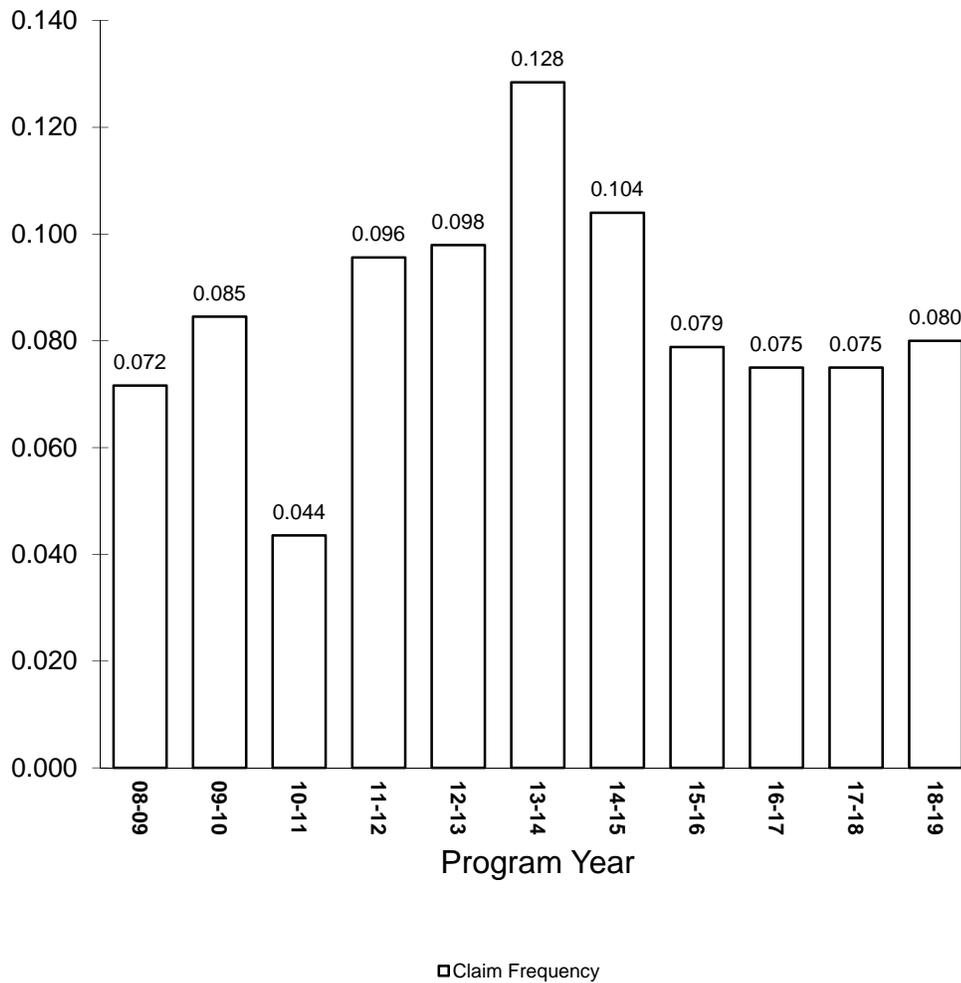
NCCSIF - Workers' Compensation  
Number of Claims per  
\$1 Million of Payroll



The shared layer frequency of claims per \$1 million payroll has been quite volatile, following no discernable pattern. Such volatility is not unexpected since the program receives very few claims per year. Thus even one additional claim can have a significant impact. We project the 2018-19 shared layer frequency to be 0.080 claims per \$1M payroll. See Graph 4b below.

Graph 4b

NCCSIF - Workers' Compensation  
Shared Layer  
Number of Claims per  
\$1 Million of Payroll



**D. COMPARISON WITH PREVIOUS RESULTS**

The prior report for Northern California Cities Self Insurance Fund was dated March 9, 2018. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/2017 evaluation date of the prior report and the 12/31/2018 evaluation date of the current report.

**Actual Versus Expected Incurred Loss and ALAE Development**

Net of 4850 TD and 4850 SC

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$43,000	\$42,000	(\$1,000)
1998-99	7,000	(9,000)	(16,000)
1999-00	14,000	1,000	(13,000)
2000-01	14,000	(47,000)	(61,000)
2001-02	11,000	21,000	10,000
2002-03	19,000	(148,000)	(167,000)
2003-04	13,000	56,000	43,000
2004-05	11,000	31,000	20,000
2005-06	11,000	(12,000)	(23,000)
2006-07	22,000	55,000	33,000
2007-08	18,000	112,000	94,000
2008-09	41,000	(138,000)	(179,000)
2009-10	42,000	123,000	81,000
2010-11	56,000	(15,000)	(71,000)
2011-12	78,000	156,000	78,000
2012-13	50,000	(56,000)	(106,000)
2013-14	91,000	1,000	(90,000)
2014-15	112,000	138,000	26,000
2015-16	446,000	986,000	540,000
2016-17	1,116,000	1,057,000	(59,000)
2017-18	3,100,000	2,341,000	(759,000)
Total	\$5,315,000	\$4,695,000	(\$620,000)

As shown, actual incurred development was lower than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$5,315,000 between the two evaluation dates. However, actual development was approximately \$4,695,000; or about \$620,000 less than expected. Most accident years have developed lower than expected, however, 2015-16 is emerging much greater than expected.

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In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 12/31/2017 evaluation date of the prior report and the 12/31/2018 evaluation date of the current report.

**Actual Versus Expected Paid Loss and ALAE Development**

Net of 4850 TD and 4850 SC

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$132,000	\$157,000	\$25,000
1998-99	17,000	11,000	(6,000)
1999-00	33,000	22,000	(11,000)
2000-01	54,000	86,000	32,000
2001-02	22,000	8,000	(14,000)
2002-03	59,000	53,000	(6,000)
2003-04	21,000	54,000	33,000
2004-05	38,000	28,000	(10,000)
2005-06	57,000	46,000	(11,000)
2006-07	90,000	126,000	36,000
2007-08	64,000	35,000	(29,000)
2008-09	181,000	54,000	(127,000)
2009-10	161,000	146,000	(15,000)
2010-11	138,000	82,000	(56,000)
2011-12	306,000	394,000	88,000
2012-13	223,000	184,000	(39,000)
2013-14	493,000	285,000	(208,000)
2014-15	805,000	804,000	(1,000)
2015-16	1,074,000	838,000	(236,000)
2016-17	1,584,000	1,421,000	(163,000)
2017-18	1,935,000	1,270,000	(665,000)
Total	\$7,487,000	\$6,104,000	(\$1,383,000)

As shown, actual paid development was also less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$7,487,000 between the two evaluation dates. However, actual development was approximately \$6,104,000; or about \$1,383,000 less than expected.

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In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year since our prior report.

**Change in Ultimate Loss and ALAE**

Net of 4850 TD and 4850 SC

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$39,503,000	\$39,538,000	\$35,000
1998-99	2,693,000	2,677,000	(16,000)
1999-00	5,050,000	5,037,000	(13,000)
2000-01	5,152,000	5,090,000	(62,000)
2001-02	3,951,000	3,961,000	10,000
2002-03	7,061,000	6,892,000	(169,000)
2003-04	4,093,000	4,136,000	43,000
2004-05	3,727,000	3,749,000	22,000
2005-06	4,226,000	4,202,000	(24,000)
2006-07	5,650,000	5,682,000	32,000
2007-08	3,647,000	3,742,000	95,000
2008-09	4,564,000	4,380,000	(184,000)
2009-10	4,488,000	4,571,000	83,000
2010-11	3,570,000	3,500,000	(70,000)
2011-12	5,798,000	5,878,000	80,000
2012-13	5,037,000	4,989,000	(48,000)
2013-14	6,468,000	6,310,000	(158,000)
2014-15	7,046,000	7,069,000	23,000
2015-16	6,067,000	6,448,000	381,000
2016-17	7,287,000	7,209,000	(78,000)
2017-18	7,589,000	6,959,000	(630,000)
Total	\$142,667,000	\$142,019,000	(\$648,000)

As shown, overall we have decreased our estimated ultimates by \$648,000 since our prior report. These changes track well with actual versus expected incurred and paid development mentioned above.

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At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2018 to be \$30,252,000 at the discounted, expected level. Our current estimate as of June 30, 2019, is \$30,804,000, an increase in our assessment of NCCSIF's outstanding liabilities, as shown below:

**Outstanding Claim Liabilities for Loss and LAE**  
Banking and Shared Layers Combined  
Net of 4850 TD and 4850 SC

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Case Reserves:	\$19,207,000	\$18,920,000	(\$287,000)
(B) IBNR Reserves:	10,993,000	11,833,000	840,000
(C) Claims Administration Reserves:	1,779,000	1,809,000	30,000
(D) Total Reserves:	\$31,979,000	\$32,562,000	\$583,000
(E) Offset for Investment Income:	(1,727,000)	(1,758,000)	(31,000)
(F) Total Outstanding Claim Liabilities:	\$30,252,000	\$30,804,000	\$552,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2018 and June 30, 2019 as reflected in our prior and current reports respectively.

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At the time of the prior report, available assets were estimated to be \$44,489,000 as of June 30, 2018, which corresponded to the then-estimated discounted liability for outstanding claims above the 90% confidence level. Available assets are currently estimated to be \$46,258,000 as of June 30, 2019, which corresponds to the currently estimated liability for outstanding claims above the 90% confidence level. It can be summarized as follows:

**Funding Margin**  
Banking and Shared Layers Combined  
Net of 4850 TD and 4850 SC

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$30,252,000	\$30,804,000	\$552,000
(B) Estimated Assets At June 30:	44,489,000	46,258,000	1,769,000
(C) Surplus/(Deficit):	\$14,237,000	\$15,454,000	\$1,217,000

At the time of the prior report, our funding estimate for the 2018-19 year was \$8,259,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. Our current estimate for the 2019-20 year is \$8,426,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

**Comparison of Funding for Loss and LAE**  
Banking and Shared Layers Combined  
Net of 4850 TD and 4850 SC

	Prior Report 2018-19 Pool Limit = \$500,000	Current Report 2019-20 Pool Limit = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$7,857,000	\$8,026,000	\$169,000
(B) Ultimate Claims Administration (ULAE):	740,000	749,000	9,000
(C) Total Claim Costs:	\$8,597,000	\$8,775,000	\$178,000
(D) Offset for Investment Income:	(338,000)	(349,000)	(11,000)
(E) Total Recommended Funding:	\$8,259,000	\$8,426,000	\$167,000
(F) Funding per \$100 of Payroll:	\$3.76	\$3.64	(\$0.12)

As you can see, our funding recommendations at the discounted, expected level have increased between 2018-19 and 2019-20, as shown in our prior and current reports respectively. This increase is largely due to an increase in payroll. It should be noted that our estimated rate per \$100 of payroll has decreased when compared to the estimated rate in our prior report.

## **E. DATA PROVIDED FOR THE ANALYSIS**

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2018-19 and 2019-20 (See Appendix K).
- We estimated the 6/30/2018 asset balance by beginning with the 12/31/2018 asset balance, and adjusting for anticipated revenue and expense for the second half of 2018-19 (see Appendix L).
- We received loss data evaluated as of 12/31/2018 (See Appendix M). We also utilized the data from NCCSIF's most recent actuarial study for our assessment of loss development.
- We have assumed that NCCSIF's payroll for 2019-20 will be \$231,495,324 based upon information provided by NCCSIF (See Appendix N).
- Please note that the estimates contained in this report do not include costs for 4850 TD (Temporary Disability) and 4850 SC (salary continuation). The loss run provided separated losses into various layers, including Banking and Shared. However, additional fields were developed which removed voucher amounts which are not paid from the insurance fund. These vouchers are the responsibility of the individual member.

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

### **III. ASSUMPTIONS AND LIMITATIONS**

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by NCCSIF. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California counties participating in the CSAC Excess Insurance Authority's workers' compensation program.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for the participants of the CSAC Excess Insurance Authority's workers' compensation program in the aggregate form a reasonable basis of comparison to the patterns from Northern California Cities Self Insurance Fund's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of the CSAC Excess Insurance Authority's workers' compensation program.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of workers' compensation claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the Workers' Compensation Insurance Rating Bureau of California (WCIRB). See Appendix E for a display of the benefit level cost indices by fiscal year.

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- We have assumed that the loss rate trend associated with claim costs increases at 1.5% per year. We have assumed that claim severity increases at 1.5% per year, and that claim frequency will remain flat.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions to the CSAC-EIA and other expenses associated with the program based upon information provided by NCCSIF.
- Our funding recommendations do not include provisions for catastrophic events not in NCCSIF's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than NCCSIF's excess coverage.
- NCCSIF's assets available for the program are estimated to be \$46,258,000 as of June 30, 2019 for use in this report. This is shown in further detail in Appendix L.

#### **IV. GLOSSARY OF ACTUARIAL TERMS**

**Accident Year** - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

**Allocated Loss Adjustment Expenses (ALAE)** - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

**Benefit Level Factor** - Factor used to adjust historical losses to the current level of workers' compensation benefits.

**Case Reserve** - The amount left to be paid on a claim, as estimated by the claims administrator.

**Claim Count Development Factor** - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

**Claim Frequency** - Number of claims per \$1 million of payroll.

**Confidence Level** - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

**Discount Factor** - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

**Expected Losses** - The best estimate of the full, ultimate value of loss costs.

**Incurred but not Reported (IBNR) Losses** - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

**Loss Development Factor** - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

**Loss Rate** - Ultimate losses per \$100 of payroll.

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**Non-Claims Related Expenses** – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

**Outstanding Losses** - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

**Paid Losses** - Losses actually paid on all reported claims.

**Program Losses** - Losses, including ALAE, limited to the SIR for each occurrence.

**Reported Losses** - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

**Self-Insured Retention (SIR)** - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

**Severity** - Average claim cost.

**Ultimate Losses** - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

**Unallocated Loss Adjustment Expenses (ULAE)** – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)



## ACTUARIAL STUDY FOR LIABILITY PROGRAM

### ACTION ITEM

**ISSUE:** NCCSIF's actuary annually provides a report to assist in making funding, dividend and assessment decisions. Below is a summary of this year's report that will be discussed in greater detail at the meeting.

#### FY 19/20 Funding

Total recommended funding for the Banking and Shared Risk Layers is \$4,585,000 at the current 80% Confidence Level (CL), compared to \$4,230,000 for FY 18/19. Payroll accounts for 7.8% of the increase in total funding, from \$166,878,805 last year to \$179,739,280. The rate at the 80% CL is \$2.551 per \$100 of payroll, compared to \$2.494 last year, an **increase of 2.3%**. The total increase reflects a *decrease of 2.2% in the Banking Layer but a 7% increase in the Shared Layer*, based on favorable and unfavorable loss development in those layers, respectively.

#### Outstanding Liabilities at June 30<sup>th</sup>

The Actuary estimates the Liability Program will have total assets of approximately \$13,958,000 on June 30, 2019, compared to \$13,132,000 last year. The estimated total Outstanding Liability at June 30 is \$10,653,000 at the 90% Confidence Level (CL), compared to \$10,031,000 last year. *This results in an estimated net position of \$3,305,000 above the 90% CL, compared to a net position of \$3,101,000 last year.*

Assets for the Banking Layer are estimated at \$5,660,000 as of June 30, 2019, compared to \$5,320,000 in 2018. Banking Layer liabilities are \$3,049,000 at the 90% confidence level, compared to \$3,212,000 last year. *This means the Banking Layer net position above the 90% CL is estimated at \$2,611,000, compared to \$2,108,000 in 2018.*

Assets for the Shared Risk Layer are estimated to be \$8,298,000 at June 30, 2019, compared to \$7,812,000 in 2018. Liabilities are estimated at \$7,604,000 at the 90% CL, compared to \$6,819,000 last year. *This results in an estimated net position of \$694,000 above the 90% CL, compared to \$993,000 last year.*

**RECOMMENDATION:** Request the actuary to finalize the report for presentation to the full Board at the April, 25, 2019, Board of Directors meeting.

**FISCAL IMPACT:** T.B.D.; the rate increase of 2.4% will be in addition to the increase in payroll. No change is expected in the 80% CL and no assessment is necessary to meet the group's benchmarks.

**BACKGROUND:** NCCSIF annually receives an actuary report to determine the estimated Outstanding Liabilities (OL) for the Liability program as of June 30 and to estimate the amount of funding required for the upcoming fiscal year. These figures are used for financial reporting purposes and to prepare the budget for member deposits. The funding CL was increased from 75% to 80% for FY 18/19.

**ATTACHMENT(S):** Liability Program Actuarial Study - *DRAFT Summary*

**A Public Entity Joint Powers Authority**

Friday, March 1, 2019

Mr. Marcus Beverly  
Vice President  
Northern California Cities Self Insurance Fund  
C/o Alliant Insurance Services, Inc.  
1792 Tribute Road, Suite 450  
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Liability Program

Dear Mr. Beverly:

As you requested, we have completed our review of Northern California Cities Self Insurance Fund's self-insured liability program. Assuming a pool limit of \$500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program years to be \$3,422,000. Of this amount, \$1,652,000 is for the banking layer (\$0 – \$50,000 per occurrence) and \$1,770,000 is for the shared layer (\$50,000 – \$500,000 per occurrence). These amounts include allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of NCCSIF's claims, assuming a 1.5% return on investments per year. For budgeting purposes, the expected cost of 2019-20 claims translates to rates of \$1.904 per \$100 payroll, \$0.919 for the banking layer and \$0.985 for the shared layer (assuming \$179,739,280 in rated payroll).

In addition, we estimate the program's liability for outstanding claims to be \$7,653,000 as of June 30, 2019, again including ALAE and ULAE, and discounted for anticipated investment income. Of this amount, \$2,279,000 is for the banking layer and \$5,374,000 is for the shared layer. Given estimated program assets of \$13,958,000 as of June 30, 2019, the program is expected to be funded above the 90% confidence levels on a combined basis. The banking layer is expected to be funded above the 90% confidence level. The shared layer is expected to be funded above the 90% confidence level. (See Graphs 1a, 1b and 1c on pages 13, 14, and 15.)

The \$7,653,000 estimate is the minimum liability to be booked by NCCSIF at June 30, 2019 for Northern California Cities Self Insurance Fund's liability program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires NCCSIF to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

**DRAFT**

Our conclusions regarding NCCSIF's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2019 are summarized in the table below.

Northern California Cities Self Insurance Fund  
Self-Insured Liability Program  
Estimated Liability for Unpaid Loss and LAE  
Banking and Shared Layers Combined  
at June 30, 2019

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$7,865,000					
ULAE*	0					
Investment Income Offset	(212,000)					
Discounted Loss and LAE	\$7,653,000	\$8,518,000	\$8,900,000	\$9,352,000	\$9,911,000	\$10,653,000
Assets	13,958,000					
Surplus or (Deficit)	\$6,305,000	\$5,440,000	\$5,058,000	\$4,606,000	\$4,047,000	\$3,305,000

\* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund  
Self-Insured Liability Program  
Estimated Liability for Unpaid Loss and LAE  
Banking Layer  
at June 30, 2019

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,342,000					
ULAE*	0					
Investment Income Offset	(63,000)					
Discounted Loss and LAE	\$2,279,000	\$2,505,000	\$2,603,000	\$2,717,000	\$2,860,000	\$3,049,000
Assets	5,660,000					
Surplus or (Deficit)	\$3,381,000	\$3,155,000	\$3,057,000	\$2,943,000	\$2,800,000	\$2,611,000

\* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund  
 Self-Insured Liability Program  
 Estimated Liability for Unpaid Loss and LAE  
**Shared Layer**  
 at June 30, 2019

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$5,523,000					
ULAE*	0					
Investment Income Offset	(149,000)					
Discounted Loss and LAE	\$5,374,000	\$6,013,000	\$6,297,000	\$6,635,000	\$7,051,000	\$7,604,000
Assets	8,298,000					
Surplus or (Deficit)	\$2,924,000	\$2,285,000	\$2,001,000	\$1,663,000	\$1,247,000	\$694,000

\* ULAE is included with Loss and ALAE

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on NCCSIF's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

**DRAFT**

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2019-20 fiscal year.

Northern California Cities Self Insurance Fund  
Self-Insured Liability Program  
Loss and LAE Funding Guidelines for 2019-20  
Banking and Shared Layers Combined  
Banking Layer: \$0 to \$50,000  
Shared Layer: \$50,000 to \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,537,000					
ULAE	0					
Investment Income Offset	(115,000)					
Discounted Loss and LAE	\$3,422,000	\$3,993,000	\$4,264,000	\$4,585,000	\$4,986,000	\$5,520,000
Rate per \$100 of 2019-20 Payroll	\$1.904	\$2.222	\$2.372	\$2.551	\$2.774	\$3.071

\* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund  
Self-Insured Liability Program  
Loss and LAE Funding Guidelines for 2019-20  
Banking Layers  
Banking Layer: \$0 to \$50,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,686,000					
ULAE	0					
Investment Income Offset	(34,000)					
Discounted Loss and LAE	\$1,652,000	\$1,927,000	\$2,057,000	\$2,211,000	\$2,402,000	\$2,659,000
Rate per \$100 of 2019-20 Payroll	\$0.919	\$1.072	\$1.144	\$1.230	\$1.336	\$1.479

\* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund  
 Self-Insured Liability Program  
 Loss and LAE Funding Guidelines for 2019-20  
 Shared Layers

Shared Layer: \$50,000 to \$500,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,851,000					
ULAE	0					
Investment Income Offset	(81,000)					
Discounted Loss and LAE	\$1,770,000	\$2,066,000	\$2,207,000	\$2,374,000	\$2,584,000	\$2,861,000
Rate per \$100 of 2019-20 Payroll	\$0.985	\$1.149	\$1.228	\$1.321	\$1.438	\$1.592

\* ULAE is included with Loss and ALAE

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

**DRAFT**

The table below shows our funding recommendations for Northern California Cities Self Insurance Fund for the 2019-20 fiscal year, assuming a \$750,000 pool limit.

Northern California Cities Self Insurance Fund  
Self-Insured Liability Program  
Loss and LAE Funding Guidelines for 2019-20  
Banking and Shared Layers Combined  
Banking Layer: \$0 to \$50,000  
Shared Layer: \$50,000 to \$750,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,138,000					
ULAE	0					
Investment Income Offset	(135,000)					
Discounted Loss and LAE	\$4,003,000	\$4,676,000	\$5,000,000	\$5,380,000	\$5,856,000	\$6,493,000
Rate per \$100 of 2019-20 Payroll	\$2.227	\$2.602	\$2.782	\$2.993	\$3.258	\$3.612

\* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund  
Self-Insured Liability Program  
Loss and LAE Funding Guidelines for 2019-20  
Banking Layers  
Banking Layer: \$0 to \$50,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,686,000					
ULAE	0					
Investment Income Offset	(34,000)					
Discounted Loss and LAE	\$1,652,000	\$1,927,000	\$2,057,000	\$2,211,000	\$2,402,000	\$2,659,000
Rate per \$100 of 2019-20 Payroll	\$0.919	\$1.072	\$1.144	\$1.230	\$1.336	\$1.479

\* ULAE is included with Loss and ALAE

Northern California Cities Self Insurance Fund  
 Self-Insured Liability Program  
 Loss and LAE Funding Guidelines for 2019-20  
 Shared Layers  
Shared Layer: \$50,000 to \$750,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,452,000					
ULAE	0					
Investment Income Offset	(101,000)					
Discounted Loss and LAE	\$2,351,000	\$2,749,000	\$2,943,000	\$3,169,000	\$3,454,000	\$3,834,000
Rate per \$100 of 2019-20 Payroll	\$1.308	\$1.529	\$1.637	\$1.763	\$1.922	\$2.133

\* ULAE is included with Loss and ALAE

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

**DRAFT**

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for NCCSIF's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Northern California Cities Self Insurance Fund in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

Bickmore

**DRAFT**

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Mike Harrington, FCAS, MAAA  
President, Actuarial Consulting Practice, Bickmore  
Fellow, Casualty Actuarial Society  
Member, American Academy of Actuaries

**DRAFT**

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James Kim, ACAS, MAAA  
Senior Analyst, Property and Casualty Actuarial Services, Bickmore  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries

**DRAFT**

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Eric Small  
Senior Analyst, Property and Casualty Actuarial Services, Bickmore

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**I. BACKGROUND**

Northern California Cities Self Insurance Fund began its self-insured liability program on July 1, 1981. The program began with eight members and now includes nineteen Northern California municipalities delineated below.

ANDERSON	FOLSOM	LINCOLN	RIO VISTA
AUBURN	GALT	MARYSVILLE	ROCKLIN
COLUSA	GRIDLEY	OROVILLE	WILLOWS
CORNING	IONE	PARADISE	YUBA CITY
DIXON	JACKSON	RED BLUFF	

Its current self-insured retention is \$500,000, and excess coverage is provided by CJPRMA. Claims administration services are provided by York Insurance Services. Additional background on the program is shown in Appendix K.

As of June 30, 2019, NCCSIF is expected to have assets of \$13,958,000 for the program. Additional background on program funding is given in Appendix L.

Although NCCSIF carries a self-insured retention of \$500,000, the program is actually split into two parts, a banking layer and a shared layer. Each member is directly responsible for its actual losses in the banking layer. The shared layer losses are pooled among members.

For program years 2006-07 and prior, the banking layer applies to the first \$25,000 of each loss (\$100,000 for the City of Folsom). The shared layer applies to the portion of each loss between \$25,000 and \$500,000.

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Starting with the 2007-08 program year, the banking layer applies to the first \$50,000 of each loss (\$100,000 for the City of Folsom). The shared layer applies to the portion of each loss between \$50,000 and \$1,000,000. Effective 7/1/2013, NCCSIF decreased the shared layer retention to \$500,000. The table below shows the confidence levels to which each layer was funded by year.

Accident Year	Shared Layer	Banking Layer
1996-97	70%	70%
1997-01	80%	70%
2001-02	80%	Expected
2002-03	60%	70%
2003-04	70%	70%
2004-05	70%	Expected
2005-06	70%	70%
2006-07	70%	70%
2007-08	70%	70%
2008-09	60%	60%
2009-10	60%	60%
2010-11	60%	60%
2011-12	60%	60%
2012-13	60%	60%
2013-14	60%	60%
2014-15	65%	65%
2015-16	67.5%	67.5%
2016-17	70%	70%
2017-18	75%	75%
2018-19	75%	75%
2019-20	75%	75%

The City of Ione joined NCCSIF on 7/1/2010 and carried a banking layer of \$25,000. Effective 7/1/2013, the City increased the banking layer retention to \$50,000.

The purpose of this review is to provide a guide to NCCSIF to determine reasonable funding levels for its self-insurance program according to the funding policy NCCSIF has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate NCCSIF's liability for outstanding claims as of June 30, 2019, project ultimate loss costs for 2019-20, and provide funding guidelines to meet these liabilities and future costs.

## **II. CONCLUSIONS AND RECOMMENDATIONS**

### **A. LIABILITY FOR OUTSTANDING CLAIMS**

Graphs 1a, 1b and 1c on the following pages summarize our assessment of NCCSIF's funding position as of June 30, 2019. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal line across each graph indicates NCCSIF's available assets at June 30, 2019.

Our best estimate of the full value of NCCSIF's liability for outstanding claims within its pool limit is \$7,865,000, \$2,342,000 for the banking layer and \$5,523,000 for the shared layer as of June 30, 2019. These amounts include losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

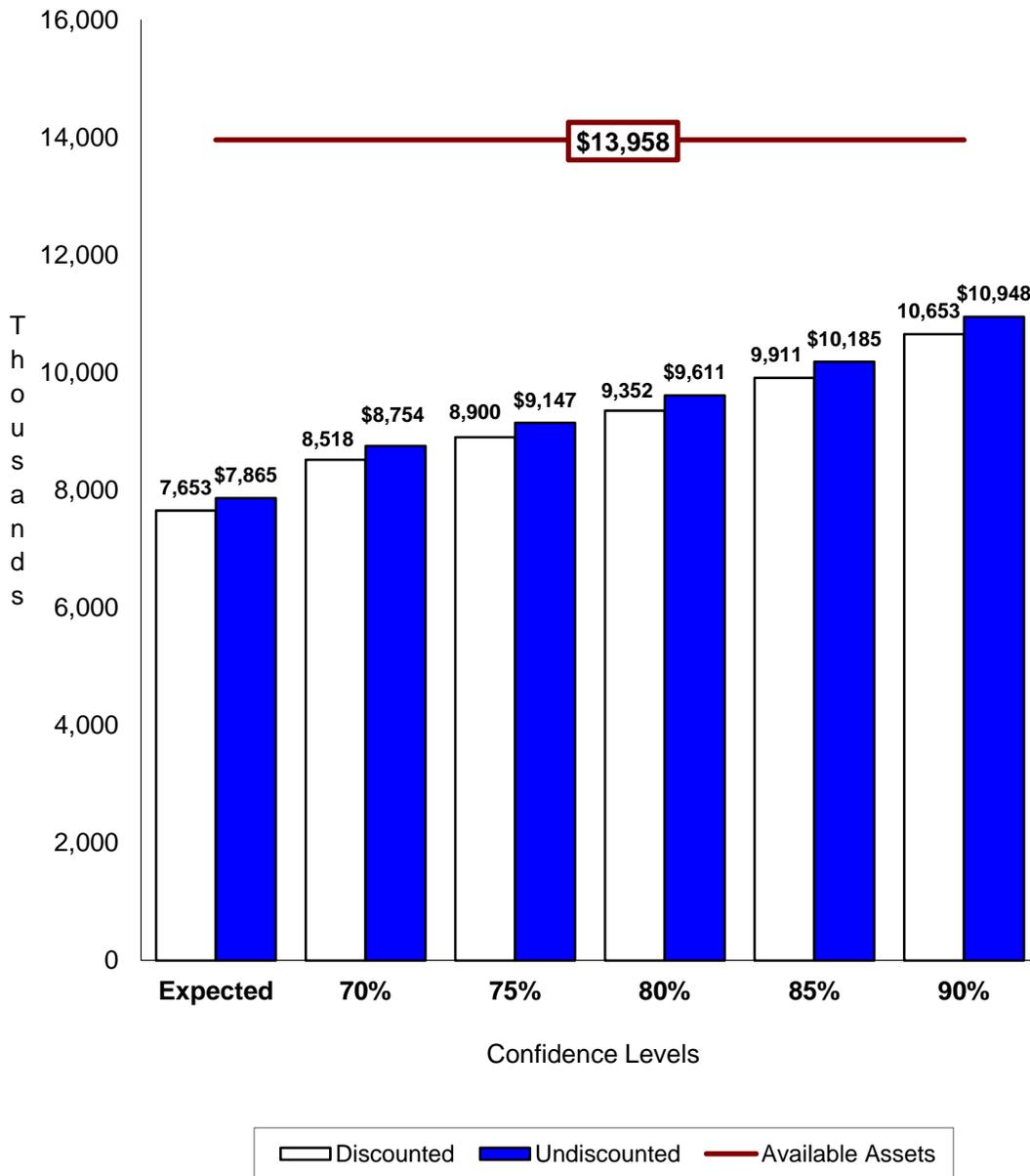
There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graphs 1a, 1b and 1c show the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

NCCSIF can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 2.7% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$7,653,000, \$2,279,000 for the banking layer, and \$5,374,000 for the shared layer as of June 30, 2019.

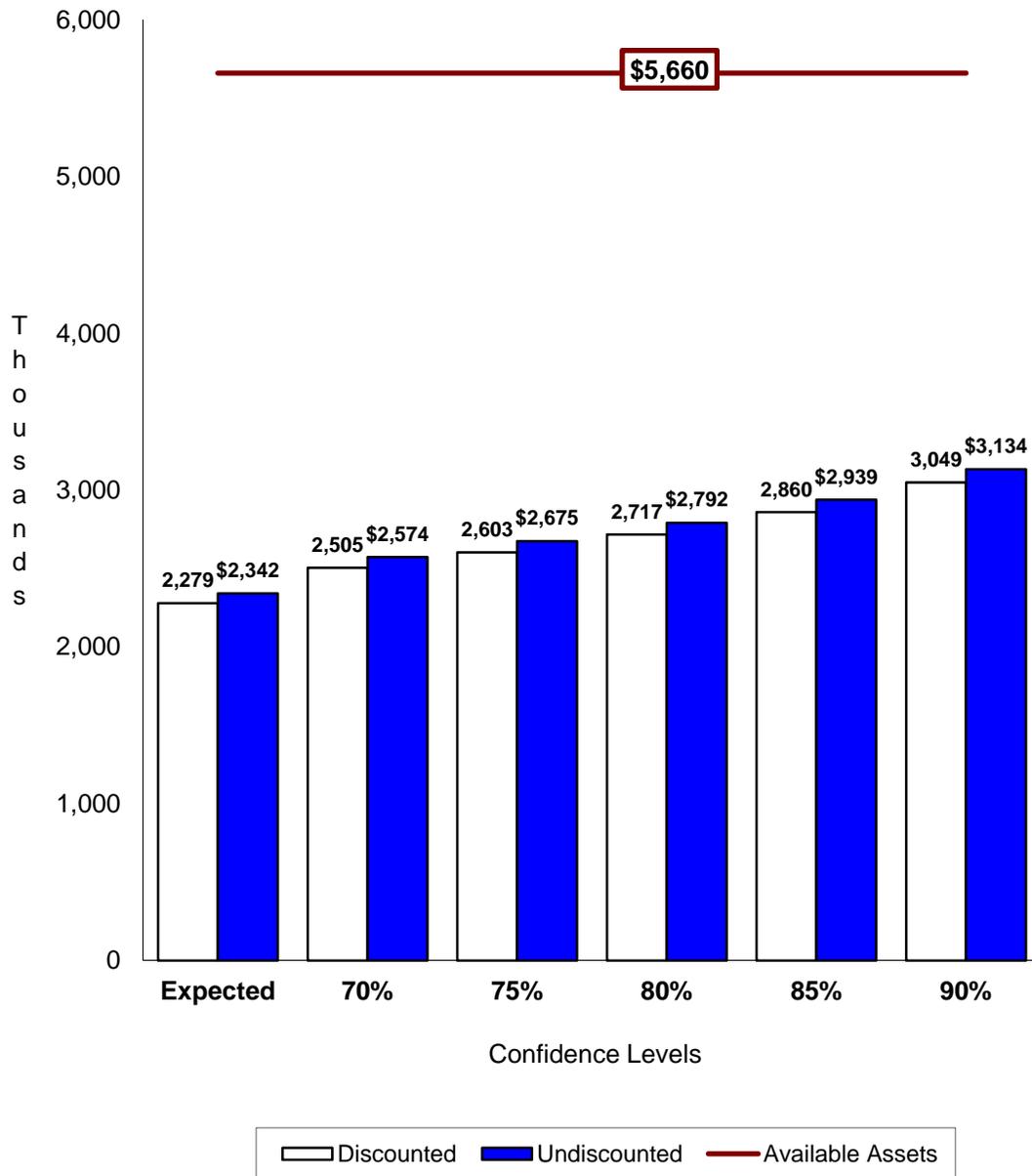
Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graphs 1a, 1b and 1c show our estimates of NCCSIF's discounted liability for outstanding claims.

Graph 1a

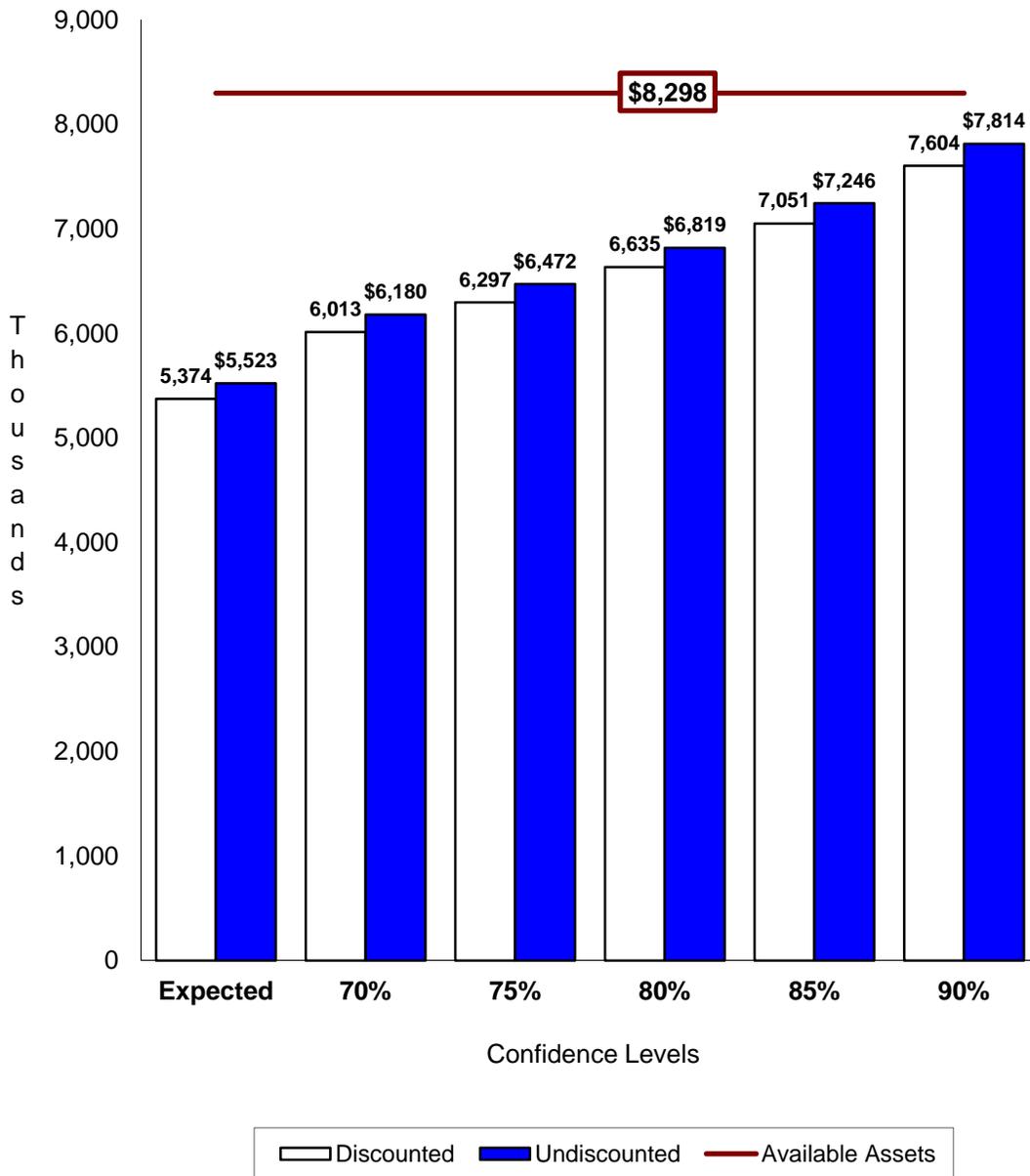
NCCSIF - Liability  
 Available Assets vs Outstanding Liability (\$000's)  
 at June 30, 2019  
 Banking and Shared Layers Combined



NCCSIF - Liability  
Available Assets vs Outstanding Liability (\$000's)  
at June 30, 2019  
Banking Layer



NCCSIF - Liability  
Available Assets vs Outstanding Liability (\$000's)  
at June 30, 2019  
Shared Layer



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The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2019, before recognition of investment income.

Northern California Cities Self Insurance Fund  
Self-Insured Liability Program  
Estimated Liability for Unpaid Loss and LAE at June 30, 2019

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2008-09	252,533	5,450	257,983
2009-10	138,249	13,466	151,715
2010-11	72,859	17,933	90,792
2011-12	0	0	0
2012-13	10,475	32,069	42,544
2013-14	32,469	52,645	85,114
2014-15	898,860	124,374	1,023,234
2015-16	487,862	206,183	694,045
2016-17	752,450	327,852	1,080,302
2017-18	694,944	831,266	1,526,210
2018-19	635,110	2,277,708	2,912,818
Loss and ALAE	\$3,975,811	\$3,888,946	\$7,864,757
ULAE		0	0
Total	\$3,975,811	\$3,888,946	\$7,864,757

## **B. PROGRAM FUNDING: GOALS AND OBJECTIVES**

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by NCCSIF.

GASB #10 and #30 do not address asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

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We generally recommend maintaining program assets at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting assets will be sufficient to meet claim liabilities, yet the required risk margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required risk margin for the most part, which means that assets are likely sufficient on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, NCCSIF's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

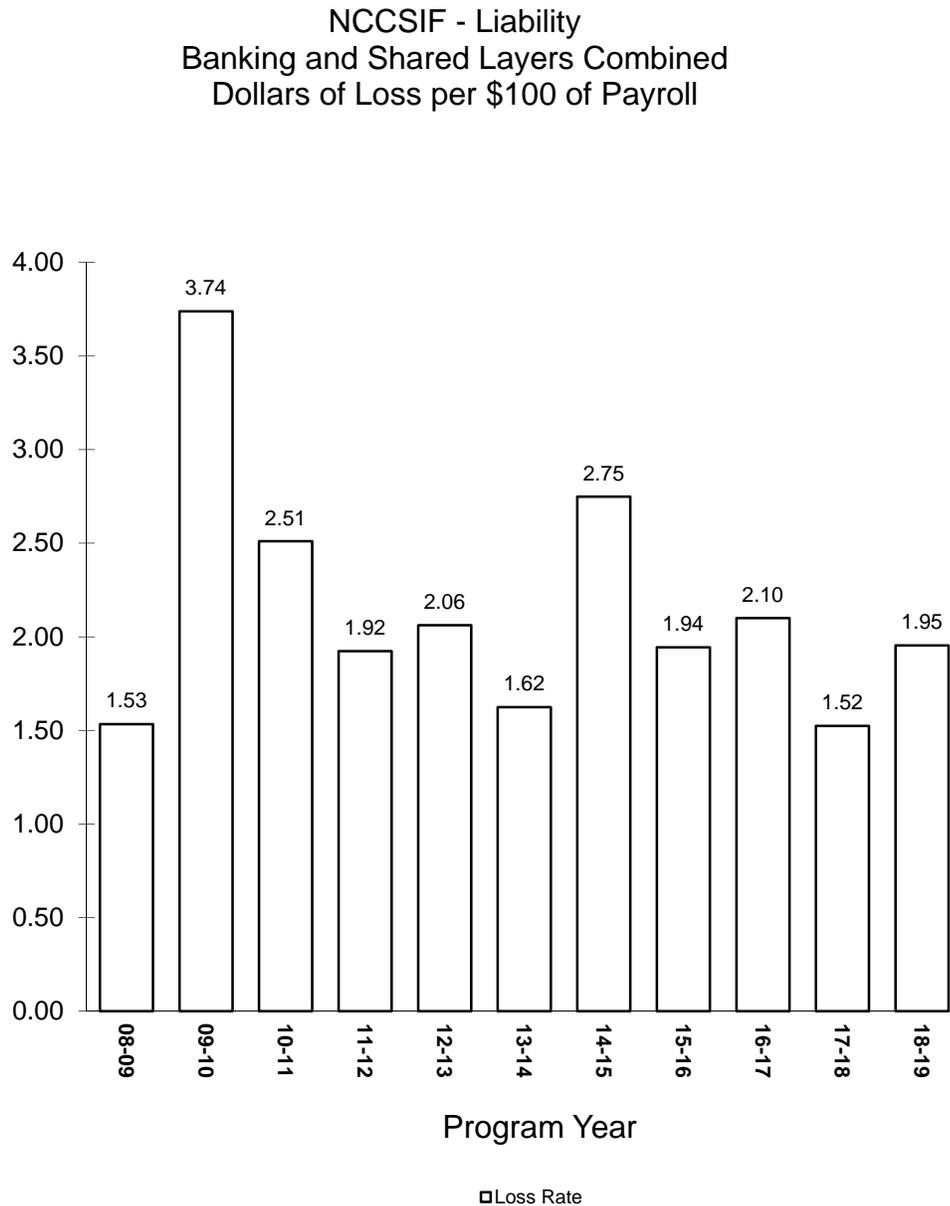
In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce a surplus more slowly than you would accumulate funding to reduce a deficit.

It is estimated that program assets will be \$13,958,000 at June 30, 2019, \$5,660,000 for the banking layer and \$8,298,000 for the shared layer, resulting in the program being funded above the 90% confidence level on a combined basis and for both the banking and shared layer separately.

### C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied during the past ten years, but has been somewhat flat during the most recent seven years. Losses during the 2008-09 to 2012-13 years reflect the higher pool limit of \$1,000,000. Effective 7/1/2013, NCCSIF decreased the pool limit to \$500,000. See Graph 2a below.

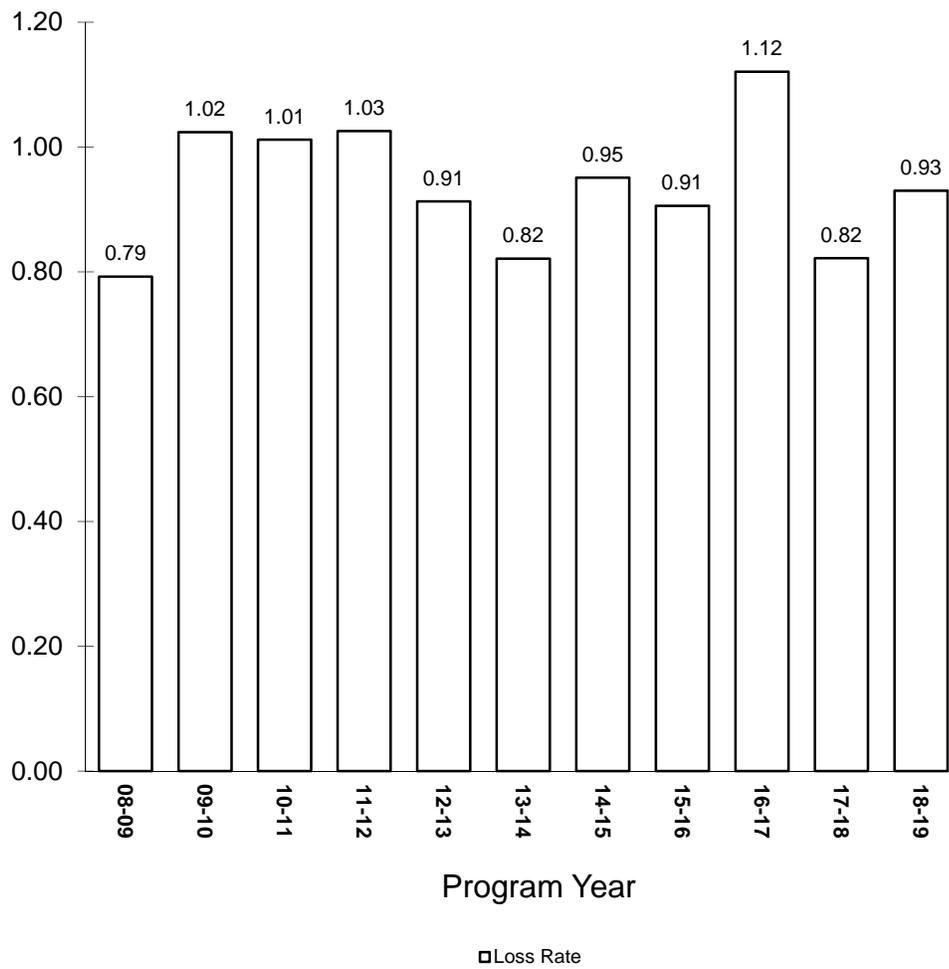
Graph 2a



The banking loss rate per \$100 payroll has been gradually decreasing over the past nine years. Losses for 2008-09 and after reflect the new higher banking limit of \$50,000. See Graph 2b below.

Graph 2b

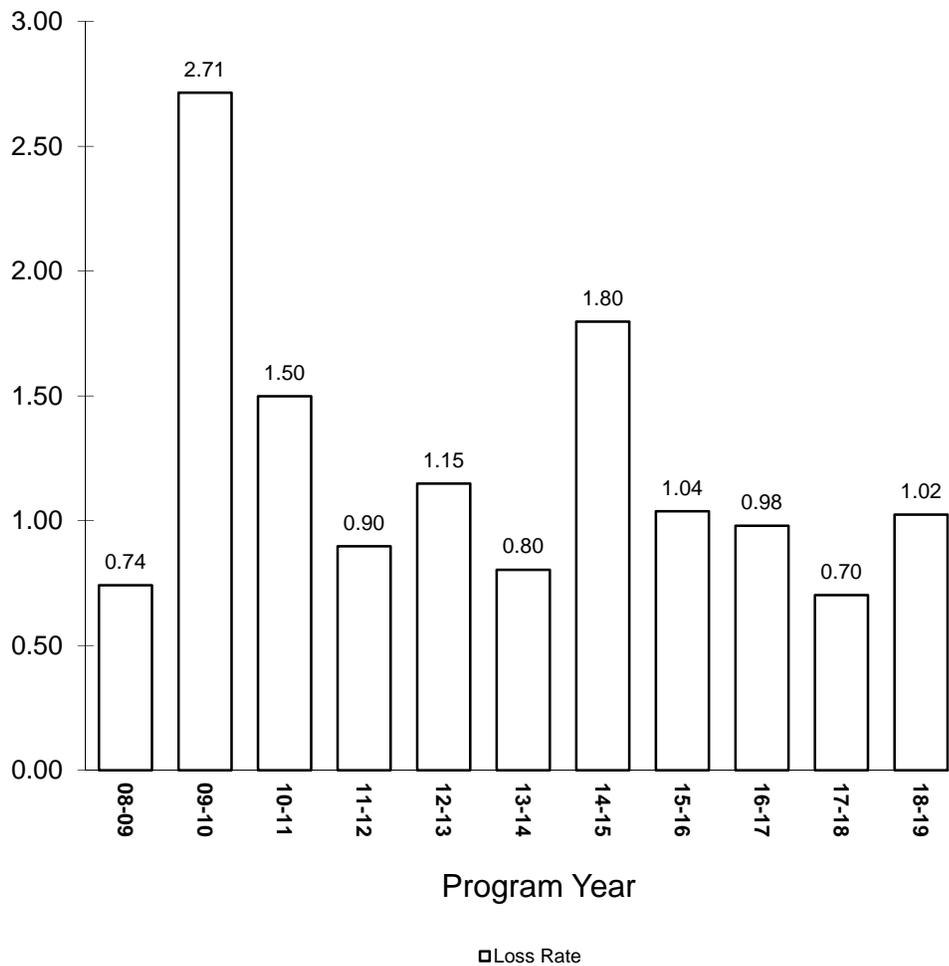
NCCSIF - Liability  
Banking Layer  
Dollars of Loss per \$100 of Payroll



The shared layer loss rate per \$100 payroll has varied over the past ten years, typical for excess layers, with no apparent trend. The 2008-09 to 2012-13 years reflect the shared layer from \$50,000 to \$1,000,000 per occurrence. The 2013-14 and subsequent years reflect the shared layer from \$50,000 to \$500,000 per occurrence. See Graph 2c below.

Graph 2c

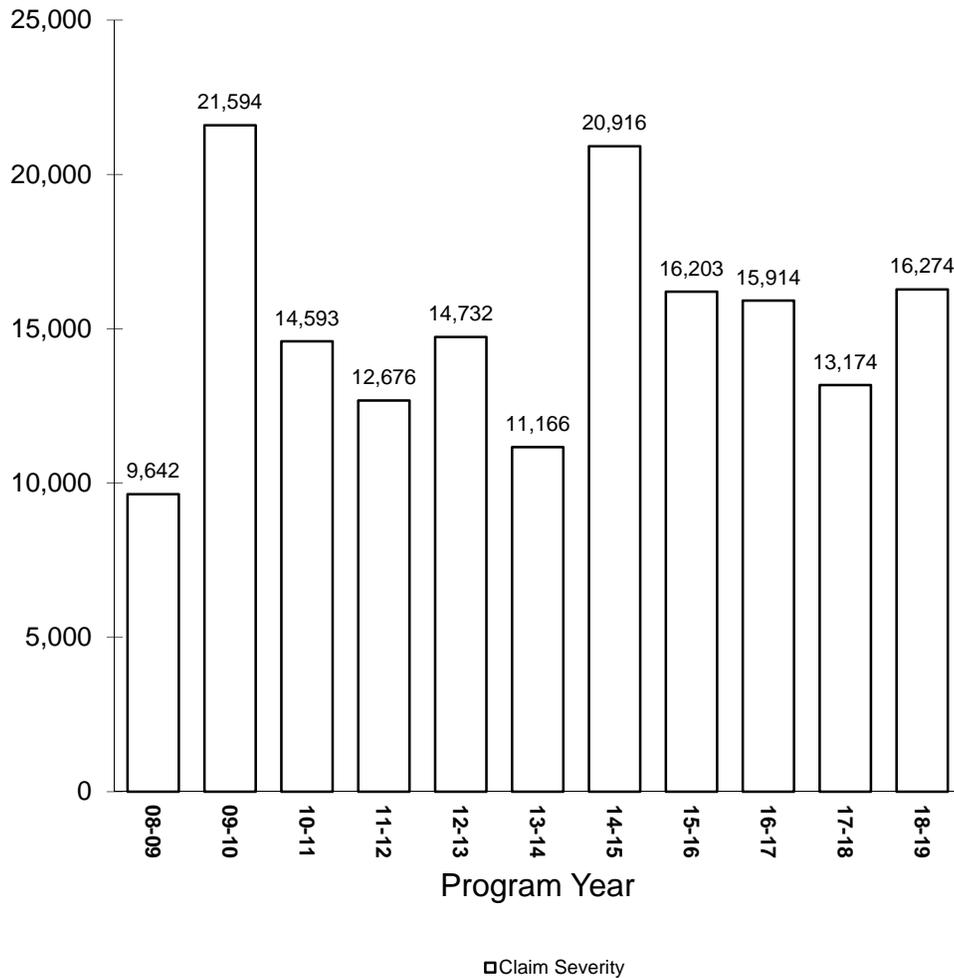
NCCSIF - Liability  
Shared Layer  
Dollars of Loss per \$100 of Payroll



The program's average cost per claim, or severity, has followed a generally increasing trend over the past ten years, with the 2009-10 and 2014-15 years coming in particularly high. The projected 2018-19 severity reflects that increasing trend. See Graph 3a below.

Graph 3a

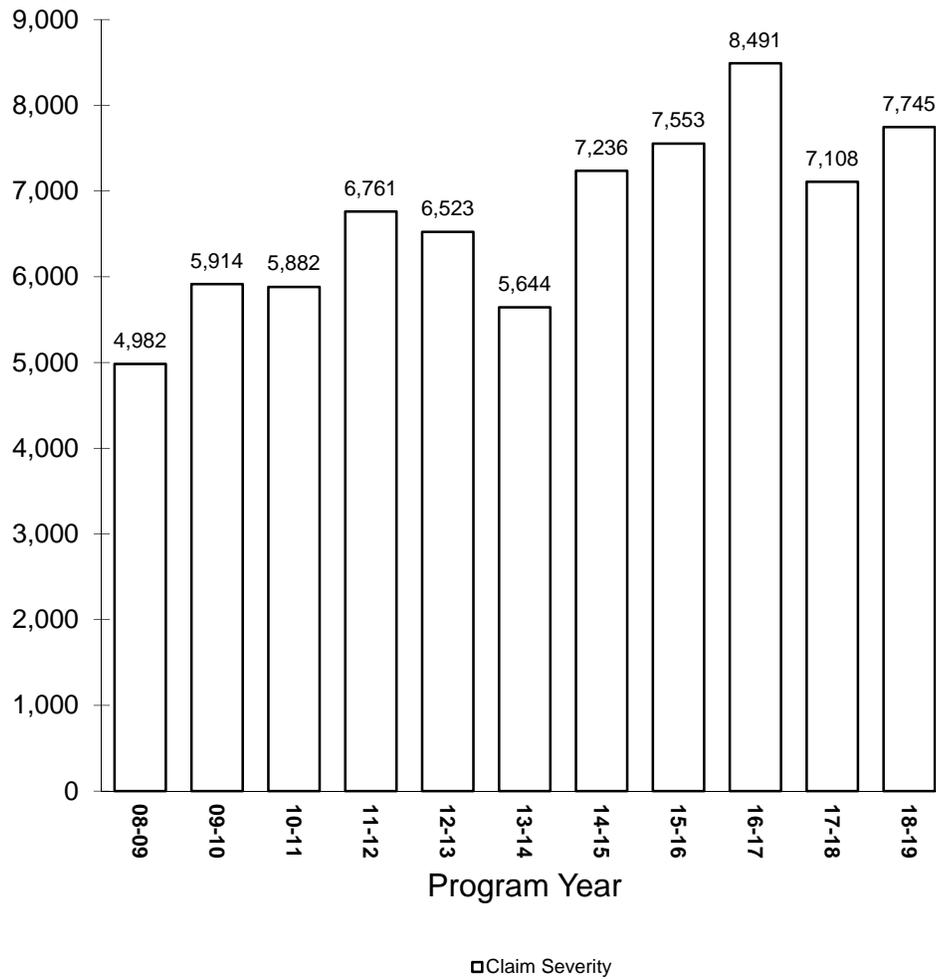
**NCCSIF - Liability**  
**Banking and Shared Layers Combined**  
**Dollars of Loss per Claim**



The banking layer average cost per claim, or severity, has followed a generally increasing trend over the past ten years. The projected 2018-19 severity reflects that increasing trend. See Graph 3b below.

Graph 3b

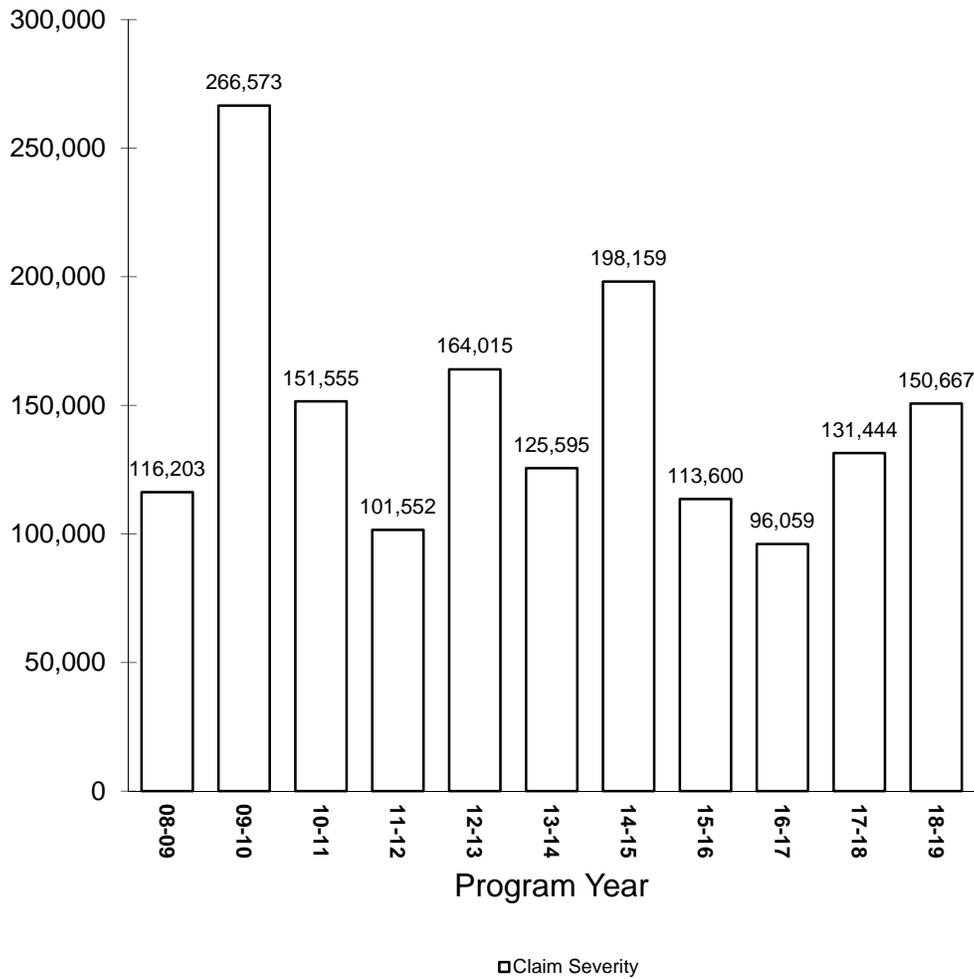
NCCSIF - Liability  
Banking Layer  
Dollars of Loss per Claim



The shared layer average cost per claim has seen dramatic variation over the past ten years. This is not unexpected since there are few claims in that layer each year; even one claim can have a significant impact. See Graph 3c below.

Graph 3c

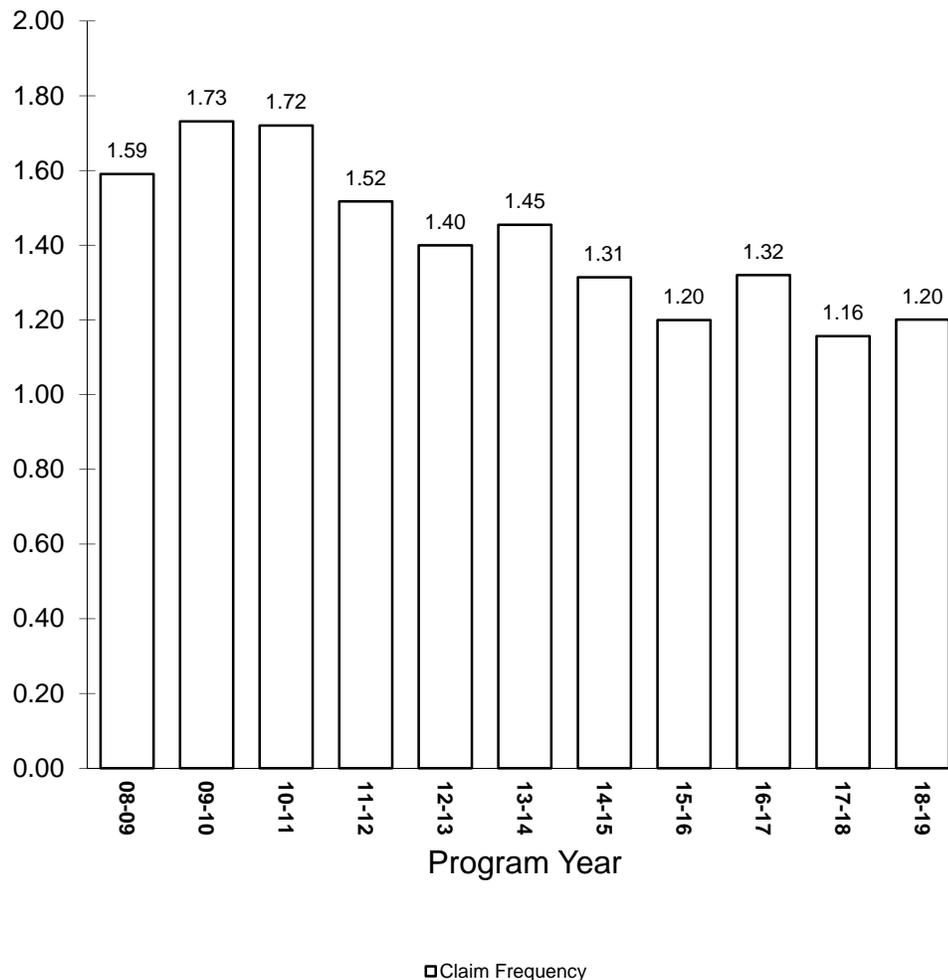
NCCSIF - Liability  
Shared Layer  
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll has been generally decreasing over the past nine years. The projected 2018-19 frequency reflects that decreasing trend. See Graph 4a below. (Note that banking layer frequency is the same as shown below for the program.)

Graph 4a

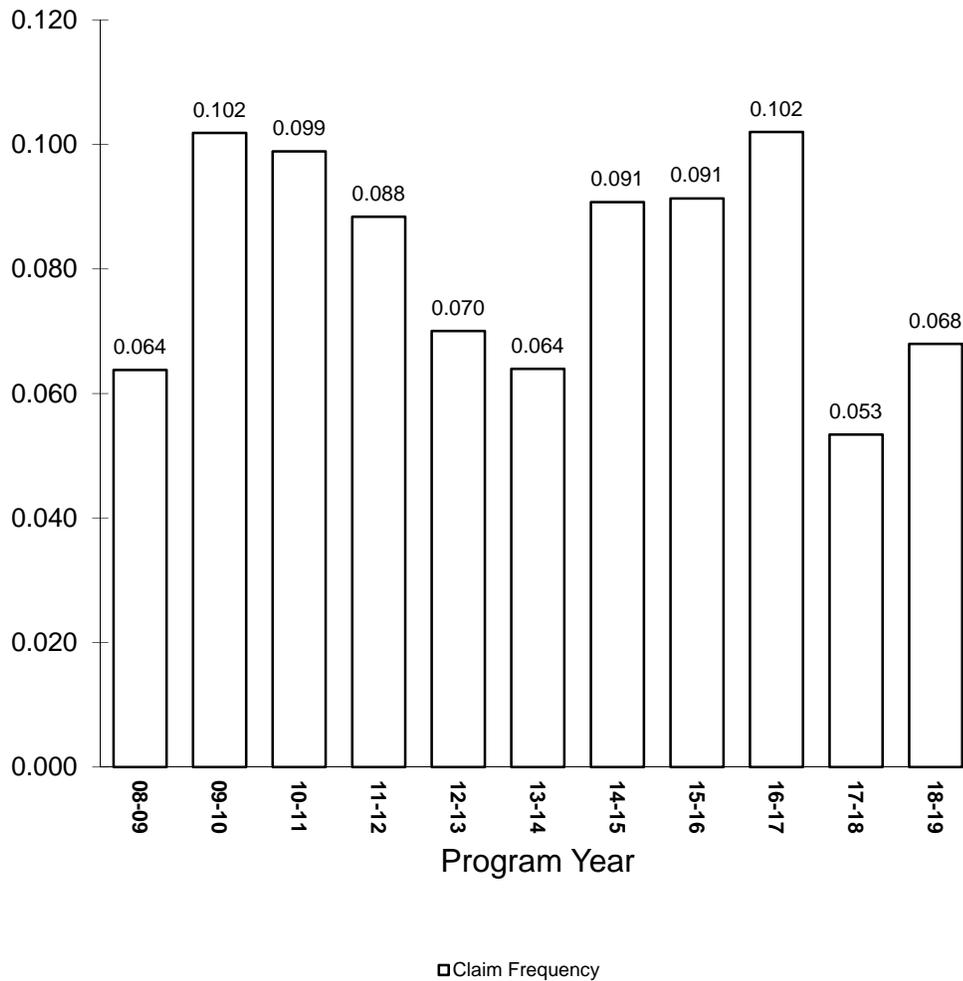
**NCCSIF - Liability**  
**Banking and Shared Layers Combined**  
**Number of Claims per \$1 Million of Payroll**



The shared layer frequency of claims per \$1 million payroll has been quite volatile but has been generally decreasing since 2009-10. See Graph 4b below.

Graph 4b

NCCSIF - Liability  
Shared Layer  
Number of Claims per \$1 Million of Payroll



**D. COMPARISON WITH PREVIOUS RESULTS**

The prior report for Northern California Cities Self Insurance Fund was dated March 9, 2018. In the table below we display actual versus expected development of incurred losses and ALAE for the years shown by accident year between the 12/31/2017 evaluation date of the prior report and the 12/31/2018 evaluation date of the current report.

**Actual Versus Expected Incurred Loss and ALAE Development**

## Banking and Shared Layers Combined

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1998-99	0	0	0
1999-00	0	0	0
2000-01	0	0	0
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	3,000	94,000	91,000
2009-10	9,000	0	(9,000)
2010-11	10,000	150,000	140,000
2011-12	15,000	(160,000)	(175,000)
2012-13	44,000	(67,000)	(111,000)
2013-14	52,000	(19,000)	(71,000)
2014-15	79,000	403,000	324,000
2015-16	216,000	880,000	664,000
2016-17	702,000	803,000	101,000
2017-18	1,600,000	896,000	(704,000)
Total	\$2,730,000	\$2,980,000	\$250,000

\* ULAE is included with Loss and ALAE

As shown, actual incurred development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$2,730,000 between the two evaluation dates. However, actual development was approximately \$2,980,000; or about \$250,000 more than expected.

**DRAFT**

In the table below we display actual versus expected development of paid losses and ALAE for the years shown by accident year between the 12/31/2017 evaluation date of the prior report and the 12/31/2018 evaluation date of the current report.

### Actual Versus Expected Paid Loss and ALAE Development

#### Banking and Shared Layers Combined

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1998-99	0	0	0
1999-00	0	0	0
2000-01	0	0	0
2001-02	0	0	0
2002-03	0	0	0
2003-04	0	0	0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	110,000	5,000	(105,000)
2009-10	103,000	28,000	(75,000)
2010-11	48,000	126,000	78,000
2011-12	49,000	(79,000)	(128,000)
2012-13	152,000	153,000	1,000
2013-14	80,000	18,000	(62,000)
2014-15	676,000	277,000	(399,000)
2015-16	572,000	893,000	321,000
2016-17	782,000	985,000	203,000
2017-18	759,000	644,000	(115,000)
<b>Total</b>	<b>\$3,331,000</b>	<b>\$3,050,000</b>	<b>(\$281,000)</b>

\* ULAE is included with Loss and ALAE

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$3,331,000 between the two evaluation dates. However, actual development was approximately \$3,050,000; or about \$281,000 less than expected.

**DRAFT**

In the table below we display the change in our estimates of the program's ultimate losses and ALAE for the years shown by accident year since our prior report.

**Change in Ultimate Loss and ALAE\***  
Banking and Shared Layers Combined

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$15,504,000	\$15,504,000	\$0
1998-99	1,842,000	1,842,000	0
1999-00	2,774,000	2,774,000	0
2000-01	2,020,000	2,020,000	0
2001-02	2,038,000	2,038,000	0
2002-03	2,291,000	2,291,000	0
2003-04	2,054,000	2,054,000	0
2004-05	3,058,000	3,058,000	0
2005-06	2,338,000	2,338,000	0
2006-07	2,898,000	2,898,000	0
2007-08	2,050,000	2,050,000	0
2008-09	2,599,000	2,690,000	91,000
2009-10	6,011,000	6,003,000	(8,000)
2010-11	3,770,000	3,911,000	141,000
2011-12	3,132,000	2,928,000	(204,000)
2012-13	3,191,000	3,079,000	(112,000)
2013-14	2,497,000	2,423,000	(74,000)
2014-15	3,926,000	4,246,000	320,000
2015-16	2,533,000	3,192,000	659,000
2016-17	3,395,000	3,501,000	106,000
2017-18	3,161,000	2,569,000	(592,000)
Total	\$73,082,000	\$73,409,000	\$327,000

\* ULAE is included with Loss and ALAE

As shown, overall we have increased our estimated ultimates by \$327,000 since our prior report. The greater than anticipated incurred loss development mentioned above translates to an increase in our estimates of ultimate losses. The changes by accident year generally track well with the actual versus expected incurred loss development.

**DRAFT**

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2018 to be \$7,165,000 at the discounted, expected level. Our current estimate as of June 30, 2019, is \$7,653,000, an increase in our assessment of NCCSIF's outstanding liabilities, as shown below:

**Outstanding Claim Liabilities for Loss and LAE**  
Banking and Shared Layers Combined

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Case Reserves:	\$3,908,000	\$3,976,000	\$68,000
(B) IBNR Reserves:	3,456,000	3,889,000	433,000
(C) Claims Administration (ULAE*):	0	0	0
(D) Total Reserves:	\$7,364,000	\$7,865,000	\$501,000
(E) Offset for Investment Income:	(199,000)	(212,000)	(13,000)
(F) <b>Total Outstanding Claim Liabilities:</b>	<b>\$7,165,000</b>	<b>\$7,653,000</b>	<b>\$488,000</b>

\* ULAE is included with Loss and ALAE

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2018 and June 30, 2019 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by greater than expected claims experience as previously discussed. Reserves for future claims administration expenses are included with Loss and ALAE, resulting in a \$501,000 increase in total claim reserves. This increase in reserves leads to a larger offset for investment income. The net change due to the above factors is an overall increase of \$488,000 in our estimate of outstanding claim liabilities for loss and LAE.

**DRAFT**

At the time of the prior report, available assets were estimated to be \$13,132,000 as of June 30, 2018, which corresponded to the then-estimated discounted liability for outstanding claims above the 90% confidence levels. Available assets are currently estimated to be \$13,958,000 as of June 30, 2019, which corresponds to the currently estimated liability for outstanding claims above the 90% confidence level. It can be summarized as follows:

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$7,165,000	\$7,653,000	\$488,000
(B) Estimated Assets At June 30:	13,132,000	13,958,000	826,000
(C) Surplus/(Deficit):	<b>\$5,967,000</b>	<b>\$6,305,000</b>	<b>\$338,000</b>

As you can see, our estimate of the program's funding margin at the discounted, expected level has increased by \$338,000 between June 30, 2018 (as previously estimated) and June 30, 2019 (as currently estimated). This is driven by an increase in the estimated fund assets between the two points, partially offset by an increase in the estimated outstanding liability.

**DRAFT**

At the time of the prior report, our funding estimate for the 2018-19 year was \$3,147,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. Our current estimate for the 2019-20 year is \$3,422,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

**Comparison of Funding for Loss and LAE**  
Banking and Shared Layers Combined

	Prior Report 2018-19 Pool Limit = \$500,000	Current Report 2019-20 Pool Limit = \$500,000	Change
(A) Ultimate Loss and ALAE:	\$3,251,000	\$3,537,000	\$286,000
(B) Ultimate Claims Administration (ULAE):	0	0	0
(C) Total Claim Costs:	\$3,251,000	\$3,537,000	\$286,000
(D) Offset for Investment Income:	(104,000)	(115,000)	(11,000)
(E) Total Recommended Funding:	\$3,147,000	\$3,422,000	\$275,000
(F) Funding per \$100 of Payroll:	\$1.856	\$1.904	\$0.048

\* ULAE is included with Loss and ALAE

As you can see, our funding recommendations at the discounted, expected level have increased between 2018-19 and 2019-20, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$286,000, driven primarily by adverse loss experience as previously discussed and an increase in exposure. Investment income is expected to be higher, driven by the higher loss estimate. The net change due to the above factors is an overall increase of \$275,000 in our annual funding estimate for loss and LAE.

## **E. DATA PROVIDED FOR THE ANALYSIS**

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2018-19 and 2019-20 (See Appendix K).
- We estimated the 6/30/2018 asset balance by beginning with the 12/31/2018 asset balance, and adjusting for anticipated revenue and expense for the last six months of 2018-19 (see Appendix L).
- We received loss data evaluated as of 12/31/2018 (See Appendix M). We also utilized the data from NCCSIF's most recent actuarial study for our assessment of loss development.
- We have assumed that NCCSIF's payroll for 2019-20 will be \$179,739,280, based upon information provided by NCCSIF (See Appendix N).

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

### **III. ASSUMPTIONS AND LIMITATIONS**

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by NCCSIF. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California public entities with self-insured liability programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for other California public entities with self-insured liability programs in the aggregate form a reasonable basis of comparison to the patterns from Northern California Cities Self Insurance Fund's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of other California public entities with self-insured liability programs in the aggregate.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of liability claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- We have assumed that the loss rate trend associated with claim costs increases at 0.9% per year. We have assumed that claim severity increases at 3.5% per year, and that claim frequency decreases at 2.5% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.

## **DRAFT**

- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions and other expenses associated with the program based upon information provided by NCCSIF.
- Our funding recommendations do not include provisions for catastrophic events not in NCCSIF's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than NCCSIF's excess coverage.
- NCCSIF's assets available for the program are estimated to be \$13,958,000 as of June 30, 2019 for use in this report. This is shown in further detail in Appendix L.

#### **IV. GLOSSARY OF ACTUARIAL TERMS**

**Accident Year** - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

**Allocated Loss Adjustment Expenses (ALAE)** - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

**Benefit Level Factor** - Factor used to adjust historical losses to the current level of liability benefits.

**Case Reserve** - The amount left to be paid on a claim, as estimated by the claims administrator.

**Claim Count Development Factor** - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

**Claim Frequency** - Number of claims per \$1 million of payroll.

**Confidence Level** - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

**Discount Factor** - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

**Expected Losses** - The best estimate of the full, ultimate value of loss costs.

**Incurred but not Reported (IBNR) Losses** - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

**Loss Development Factor** - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

**Loss Rate** - Ultimate losses per \$100 of payroll.

**DRAFT**

**Non-Claims Related Expenses** – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

**Outstanding Losses** - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

**Paid Losses** - Losses actually paid on all reported claims.

**Program Losses** - Losses, including ALAE, limited to the SIR for each occurrence.

**Reported Losses** - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

**Self-Insured Retention (SIR)** - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

**Severity** - Average claim cost.

**Ultimate Losses** - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

**Unallocated Loss Adjustment Expenses (ULAE)** – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)



Agenda Item H.2.a.

**WORKERS' COMPENSATION PROGRAM  
ANNUAL BANKING PLAN ADJUSTMENTS**

**ACTION ITEM**

**ISSUE:** Each year NCCSIF adjusts Members' Banking Layer Fund balances by refunding amounts in excess of required funding or assessing members whose balances fall below the required funding. James Marta & Company has prepared the recommended dividend and assessment calculations for the Workers' Compensation Program.

**RECOMMENDATION:** Review, discuss and develop a recommendation for the Banking Layer Fund adjustments. The recommended dividend is 35% of the available Net Position. The assessment at 20% of the amount below the target benchmark is per the NCCSIF Policy and Procedure A-1.

**FISCAL IMPACT:** TBD - based on review and discussion at meeting.

**BACKGROUND:** On an annual basis, in accordance with Policy and Procedure A-1, Banking Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distribution of excess funds to members. This plan allows for redistribution to the members of funds in excess of the outstanding liabilities at a 90% Confidence Level plus a Buffer Layer of \$1,000,000 (*ten times the Self Insured Retention (SIR) of \$100,000*).

At the Board meeting, on January 8, 2015, members agreed to make a change to the adjustment formula by allocating the Buffer Layer contingency funds to all members rather than allocating the funds only to members whose balances are above the required funding levels. The formula spreadsheet was also revised to include more annotations explaining the calculations.

**ATTACHMENT(S):** Workers' Compensation Banking Layer Plan Adjustments

NCCSIF Banking Layer Targeted Equity and Dividend and Assessment Worksheet  
 Workers Compensation Banking Layer  
 Evaluation of Equity by member above 90% confidence level  
 as of 12/31/18

	Adjusted Net Position Equity at 12/31/18 <b>A</b>	O/S @ Exp times 90% Factor <b>B</b> 5530.1 1.184	margin to 90% claims <b>C</b>	10 x SIR \$1M Layer Allocated <b>D</b>	Net Margin above (below) 90% and 10xSIR <b>E</b> A-C-D	Members above target Amount Available <b>F</b>	Limited Amount Available Above target <b>G</b> <i>Limited to the net margin above target should equal col E</i>	35% Net Equity above pool 10xsir and 90% conf. level <b>H</b>	\$10,000 or less assess 100%, else 20% Expected Assessment <b>I</b>
ANDERSON	137,563	344,956	53,608	18,632	65,323	65,323	44,157	15,455	-
AUBURN	78,335	990,861	153,985	52,261	(127,911)	-	-	-	(25,582)
COLUSA	(15,436)	163,450	25,401	8,031	(48,868)	-	-	-	(10,000)
CORNING	120,256	175,419	27,261	10,666	82,329	82,329	55,653	19,479	-
DIXON	790,432	333,482	51,825	22,187	716,420	716,420	484,290	169,502	-
ELK GROVE	663,957	1,751,564	272,202	109,344	282,411	282,411	190,906	66,817	-
FOLSOM	1,679,892	4,144,049	644,008	214,753	821,131	821,131	555,073	194,276	-
GALT	104,177	1,030,309	160,115	55,654	(111,592)	-	-	-	(22,318)
GRIDLEY	383,985	195,038	30,310	14,198	339,477	339,477	229,482	80,319	-
IONE	(44,565)	102,166	15,877	4,779	(65,221)	-	-	-	(13,044)
JACKSON	38,825	182,296	28,330	10,324	171	171	116	41	-
LINCOLN	504,326	656,660	102,049	35,430	366,847	366,847	247,983	86,794	-
MARYSVILLE	79,462	574,935	89,348	28,780	(38,666)	-	-	-	(10,000)
NEVADA CITY	(147,903)	387,315	60,191	17,523	(225,617)	-	-	-	(45,123)
OROVILLE	35,967	634,343	98,580	32,088	(94,701)	-	-	-	(18,940)
PARADISE	87,873	735,222	114,257	34,839	(61,223)	-	-	-	(12,245)
PLACERVILLE	167,696	607,773	94,451	32,188	41,057	41,057	27,754	9,714	-
RED BLUFF	(109,367)	1,593,805	247,686	85,996	(443,049)	-	-	-	(88,610)
RIO VISTA	62,794	265,132	41,203	19,630	1,961	1,961	1,326	464	-
ROCKLIN	831,822	1,484,411	230,686	90,012	511,124	511,124	345,513	120,930	-
WILLOWS	263,717	14,921	2,318	1,496	259,903	259,903	175,691	61,492	-
YUBA CITY	646,257	1,786,819	277,681	101,189	267,387	267,387	180,750	63,263	-
<hr/>									
	6,360,065	18,154,926	2,821,372	1,000,000	2,538,693	3,755,541	2,538,694	888,546	(245,862)
<hr/>									
	Total								
	Margin to 90%				2,821,372				
	Plus 10x SIR				1,000,000				
	Total Target Margin				3,821,372				
	Amount above (below) Margin				2,538,693				



BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Executive Committee Meeting  
March 14, 2019

Agenda Item H.2.b.

**WORKERS' COMPENSATION PROGRAM  
ANNUAL SHARED RISK PLAN ADJUSTMENTS**

**ACTION ITEM**

**ISSUE:** Each year NCCSIF reviews the financial status of the Shared Risk Layer Fund to determine if refunds or assessments may be declared. The total adjustment is allocated to members based on their pro-rata share of the total Shared contributions.

Based on the latest actuarial report, the Fund has \$1,778,000 in excess of the minimum required assets, defined as the lesser of total assets less outstanding liabilities at the 90% Confidence Level or Net Position of five times the SIR of \$400,000 (\$2,000,000). Please refer to the attached for details and discussion points, including how much of the available funds to disburse to each member.

**RECOMMENDATION:** Refund no more than 50% of the available amount, or \$889,000, per the attached breakdown by member.

**FISCAL IMPACT:** T.B.D., reduction of Net Position by amount of dividend approved.

**BACKGROUND:** On an annual basis in accordance with Policy and Procedure A-12, Shared Risk Layer Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distributions of excess Shared Risk Layer Funds to the members or if assessments need to be declared.

**ATTACHMENT(S):** Workers' Compensation Shared Risk Layer Plan Adjustments

**NCCSIF Shared Risk Layer Plan Fund Adjustments - WORKERS' COMPENSATION for 2019 Distribution**

Estimated Available Assets as of June 30, 2019				Discounted Outstanding Liabilities @ Expected	Outstanding Liabilities @ 80%	Outstanding Liabilities @ 90%	5 times SIR	Available Refund, Lesser of the Two Formulas
A	B			C	D	E	F	A-(C+G) or A-F
\$22,905,000				\$15,944,000	\$18,962,000	\$21,127,000	\$2,000,000	<b>\$1,778,000</b>
	Net Position/NP over 5x SIR =			\$6,961,000	\$3,943,000	<b>\$1,778,000</b>	<b>\$4,961,000</b>	
						<b>Recommended Refund 50% =</b>		<b>\$889,000</b>
Members	Historical Shared Layer Contributions FY 05/06 to FY 15/16	Total %	Available Refund	Assessment	50% of Available Refund	<i>Any Available Refund should be in excess of the liabilities at the 90% confidence level and excess of the liabilities at expected plus 3-5 times SIR. This year we suggest 5 times SIR</i>		
Anderson	\$592,421	2.26%	\$40,229		\$20,115			
Auburn	\$901,812	3.44%	\$61,239		\$30,619			
Colusa	\$369,841	1.41%	\$25,115		\$12,557			
Corning	\$427,532	1.63%	\$29,032		\$14,516			
Dixon	\$1,185,118	4.53%	\$80,477		\$40,238			
Elk Grove	\$1,244,374	4.75%	\$84,501		\$42,250			
Folsom	\$5,851,643	22.35%	\$397,363		\$198,682			
Galt	\$1,366,538	5.22%	\$92,796		\$46,398			
Gridley	\$612,917	2.34%	\$41,621		\$20,810			
Ione	\$120,440	0.46%	\$8,179		\$4,089			
Jackson	\$346,389	1.32%	\$23,522		\$11,761			
Lincoln	\$1,650,441	6.30%	\$112,075		\$56,038			
Maysville	\$692,108	2.64%	\$46,998		\$23,499			
Nevada City	\$329,879	1.26%	\$22,401		\$11,200			
Oroville	\$1,069,055	4.08%	\$72,596		\$36,298			
Placerville	\$1,001,985	3.83%	\$68,041		\$34,021			
Paradise	\$928,469	3.55%	\$63,049		\$31,524			
Red Bluff	\$1,155,394	4.41%	\$78,458		\$39,229			
Rio Vista	\$469,749	1.79%	\$31,899		\$15,949			
Rocklin	\$2,793,455	10.67%	\$189,693		\$94,847			
Willows	\$343,430	1.31%	\$23,321		\$11,661			
Yuba City	\$2,730,168	10.43%	\$185,395		\$92,698			
<b>Total</b>	<b>\$26,183,158</b>	<b>100.00%</b>	<b>\$1,778,000</b>		<b>\$889,000</b>			



**WORKERS' COMPENSATION PROGRAM  
FY 19/20 DEPOSIT PREMIUM CALCULATIONS**

**ACTION ITEM**

**ISSUE:** Each year the Executive Committee reviews the actuary's recommended funding levels for the upcoming fiscal year and recommends the Deposit Premium to the Board.

Total funding at an 80% Confidence Level (CL) is estimated at \$12,710,615, an **increase of 4%** over current funding at the 80% CL. This compares favorably to the *total payroll increase of 5.3%*. The individual funding increase cap of 40% is not applicable this year, with member changes varying from (-29%) to as much as a 31% increase. However, these two extremes are driven by Willows outsourcing their police and Ione increasing its payroll by 25%. The average funding change for the group is 4.6% with an average payroll change of 5%.

The excess coverage estimate as of December 2018 ranges from \$1,767,000 to \$1,930,000, representing a 10% to 20% increase over the current rate of \$0.69 per \$100 of payroll. The estimate of \$1,800,000 used for the deposit calculations represents half of the total estimated increase of 4%.

**RECOMMENDATION:** Maintain funding at the 80% Confidence Level.

**FISCAL IMPACT:** TBD, based on final excess and admin expenses.

**BACKGROUND:** Members have steadily increased the Confidence Level of annual funding over the years, from 65% to 70%, 75%, and as of FY 18/19 the current 80% CL. Over the same period the Discount Factor has decreased from 3% to 1.5%. Both of these changes have contributed to an increase in total funding, in addition to increases in payroll. NCCSIF's Funding Policy sets a goal of annual funding at an 80% CL.

**ATTACHMENTS:**

1. Preliminary FY 19/20 Workers' Compensation Deposit Calculations, 80% CL
2. CSAC-EIA FY 19/20 Excess Workers' Compensation Premium Estimate

FY 19/20 NCCSIF Workers' Compensation Allocation PRELIMINARY

80% Confidence Level

Total Admin Expense = \$849,615

A	B	C	D	E	F	G	H	I	J	K	
Formula/Allocation		Member Share of: Last 5 Years Average Losses, Weighted 75%; FY 18/19 WCIRB Loss Rate Premium, Weighted 25%	Member Share of EX MOD Adjusted Payroll	Member Share of: Last 5 Years Average Losses, Weighted 25%; FY	Member Share of Banking, Shared & Excess Premium	22 Equal Shares	C+D+E+F+G			Member % of Total Payroll Without Capped Members x Capped Amount	
Member	FY 19/20 Estimated PAYROLL (P)	BANKING LAYER \$0 to \$100K	SHARED LAYER \$100K to \$500K	CSAC-EIA EXCESS LAYER \$500K TO STATUTORY	Variable ADMIN EXPENSE 65%	Fixed ADMIN EXPENSE 35%	Preliminary FY 19/20 DEPOSIT	FY 18/19 DEPOSIT	% Change DEPOSIT	Total FY 19/20 Deposit With Cap of 40%	Payroll Change from FY 18/19
Rate/Amount	Exposure Base	\$6,501,000	\$3,560,000	\$1,675,000	\$552,250	\$297,365	80% CL	80% CL		Cap N/A	
Anderson	\$3,839,020	\$140,196	\$70,388	\$28,180	\$11,235	\$13,517	\$263,516	\$302,177	-12.8%	\$263,516	2.1%
Auburn	\$6,321,069	\$205,238	\$119,333	\$53,695	\$17,800	\$13,517	\$409,582	\$355,645	15.2%	\$409,582	-3.7%
Colusa	\$2,146,602	\$81,912	\$39,781	\$23,379	\$6,827	\$13,517	\$165,416	\$136,632	21.1%	\$165,416	-5.5%
Corning	\$2,819,170	\$34,210	\$51,853	\$15,025	\$4,757	\$13,517	\$119,361	\$111,185	7.4%	\$119,361	-0.8%
Dixon	\$11,079,329	\$303,042	\$166,259	\$94,185	\$26,515	\$13,517	\$603,518	\$579,311	4.2%	\$603,518	17.4%
Elk Grove	\$41,758,130	\$929,497	\$562,474	\$211,822	\$80,174	\$13,517	\$1,797,484	\$1,461,262	23.0%	\$1,797,484	2.2%
Folsom	\$44,508,834	\$1,056,101	\$573,083	\$312,841	\$91,384	\$13,517	\$2,046,926	\$2,111,727	-3.1%	\$2,046,926	9.4%
Galt	\$12,508,328	\$333,322	\$181,452	\$82,934	\$28,126	\$13,517	\$639,350	\$633,115	1.0%	\$639,350	5.7%
Gridley	\$3,779,000	\$66,924	\$62,201	\$22,181	\$7,120	\$13,517	\$171,942	\$168,226	2.2%	\$171,942	-0.7%
Ione	\$1,366,956	\$33,843	\$22,515	\$9,199	\$3,085	\$13,517	\$82,158	\$62,434	31.6%	\$82,158	25.1%
Jackson	\$2,276,617	\$155,647	\$41,173	\$61,403	\$12,151	\$13,517	\$283,890	\$171,687	65.4%	\$283,890	0.5%
Lincoln	\$12,637,876	\$268,188	\$174,750	\$84,166	\$24,803	\$13,517	\$565,424	\$553,744	2.1%	\$565,424	-0.9%
Marysville	\$3,615,073	\$136,166	\$60,878	\$28,108	\$10,595	\$13,517	\$249,264	\$276,650	-9.9%	\$249,264	0.7%
Nevada City	\$2,754,411	\$159,384	\$53,603	\$27,413	\$11,312	\$13,517	\$265,228	\$211,087	25.6%	\$265,228	6.8%
Oroville	\$6,151,597	\$286,255	\$143,283	\$55,496	\$22,824	\$13,517	\$521,375	\$539,922	-3.4%	\$521,375	-3.4%
Paradise	\$4,375,778	\$245,433	\$98,322	\$36,314	\$17,885	\$13,517	\$411,471	\$421,795	-2.4%	\$411,471	4.1%
Placerville	\$7,243,503	\$143,733	\$94,787	\$47,581	\$13,463	\$13,517	\$313,080	\$296,371	5.6%	\$313,080	7.4%
Red Bluff	\$6,657,908	\$363,290	\$146,775	\$68,119	\$27,207	\$13,517	\$618,907	\$667,884	-7.3%	\$618,907	6.3%
Rio Vista	\$5,031,278	\$79,702	\$58,495	\$35,144	\$8,157	\$13,517	\$195,014	\$209,677	-7.0%	\$195,014	20.9%
Rocklin	\$26,439,316	\$625,808	\$339,232	\$173,860	\$53,592	\$13,517	\$1,206,008	\$1,187,065	1.6%	\$1,206,008	8.8%
Willows	\$1,229,607	\$20,890	\$29,230	\$7,614	\$2,717	\$13,517	\$73,967	\$105,279	-29.7%	\$73,967	4.6%
Yuba City	\$22,955,922	\$832,221	\$470,131	\$196,342	\$70,523	\$13,517	\$1,582,733	\$1,643,263	-3.7%	\$1,582,733	3.4%
<b>Total:</b>	<b>\$231,495,324</b>	<b>\$6,501,000</b>	<b>\$3,560,000</b>	<b>\$1,675,000</b>	<b>\$552,250</b>	<b>\$297,365</b>	<b>\$12,585,615</b>	<b>\$12,206,139</b>	<b>3.1%</b>	<b>\$12,585,615</b>	<b>5.3%</b>

Actuary/Verification

\$6,501,000

\$3,560,000

est. 3/19



CSAC Excess Insurance Authority  
2019/20 Early Budget Estimates, March 2019

Northern California Cities Self Insurance Fund (NCCSIF)

This third round of early estimates have been prepared to further aid you in budgeting for the 2019/20 fiscal year. At this time, updated estimates are being provided for all major programs. Since the December version: (1) The budget estimates have been updated with actuarial rates for the pooled layers; (2) The reinsurance rates were updated where we have proposals; and (3) We have incorporated more accurate administrative budget numbers. While the estimates provided are more refined from the previous version, they contain a range if there are still outstanding items specific to the program. The estimates are intended to be conservative, however there may be a chance that final numbers will come in higher than the assumptions currently in place. For this reason we recommend continuing to budget toward the high end of the estimate range if one is provided.

**Excess Workers' Compensation Program**

Premium

17/18 Premium:	\$1,440,433	2017/18 Estimated Payroll:	\$211,897,739
18/19 Premium:	\$1,526,767	2018/19 Estimated Payroll:	\$219,785,114
19/20 Estimated Premium:	<b>\$1,671,000</b>	2019/20 Estimated Payroll:	\$231,495,323
Premium Audit:	(\$453)		
<b>Collectible Amount:</b>	<b>\$1,670,547</b>		

The EWC premium projections have been updated to reflect your entity's estimated 2019/20 exposure, as provided on your renewal application, as well as losses based on the June 30, 2018 data collection. Since the December estimate, we have updated the projected program administrative costs and received and updated the pool and reinsurance rates.

Pool rates have changed from last year as follows:

- County rates are down 5.1% on average
- Low Safety rates are down 3.3% on average
- **High Safety rates are down 3.9% on average**
- School rates are down 2.2% on average

Reinsurance Premiums changed from last year as follows:

- Ace layer \$45m x \$5M - 5.5% increase
- Liberty Mutual layer \$50M to Statutory - Pending proposals, estimated 7% increase
- Safety National - No Rate change

The estimates have become more accurate, however, we are still pending the finalization of some miscellaneous fees. To remain somewhat conservative at this point, the estimates were rounded up to the nearest \$1,000. **We will distribute final premium numbers in June** once the nominal fees are finalized.



BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Executive Committee Meeting  
March 14, 2019

Agenda Item H.3.a.

**LIABILITY PROGRAM  
ANNUAL BANKING PLAN ADJUSTMENTS**

**ACTION ITEM**

**ISSUE:** Each year NCCSIF adjusts member Banking Layer Fund balances by refunding amounts in excess of required funding or assessing members whose balances fall below the required funding. James Marta & Company has prepared the attached recommended dividend and assessment calculations for the Liability Program.

**RECOMMENDATION:** Review and develop a recommendation for the Banking Layer Fund adjustments. The recommended dividend is 35% of the available Net Position. The assessment at 20% of the amount below the target benchmark is per the NCCSIF Policy and Procedure A-1.

**FISCAL IMPACT:** TBD, based on committee recommendation.

**BACKGROUND:** On an annual basis, in accordance with Policy and Procedure A-1, Banking Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distribution of excess funds to members. This plan allows for redistribution to the members of funds in excess of the outstanding liabilities at a 90% Confidence Level plus a Buffer Layer of \$500,000 (*ten times the Self Insured Retention (SIR) of \$50,000*).

At the Board meeting, on January 8, 2015, members agreed to make a change to the adjustment formula by allocating the Buffer Layer contingency funds to all members rather than allocating the funds only to members whose balances are above the required funding levels. The formula spreadsheet was also revised to include more annotations explaining the calculations.

**ATTACHMENT(S):** Liability Banking Layer Plan Adjustments





**LIABILITY PROGRAM  
ANNUAL SHARED RISK PLAN ADJUSTMENTS**

**ACTION ITEM**

**ISSUE:** Each year NCCSIF reviews the financial status of the Shared Risk Layer Fund to determine if refunds or assessments may be declared. The total adjustment is allocated to members based on their pro-rata share of the total Shared contributions.

Based on the most recent actuary report, the Fund is estimated to have available assets of \$8,298,000 as of June 30, 2019. This is \$2,924,000 above Outstanding Liabilities at the Expected Confidence Level (CL) and \$694,000 over Liabilities at the 90% CL. This is down from \$993,000 last year but still represents a significant improvement over 2017, when the Fund was (\$1,525,000) *below* the 90% CL and had remained below the benchmark for at least five years. The Fund has also maintained assets above its other target benchmark of Net Position at least 5 times the SIR of \$450,000 (\$2,250,000).

Given that the Fund just recently exceeded its goals after years of assessments, the Program Managers do not recommend a refund or assessment, especially if the members continue to agree to fund at the 80% CL for FY 19/20 (next agenda item).

**RECOMMENDATION:** No refund or assessment if maintain 80% CL for FY 18/19.

**FISCAL IMPACT:** None.

**BACKGROUND:** On an annual basis in accordance with Policy and Procedure A-12, Shared Risk Layer Plan Fund Adjustments, the NCCSIF Board of Directors reviews and determines whether to approve distributions of Shared Risk Layer Funds to the members or declare assessments. In accordance with the Target Equity Policy it is NCCSIF's *goal to maintain a contingency fund equivalent to the 90% confidence level and to maintain an Equity-to-SIR ratio of 3 to 5 times the SIR.*

**ATTACHMENT(S):** Liability Shared Risk Layer Plan Adjustments

**NCCSIF Shared Risk Layer Plan Fund Adjustments - LIABILITY for 2019 Distribution**

Estimated Available Assets as of June 30, 2019		Outstanding Liabilities @ Expected 6/30/19	Outstanding Liabilities @ 70%	Outstanding Liabilities @ 80%	Outstanding Liabilities @ 90%	Benchmark Comparison Net Position to 5x SIR	Refund Available
A	B	C	D	E	F	G	Lesser of (A-F) or (C-G)
\$8,298,000		\$5,374,000	\$6,013,000	\$6,635,000	\$7,604,000	Net Position minus 5X SIR	<b>\$694,000</b>
	<b>Surplus/Deficit</b>	<b>\$2,924,000</b>	<b>\$2,285,000</b>	<b>\$1,663,000</b>	<b>\$694,000</b>	<b>\$2,924,000 - \$2,250,000</b>	<b>\$674,000</b>
		-\$					<b>No refund recommended</b>
Members	Historical Shared Layer Contributions FY 05/06 to FY 15/16	Total %	Available Refund	Assessment	Less CJPRMA Refund	Total	No assessment needed
			\$ -	\$ -	\$ -		
Anderson	\$448,753	2.61%		\$0	0	\$0	
Auburn	\$945,212	5.50%		\$0	0	\$0	
Colusa	\$284,690	1.66%		\$0	0	\$0	
Corning	\$426,439	2.48%		\$0	0	\$0	
Dixon	\$892,109	5.19%		\$0	0	\$0	
Elk Grove	N/A						
Folsom	\$2,846,711	16.58%		\$0	0	\$0	
Galt	\$1,140,979	6.64%		\$0	0	\$0	
Gridley	\$458,569	2.67%		\$0	0	\$0	
Ione	\$71,389	0.42%		\$0	0	\$0	
Jackson	\$325,473	1.90%		\$0	0	\$0	
Lincoln	\$1,396,708	8.13%		\$0	0	\$0	
Marysville	\$679,694	3.96%		\$0	0	\$0	
Nevada City	N/A						
Oroville	\$1,059,847	6.17%		\$0	0	\$0	
Paradise	\$760,768	4.43%		\$0	0	\$0	
Placerville	N/A						
Red Bluff	\$973,379	5.67%		\$0	0	\$0	
Rio Vista	\$380,549	2.22%		\$0	0	\$0	
Rocklin	\$1,786,838	10.41%		\$0	0	\$0	
Willows	\$218,492	1.27%		\$0	0	\$0	
Yuba City	\$2,076,093	12.09%		\$0	0	\$0	
<b>Total</b>	<b>\$17,172,692</b>	<b>100.00%</b>		<b>\$0</b>	<b>0</b>	<b>\$0</b>	

\* Missing data from 2001/02 and 2004/05

Any refund should be in excess of the liabilities at the 90% confidence level and excess of the liabilities at expected plus 5 times SIR.



**LIABILITY PROGRAM  
FY 19/20 DEPOSIT PREMIUM CALCULATIONS**

**ACTION ITEM**

**ISSUE:** Each year the Executive Committee reviews the actuary's recommended funding levels for the upcoming fiscal year and recommends a Deposit Premium to the Board.

Total funding at an 80% Confidence Level (CL) is estimated at \$6,510,858, an increase of 10.1% over FY 18/19 funding at the 80% CL. A payroll increase of 3%, excess coverage increase of 19%, and an increase of 7% in the Shared Layer rate make up the elements of the increase. Three members exceeded the 25% cap, but only by a total of \$5,330. That amount was reallocated to the remaining members as indicated in the attached preliminary funding allocation.

Given the increase in the excess coverage, CJPRMA offered to provide estimates at a \$750,000 Self-Insured Retention (SIR), so the Program Administrators asked the actuary to calculate the funding at that level. The difference is almost \$800,000, so it does not appear to be a viable option at this time.

**RECOMMENDATION:** maintain funding at an 80% CL.

**FISCAL IMPACT:** TBD, based on final excess coverage and admin expenses.

**BACKGROUND:** Members have steadily increased the Confidence Level of annual funding from 65% to 70%, 75%, to the current 80% CL. Over the same period the Discount Factor has decreased from 3% to 1.5%. Both of these changes have contributed to an increase in total funding, in addition to increases in payroll in prior years.

**ATTACHMENT(S):** Preliminary FY 19/20 Liability Deposit Calculations, 80% CL

**FY 19/20 NCCSIF General Liability Funding Allocation PRELIMINARY**

**80% Confidence Level**

**Total Admin Expense = \$487,007**

A	B	C	D	E	F	G	H	I	J	K	L	S
Formula/Allocation	Payroll (P)	Weighted Share Last 5 Years 25% Payroll, 75% Losses	Share of EX MOD Adjusted Payroll X Total	Weighted Share Last 5 Years 75% Payroll, 25% Losses	(Admin/2) X Member % of Total Payroll	(Admin/2) ÷ 19 Equal Shares	C+D+E+F+G		H-I	J/I	Member % of Total Uncapped Payroll X Capped Amount	
<b>Member</b>	<b>2018 Calendar Year Payroll (DE 9)</b>	<b>BANKING LAYER \$0 to \$50K (*Folsom</b>	<b>SHARED LAYER \$50K to \$500K</b>	<b>CJPRMA EXCESS LAYER \$500k to \$40M</b>	<b>ADMIN EXPENSE 50%</b>	<b>ADMIN EXPENSE 50%</b>	<b>Preliminary FY 19/20 TOTAL DEPOSIT</b>	<b>FY 18/19 TOTAL DEPOSIT</b>	<b>\$ Change Overall</b>	<b>% Change Overall</b>	<b>Total FY 19/20 Deposit With Cap of 25%</b>	<b>Payroll Increase from 2017</b>
Rate/Amount	Exposure Base	\$2,211,000	\$2,374,000	\$1,438,852	\$243,503	\$243,503	80% CL	80% CL			\$7,412	
Anderson	\$4,213,453	\$39,428	\$52,139	\$29,273	\$5,971	\$12,816	\$ 139,627	\$128,161	\$11,466	8.9%	\$139,818	8%
Auburn	\$6,660,680	\$155,679	\$138,652	\$71,048	\$9,439	\$12,816	\$ 387,634	\$357,697	\$29,937	8.4%	\$387,935	1%
Colusa	\$2,367,799	\$62,801	\$41,420	\$26,468	\$3,355	\$12,816	\$ 146,860	\$114,397	\$32,463	28.4%	\$142,996	3%
Corning	\$3,378,660	\$50,052	\$49,875	\$29,410	\$4,788	\$12,816	\$ 146,941	\$122,582	\$24,359	19.9%	\$147,094	6%
Dixon	\$8,147,696	\$31,671	\$79,223	\$51,066	\$11,546	\$12,816	\$ 186,323	\$175,449	\$10,874	6.2%	\$186,692	8%
Elk Grove												
Folsom*	\$39,112,288	\$686,845	\$629,892	\$380,671	\$55,426	\$12,816	\$ 1,765,650	\$1,533,064	\$232,586	15.2%	\$1,767,422	-4%
Galt	\$11,466,918	\$113,029	\$138,094	\$83,721	\$16,250	\$12,816	\$ 363,910	\$312,040	\$51,869	16.6%	\$364,429	7%
Gridley	\$4,166,176	\$38,871	\$64,828	\$35,582	\$5,904	\$12,816	\$ 158,000	\$163,707	-\$5,707	-3.5%	\$158,189	7%
Ione	\$1,470,238	\$26,319	\$21,025	\$13,466	\$2,083	\$12,816	\$ 75,710	\$59,942	\$15,767	26.3%	\$74,928	11%
Jackson	\$2,541,472	\$51,457	\$41,586	\$24,165	\$3,602	\$12,816	\$ 133,626	\$160,630	-\$27,004	-16.8%	\$133,741	7%
Lincoln	\$14,440,531	\$148,137	\$167,886	\$106,176	\$20,464	\$12,816	\$ 455,479	\$397,783	\$57,696	14.5%	\$456,133	5%
Marysville	\$3,379,108	\$114,226	\$60,528	\$43,135	\$4,789	\$12,816	\$ 235,493	\$197,195	\$38,298	19.4%	\$235,646	2%
Nevada City												
Oroville	\$5,929,991	\$86,496	\$108,548	\$57,635	\$8,403	\$12,816	\$ 273,898	\$231,741	\$42,157	18.2%	\$274,167	4%
Paradise	\$4,656,446	\$61,272	\$67,585	\$37,198	\$6,599	\$12,816	\$ 185,470	\$199,387	-\$13,917	-7.0%	\$185,680	15%
Placerville												
Red Bluff	\$6,665,463	\$45,796	\$67,483	\$42,793	\$9,446	\$12,816	\$ 178,333	\$182,374	-\$4,041	-2.2%	\$178,635	8%
Rio Vista	\$4,356,061	\$45,097	\$52,752	\$31,337	\$6,173	\$12,816	\$ 148,175	\$116,327	\$31,848	27.4%	\$145,409	10%
Rocklin	\$22,042,000	\$234,990	\$324,082	\$178,574	\$31,236	\$12,816	\$ 781,697	\$727,207	\$54,490	7.5%	\$782,696	7%
Willows	\$1,200,632	\$27,859	\$29,810	\$17,140	\$1,701	\$12,816	\$ 89,326	\$80,513	\$8,813	10.9%	\$89,381	-29%
Yuba City	\$25,635,916	\$190,976	\$238,593	\$179,993	\$36,329	\$12,816	\$ 658,707	\$636,816	\$21,890	3.4%	\$659,868	2%
<b>Total:</b>	<b>\$171,831,528</b>	<b>\$2,211,000</b>	<b>\$2,374,000</b>	<b>\$1,438,852</b>	<b>\$243,503</b>	<b>\$243,503</b>	<b>\$ 6,510,858</b>	<b>\$5,897,011</b>	<b>\$613,847</b>	<b>10.4%</b>	<b>\$6,510,858</b>	<b>3%</b>
Actuary/Verification		\$2,211,000	\$2,374,000									

Don't Participate In GL Program



**Agenda Item H.4.**

**PROPERTY PROGRAM RENEWAL STRATEGY**

**ACTION ITEM**

**ISSUE:** The Program Administrators have been notified to expect a significant increase in the rate for NCCSIF member property coverage. This item has been placed on the agenda to enable members to discuss options for the upcoming renewal, including quotes for higher deductibles.

**RECOMMENDATION:** Discuss options for property renewal and provide direction.

**FISCAL IMPACT:** TBD.

**BACKGROUND:** Fifteen NCCSIF members participate in the group purchase of property, cyber liability, and pollution coverage through the Alliant Property Insurance Program (APIP). Property rates overall are increasing due to increasing losses, with NCCSIF expecting significantly greater increases due to its recent loss history and most notably the Camp Fire in Paradise.

In addition, a number of members have significantly increased their Total Insured Values (TIV) based on recent appraisals, further increasing member premiums.

**ATTACHMENT(S):** None.



## FY 19/20 NCCSIF ADMINISTRATION BUDGET

### INFORMATION ITEM

**ISSUE:** The Executive Committee reviews and recommends to the Board the budget for the next fiscal year. Attached is the preliminary budget for review and discussion. The Administrative Costs are discussed in more detail below. The budget to actual revenues provided by our accountant are used in creating the FY 19/20 budget.

#### Administrative Expenses

1. The Claims Audits - Every year either the Liability or Workers' Compensation claims are audited. The Workers' Compensation Claims audit was budgeted in FY 18/19 at \$11,000 and will be conducted in March 2019. Budgeted expense of \$8,500 is allocated for a Liability Claims audit in FY 19/20
2. The Financial Audit increased by 2% based on the current three-year contract.
3. Actuarial Services are expected to increase 3% and will confirm after transition of current actuary team in April, 2019 to a new firm.
4. Accounting Services are expected to increase 3%.
5. York's Risk Control services are the same as last year based on the current contract, and the rest of the risk control budget is expected to be flat as well.
6. State Funding/Fraud Assessment has been estimated to increase by 15% from the actual *corrected* expense for FY 18/19, to essentially remain flat for next year.
7. Total Program Administration costs have increased 8% based on the fee schedules in the current program administration and accounting services agreements.



BACK TO AGENDA

**Northern California Cities Self Insurance Fund  
Executive Committee Meeting  
March 14, 2019**

**Agenda Item H.5. *continued***

**RECOMMENDATION:** None - information item only. The EC may give direction regarding the funding for the next draft budget.

**FISCAL IMPACT:** Total administrative expenses are estimated to be \$1,336,622, a 2.8% increase over FY 18/19. Last year's increase was 7% largely due to the State Comp Assessment increase. A small amount of surplus offset may be available to reduce the funding, to be determined as we get closer to the fiscal year end.

**BACKGROUND:** None

**ATTACHMENT(S):** Preliminary FY 19/20 NCCSIF Budget

**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND  
PRELIMINARY ADMIN BUDGET  
July 1, 2019 to June 30, 2020**

EXPENSES:		WORK COMP	LIABILITY	2019-20 TOTAL	2018-19 PRIOR YEAR	\$ CHANGE	% CHANGE	
<b>Administrative Expenses:</b>								
Consultants								
52101	Claims Audit		\$8,000	\$8,000	\$11,000	(\$3,000)	-27.3%	WC audit last year more than GL (2017 cost \$7,500)
52102	Financial Audit	\$13,850	\$13,850	\$27,700	\$27,154	\$546	2.0%	Per 2017-19 contract
52103	Legal Services	\$2,000	\$15,000	\$17,000	\$17,000	\$0	0.0%	
52104	Actuarial Review	\$5,530	\$7,530	\$13,060	\$12,700	\$360	2.8%	Per engagement letter including 6/30 Updates
52105	Computer Services			n/a	n/a	n/a	n/a	Moved as part of Accounting Services
52106	CAJPA Accreditation (not until 2021)			n/a	n/a	n/a	n/a	recent accreditation 2018, occurs every 3 years
52109	Misc. Consulting/Contingency	\$2,500	\$2,500	\$5,000	\$5,000	\$0	0.0%	
	<b>Total Consultant Expenses</b>	<b>\$23,880</b>	<b>\$46,880</b>	<b>\$70,760</b>	<b>\$72,854</b>	<b>(\$2,094)</b>	<b>-2.9%</b>	
<b>Safety Services:</b>								
52204	Risk Control Services Agreement	\$89,240	\$89,240	\$178,480	\$178,480	\$0	0.0%	
52201	Outside Training	\$15,000	\$15,000	\$30,000	\$30,000	\$0	0.0%	
52202	Risk Mgmt Comm Mtg Expense	\$750	\$750	\$1,500	\$1,500	\$0	0.0%	
52207	Member Training and Risk Management	\$50,000	\$38,000	\$88,000	\$88,000	\$0	0.0%	\$4,000 per member annual allocation for training/conferences
52208	Lexipol Police Manual Updates & DTBs	\$136,267		\$136,267	\$136,267	\$0	0.0%	
52209	Police Risk Management Funds	\$25,000	\$25,000	\$50,000	\$50,000	\$0	0.0%	RMC recommendation
	<b>Total Safety Services Expenses</b>	<b>\$316,257</b>	<b>\$167,990</b>	<b>\$484,247</b>	<b>\$484,247</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Claims Administration</b>								
52302	Claims Administration Fee (Reports, etc.) Annual	\$29,700	\$20,900	\$50,600	\$50,600	\$0	0.0%	Current contract: GL 2016-19 and WC 2016-19
	Claims Adjustment Fee*							
52304	State Funding/Fraud Assessment	\$246,000			\$245,524	\$476	0.2%	Actual 18/19 = \$214,159 + 15% Est. increase
	<b>Total Claims Administration Expenses</b>	<b>\$275,700</b>	<b>\$20,900</b>	<b>\$296,600</b>	<b>\$296,124</b>	<b>\$476</b>	<b>0.2%</b>	
<b>Program Administration</b>								
52401	Program Administration and Brokerage Fee	\$154,084	\$184,902	\$338,986	\$309,576	\$29,410	9.5%	Per 2019-24 contract
52403	Accounting Services	\$53,085	\$53,085	\$106,170	\$102,690	\$3,480	3.4%	Per 2018-22 contract
	<b>Total Program Administration Expenses</b>	<b>\$207,169</b>	<b>\$237,987</b>	<b>\$445,156</b>	<b>\$412,266</b>	<b>\$32,890</b>	<b>8.0%</b>	

**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND  
PRELIMINARY ADMIN BUDGET  
July 1, 2019 to June 30, 2020**

EXPENSES:		WORK COMP	LIABILITY	2019-20 TOTAL	2018-19 PRIOR YEAR	\$ CHANGE	% CHANGE	
<b>Board Expenses</b>								
52501	Executive Committee	\$1,250	\$1,250	\$2,500	\$2,500	\$0	0.0%	
52502	Executive Committee Member Travel	\$2,000	\$2,000	\$4,000	\$4,000	\$0	0.0%	
52503	Board of Directors Meetings (includes Travel)	\$4,000	\$4,000	\$8,000	\$8,000	\$0	0.0%	
XXXXX	Board of Directors Long Range Planning (@3 years, last LRP Dec. 2017)	\$4,000	\$4,000	\$8,000	\$4,000	\$4,000	100.0%	Doubled for 40th Anniversary Celebration Cost in October 2019 and LRP in January 2020
52504	Association Memberships (PARMA, CAJPA, AGRIP)	\$2,000	\$2,000	\$4,000	\$4,000	\$0	0.0%	
	<b>Total Board Expenses</b>	<b>\$13,250</b>	<b>\$13,250</b>	<b>\$26,500</b>	<b>\$22,500</b>	<b>\$4,000</b>	<b>17.8%</b>	
<b>OTHER Administration Expenses</b> (Not identified with above budget line items)								
52000	Administrative Expense	\$0	\$0	\$0	\$0	\$0	0.0%	
52001	Administration Expense - Other	\$0	\$0	\$0	\$0	\$0	0.0%	
52900	Member Identity Theft Protection	\$13,359	0	\$13,359	\$13,359	\$0	0.0%	Increase dependent on Employee Count
	<b>Total Other Admin</b>	<b>\$13,359</b>	<b>\$0</b>	<b>\$13,359</b>	<b>\$13,359</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Total Admin Expenses</b>		<b>\$849,615</b>	<b>\$487,007</b>	<b>\$1,336,622</b>	<b>\$1,299,590</b>	<b>\$37,032</b>	<b>2.8%</b>	
Net Loss/Admin Surplus Offset					TBD		0.0%	Possible offset TBD

\* WC of \$706,000 included in Banking Layer Funding. GL time and expense billed to file.



## CLAIMS COMMITTEE MEMBERSHIP APPOINTMENT

### ACTION ITEM

**ISSUE:** Members of the Claims Committee are annually selected by the Executive Committee.

**RECOMMENDATION:** The Committee is asked to approve members of the Claims Committee with volunteers from the Executive Committee.

**FISCAL IMPACT:** None.

**BACKGROUND:** Section 6 of the Bylaws authorizes the Board of Directors or the Executive Committee to form a committee for the purpose of overseeing functions that the Board of Directors or Executive Committee has authority to control. The Claims Committee is traditionally made up of at least five members of the Executive Committee and holds regular meetings prior to the Executive Committee's regular meetings, with the Vice President serving as the Chairperson, the President as the Alternative Chair and two or more other members of the Executive Committee.

Most of their activities concern settlement of claims though they also review and recommend changes to the approved counsel list and policies and procedures dealing with claims and litigation management. Special meetings are held by teleconference as needed to grant authority on pressing claims.

The NCCSIF Claims Committee for 2018 is as follows:

1. Liz Cottrell, City of Anderson - *no longer on EC*
2. Liz Ehrenstrom, City of Oroville, Chair
3. Gina Will, Town of Paradise
4. David Warren, City of Placerville, Vice Chair - *no longer on EC*
5. Tim Sailsbery, City of Willows

**ATTACHMENT(S):** None



BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Executive Committee Meeting  
March 14, 2019

Agenda Item H.7.

**YORK RISK SERVICES GROUP, INC.  
CLAIMS AGREEMENT RENEWALS**

**ACTION ITEM**

**ISSUE:** The contracts for claims administration for both the Liability and Workers' Compensation Programs are expiring as of 6/30/19.

York has prepared contract amendments for the Committee to review and approve or recommend to the Board for approval as presented or revised.

**RECOMMENDATION:** Review and approve contracts or recommend approval to the Board as presented or amended per discussion.

**FISCAL IMPACT:** TBD. Expect the Workers' Compensation agreement to be flat and the Liability agreement to change from Time and Expense to a flat fee.

**BACKGROUND:** York Risk Services and its predecessor Bragg & Associates have been providing claims administration services to NCCSIF since the inception of the Workers' Compensation and Liability Programs. The Board previously agreed with the Executive Committee's recommendation to extend the current Workers' Compensation agreement for one year and the Liability claims administration agreement for two years. The recommendation is partly due to the desire to stagger the expiration dates of the contracts to provide ample time to conduct a request for proposals if needed.

**ATTACHMENT(S):**

1. Proposed Amendment Five to the NCCSIF Workers' Compensation Claims Administration Agreement dated July 1, 2010
2. Proposed Amendment Three to the NCCSIF Liability Claims Administration Agreement dated July 1, 2013

**AMENDMENT FIVE TO THE WORKERS' COMPENSATION SELF-INSURANCE CLAIMS ADMINISTRATION AGREEMENT**

This Amendment Five to that certain Workers' Compensation Self-Insurance Claims Administration Agreement dated as of July 1, 2010 and as subsequently amended (collectively the "Agreement") by and between Northern California Cities Self Insurance Fund ("NCCSIF") and York Risk Services Group, Inc. ("York").

WITNESSETH

WHEREAS, the parties wish to extend the term of their Agreement; and

WHEREAS, the parties wish to amend the fee schedule of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. Section 1 of the Agreement entitled "Term of Agreement" shall be revised to include the following contract period:

"The term of this Agreement has been extended to include the period from July 1, 2019 through June 30, 2022."

- 2. Effective July 1, 2019, the provisions set forth in Section 2. a. of the Agreement shall no longer apply. From and after such date, the provisions set forth in the attached Exhibit A shall apply instead.
- 3. All other terms of the Agreement shall remain in force and unchanged. Any conflicts between this amendment and the original Agreement, including any prior executed amendments, shall be superseded by the terms provided herein.

In Witness Whereof, the parties have executed this amendment to be effective as of July 1, 2019.

NORTHERN CALIFORNIA CITIES  
SELF INSURANCE FUND

YORK RISK SERVICES GROUP, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Jody A. Moses

Title: \_\_\_\_\_

Executive Vice President

## **EXHIBIT A**

### **Claims Services**

*York will provide claims handling at the following rates:*

<b>Workers Compensation (Includes the per member administration fee)</b>	
<b>Term</b>	<b>Annual Fee</b>
07/01/2019 – 06/30/20	\$638,092
07/01/2020 – 06/30/21	\$638,092
07/01/2021 – 06/30/22	\$638,092

Annual Fee: York’s Annual Fee quotation is a guaranteed flat annual fee and applies to claims administration services provided during the 12-month contract term. Any additional administration beyond the initial 12-month contract term will be subject to an additional negotiated flat annual fee or other mutually agreed upon rate structure. If there is a significant increase in claims volume, York may propose additional charges. If NCCSIF agrees to such additional charges, the fees will be adjusted accordingly. If NCCSIF does not agree to such charges, York will have the right to terminate services on 60 days’ notice.

**Services of the Account Executive, along with phone claim reviews, are provided at no additional charge.**

### **Managed Care Fees:**

#### **Medical Bill Review**

*Workers’ Compensation*

<b>Detail</b>	<b>Fee</b>
<b>Fee Per Bill</b>	\$12.00 per Bill
<b>California WellComp MPN Access*</b>	Add \$5.00 per Bill

\*California WellComp MPN rate includes network savings achieved through the MPN network. PPO savings achieved outside the network are charged at the PPO percentage of savings rate.

## Case Management

<b>Detail</b>	<b>Fee</b>
<b>Virtual Case Management</b>	\$99.00 per Hour
<b>Field Case Management</b>	\$99.00 per Hour, Plus Mileage (IRS Reimbursement Rate & Expenses)

## Utilization Review/Certification

<b>Detail</b>	<b>Fee</b>
<b>Procedure Rate</b>	\$67.00 per Review
<b>Physician Review (additional fee when applicable)</b>	\$149.00 per Review
<b>Appeal Reviews</b>	\$149.00 per Review

## Peer Review

<b>Detail</b>	<b>Fee</b>
<b>Peer Review</b>	\$195.00 - \$400.00 per Review Depending on Specialty
<b>Physician Intervention Review (Pharmacy Review w/P2P)</b>	\$295.00 per Review

## Medicare Secondary Payer Services (MSA)

<b>Detail</b>	<b>Fee</b>
<b>Mandatory CMS MMSEA Reporting</b>	No Charge
<b>Standard MSA</b>	\$2,950.00 per Referral
<b>Complex/Catastrophic MSA</b>	\$3,500.00 per Referral
<b>Rush MSA Additional</b>	\$525.00 per Referral
<b>MSA CMS Submission</b>	\$525.00 per Referral

<b>Medical Cost Projections</b>	\$1,750.00 per Referral
<b>Conditional Payment Request</b>	\$250.00 per Inquiry
<b>Conditional Payment Dispute Resolution</b>	\$500.00 per Referral
<b>Final Settlement Document Submission</b>	\$155.00 per Referral
<b>Medicare / Medicaid Investigation</b>	\$100.00 per Inquiry
<b>Social Security Investigation</b>	\$100.00 per Referral
<b>Rated Age</b>	\$25.00 per Referral
<b>Medical Cost Projection to MSA Conversion</b>	\$1,200.00 per Referral

York's medical management services include a complete suite of all ancillary medical services, using multiple networks that address our clients' needs – including, but not limited to, pharmacy benefit management, diagnostics, durable medical equipment, transportation and translation, home health, physical therapy and independent medical exams. These services are subject to the bill review rates as quoted above, plus the applicable percentage of network savings achieved below the fee schedule or usual and customary charges.

### **General Fees, Services, Terms and Conditions**

- Outside Activity/Field Investigations will be billed at time and expense.
- Billing: York will issue an electronic invoice monthly, via email. Payments shall be due and payable no later than thirty days from the invoice date.
- Pricing has been developed based on provided loss data. In the event that the loss data is erroneous or otherwise incorrect both parties agree to discuss an equitable adjustment of service fees.
- NCCSIF may request that the services York performs be rendered in a particular or different way or additional services be provided, and York will make all reasonable efforts to comply. If such request increases York's cost of providing the services, York shall be entitled to an equitable adjustment in its compensation.
- York's fee per feature pricing includes placing parties that it deems responsible on notice. Pursuit of subrogation beyond this point can be performed at 25% of recovery\*\* (exclusive of attorney fees and expenses related to litigation as well as expenses, such as locate searches, skip traces, cost and origin reports, copy service, etc. or any agreed upon contingency fees). \*\* York uses an external business partner to pursue third party WC claim recoveries.
- York's fee per feature pricing includes placing parties that it deems responsible on notice. Pursuit of subrogation beyond this point can be performed at 20% of recovery, plus costs, such as locate searches, skip traces, collection counsel fees and expenses, etc.

- Claims and Allocated Loss Adjustment Expenses (ALAE) may be handled in two ways:
  - NCCSIF may elect to fund an account established and maintained by York. In this case, NCCSIF will maintain and provide timely replenishment of funds to pay all Claims and ALAE and to avoid penalties and late payments. York will electronically provide a monthly recap of all deposits as well as Claims and ALAE payments. NCCSIF will be responsible for bank fees with respect to the account.
  - NCCSIF may elect to maintain and fund a NCCSIF-owned account from which York will issue all Claim and ALAE payments. In this case, NCCSIF will provide York with the facsimile signature of an officer, director, partner or employee of NCCSIF to print digitally on the checks. NCCSIF will be responsible for bank fees with respect to the account.

### **Allocated Loss Adjustment Expenses**

York will arrange for various services and other costs as agent for our client. These costs are referred to as Allocated Loss Adjustment Expenses (ALAE). A list of these expenses follows. Payment of ALAE is the responsibility of NCCSIF. York's fees do not cover ALAE, and York is under no obligation to pay ALAE with its own funds.

- Fees of outside counsel for claims in suit, coverage opinions and litigation and for representation at hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, diagrams
- Costs for employing experts for the advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceeding
- Costs for copies of any public records or medical records
- Costs of depositions and court reported or recorded statements
- Costs and expenses of subrogation
- Costs of engineers, handwriting experts or any other type of expert used in the preparation of litigation or used on a one-time basis to resolve disputes
- Witness fees and travel expenses

- Costs of photographers and photocopy services
- Costs of appraisal fees and expenses (not included in flat fee or performed by others)
- Costs of indexing claimants
- FROI/SROI Submission
- Services performed outside York’s normal geographical regions
- Costs of outside investigation, signed or recorded statements
- Out of the ordinary expenses incurred in connection with an individual claim or requiring meeting with NCCSIF
- Any other extraordinary services performed by York at NCCSIF’s request
- Investigation of possible fraud including SIU services and related expenses
- Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or to the protection or perfection of the subrogation rights of NCCSIF.

York may, but need not, elect to utilize its own staff or affiliated entities to perform any of these services. Associated fees and costs will be charged as ALAE.

**IT/RMIS Fees:**

*(Services outlined below are only billed if utilized)*

<b>Service</b>	<b>Description</b>	<b>Fee</b>
<b>FOCUS (RMIS)</b>	RMIS Licensing (Includes loading of 10 years of closed claims history, if requested, and all open claims, regardless of age, into FOCUS)	6 Licenses Included  Additional Licenses @ \$725 per License per Year

**AMENDMENT THREE TO THE LIABILITY SELF-INSURANCE CLAIMS ADMINISTRATION AGREEMENT**

This Amendment Three to that certain Liability Self-Insurance Claims Administration Agreement dated as of July 1, 2013 and as subsequently amended (collectively the "Agreement") by and between Northern California Cities Self Insurance Fund ("NCCSIF") and York Risk Services Group, Inc. ("York").

WITNESSETH

WHEREAS, the parties wish to extend the term of their Agreement; and

WHEREAS, the parties wish to amend the fee schedule of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. Section 1 of the Agreement entitled "Term of Agreement" shall be revised to include the following contract period:

"The term of this Agreement has been extended to include the period from July 1, 2019 through June 30, 2021."

- 2. Effective July 1, 2019, the provisions set forth in Section 2. b. of the Agreement shall no longer apply. From and after such date, the provisions set forth in the attached Exhibit A shall apply instead.
- 3. All other terms of the Agreement shall remain in force and unchanged. Any conflicts between this amendment and the original Agreement, including any prior executed amendments, shall be superseded by the terms provided herein.

In Witness Whereof, the parties have executed this amendment to be effective as of July 1, 2019.

NORTHERN CALIFORNIA CITIES  
SELF INSURANCE FUND

YORK RISK SERVICES GROUP, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Jody A. Moses

Title: \_\_\_\_\_

Executive Vice President

# **EXHIBIT A**

## **Claims Services**

*York will provide claims handling at the following rates:*

<b>General Liability (Includes the per member administration fee)Desk Adjusting</b>	
<b>Term</b>	<b>Annual Fee</b>
07/01/2019 – 06/30/20	\$247,934
07/01/2020 – 06/30/21	\$254,132

<b>General Liability Field Adjusting</b>	
<b>Term</b>	<b>Time &amp; Expense Rate</b>
07/01/2019 – 06/30/20	\$89.00 per hour
07/01/2020 – 06/30/21	\$89.50 per hour

Annual Fee: York’s Annual Fee quotation is a guaranteed flat annual fee and applies to claims administration services provided during the 12-month contract term. Any additional administration beyond the initial 12-month contract term will be subject to an additional negotiated flat annual fee or other mutually agreed upon rate structure. If there is a significant increase in claims volume, York may propose additional charges. If NCCSIF agrees to such additional charges, the fees will be adjusted accordingly. If NCCSIF does not agree to such charges, York will have the right to terminate services on 60 days’ notice.

**Services of the Account Executive, along with phone claim reviews, are provided at no additional charge.**

## **General Fees, Services, Terms and Conditions**

- Outside Activity/Field Investigations will be billed at time and expense.
- Billing: York will issue an electronic invoice monthly, via email. Payments shall be due and payable no later than thirty days from the invoice date.
- Pricing has been developed based on provided loss data. In the event that the loss data is erroneous or otherwise incorrect both parties agree to discuss an equitable adjustment of service fees.
- NCCSIF may request that the services York performs be rendered in a particular or different way or additional services be provided, and York will make all reasonable efforts to comply. If such request increases York’s cost

of providing the services, York shall be entitled to an equitable adjustment in its compensation.

- York's fee per feature pricing includes placing parties that it deems responsible on notice. Pursuit of subrogation beyond this point can be performed at 25% of recovery\*\* (exclusive of attorney fees and expenses related to litigation as well as expenses, such as locate searches, skip traces, cost and origin reports, copy service, etc. or any agreed upon contingency fees). \*\* York uses an external business partner to pursue third party WC claim recoveries.
- York's fee per feature pricing includes placing parties that it deems responsible on notice. Pursuit of subrogation beyond this point can be performed at 20% of recovery, plus costs, such as locate searches, skip traces, collection counsel fees and expenses, etc.
- Claims and Allocated Loss Adjustment Expenses (ALAE) may be handled in two ways:
  - NCCSIF may elect to fund an account established and maintained by York. In this case, NCCSIF will maintain and provide timely replenishment of funds to pay all Claims and ALAE and to avoid penalties and late payments. York will electronically provide a monthly recap of all deposits as well as Claims and ALAE payments. NCCSIF will be responsible for bank fees with respect to the account.
  - NCCSIF may elect to maintain and fund a NCCSIF-owned account from which York will issue all Claim and ALAE payments. In this case, NCCSIF will provide York with the facsimile signature of an officer, director, partner or employee of NCCSIF to print digitally on the checks. NCCSIF will be responsible for bank fees with respect to the account.

### **Allocated Loss Adjustment Expenses**

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- Fees of outside counsel for claims in suit, coverage opinions and litigation and for representation at hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, diagrams

- Costs for employing experts for the advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceeding
- Costs for copies of any public records or medical records
- Costs of depositions and court reported or recorded statements
- Costs and expenses of subrogation
- Costs of engineers, handwriting experts or any other type of expert used in the preparation of litigation or used on a one-time basis to resolve disputes
- Witness fees and travel expenses
- Costs of photographers and photocopy services
- Costs of appraisal fees and expenses (not included in flat fee or performed by others)
- Costs of indexing claimants
- FROI/SROI Submission
- Services performed outside York's normal geographical regions
- Costs of outside investigation, signed or recorded statements
- Out of the ordinary expenses incurred in connection with an individual claim or requiring meeting with NCCSIF
- Any other extraordinary services performed by York at NCCSIF's request
- Investigation of possible fraud including SIU services and related expenses
- Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss or to the protection or perfection of the subrogation rights of NCCSIF.

York may, but need not, elect to utilize its own staff or affiliated entities to perform any of these services. Associated fees and costs will be charged as ALAE.

**IT/RMIS Fees:**

*(Services outlined below are only billed if utilized)*

<b>Service</b>	<b>Description</b>	<b>Fee</b>
<b>FOCUS (RMIS)</b>	RMIS Licensing (Includes loading of 10 years of closed claims history, if requested, and all open claims, regardless of age, into FOCUS)	2 Licenses Included  Additional Licenses @ \$725 per License per Year



BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Executive Committee Meeting  
March 14, 2019

Agenda Item I.

## INFORMATION ITEMS

### INFORMATION ITEM

**ISSUE:** The following items are being presented as information for NCCSIF members.

**RECOMMENDATION:** None. This item is offered as information only.

**FISCAL IMPACT:** None.

**BACKGROUND:** None

#### ATTACHMENT(S):

1. NCCSIF Organizational Chart
2. NCCSIF 2019 Meeting Calendar
3. NCCSIF Travel Reimbursement

# NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

## 2019 Organizational Chart

Updated as of 2/15/19

MEMBER ENTITY	BOARD OF DIRECTORS	BOARD ALTERNATES	RISK MANAGEMENT COMMITTEE	POLICE RISK MANAGEMENT COMMITTEE
City of ANDERSON	Liz Cottrell	Jeff Kiser	Liz Cottrell	Chief Michael Johnson
City of AUBURN	Cristina Shafer	<i>None appointed</i>	Shari Harris	Chief Ryan L. Kinnan
City of COLUSA	Toni Benson	<i>None appointed</i>	Toni Benson	Chief Josh Fitch
City of CORNING	Kristina Miller	Tom Watson	Tom Watson	Chief Jeremiah Fears
City of DIXON	Rachel Ancheta	Kim Stalie	Rachel Ancheta	Chief Robert Thompson
City of ELK GROVE	Brad Koehn	Kara Reddig	Jim Ramsey Julie Rucker - Alternate Rep.	Lieutenant Jeff Scott
City of FOLSOM	<b>VP / *EC</b> Jim Francis	Kristine Haile*	Kristine Haile	<i>None appointed</i>
City of GALT	<b>EC</b> Cora Hall	Eugene Palazzo	Cora Hall	Chief Tod Sockman ( <b>Vice-Chair</b> )
City of GRIDLEY	<b>EC</b> Juan Solis	Elisa Arteaga	Juan Solis	Interim Chief Allen Byers
City of IONE	Jon Hanken	Lori McGraw	Jon Hanken	Chief Tracy Busby
City of JACKSON	Yvonne Kimball	Dalacie Blankenship	Yvonne Kimball	Chief Scott Morrison
City of LINCOLN	<b>EC</b> Veronica Rodriguez	Ruthann Codina	Veronica Rodriguez	Chief Doug Lee
City of MARYSVILLE	<i>Vacant</i>	Jennifer Styczynski	Jennifer Styczynski	Chief Chris Sachs
City of NEVADA CITY	<b>EC</b> Loree' McCay	Catrina Olson	Loree' McCay	Chief James Leal
City of OROVILLE	<b>P / EC / CC</b> Liz Ehrenstrom ( <b>Chair</b> )	<i>None appointed</i>	Liz Ehrenstrom ( <b>Chair</b> )	Lt. Chris Nicodemus
Town of PARADISE	<b>S / EC / CC</b> CJPRMA Rep Gina Will	Crystal Peters	Crystal Peters	Chief Eric Reinbold
City of PLACERVILLE	Dave Warren	Cleve Morris	Dave Warren	Chief James Ortega
City of RED BLUFF	Sandy Ryan	Anita Rice	Sandy Ryan	Chief Kyle Sanders ( <b>Chair</b> )
City of RIO VISTA	<b>*EC</b> Jose Jasso	Jen Lee*	Jose Jasso	Chief Dan Dailey
City of ROCKLIN	Kimberly Sarkovich	Andrew Schiltz, CPA	Kimberly Sarkovich	Chief Chad Butler
City of WILLOWS	<b>T / EC / CC</b> Tim Sailsbery, CPA	<i>None appointed</i>	Wayne Peabody	N/A
City of YUBA CITY	Natalie Springer	Robin Bertagna, CPA	Sheleen Loza	Chief Robert Landon

OFFICERS		
		Term of Office
<b>President (P)</b>	Liz Ehrenstrom	1/1/2019 - 12/31/2020
<b>Vice President (VP)</b>	Kristine Haile	1/1/2019 - 12/31/2020
<b>Treasurer (T)</b>	Tim Sailsbery	1/1/2019 - 12/31/2019
<b>Secretary (S)</b> <b>CJPRMA Board Representative</b>	Gina Will	9/27/2018 - 12/31/2020

**Executive Committee (EC)** - membership on the EC rotates annually based on a rotation schedule and each member serves for a two-year term, with the President serving as Chair of the Committee.

**Claims Committee (CC)** - members of the CC are annually selected by the EC. CC is traditionally made up of at least five members of the EC, with the Vice President serving as Chair of the Committee.

PROGRAM ADMINISTRATORS (Alliant Insurance Services)
Marcus Beverly
Michael Simmons
Raychelle Maranan

CLAIMS ADMINISTRATORS (York Risk Services)
Dorienne Zumwalt
Steven Scott (Workers' Comp)
Tom Baber (Liability)

RISK CONTROL CONSULTANTS (Bickmore)
Gail Zeigler
Tom Kline
Enriqueta (Henri) Castro

ADVISORS
Byrne Conley (Board Counsel)
James Marta, CPA (Accounting)



**2019 MEETING CALENDAR**

Thursday, February 21, 2019 ..... **Police Risk Management Committee** at 10:00 a.m.

Thursday, March 14, 2019 ..... *Executive Committee* at 10:00 a.m.  
**Claims Committee** at 11:30 a.m.

Thursday, April 25, 2019 ..... **Risk Management Committee** at 10:00 a.m.  
**Board of Directors** at 12 noon

Thursday, May 16, 2019..... **Claims Committee** at 10:00 a.m.  
*Executive Committee* at 11:30 a.m.

Thursday, June 13, 2019..... **Board of Directors** at 10:00 a.m.

Thursday, August 1, 2019 ..... **Police Risk Management Committee** at 10:00 a.m.

Thursday, September 26, 2019..... **Claims Committee** at 10:00 a.m.  
*Executive Committee* at 11:30 a.m.

Thursday, October 24, 2019\*\* ..... **Risk Management Committee** at 9:30 a.m.  
**40<sup>th</sup> Anniversary Luncheon** at 11:00 a.m.  
**Board of Directors** at 1:30 p.m.

Thursday, November 7, 2019 ..... **Police Risk Management Committee** at 10:00 a.m.

Thursday, January 16, 2020 ..... Long-Range Planning and **Board of Directors** at 10:00 a.m.

**Meeting Location: Rocklin Event Center - Garden Room** (except February and March - Ballroom)  
2650 Sunset Boulevard, Rocklin, CA 95677

\*\*Rocklin Police Department Emergency Operations Center  
4080 Rocklin Road, Rocklin, CA 95677

Note: Additional Claims Committee Meetings may be scheduled as needed for Claims Authority approval which will be held via teleconference.

# Northern California Cities Self Insurance Fund

## Travel Reimbursement Expense Form

Member Representative: \_\_\_\_\_

Entity: \_\_\_\_\_

Payee Address: \_\_\_\_\_

Meeting or Committee: \_\_\_\_\_

Date of Meeting: \_\_\_\_\_

Location of Meeting: \_\_\_\_\_

Total Mileage: \_\_\_\_\_

Payment Made to: 


 \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_