CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

WEBEX EXECUTIVE COMMITTEE MEETING
Wednesday October 6, 2021, 9:00 A.M.

CJPRMA
3201 Doolan Road, Suite 285
Livermore, CA 94551
(925) 837-0667

This meeting is being held in accordance with the Brown Act as currently modified by AB 361, effective October 1, 2021, that allows attendance by members of the Board of Directors, CJPRMA staff, and the public to participate and conduct the meeting by teleconference, videoconference, or both.

MEETING LINK:

https://cjprma.webex.com/cjprma/j.php?MTID=mb06c0defe83c610b92830e01ec43e8af

MEETING NUMBER: **146 333 6376** **PASSWORD**: **EC100621**

JOIN BY PHONE: **1-844-621-3956** **ACCESS CODE**: **146 333 6376**

AGENDA

I. CALL TO ORDER

II. ROLL CALL

III. CLOSED SESSION

1. **Government Code Section 54956.95 (a)**
   Conference with Legal Counsel – Litigation

   Name of Case: Googooian, Stephen v. City of Rocklin et al. (NCCSIF)
   Court: Superior Court of the State of California, County of Placer
   Case No.: SCV0042659

IV. ACTION ON CLOSED SESSION

V. PRESENTATIONS

- None

VI. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE EXECUTIVE COMMITTEE ON MATTERS OF EXECUTIVE COMMITTEE BUSINESS

Per Government Code section 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 CJPRMA at (925) 837-0667 24 hours in advance of the meeting.

V. COMMUNICATIONS

1. Executive Committee Members
2. General Manager/Secretary
3. Next Scheduled Meetings: Board of Directors (12/09/21) TBD
   Executive Committee (01/20/22) TBD

VI. APPROVAL OF MINUTES

- Minutes of the Executive Committee meeting held June 30, 2021. (Pages 3 - 6)

VII. CONSENT CALENDAR

1. Status Update on General Manager's Goals & Objectives ***(I)*** (Pages 7 - 11)

2. Business Calendar for 2021 and 2022 ***(I)*** (Pages 12 - 16)

VIII. ACTION *(A)* AND INFORMATION *(I)* CALENDAR

3. Approve Premium Allocation Methodology ***(A)*** (Pages 17 - 25)

4. Service Needs Assessment ***(I)*** (Pages 26 - 28)

5. Approve One-Time Exemption to Board Policy B21: Expense and Reimbursement for CJPRMA for Board Members, Alternates and Staff. ***(A)*** (Page 29)

6. Risk Management Issues ***(I)*** (Page 30)

IX. ADJOURNMENT

Per Government Code section 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 CJPRMA at (925) 837-0667 24 hours in advance of the meeting.

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

WEBEX EXECUTIVE COMMITTEE MEETING
Wednesday June 30, 2021, 9:00 A.M.

CJPRMA
3201 Doolan Road, Suite 285
Livermore, CA 94551
(925) 837-0667

This meeting is being held in accordance with the Brown Act as currently in effect under the State Emergency Services Act, the Governor's Emergency Declaration related to COVID-19, and the Governor's Executive Order N-29-20 issued on March 17, 2020 that allows attendance by members of the City Council, City staff, and the public to participate and conduct the meeting by teleconference, videoconference, or both.

MEETING LINK:
https://cjprma.webex.com/cjprma/j.php?MTID=m78a9343f598d8961a76405a4c4b3ba6e

MEETING NUMBER: **187 313 8516** **PASSWORD: EXEC0630**

JOIN BY PHONE: **1-844-621-3956** **ACCESS CODE**: **187 313 8516**

MINUTES

I. CALL TO ORDER – President Rawe called the meeting to order at 9:01 A.M.

II. ROLL CALL

1) Chris Carmona, Fairfield
2) Janet Hamilton, Livermore
3) Dan Sodergren, LPFD
4) Amy Northam, REMIF
5) Dave Rawe, Roseville
6) Scott Mann, Sunnyvale

OTHERS

7) Byrne Conley, Board Counsel
8) Tony Giles, CJPRMA
9) Lola Deem, CJPRMA
10) Marinda Griese, CJPRMA
11) Marcia Hart, CJPRMA
12) Susanna Bañuelos, CJPRMA

"This CJPRMA Executive Committee meeting was via teleconference, pursuant to California Government Code Section 54953 and Governor Newsom's Executive Order N-25-20. No Directors indicated that they could not clearly hear the proceedings, and no Directors indicated a belief that the other Directors on the teleconference were who they claimed to be."

Per Government Code section 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 CJPRMA at (925) 837-0667 24 hours in advance of the meeting.

III. CLOSED SESSION

1. **Government Code Section 54956.9 (a)**
   Conference with Legal Counsel – Litigation

   Name of Case: Rasku, Christopher v. City of Ukiah (REMIF)
   Court: United States District Court, Northern District of California
   Case No.: 3:20-cv-01286-LB

IV. ACTION ON CLOSED SESSION

- The Executive Committee conferred with staff regarding litigated claims and provided direction.

V. PRESENTATIONS - none

VI. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE EXECUTIVE COMMITTEE ON MATTERS OF EXECUTIVE COMMITTEE BUSINESS

V. COMMUNICATIONS

1. Executive Committee Members
2. General Manager/Secretary
3. Next Scheduled Meetings: Board of Directors (08/20/21) TBD
   Executive Committee (09/23/21) TBD

VI. APPROVAL OF MINUTES

- A motion was made by Director Mann and seconded by Director Carmona to approve the minutes of the Executive Committee meeting held on April 22, 2021. A roll call vote was taken; Directors Carmona, Hamilton, Sodergren, Northam, Rawe, and Mann approved the motion. Motion passed.

VII. CONSENT CALENDAR

1. ~~**Status Update on General Manager's Goals & Objectives *(I)***~~ – *removed from the Consent Calendar and addressed as part of the Action /Information calendar.*

2. **Business Calendar for 2021 and 2022 *(I)***

   - A motion was made by Director Carmona and seconded by Director Mann to approve the business calendar for 2021 and 2022. A roll call vote was taken; Directors Carmona, Hamilton, Sodergren, Northam, Rawe, and Mann approved the motion. Motion passed.

VIII. ACTION *(A)* AND INFORMATION *(I)* CALENDAR

1. **Status Update on General Manager's Goals and Objectives *(I)*** – moved from the Consent Calendar

   The general manager's Goals and Objectives for 2020 were created to identify the areas of priority in meeting the objectives of the adopted strategic plan. The Board of Directors developed the current strategic plan in October 2019. The Executive Committee discussed the goals and objectives with the General Manager, with a focus on Strategic Goal #3, 100% Member Retention. This was an information item only. No action was taken.

4. **Resumption of In-Person Meetings *(I)***

   Since March 2020, CJPRMA has conducted all Board of Directors, Executive Committee and Claims Committee meetings remotely due to the COVID-19 pandemic and associated public health orders from the CDC, State and County of Alameda. The general manager would like to discuss with the Executive Committee the resumption of in-person meetings and what, if any, restrictions and controls to have in place. The next scheduled Board of Directors meeting is on August 19, 2021. Topics for consideration included: number of attendees per member, require physical distancing, hybrid meeting option, and continuing remote meetings each year.

   - The Executive Committee meeting suggested that CJPRMA conduct a poll of the membership about returning to in-person meetings. They also discussed various safety measures. This was an information item only. No action was taken.

5. **Property Appraisals *(I)***

   In 2007, CJPRMA hired American Appraisal to conduct a complete appraisal of all properties insured in the property program to ensure that all properties were appropriately insured to value. In 2015-16, American Appraisal conducted a follow-up appraisal process. For sites they had visited in 2008, they did not conduct an additional onsite inspection unless the member informed them of significant changes at that site. New locations were provided with full scope appraisals including onsite inspections. CJPRMA informally planned to conduct property appraisals approximately every five years.

   Since it has been approximately five years since the last update of values through an appraisal process, the general manager plans to ask the Property Program participants to approve conducting appraisals starting in the 2021/22 program year. Duff & Phelps (formerly American Appraisal) has provided a quote to conduct full-scope appraisals at a cost of $140 per building if all buildings are included in the project and $200 per building if we only do buildings valued more than $500,000. Duff & Phelps believes that onsite inspections are needed for all buildings since some buildings have not been seen since 2008.

If the Property Program participants approve the appraisal project, the cost will be included on their property invoices in July 2022.

- This was an information item only. No action was taken.

6. **Risk Management Issues *(I)***

The executive committee discussed risk management issues that are of concern to the members and for the provision of status updates on the risk management program:

1) Suggestions from the public regarding bike lanes that might not agree with traffic engineer positions - Janet Hamilton, Livermore

2) Where do members store settlement agreements in their agencies? – Janet Hamilton, Livermore

- This was an information item only. No action was taken.

IX. ADJOURNMENT – President Rawe adjourned the meeting at 10:33 A.M.

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CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY

AGENDA BILL

ITEM: 1	**TITLE: STATUS UPDATE ON GENERAL MANAGER'S GOALS & OBJECTIVES**
MEETING: 10/06/2021	
GENERAL MANAGER: ABG	

Recommended Actions
None. This item is being provided to the Board of Directors as an update on the general manager's 2021 Goals and Objectives.

Strategic Direction
All CJPRMA strategic goals adopted by the organization.

Item Explanation
The general manager's Goals and Objectives for 2021 were created to identify the areas of priority in meeting the objectives of the adopted strategic plan. The Board of Directors developed the current strategic plan in October 2019.

This item is being provided as an information item only and no formal action is required.

Fiscal Impact
None

Exhibits
1. General Manager's Goals & Objectives 2021

GENERAL MANAGER GOALS & OBJECTIVES FOR 2021

GOALS	OUTCOMES	TASKS COMPLETED
Determine if CJPRMA is an excess pool, a full-service pool or a hybrid. Priority 1.27 **20%**	• Conduct a cost benefit analysis to include breaking out the cost of services. • Conduct a needs assessment regarding services. • Consider cost allocation strategies – Research alternative models.	• Service needs assessment sent to members on 8/17/21. Results to be reported to Executive Committee on 10/6/21 and Board of Directors on 12/9/21.
Analyze creating a captive. Priority 1.56 **20%**	• Internal analysis of our position, including overall funding, net assets, payout duration, etc. • Environmental scan – investigate what other JPAs have learned while creating a captive. • Recommend go or no go of conducting a feasibility study based on above. • Recommendation to the Board of go or no go based on the feasibility study recommendations. • Form a captive if it is considered favorable.	• Captive project on hold until net position is improved.
Evaluate premium allocation. Priority 1.6 **20%**	• Consider utilization of ex mod factors. • Consider utilizing corridor deductibles, quota shares, SIRs, credibility factors. • Board members will first need to be educated on these risk finance tools. • Consider utilizing higher SIRs for specific risk (wildfire, EQ, flood). • Review the member loss history policy.	• Ad hoc committee drafted proposal to bring to Board for review/approval. • Draft policy and methodology to be presented to Executive Committee on 10/6/21.

GOALS	OUTCOMES	TASKS COMPLETED
100% member retention. Priority 2.21 **10%**	• Develop an internal marketing plan. • Develop a communications plan. • Must have competitive rates.	• Provided members with a monthly "Proposed Premium Report" with updates on estimated costs throughout renewal process. • Renewed all coverage programs for 2021/22. Many programs came in for less than the anticipated increases. • Started planning for 2022/23 renewal. • CJPRMA awarded Accreditation with Excellence by CAJPA. • Met with YCPARMIA on 9/16/21.
Evaluate options to increase pool equity. Priority 2.26 **10%**	• Review target equity policy. • Review industry financial ratios and consider implementing. • Review investment policy. • Form captive to increase investment income. • Review 10-year rolling average policy. • Consider narrowing coverage and increasing SIRs in specific risk areas.	• Board of Directors approved a three-year plan to address funding issues. Changes in confidence level, retentions and actuarial method. • 10-year rolling average method stopped for future actuarial studies. • Revised "Minimum Standards for Net Equity" policy at 12/10/20 Board meeting. Four key industry financial ratios added to that policy. • Investment policy reviewed at 8/19/21 Board meeting.

GOALS	OUTCOMES	TASKS COMPLETED

Enhance existing training programs.
 	
Priority 2.28
 	
10%
	• Conduct a member needs assessment.
	  ○ Determine individual member needs.
	  ○ Analyze the JPA and individual member's loss drivers.
	  ○ Include staff intuition based on working with members.
	• Focus on emerging risk.
	• Evaluate delivery mechanisms.
	  ○ Staff driven or utilize an outside service provider to create:
	  ▪ In-person training.
	  ▪ Online training (webinars, soundbite video training, online toolbox with sample policies).
	  ▪ Newsletters to highlight claims lessons learned.
	• Create a video on risk management and being a CJPRMA member.
	• Create a best practices library on the website
	  ○ Information could be culled from past board meetings.
		• CJPRMA University: Liability Program and MOC on 9/16/21.
		• CJPRMA University: Introduction and Overview of CJPRMA on 7/15/21.
		• Police practices training "Social Worker, Therapist, Cop" from AGHW on 6/3/21.
		• LCW Employment Law update on 5/4/21.
		• CJPRMA University: Claims session on 3/25/21.
		• Bob Tyson "Nuclear Verdicts" training on 2/11/21 and provided copies of Bob's book to participants.
		• Alliant "State of the Market" training as a standalone session on 2/17/21.
		• Greg Fox police liability training on 1/7/21 and 3/25/21.
		• Expanded the CJPRMA University concept to include multiple detailed topics over seven months.
		• Discuss lessons learned from claims with the claims committee and report to Board of Directors as a standing agenda item.

GOALS	OUTCOMES	TASKS COMPLETED

Determine if growth should be a priority.
 	
Priority 3
 	
10%
	• Analyze the pros and cons of growth.
	  ○ Actuarially
	  ○ Cost benefits study
	• Review Underwriting Policy to ensure the right members are accepted at the right rate.
	• Determine target markets (prospects) .
	  ○ Based on scale (possibly size of payroll).
	  ○ Create a list of unattached cities.
	• Analyze existing staff capacity.
		• Board of Directors accepted CIRA's application for membership on 4/27/21. CIRA has decided to join PRISM for the 2021/22 program year, but they said that they are continuing to evaluate their permanent excess coverage decision.
		• Discussed CJPRMA as a possible excess partner with the City of Santa Clarita.
		• Completed list of cities that are not currently attached to other pools.
		• YCPARMIA decided to remain in CJPRMA for program year 2021/22.

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CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY

AGENDA BILL

ITEM: 2	**TITLE: BUSINESS CALENDAR FOR 2021 AND 2022**
MEETING: 10/06/2021	
GENERAL MANAGER: A.B.G.	

Recommended Actions
None. This item is being provided for information only.

Strategic Direction
Strategic Goal 3, 100% Member Retention

Item Explanation
The CJPRMA Business Calendar will be provided as a standing agenda item for Executive Committee meetings and Board of Director Meetings. This calendar provides Board Members and staff with a listing of key business items and the required dates for completion.

Fiscal Impact
None

Exhibits
1. CJPRMA 2021 Business Calendar
2. CJPRMA 2022 Business Calendar

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

2021 BUSINESS CALENDAR

January

- Distribution of Executive Committee Agenda – 01/15/2021
- Executive Committee Meeting – 01/21/2021
- Greg Fox Police Liability Training - 01/07/2021 WebEx
- Member Quarterly Payroll Reports – 01/29/2021
- Distribution of Summary of APD Values
- Distribution of Property and Loss Data – 01/29/2021

February

- FPPC Form 700 Filing Requests Sent Out
- PARMA Conference - 02/02/2021 to 02/05/2021 Renaissance Indian Wells Resort, Indian Wells, CA
- Bob Tyson Nuclear Verdicts Training – 02/11/2021 WebEx
- Return APD Renewals Lists to Staff

March

- Deadline for Members to submit Agenda items for March Meeting – 03/8/2021
- Distribution of Board of Directors Meeting Agenda – 03/12/2021
- Board of Directors Meeting – 03/18/2021
- Distribution of Quarterly Member Loss Data
- Bi-annual Review of Conflict of Interest Code

April

- FPPC Form 700 Filing Deadline – 04/01/2021
- Claims Committee meeting – 04/08/2021
- Moonlight Data, Inc presentation – 04/15/2021
- Distribution of Executive Committee Meeting Agenda – 04/16/2021
- Executive Committee Meeting – 04/22/2021 WebEx
- Distribution of Certificate of Coverage Renewals Lists
- Requests for Nominations for President/Vice President (Bi-annually)
- Distribute nomination for President and Vice President (even numbered years)
- Member Quarterly Payroll Reports – 04/30/2021

May

- Liebert Cassidy Whitmore Legal Update – 05/04/2021
- Deadline for Members to submit Agenda items for Annual Meeting – 05/07/2021
- Distribution of Board of Directors Annual Meeting Agenda – 05/13/2021
- Board of Directors Annual Meeting - 05/20/2021 WebEx
  - Commercial Insurance Renewals
  - Proposed Budget for 2021-2022
  - Claims Audit Presentation
  - Approval of Meeting, Business and Holiday Calendars
- Return Certificate of Coverage Renewals Lists to Staff

June

- Training by AGHW, How to Help Your Witnesses Overcome Hindsight Bias – 06/03/2021
- Distribution of Executive Committee Meeting Agenda – 06/11/2021
- Executive Committee Meeting – 06/17/2021

June (continued)

- Requests for Nominations for President/Vice President (Bi-annually)
- Certificates of Coverage Renewals mailed to certificate holders - 6/30/2021
- Interim Financial Audit in process
- Risk Management Plan Revisions
- Distribution of Quarterly Member Loss Data

July

- General Liability Premiums Billed
- Auto Physical Damage Program Premiums Billed
- Property Program Premiums Billed
- Claims Committee meeting – 07/08/2021
- CJPRMA University (Introduction and Overview) – 07/15/2021
- Member Quarterly Payroll Reports - 07/30/2021

August

- Deadline for Members to submit Agenda items for August Meeting – 08/09/2021
- Distribution of Board of Directors Meeting Agenda – 08/13/2021
- Board of Directors Meeting – 08/19/2021
- Bi-annual election of President and Vice President (even numbered years)
- Election of Executive Committee Members
- Bi-annual Appointment of Treasurer (even numbered years)
- Annual Review of Investment Policy
- Actuarial Study in process
- Requests for Program Year 2020-2021 reimbursement of liability training expenses due – 08/31/2021

September

- CJPRMA University Liability –Training - 09/16/2021
- Distribution of Executive Committee Agenda – 09/17/2021
- Executive Committee Meeting, CJPRMA - 09/23/2021
- CAJPA Conference –Lake Tahoe Resort, South Lake Tahoe, CA - canceled
- Final Financial Audit
- Distribution of Quarterly Member Loss Data

October

- Claims Committee meeting Training – 10/14/2021
- CJPRMA University Ancillary/Cyber Program Training – 10/21/2021
- Training by Bob Marshburn - TBD
- Member Quarterly Payroll Reports – 10/29/2021

November

- CJPRMA University Property Program Training – 11/18/2021
- Deadline for Members to submit Agenda items for December Meeting – 11/29/2021

December

- Distribution of Board of Directors Meeting Agenda – 12/03/2021
- Board of Directors Meeting – 12/09/2021
  - Actuarial Study, Financial Audit and Annual Report presented
- Deadline for change to SIR or withdrawal from any CJPRMA program - 12/30/2021
- Distribution of Summary of APD Values to APD members
- Distribution of Property schedules to Property members
- Distribution of Quarterly Member Loss Data

CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

2022 BUSINESS CALENDAR

January

- Distribution of Executive Committee Agenda – 01/13/2022
- Training – EPL by LCW 01/13/2022
- Executive Committee Meeting – 01/20/2022
- CJPRMA University Claims Training – TBD
- Member Quarterly Payroll Reports Due – 01/30/2022
- Distribution of Property and Loss Data – 01/29/2022
- APD Members Return Summary of APD Values to Staff
- Property members return Property Schedules to Staff

February

- FPPC Form 700 Filing Requests Sent Out
- Wildfire Protection Training – 02/07-10/2022
- PARMA Conference - 02/27/2022 to 03/02/2022 Disneyland Hotel, Anaheim, CA
- State of the Insurance Market Presentation – TBD

March

- Deadline for Members to submit Agenda items for March Meeting – 03/06/2022
- Distribution of Board of Directors Meeting Agenda – 03/10/2022
- Board of Directors Meeting – 03/17/2022
- Distribution of Quarterly Member Loss Data
- Bi-annual Review of Conflict of Interest Code

April

- FPPC Form 700 Filing Deadline – 04/03/2022
- Claims Committee meeting – 04/14/2022
- Training – TBD
- Distribution of Executive Committee Meeting Agenda – 04/14/2022
- Executive Committee Meeting – 04/21/2022 TBA
- Distribution of Certificate of Coverage Renewals Lists sent to Members
- Requests for Nominations for President/Vice President (Bi-annually)
- Distribute nomination for President and Vice President (even numbered years)
- Member Quarterly Payroll Reports – 04/29/2022

May

- Deadline for Members to submit Agenda items for Annual Meeting – 05/08/2022
- Distribution of Board of Directors Annual Meeting Agenda – 05/12/2022
- Board of Directors Annual Meeting - 05/18, 19 & 20/2022 Dream Inn, Santa Cruz, CA
  - Commercial Insurance Renewals
  - Proposed Budget for 2023-2024
  - Claims Audit Presentation
  - Approval of Meeting, Business and Holiday Calendars
- Return Certificate of Coverage Renewals Lists to Staff

June

- Distribution of Executive Committee Meeting Agenda – 06/09/2022
- Executive Committee Meeting – 06/16/2022 TBA
- Requests for Nominations for President/Vice President (Bi-annually)
- Certificates of Coverage Renewals mailed to certificate holders - 6/30/2022
- Interim Financial Audit in process
- Risk Management Plan Revisions
- Distribution of Quarterly Member Loss Data
- Training - TBD

July

- General Liability Premiums Billed
- Auto Physical Damage Program Premiums Billed
- Property Program Premiums Billed
- Claims Committee meeting – 07/07/2022
- CJPRMA University (Introduction and Overview) – 07/14/2022
- Member Quarterly Payroll Reports - 07/31/2022

August

- Deadline for Members to submit Agenda items for August Meeting – 08/07/2022
- Distribution of Board of Directors Meeting Agenda – 08/14/2022
- Board of Directors Meeting – 08/18/2022
- Bi-annual election of President and Vice President (even numbered years)
- Election of Executive Committee Members
- Bi-annual Appointment of Treasurer (even numbered years)
- Annual Review of Investment Policy
- Actuarial Study in process
- Requests for Program Year 2020-2021 reimbursement of liability training expenses due – 08/31/2022

September

- Distribution of Executive Committee Agenda – 09/08/2022
- Executive Committee Meeting, CJPRMA - 09/15/2022
- CAJPA Conference –Lake Tahoe Resort, South Lake Tahoe, CA - 09/13/2022 to 09/16/2022
- Final Financial Audit
- Distribution of Quarterly Member Loss Data

October

- Claims Committee meeting – 10/13/2022
- CJPRMA University Liability Program Training – 10/20/2022
- Member Quarterly Payroll Reports – 10/28/2021

November

- CJPRMA University Property Program Training – 11/17/2022
- Deadline for Members to submit Agenda items for December Meeting – 11/27/2022

December

- Distribution of Board of Directors Meeting Agenda – 12/01/2022
- Board of Directors Meeting – 12/08/2022
    - Actuarial Study, Financial Audit and Annual Report presented
- Deadline for change to SIR or withdrawal from any CJPRMA program - 12/30/2022
- Distribution of Summary of APD Values to APD members
- Distribution of Property Schedules to Property members
- Distribution of Quarterly Member Loss Data

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CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY

AGENDA BILL

ITEM: 3	**TITLE: APPROVE PREMIUM ALLOCATION METHODOLOGY**
MEETING: 10/06/2021	
GENERAL MANAGER: A.B.G.	

Recommended Actions
Approve premium allocation methodology and revisions to Board Policy B25 "Annual Review of Members Loss History and Premium Allocation" and forward to the Board of Directors for approval.

Strategic Direction
Strategic Goal #3, 100% Member Retention; Strategic Goal #5, Evaluate Premium Allocation; Strategic Goal #6, Evaluate Options to Increase Pool Equity

Item Explanation
In 2017, the Board of Directors approved Board Policy B25 "Annual Review of Members Loss History" to address members with a loss history significantly worse than the rest of the pool. That policy provides several actions the Board may take with a member to address their loss history. Some of these items included changes to member self-insured retentions.

When the policy was first approved, CJPRMA offered two retention options for members: $500,000 and $1,000,000. CJPRMA now offers four retention options for members: $500,000; $750,000; $1,000,000 and $1,250,000. At the August 2020 Board of Directors meeting, the general manager proposed revisions to the policy to address the new retention levels. The Board did not approve the revisions and directed the general manager to return with a different proposal. Also, members had expressed a desire to develop a premium allocation methodology to include loss history along with payroll in determining premium.

The Board President, Dave Rawe, appointed an ad hoc committee to work on this issue and develop a new methodology. The proposed methodology is described in the revised Board Policy B25.

The elements of the premium allocation and policy are summarized below.

- Member loss history will be reviewed annually at the August Board of Directors meeting. This is consistent with the current policy.
- Member loss history will use an 8-year period that is the most recent 8 years ending on June 30 of the current year. The current policy uses a 10-year rolling average, which was also previously used for the actuarial study. The Board previously approved moving away from the 10-year rolling average for the actuarial study. This 8-year period will reflect more current claims and should be a more accurate representation of member loss history.
- A loss ratio will be calculated comparing the member's paid premium for the CJPRMA retained layer to incurred losses in the CJPRMA retained layer during the 8-year period.
- The single highest loss in the 8-year period from each member will be excluded from the loss ratio calculation. This recognizes that any member can have a single serious loss without it being an indication of a trend of high losses. This will also protect members with lower payroll from the adverse impact of a single loss.
- Losses will either be capped at $2,500,000 or have no cap. **This is agendized for Executive Committee discussion and decision.**
- For members that have a loss ratio that exceeds 100%, they will be subject to a surcharge according to the table below:

Loss Ratio	Surcharge
101-120%	10%
121-140%	15%
141-160%	20%
161-180%	25%
181+%	30%

- A member can choose to increase their SIR to the next highest retention and will only be responsible for 50% of the surcharge.
- If a member is at the highest loss ratio tier (181+%) for consecutive years, the following shall apply:
  - Second year at highest tier: Surcharge increase from 30% to 35%.
  - Third year at highest tier:
    - Surcharge increase from 35% to 40%.
    - Mandatory increase to next highest retention.
    - Notice of intent sent to member that removal will be suggested the next year if the member continues at the highest tier.
  - Fourth year at the highest tier: general manager will recommend that the Board of Directors vote to remove the member from the pool.
  - Surcharge increases will not compound. Surcharge will always be applied to the actuarially determined premium.

Exhibit 3 (Premium Allocation - Surcharges - Sep 2021) shows the loss ratios using the two options that both use 8 years and excluding the single high loss. Chart A has no caps on losses, and Chart B caps losses at $2.5M. The 8-year period is 7/1/2013 – 6/30/2021. The charts show the amount of surcharge that would have been collected this year with those loss ratios. With caps, we would collect about $2M (about 6% additional) in surcharge, and without caps, we would collect about $2.4M in surcharge (about 8% additional).

The ad hoc committee is still discussing options to provide incentives to members with loss ratios of less than 100%.

Fiscal Impact

Depending on member loss history each year, CJPRMA would collect additional premium in the form of a surcharge to members with a loss ratio that exceeds 100%. If the surcharge had been in place for program year 2021/22, CJPRMA would have collected $2,000,000 - $2,400,000 in additional premium. Since this policy is intended to encourage members to improve loss history, the additional premium collected would ideally decrease each year.

Exhibits

1. Draft Revisions to Board Policy B25, “Annual Review of Members Loss History and Premium Allocation” (No markup)
2. Draft Revisions to Board Policy B25, “Annual Review of Members Loss History and Premium Allocation” (Redlined)
3. Premium Allocation - Surcharges - Sep 2021 (Charts)

BOARD POLICY	Number B25	Page 1 of 2
Subject: Annual Review of Members Loss History	**Date Adopted:** **11/16/17**	**Effective Date:** **11/16/17**
DRAFT	**Date Revised:** **N/A**	**Supersedes:** **N/A**

This policy is designed to improve the overall financial stability of the CJPRMA liability program, provide cost effective coverage, and fairly allocate premium costs among members.

This policy provides consequences to CJPRMA members that have a loss history of greater than 100 percent. Staff will present a Member Loss Experience Report to the Board of Directors at the August meeting for action at the December meeting. This report will reflect losses in an 8-year period ending on June 30 of the current year.

The Member Loss Experience Report will include the following:

- Total Contributions
- CJPRMA Total Net Incurred in the CJPRMA retained layer
- Number of Claims
- Contributions to the CJPRMA retained layer
- Total Losses. The single highest loss in the 8-year period will be excluded from the total losses.
- Total Losses Capped at $2,500,000 **(Executive Committee decision point)**
- Experience Rating Capped at $2,500,0000 **(Executive Committee decision point)**

If a member's loss ratio exceeds 100%, the member will be subject to a surcharge according to the table below:

Loss Ratio	Surcharge
101-120%	10%
121-140%	15%
141-160%	20%
161-180%	25%
181+%	30%

- A member can choose to increase their SIR to the next highest retention and will only be responsible for 50% of the surcharge.
- If a member is at the highest loss ratio tier (181+%) for consecutive years, the following shall apply:
    - Second year at highest tier: Surcharge increase from 30% to 35%.
    - Third year at highest tier:
        - Surcharge increase from 35% to 40%.
        - Mandatory increase to next highest retention.
    - Notice of intent sent to member that removal will be suggested the next year if the member continues at the highest tier.
    - Fourth year at the highest tier: general manager will recommend that the Board of Directors vote to remove the member from the pool.
- Surcharge increases will not compound. Surcharge will always be applied to the actuarially determined premium.

Authorized Signature
Tony Giles , General Manager

CALIFORNIA JOINT POWER RISK MANAGEMENT AUTHORITY		
BOARD POLICY	**Number B25**	**Page 1 of 2**
Subject: Annual Review of Members Loss History ~~Agenda Bill 5 – dated 11/16/17~~ **DRAFT**	**Date Adopted:** **11/16/17** **Date Revised:** **N/A**	**Effective Date:** **11/16/17** **Supersedes:** **N/A**

This policy is designed to improve the overall financial stability of the CJPRMA liability program, ~~and to~~ provide cost effective coverage ~~to all members~~, and fairly allocate premium costs among members.~~.~~

This policy provides consequences to CJPRMA members that have a loss history of greater than 100 percent. ~~the Board of Directors options for a Self-Insured Retention (SIR) change. The~~ Staff will pre~~pare~~sent a~~n annual~~ Member Loss Experience Report ~~report~~ to the Board of Directors at the August meeting for action at the December ~~November~~ meeting. ~~. If needed Staff will provide the report to the Executive Committee prior to the November Board meeting.~~

~~Staff will provide the Board of Directors with a Member Loss Experience Report.~~ This report will reflect losses in an 8-year period ending on June 30 of the current year.~~10 year-rolling average utilized by the Actuary to determine the annual contributions. The Board of Directors will review members with an experience rating in excess of 150% capped amount annually.~~

The Member Loss Experience Report will include the following:

- Total Contributions
- CJPRMA Total Net Incurred in the CJPRMA retained laye~~Pools B & Cr~~
- Number of Claims
- Contributions to the CJPRMA retained layer~~Pools B & C~~
- Total Losses. The single highest loss in the 8-year period will be excluded from the total losses.
- Total Losses Capped at $2,500,000 **(Executive Committee decision point)**
- Experience Rating Capped at $2,500,0000 **(Executive Committee decision point)**

~~The Board of Directors will review all members with a capped loss experience in excess of 200%. The Board of Directors will implement one of the following options subsequent to their review:~~

If a member's loss ratio exceeds 100%, the member will be subject to a surcharge according to the table below:

Loss Ratio	**Surcharge**
101-120%	10%
121-140%	15%
141-160%	20%
161-180%	25%
181+%	30%

CALIFORNIA JOINT POWER RISK MANAGEMENT AUTHORITY		
BOARD POLICY	**Number B25**	**Page 2 of 2**
Subject: Annual Review of Members Loss History Agenda Bill 5 – dated 11/16/17	**Date Adopted:** **11/16/17**	**Effective Date:** **11/16/17**
	Date Revised: **N/A**	**Supersedes:** **N/A**

- A member can choose to increase their SIR to the next highest retention and will only be responsible for 50% of the surcharge.
- If a member is at the highest loss ratio tier (181+%) for consecutive years, the following shall apply:
  - Second year at highest tier: Surcharge increase from 30% to 35%.
  - Third year at highest tier:
    - Surcharge increase from 35% to 40%.
    - Mandatory increase to next highest retention.
  - Notice of intent sent to member that removal will be suggested the next year if the member continues at the highest tier.
  - Fourth year at the highest tier: general manager will recommend that the Board of Directors vote to remove the member from the pool.
- Surcharge increases will not compound. Surcharge will always be applied to the actuarially determined premium.

~~1. A member that currently participates in Pool B ($500,000 SIR) will be removed from Pool B and have their SIR increased to $1,000,000 effective July 1 of the following program year. The member would not contribute to Pool B.~~

~~2. A member that currently participates in Pool B ($500,000 SIR) will remain in Pool B but will share equally in losses between $500,000 and $1,000,000. The $500,000 pool layer will be shared at a maximum of $250,000 for the member and $250,000 by CJPMRA. There will be no reduction in contributions.~~

~~3. Pool C ($1,000,000 SIR) members will have a pro rata sliding corridor deductible. Member will share equally in losses between $1,000,000 and $5,000,000. The $4,000,000 pool layer will be shared at a maximum of $2,000,000 by the member and $2,000,000 by CJPRMA. There will be no reduction in contributions.~~

~~CALIFORNIA JOINT POWER RISK MANAGEMENT AUTHORITY~~		
~~**BOARD POLICY**~~	~~**Number B25**~~	~~**Page 2 of 2**~~

Subject: Annual Review of Members Loss History Agenda Bill 5 – dated 11/16/17	**Date Adopted:** **11/16/17** **Date Revised:** **N/A**	**Effective Date:** **11/16/17** **Supersedes:** **N/A**

4. Pool C ($1,000,000 SIR) members will be subject to a $2,500,000 SIR. There will be no reduction in contribution.

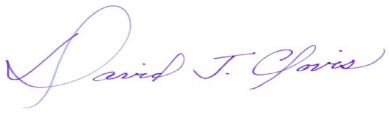
5. The Board can choose to defer the issue and not enact an SIR change for the member with the adverse loss history.

Implementation of options listed above requires a two-thirds vote of the Board of Directors in attendance. Any member impacted by this policy will be subject to the designated self-insured retention for a minimum of three years. Upon completion of the third program year, the Board of Directors will review and determine if the member's loss experience has changed and requires SIR modification.

Once the Board of Directors has determined a member SIR modification, the impacted member will be issued a letter by December 15th. The member may appeal the decision at the following scheduled Board of Directors meeting.

Members impacted by this policy will have the following appeal options:

- Provide a written explanation of their negative loss history
- Request a deferral or appeal in writing
- Submit risk management policy or plan to improve their loss history



Authorized Signature
David J. Clovis Tony Giles **, General Manager**

CHART A

8 Years Loss History. Drop Single High Loss. No cap.

Member	Loss Ratio	Premium	Surcharge %	Surchage $
Alameda	25%	$ 1,338,698		
Chico	90%	$ 635,739		
Fairfield	11%	$ 1,289,549		
Fremont	64%	$ 2,351,417		
LPFD	0%	$ 463,371		
Livermore	10%	$ 996,507		
Lodi	14%	$ 668,405		
NCCSIF	200%	$ 3,633,941	30%	$ 1,090,182
Petaluma	117%	$ 690,906	10%	$ 69,091
Redding	169%	$ 1,418,957	20%	$ 283,791
Richmond	131%	$ 1,618,200	15%	$ 242,730
Roseville	20%	$ 2,144,899		
San Leandro	54%	$ 684,770		
San Rafael	7%	$ 759,636		
Santa Rosa	6%	$ 2,207,323		
SCORE	82%	$ 509,192		
Stockton	419%	$ 2,493,126	30%	$ 747,938
Sunnyvale	0%	$ 2,044,342		
Vacaville	2%	$ 1,240,386		
YCPARMIA	6%	$ 4,556,769		
Total		**$ 31,746,133**		**$ 2,433,732**

CHART B

8 Years Loss History. Drop Single High Loss. Losses capped at $2.5M

Member	Loss Ratio	Premium	Surcharge	Surchage $
Alameda	25%	$ 1,338,698		
Chico	90%	$ 635,739		
Fairfield	11%	$ 1,289,549		
Fremont	64%	$ 2,351,417		
LPFD	0%	$ 463,371		
Livermore	10%	$ 996,507		
Lodi	14%	$ 668,405		
NCCSIF	128%	$ 3,633,941	15%	$ 545,091
Petaluma	117%	$ 690,906	10%	$ 69,091
Redding	169%	$ 1,418,957	25%	$ 354,739
Richmond	131%	$ 1,618,200	15%	$ 242,730
Roseville	20%	$ 2,144,899		
San Leandro	54%	$ 684,770		
San Rafael	7%	$ 759,636		
Santa Rosa	6%	$ 2,207,323		
SCORE	82%	$ 509,192		
Stockton	291%	$ 2,493,126	30%	$ 747,938
Sunnyvale	0%	$ 2,044,342		
Vacaville	2%	$ 1,240,386		
YCPARMIA	6%	$ 4,556,769		
Total		**$ 31,746,133**		**$ 1,959,589**

Loss Ratio	Surcharge
101-120%	10%
121-140%	15%
141-160%	20%
161-180%	25%
181+%	30%

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CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY

AGENDA BILL

ITEM: 4	**TITLE: SERVICE NEEDS ASSESSMENT**
MEETING: 10/06/2021	
GENERAL MANAGER: A.B.G.	

Recommended Actions
No action recommended. This item is presented as information only.

Strategic Direction
Strategic Goal #7, Determine if CJPRMA is an Excess Pool, a Full-Service Pool, or a Hybrid

Item Explanation
During its strategic planning session in October 2019, the Board of Directors created a strategic goal of "Determine if CJPRMA is an Excess Pool, a Full-Service Pool or a Hybrid." The action plan for that goal included a needs assessment regarding services. In August and September 2021, CJPRMA conducted a service needs assessment with the pool members. Fourteen of CJPRMA's 20 members responded to the survey. Here are the results.

- 12 members (85%) agree or strongly agree that CJPRMA provides about the right amount of risk management services.
- Only one member (7%) thinks that CJPRMA should provide more risk management services.
- No members responded that CJPRMA should provide fewer risk management services.
- Two members (14%) would be willing to pay additional premium for additional risk management services.
- Four members (29%) would be willing to pay for additional risk management services on a fee-for-service basis.
- Eight members (57%) find the pass-through contracts useful, and four of those members (29%) think that CJPRMA should provide more pass-through contracts. No members responded that CJPRMA should provide fewer pass-through contracts.
- Four members (29%) think that CJPRMA should only provide services related to liability and property losses.
- Seven members (50%) think that CJRMA should provide a full range of risk management services.
- Five members (36%) responded that CJPRMA should hire additional staff to provide risk management services.

- Five members (36%) responded that CJPRMA should contract with a third-party provider of risk management services.
- Three members (21%) responded that CJPRMA should focus on coverage and claims administration.
- Three members (21%) responded that CJPRMA should provide claims administration services at the primary level.

The results of the needs assessment survey seem to indicate that most members are satisfied with the current level of risk management service provided by CJPRMA. Some members would like to see more services, and some would like to see less. There is little appetite to pay additional premium to increase the level of service.

The general manager will continue to provide the current level of services while looking for opportunities to offer additional risk management services to the members at a reasonable cost. The general manager will also evaluate different modes of delivering these services. This is consistent with CJPRMA's mission statement:

The California Joint Powers Risk Management Authority is a member-directed excess liability risk retention pool that is dedicated to protecting its members from catastrophic losses and meeting the needs of its members by:

- *Providing comprehensive, stable, and affordable excess liability coverage*
- *Offering competitive and flexible coverage programs*
- *Delivering quality risk management services*
- *Preserving financial strength and solvency*

This is also consistent with the purpose of CJPRMA as described in the Joint Powers Agreement:

This amended Agreement is entered into by member entities pursuant to the provisions of California Government Code sections 990, 990.4, 990.8, and 6500 et seq. in order to:

A. *share the risk of covered losses;*
B. *jointly purchase excess insurance and administrative and other services as determined by the Board of Directors; and*
C. *assist the member entities to develop and maintain risk management programs to reduce the severity and frequency of their losses.*

The general manager will bring an item to the Board of Directors at its December 2021 meeting to affirm that CJPRMA is an excess liability pool that provides risk management programs and services for its members. This will bring closure to the question of Strategic Goal #7. The provision of some risk management services does not make CJPRMA a primary pool; CJPRMA remains an excess liability pool.

Fiscal Impact
None.

Exhibits
None.

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CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY

AGENDA BILL

ITEM: 5	**TITLE: APPROVE ONE-TIME EXEMPTION TO BOARD POLICY B21: EXPENSE REIMBURSEMENT FOR CJPRMA FOR BOARD MEMBERS, ALTERNATES AND STAFF**
MEETING: 10/06/2021	
GENERAL MANAGER: A.B.G.	

Recommended Actions

Approve a one-time exemption to Board Policy B21: Expense Reimbursement for CJPRMA for Board Members, Alternates and Staff to allow two representatives from each member agency to attend the PARMA annual conference in February 2022 and recommend approval by the Board of Directors at its December 2021 meeting.

Strategic Direction

Strategic Goal #2, Enhance Existing Training Programs; Strategic Goal #3, 100% Member Retention.

Item Explanation

Board Policy B21 states that "CJPRMA will reimburse its members for the cost of having one representative from each member entity attend the CAJPA and PARMA conferences." Since the CAJPA conference scheduled for September 2021 was canceled, the general manager recommends that each member agency be allowed to send two representatives to the PARMA annual conference in February 2022. If two representatives from a member agency are reimbursed for attendance at the PARMA conference, the member will not be eligible for reimbursement to attend one of the alternate risk management conferences listed in Policy B21 during Policy Year 2021/22.

Fiscal Impact

None. The budget for Program Year 2021/22 already includes funding for member attendance at the CAJPA annual conference and the PARMA annual conference.

Exhibits

None.

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CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY

AGENDA BILL

ITEM: 6	**TITLE: RISK MANAGEMENT ISSUES**
MEETING: 10/06/2021	
GENERAL MANAGER: A.B.G.	

Recommended Actions
None. This item is being provided for information only.

Strategic Direction
Strategic Goal 2, "Enhance Existing Training Programs" and Strategic Goal 3, "100% Member Retention"

Item Explanation
This item is reserved for the discussion of risk management issues that are of concern to the members and for the provision of status updates on the risk management program.

- Zoom - Chris Carmona, Fairfield

Fiscal Impact
None.

Exhibits
None.