

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND 2023-2024 ANNUAL REPORT



LETTER TO OUR MEMBERS

Dear Members,

I am proud to serve as President of the NorCal Cities Self Insurance Fund (NCC) and present their Annual Report for FY 23/24. In this 44th year of operation the risks that challenge our member cities continue to evolve and show no signs of letting up, from wildfires to cyber-attacks to record snow and flooding. Given these challenges, I am confident NCC will continue to serve members by making adjustments and decisions that allow us to respond and prepare for present and future risks.

The JPA was formed in the late 1970's when the concern was Workers' Compensation coverage. In the 1980's members were faced with a liability insurance crisis and NCC responded by creating a self-insured Liability Program. In the past few years, we have faced an unprecedented "hard market" cycle with most lines of coverage extremely challenging to place. Liability judgements and settlements continue to set records in an environment often unfriendly to public agencies. Property insurance is increasingly expensive and harder to find, with carriers increasing rates, decreasing coverage, and pulling out of California entirely. The only recent good news is the Cyber market has stabilized after a few years of extreme volatility.

NCC members have responded to this environment with continued focus on risk management and conservative funding. The group added training and services related to wildfire, cyber, and critical incident risk management while continuing to address public safety and public works risks. In FY 22/23, over \$675,000 was allocated to member risk management programs and reserves, and three members received NCC's first Cash for Safety Culture Awards for their efforts. This dual focus on risk control and conservative funding is reflected in the results; during FY 22/23, Net Position increased \$1,475,442 *after* payment of dividends totaling \$2,745,542.

The **Workers' Compensation Program** continues to provide stable results, with an underlying NCC rate decrease of (9.7%) and a net increase of 2% in total funding, *reducing the impact of a 29% increase in excess insurance*. Net Position increased by \$1,616,297 to \$18.6 million after more than \$1.3 million in dividends were returned to members. And while challenges accessing prompt and effective medical treatment continue to impact return to work programs, we were successful in working with other organizations and a new partner to open a clinic in Chico, an underserved area for our members.

The **Liability Program** has experienced similar though more dramatic results. NCC's self-insured funding has been relatively stable while weathering big increases in excess coverage costs, driven by more frequent severe claims against public entities in general. The rate for the self-insured coverage increased by 7.6% while increasing the self-insured retention from \$750,000 to \$1,000,000. Excess coverage increased 21%, representing 43% of the total funding increase in FY 23/24. In FY 22/23, Net Position decreased (\$140,855) after payment of dividends totaling \$468,889 and an unrealized investment decrease of (\$196,210).

Members will continue to face challenges in this unprecedented environment, and NCC will continue to be a valuable partner delivering on its mission to protect member resources by providing access to broad coverage and quality services at rates more competitive than members could obtain on their own. As NCC President I am pleased to support the continued success of the group in providing exceptional service, coverage, and sound risk management practices to our members.

Sincerely,



Rachel Ancheta – NORCAL CITIES President, Human Resources Director- City of Dixon



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HISTORY OF THE JPA

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

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

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

In 1987, the Joint Powers Authority's name was changed to **Northern California Cities Self Insurance Fund (NCCSIF), rebranded as NorCal Cities, or NCC, for the group's 40th anniversary**.

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

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

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

The group has **grown to twenty-two cities** that pool coverage to \$500,000 for Workers' Compensation and \$1,000,000 for Liability.

In 1993, NCC joined CJPRMA for Excess Liability Coverage.

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

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

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

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

Among the training topics this year were Aquatics Risk Management, AB 1234 and AB 1825, Verbal Judo, Ergonomics, Insurance Requirements in Contracts, and Risk Management 101. ACI Specialty hosted trainings on several topics, including Fostering Resiliency, Emotional Intelligence, and Effective Communication.

MISSION STATEMENT

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

GOVERNANCE

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



BOARD OF DIRECTORS

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

Member	Board Director	Alternate
City of Anderson*	Christy White	Jeff Kiser
City of Auburn	Jennifer Leal	Sean Rabe
City of Colusa	Ishrat Aziz-Khan	Shelly Kittle
City of Corning*	Brant Mesker	Vacant
City of Dixon	Rachel Ancheta	Kate Zawadzki
City of Elk Grove	Melissa Rojas	Kara Reddig
City of Folsom*	Allison Garcia	Steven Wang
City of Galt*	Stephanie Van Steyn	Lorenzo Hines Jr.
City of Gridley	Eliza Arteaga	Jodi Molinari
City of Ione	Jodi Steneck	Amy Gedney
City of Jackson*	Vacant	Dalacie Blankenship
City of Lincoln	Veronica Rodriguez	Claire True
City of Marysville	Jennifer Styczynski	Vacant
City of Nevada City	Sean Grayson	Gabrielle Christakes
City of Oroville	Elizabeth Ehrenstrom	Vacant
Town of Paradise	Vacant	Crystal Peters
City of Placerville*	Dave Warren	Cleve Morris
City of Red Bluff	Tom Westbrook	Anita Rice
City of Rio Vista*	Jennifer Schultz	Jen Lee
City of Rocklin	Vacant	Amanda Tonks
City of Willows*	Vacant	Marti Brown
City of Yuba City	Spencer Morrison	Natalie Springer

***Founding Members**

GOVERNANCE



EXECUTIVE COMMITTEE

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

Member	Name	Position
City of Dixon	Rachel Ancheta	President
City of Yuba City	Spencer Morrison	Vice President
City of Rio Vista	Jen Lee	Treasurer
City of Marysville	Jennifer Styczynski	Secretary
City of Anderson	Christy White	Member-at-large
City of Auburn	Jennifer Leal	Member-at-large
City of Folsom	Allison Garcia	Member-at-large
City of Nevada City	Sean Grayson	Member-at-large
City of Rio Vista	Jennifer Schultz	Member-at-large
City of Rocklin	Amanda Tonks	Member-at-large
City of Willows	Marti Brown	Member-at-large



GOVERNANCE

CLAIMS COMMITTEE

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



FINANCE COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

The Committee's goal is to foster member risk management programs to reduce the frequency and severity of accidents and claims for loss or damage. Recognizing this goal, the Committee recently approved a **Cash for Safety Culture Award Program** to recognize and reward Members for promoting a positive safety culture within their organizations. The Committee annually recommends and administers a budget to provide each member hands-on risk management consultation and training. For FY 23/24, the risk management budget is \$504,616, or 33% of the pool's administration expenses.

POLICE RISK MANAGEMENT COMMITTEE

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

The Committee also reviews major claims for risk management practices that can be shared or improved and evaluates equipment to prevent or minimize losses. Over the last twelve years, members have approved a **total of \$600,000 in grant funds to implement body-worn camera programs**, purchase protective gear, and other risk management goods and services. Each meeting includes feedback on how effective the funding and risk management techniques have been in **reducing the number of claims and their severity**.

Over the last year the committee has hosted training sessions including Social Worker, Therapist, Cop: Managing Today's Police Risk; Fortifying Personal Wellness, SB2 Implementation, Social Media Training, Tactical Driving for Law Enforcement, and Legislative update.



City of Yuba City Police Department

FY 23/24 MEMBERS PARTICIPATING IN EACH PROGRAM

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

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

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

LIABILITY PROGRAM

COVERAGE HIGHLIGHTS

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

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

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

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

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



**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

CJPRMA members pool risk up to \$7,500,000 and purchase excess reinsurance for total limits up to \$40,000,000, inclusive of NCC's Self-Insured Retention (SIR) of \$1,000,000 per occurrence, an increase from \$750,000 in FY 22/23 and \$500,000 in past years, an indication of the increasing severity of claims. Other sublimits apply, including for Employment Practices Liability (EPL) and subsidence coverage. While the last few years have seen tremendous increases in reinsurance pricing and reductions of coverage, CJPRMA has continued to provide broad coverage, valuable risk management training, and professional excess claim management services.



City of Yuba City



City of Galt

...such Person and its Subsidiaries, taken a... taking into acc...
 ...ounts of ca... such Perso...
 ...n as a wh... and amou...
 ...or in res... such Perso...
 ...n as a wh... giving effe...
 ...e Date th... ons of cre...
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 ...y extension of cre... be made on such da...
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 ...definition, (i) "debt" means liability on a "cl...
 ...means any (x) right... payment, whether or...
 ...indement... liquidated... fixed

<p align="center"><u>Excess Layer</u></p> <p>Excess Insurance: \$7,500,000 to \$40,000,000 EPL Coverage Limit: \$12,500,000 CJPRMA Members: \$1,000,000 to \$7,500,000</p>
<p align="center"><u>Shared Risk Layer</u></p> <p align="center">Banking Layer Limit to \$1,000,000</p>
<p align="center"><u>Banking Layer</u></p> <p align="center">Folsom: \$0 to \$100,000 All Other Members: \$0 to \$50,000</p>

LIABILITY PROGRAM

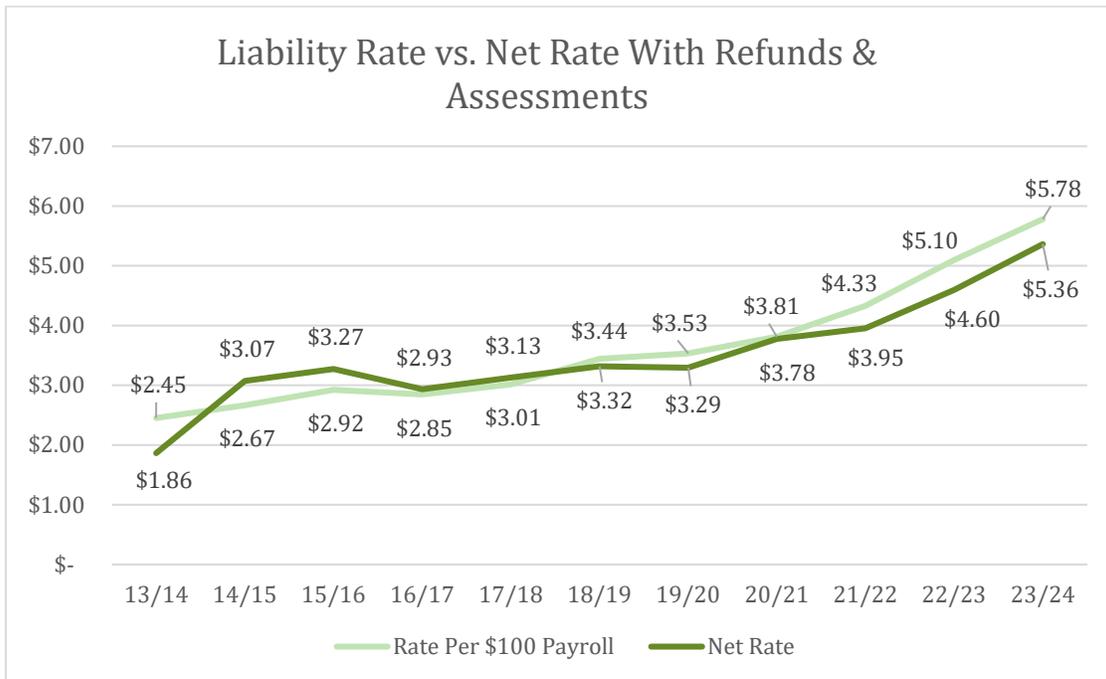
FINANCIAL HIGHLIGHTS

Total FY 23/24 funding for the Liability Program is \$13,733,453. Members have agreed to maintain the funding Confidence Level at 80% despite recent funding increases, including 21% for the current year. Member payroll accounted for 5% of this year's increase, with the base rate for the NCC coverage increasing by 7.6%. *The excess insurance market continues to be challenging* but shows some signs of easing, with an increase of 21%, compared to 26% last year and 103% in FY 21/22. Increased funding confidence levels have resulted in a decrease in Net Position of (\$140,855) after dividends of \$468,889 and unrealized investment losses of (\$196,210).

PROGRAM HIGHLIGHTS

The Board of Directors annually reviews the Banking and Shared Risk financial status to evaluate the appropriateness of declaring either a refund or an assessment. **The Banking Fund returned net dividends of \$468,889** to Members who exceeded their target funding levels. The Shared Risk Layer continues to be stable with funding within target benchmarks. However, rates overall have been increasing due to extremely "hard" excess insurance market conditions. The following chart shows the historical rates with and without the impact of refunds and assessments.

Ten years ago, the Liability net rates remained near historic lows due to large dividends that continued for several years. The gross rate was \$2.45 in 2013 before climbing to \$3.44 in 2018, in part due to increased losses during a period when the SIR was \$1 million. The rate has also increased due to an **increase in the funding Confidence Level**, from 65% in 14/15, increasing to 80% in 18/19, where it remains today. The net rate exceeded the base rate over four years from 13/14 to 16/17 due to Shared Layer Assessments. Since that time, the Net Rate has remained below the gross rate due to Banking Layer dividends.



WORKERS' COMPENSATION PROGRAM

COVERAGE HIGHLIGHTS

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

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



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

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



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

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

FINANCIAL HIGHLIGHTS

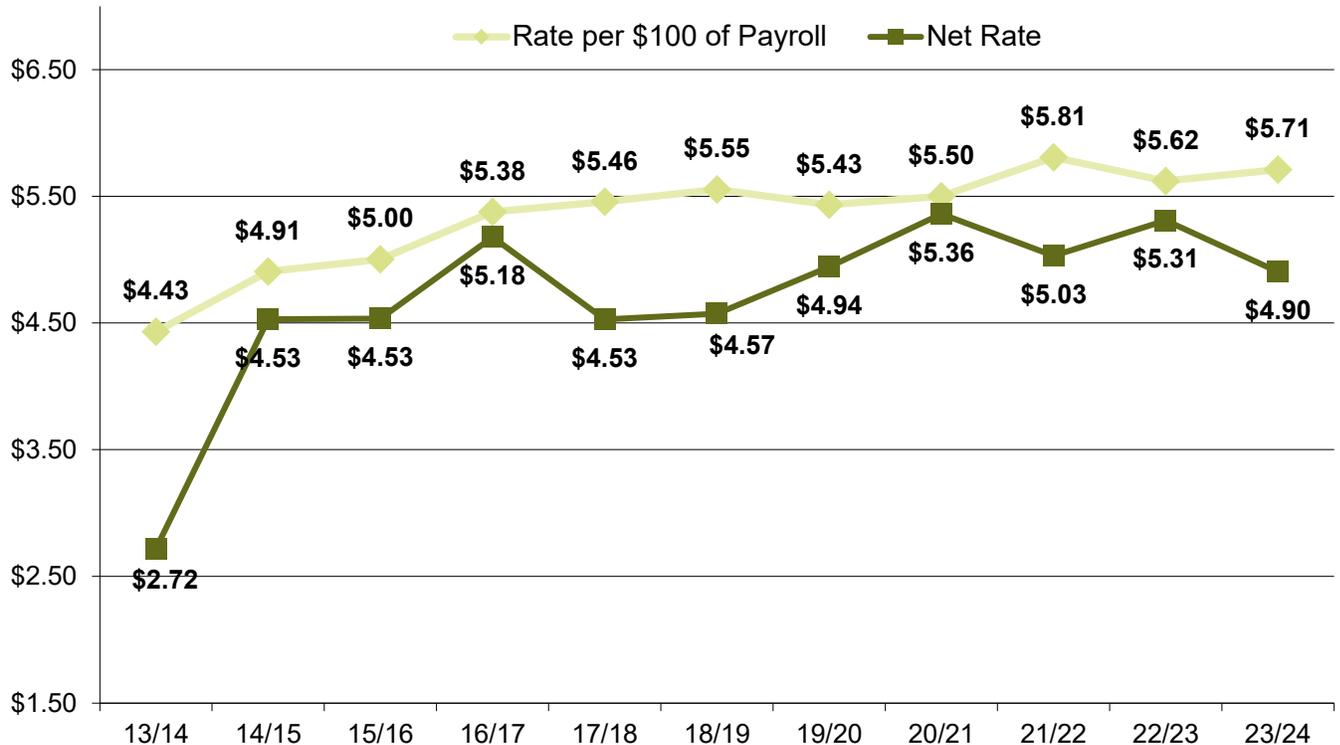
The total funding of the program for FY 23/24 is \$15,947,239 before dividends, an increase of 8% over the prior year, 2% above *the total payroll increase of 8%*. This is due to the **underlying NCC rate decreasing (9.7%)**, while excess coverage increased 29%. Over the last several years members have increased the annual funding confidence level from 60% to 80% and kept it there, a funding increase that has provided a consistently high margin for maintaining budget stability and meeting or exceeding financial benchmarks.

The Board of Directors annually reviews the Program's financial status to evaluate the appropriateness of declaring either a refund or an assessment. **In 2023 NorCal Cities returned dividends to members of \$315,370 the Shared Layer and \$1,063,090 in the Banking Layer.**

WORKERS' COMPENSATION PROGRAM

The following chart shows the historical rates with and without the impact of refunds and assessments. The rates decreased (9.7%) this year, with the gross rate at \$5.71 and the **net rate falling to \$4.90 due to net refunds of \$2,256,653**. Factoring in the refunds and assessments, the net rate has dipped as low as \$2.04 per \$100 of payroll. Rates were relatively low and stable from FY 09/10 to FY 13/14, largely due to the last regulatory reforms, but they have been increasing since then due to increases in disability benefits, medical inflation, COVID-19 claims, and new fee schedules for related services.

Work Comp Rate vs. Net Rate with Refunds & Assessments



PROGRAM HIGHLIGHTS

These results are due to a combination of cost containment strategies, including return to work programs with modified duty “bridge” assignments for injured workers. This despite a very challenging environment with rising medical and disability costs and a lack of qualified treatment facilities. NCC management and members worked together to support the opening of a new clinic in Chico and will continue to look for more treatment options.

LOOKING AHEAD

As we move in 2023, training will continue to be a major focus. NCC, together with CJPRMA, will be hosting the first ever Law Enforcement Training Day. Members will hear from a number of speakers discussing challenges specific to the Law Enforcement community including use of force, the impact of video evidence, and use of social media. Webinars emphasizing wellness and responding to adversity are scheduled, as well as a special risk management session from Gordon Graham, founder Lexipol.



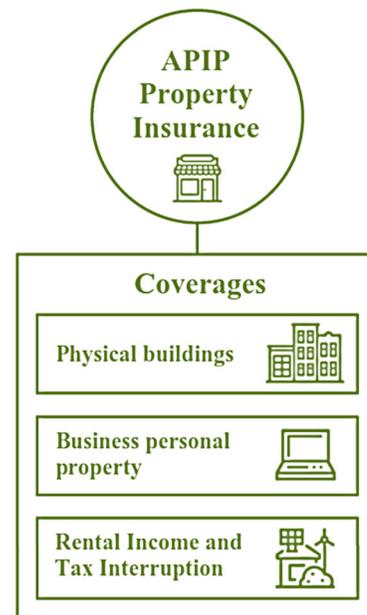
City of Auburn

PROPERTY PROGRAM

COVERAGE HIGHLIGHTS

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

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



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

POLLUTION LIABILITY

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

CYBER LIABILITY

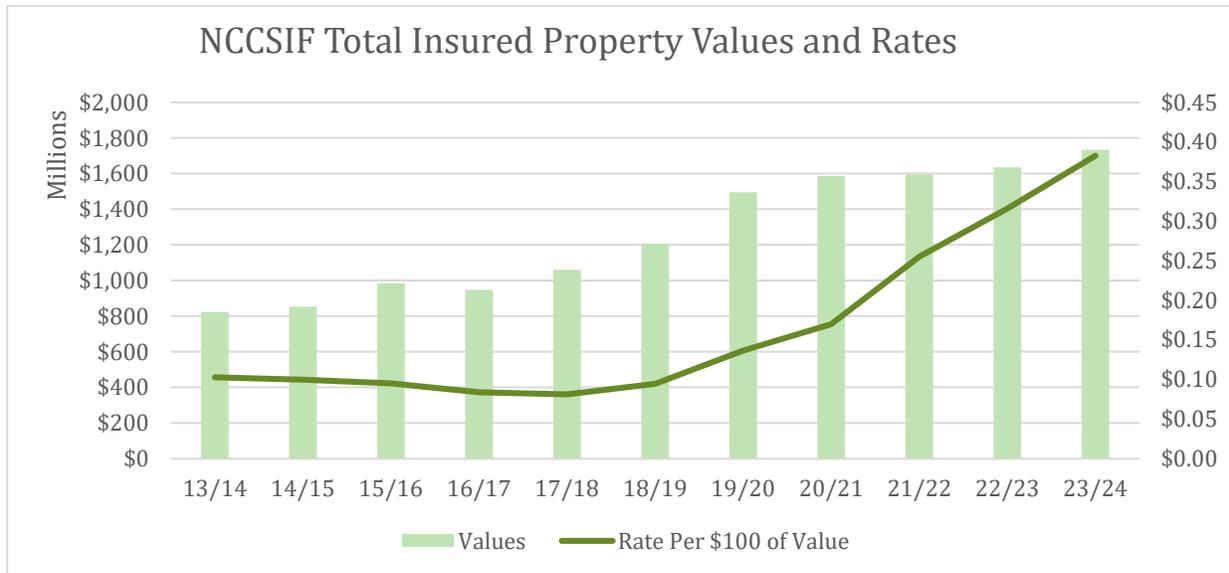
- Data and Network Liability – each member in APIP has a **\$2M/\$40M** aggregate limit.
- NorCal Cities purchases **excess limits of \$2M/\$4M** aggregate.
- **Privacy Notification Costs** limit of \$500,000 (limit is increased to \$1M if Beazley Vendor Services are used)
- **Cyber Extortion Loss** – sublimit of \$750,00 + \$750,000 excess coverage IF controls are in place.
- Data Protection Loss and Business Interruption
- **Fraudulent Instruction** resulting directly from an Insured having transferred, paid, or delivered any Money or Securities as a direct result of Fraudulent Instruction.



PROPERTY PROGRAM

FINANCIAL HIGHLIGHTS

For FY 22/23 total insurable values increased to \$1.6 billion, in part due to inflation adjustments averaging 6% due to increased costs related to COVID supply chain and labor issues. Rates continue to rise though not as severely as in the past few years, due to a continuing hard insurance market brought about by a previous soft market and increasingly severe losses, including CA wildfires, floods, tornados, and ice storms in the central U.S., and hurricanes along the coast and overseas. Despite the increases, the Program remains the most competitive option available in a very tough environment.



LOOKING AHEAD

Wildfire risks continue to pressure Members to take on higher retentions and focus more on loss control. The pool has obtained wildfire risk scores for select properties and will continue to offer wildfire risk assessments and recommendations all members can use to assess their properties.

Property Appraisals of scheduled buildings are conducted every five years to maintain accurate valuations. Buildings valued over \$5 Million are appraised at no cost to the member. Appraisals for properties below \$5 million are available at reduced group rates. Property appraisals were completed earlier this year, appraisal reports have been distributed to members for review with values being updated for the FY 24/25 renewal.

Trending of the insured values is done annually based on cost of construction indexes, with inflationary factors expected to continue through this fiscal year.



City of Jackson

CRIME PROGRAM

COVERAGE HIGHLIGHTS

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

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

The ACIP Coverage contains the following:

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



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

LOOKING AHEAD

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



City of Elk Grove

OTHER PROGRAMS



ALLIANT MOBILE VEHICLE PROGRAM (AMVP)

Select Members of NorCal Cities are enrolled in the Alliant Mobile Vehicle Program (AMVP), initially designed specifically for public agencies with a limited number of higher-valued vehicles or special equipment. The program has expanded to include all types of vehicles and mobile equipment. It provides All Risk Equipment Coverage *including earthquake and flood* for scheduled equipment. **Claims valuation is on a replacement cost basis for new vehicles or equipment for three years from date of purchase**, otherwise the policy pays to repair or replace damaged property on a like kind and quality basis (actual cash value). **Deductibles below the APIP minimum of \$25,000 are available** in this program and one reason members choose it.

IDENTITY FRAUD PROTECTION

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

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



DEADLY WEAPONS RESPONSE PROGRAM

Unfortunately, workplace acts of violence do occur and as a result, members have immediate needs for Crisis Management assistance. In response to this emerging threat, Alliant created the Deadly Weapons Response Program. In the event of a Deadly Attack at a covered location the policy provides **various Crisis Management Services**. The policy has a per event limit of \$500,000 with a pool aggregate of \$2,500,000 and \$10,000 deductible.

Sublimits of \$250,000 provide coverage for:

- Crisis Management Services
- Counseling Services/\$15,000 per person max
- Funeral Expenses/\$1M Aggregate, \$15,000 per person max
- Business Interruption
- Demo/Clearance and Memorialization

In addition to \$25,000 Medical Expense/\$50,000 Accidental Death and Dismemberment per person, both with a \$500,000 annual aggregate

Members also have access to the Beazley Deadly Weapons Protection portal. This website hosts a range of training materials and resources to support your organization before, during and after a crisis. These tools will help reduce and manage the risk associated with a deadly weapons event and respond appropriately should one occur. Register at www.deadlyweaponsprotection.com.

SERVICES

EMPLOYEE ASSISTANCE PROGRAM (EAP)

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



The program features a benefit package which includes:

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

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

PROGRAM ADMINISTRATION

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

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



CLAIMS MANAGEMENT

As of July 2023, Workers Compensation Claims Management is now managed by LWP Claims Solutions. LWP is known for proactive claims management, a team approach to claim resolution, and an emphasis on fair, timely and accurate benefit delivery for insured employees, to encourage early and sustained return to work. Each member has customized claim service instructions to tailor benefits to the unique needs of their employees.



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

RISK MANAGEMENT

NCC hired Bickmore Risk Services, now Sedgwick, in 2012 as their Risk Control Services provider to perform a Hazard and Risk Assessment for each member and **recommend policies, procedures, and training to address their individual needs**. As a result, members are receiving more direct assistance in managing their operations in ways that reduce the frequency and severity of claims. Consulting by Sedgwick includes:



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

SERVICES

VECTOR SOLUTIONS

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



LEXIPOL



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

GRANT FINDER

New for FY 23/24 is another service provided by Lexipol, Grant Finder, providing a real-time, online database of more than 10,000 federal, state, corporate and foundation grants. **Lexipol will provide grant consulting services** to assist members in identifying and applying for grants. And members can choose Lexipol's full grant writing services if needed at a 50% discount. Their team of experts will help members craft the best application possible and have helped clients obtain over \$46M in grant funding.



CYBER RISK MANAGEMENT

- **Beazley Breach Solutions Risk Management Portal** is located at www.beazleybreachsolutions.com. The Portal contains useful cyber information including best practices, cyber trainings, pre-breach service, and much more.
- **Beazley's cyber e-learning site** is located at <https://elearning.beazleybreachsolutions.com/>. This site has interactive learning modules intended to help users become more aware of things they as individuals can do to help improve their organization's cybersecurity.
- **Cybersecurity & Infrastructure Security Agency (CISA)** A federal government site with FREE tools and resources for protecting cities and other critical infrastructure from cyber-attacks. <https://www.cisa.gov/cyber-resource-hub>
- **NCC Designated Site:** <https://www.besewersmart.com/nccsif-cyber> Offers free cyber resources for NCC members including minimum security standards and real-time cyber threat maps.

SIDEWALK RISK MANAGEMENT

NorCal Cities has contracted with Precision Concrete to provide economical and efficient sidewalk inspection and repair at a discount for members. This service, along with support for NCC's best practices in sidewalk risk management, makes sidewalks safer and reduces claims.

RESOURCE CONTACT GUIDE

A variety of additional risk management resources are provided to NorCal Cities members as summarized in the **Resource Contact Guide** posted to the group's website and included in every Board agenda packet.

SERVICES

MEMBER TRAINING FUND

For FY 23/24, members are allotted a \$4,000 training fund towards risk management related training and/or attendance to annual CAJPA, PARMA, CalPELRA, or other Risk Management Conferences. Attendance at Risk Management Conferences helps educate members on claim reduction strategies and other cost control measures.



SEMINARS AND REGIONAL WORKSHOPS

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

- **Sedgwick:** on-site and webinar sessions covering ergonomics, OSHA compliance, communication strategies, Playground Inspection, Forklift raining, wellness, public works exposures, and customized member topics.
- **Regional Workshops:** NorCal Cities conducts regional workshops and partners with other risk pools on pertinent safety topics. Topics for 2022/23 included Temporary Traffic Control and Flagging, Cyber Liability, Managing Sidewalk Liability Aquatics Risk Management, Nurturing Relationships through Effective Communication, Developing Team Relationships, Risk Management 101, Navigating Challenging Situation, Negotiation Strategies, IRI Training with Marcus Beverly, AB1234, AB 1825, Verbal Judo, Ergonomics, and The Cal OSHA Appeals -Understanding the Process and Avoiding Pitfalls
- **General Liability and Police Risk Management** related trainings provided through CJPRMA on a wide variety of topics, including Taming Nuclear Verdicts.

WEBSITE

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

ALLIANT CONNECT



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

FINANCIAL SERVICE PROVIDERS AND CONSULTANTS



Accounting Services
James Marta & Company



Independent Financial Auditing Services
Crowe Horwath LLP



Investment Consultants
Chandler Asset Management, Inc.

FINANCIAL OVERVIEW

STATEMENT OF NET POSITION

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Statement of Net Position
June 30, 2023**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 4,967,730
Accounts Receivable	228,589
Interest Receivable	417,296
Excess Accounts Receivable	<u>791,410</u>
Total Current Assets	<u>6,405,025</u>
Non-Current Assets	
Investments*	<u>75,592,235</u>
Total Assets	<u>\$ 81,997,260</u>
Liabilities & Net Position	
Current Liabilities	
Accounts Payable	\$ 211,288
Dividends Payable	<u>2,420,428</u>
Total Current Liabilities	<u>2,631,716</u>
Non-Current Liabilities	
Outstanding Liabilities*	50,862,915
ULAE*	<u>2,625,527</u>
Total Non-Current Liabilities	<u>53,488,442</u>
Total Liabilities	<u>56,120,158</u>
Net Position	
Designated for Contingency	200,000
Designated for Risk Management	1,227,518
Undesignated	<u>24,449,584</u>
Total Net Position	<u>25,877,102</u>
Liability & Net Position	<u>\$ 81,997,260</u>

*For internal reporting purposes, investments and claim liabilities are classified as non-current.

SUMMARY OF RESULTS

- The Net Position for the whole pool increased by \$1,475,442, despite a decrease of (\$774,484) in the Fair Market Value of the group's investments and member dividends of \$2,745,542. **Without the dividends the pool would have shown an increase in net position of \$4,220,984.**
- The Liability Program saw a decrease of (\$140,855) in Net Position after dividends, while the Workers' Compensation Program saw an increase of \$1,616,297. Each program remains well funded and within the benchmarks established by NCC and audited by CAJPA for Accreditation with Excellence.

FINANCIAL OVERVIEW

STATEMENT OF REVENUES AND EXPENSES

Northern California Cities Self Insurance Fund

(Governmental Enterprise Fund)

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023

Operating Income		
Administration Deposit	\$	1,481,389
Banking Layer Deposit		9,811,997
Shared Risk Layer		7,934,999
Excess Deposit/Premium		6,997,716
Property/Crime Insurance Income		5,639,421
Banking Layer Assessment		254,913
Shared Risk Refund		(675,751)
Banking Layer Refund		(2,069,791)
Risk Management Grants		258,855
Other Income		70,838
Total Operating Income		<u>29,704,586</u>
Operating Expenses		
Claims Expense		13,120,817
Consultants		60,414
Safety Service		534,005
Claims Administration		1,832,107
Program Administration		509,141
Board Expenses		16,246
Excess Insurance		6,839,636
Property/Crime Insurance Expense		5,639,413
Member Identity Theft Protection		32,041
Total Operating Expenses		<u>28,583,820</u>
Operating Income (Loss)		1,120,766
Non-Operating Income		
Change in Fair Market Value		(774,484)
Investment Income		1,129,160
Total Non-Operating Income		<u>354,676</u>
Change in Net Position		1,475,442
Beginning Net Position		<u>24,401,660</u>
Ending Net Position	\$	<u>25,877,102</u>

SUMMARY OF RESULTS

- Total operating revenues for fiscal year 2023 were \$29,704,586, prior to refunds, an increase of 1.2%, or \$365,642, as compared to a 20% increase in 2022.
- Total operating income for 2023 was \$1,120,766 with an additional \$1,129,160 in investment income. NorCal Cities earned \$1,475,422, compared to \$422,604 in 2022 despite a change in market value of investments of (-\$774,484) and net dividends of \$2,490,629.

PROGRAM ADMINISTRATION CONTACT INFORMATION



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Please visit our *newly updated website* at www.nccsif.org

Thank You

City of Rocklin for Hosting Our Meetings!