



**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
LONG-RANGE PLANNING AND
BOARD OF DIRECTORS MEETING MINUTES
WEBEX TELCONFERENCE
OCTOBER 29, 2020**

BOARD OF DIRECTORS PRESENT

Liz Cottrell, City of Anderson
Rachel Ancheta, City of Dixon
Stephanie Van Steyn, City of Galt
Jennifer Styczynski, City of Marysville (**Secretary**)
Liz Ehrenstrom, City of Oroville
Dave Warren, City of Placerville (**Vice-Chair**)
Jose Jasso, City of Rio Vista

Kristina Miller, City of Corning
Brad Koehn, City of Elk Grove
Jon Hanken, City of Ione
Loree McCay, City of Nevada City
Brooke Kerrigan, Town of Paradise
Sandy Ryan, City of Red Bluff
Spencer Morrison, City of Yuba City

ALTERNATE BOARD & OTHER MEMBERS PRESENT

Dalacie Blankenship, City of Jackson

Andy Schiltz, City of Rocklin

BOARD OF DIRECTORS ABSENT

Christina Shafter, City of Auburn
Yvonne Kimball, City of Jackson
Kimberly Sarkovich, City of Rocklin

Toni Benson, City of Colusa
Veronica Rodriguez, City of Lincoln
Wayne Peabody, City of Willows

CONSULTANTS & GUESTS

Marcus Beverly, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Conor Boughey, Alliant Insurance Services
Raychelle Maranan, Alliant Insurance Services
Jenna Wirkner, Alliant Insurance Services
Sari Dierking, City of Folsom

Jill Petrarca, Sedgwick
Henri Castro, Sedgwick
Dave Beal Sedgwick
Jim Ramsey, City of Elk Grove
Chief Landon, City of Yuba City

Pre-meeting: NorCal Cities Orientation and Refresher Training at 8:00 a.m.

Mr. Marcus Beverly reviewed the FY 20/21 Annual Report as an overview of the JPA services and governance.

A. CALL TO ORDER

Chair Dave Warren called the meeting to order at 9:07 a.m.

B. ROLL CALL



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Roll call was made and the above mentioned members were present constituting a quorum.

C. PUBLIC COMMENTS

There were no public comments

D. SUMMARY OF THE SEPTEMBER 24, 2020 EXECUTIVE COMMITTEE MEETING

Mr. Beverly gave a brief overview of the September 24, 2020 Executive Committee Meeting. Jen Lee from the city of Rio Vista was nominated as for Treasurer.

E. APPOINTMENT OF TREASURER AND OFFICERS

Mr. Beverly thanked Tim Sailsbery for his service to NCCSIF. Jen Lee from the City of Rio Vista has agreed to step in as the Treasurer. Kristine Haile from the City of Folsom has left the City of Folsom. Daven Warren is willing to take the President position. We will need to have nominations for the Vice Chair.

Dave Warren thanked Jen Lee for stepping up as Treasurer and thanked Kristine Haile for her participation.

Any nominations for Vice President, the Vice President will chair the Claims Committee and is responsible for attending the Executive Committee. The Vice Chair also has check signing authority as a back up to the Board. Jose Jasso is willing serve if others aren't willing to.

A motion was made to elect Dave Warren as President, Jose Jasso as Vice President and Jen Lee as Treasurer.

MOTION: Liz Ehrenstrom

SECOND: Jennifer Styczynski

**MOTION CARRIED
UNANIMOUSLY**

Ayes: Cottrell, Miller, Ancheta, Koehn, Van Steyn, Hanken, Styczynski, McCay, Ehrenstrom, Kerrigan, Warren, Ryan, Jasso, Schiltz, Morrison

Nays: None



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F. 2020-21 LONG RANGE PLANNING TOPICS

How Do We Manage Newly Retained Risks?

Mr. Beverly discussed the Mission Statement, for NCCSIF. Are we meeting member's needs? Risk Management is simply good management. The Risk Management process is the same as good management procedures.

F.1. Current Financial Condition Per Funding Policy

Target Funding Benchmarks review of funding policy, benchmarks and key exposures and Trends and Takeaways. NCCSIF has a Target Funding policy to provide guidance for Board in development of annual funding. The funding policy applies to the Shared Layer only, with an SIR of \$450,000 for Liability and \$400,000 for Workers' Compensation.

NCCSIF has been above the Liability Program benchmarks for the last few years, however if we have to go to a \$1,000,000 SIR we would be below the benchmark. If we had to move to \$750,000 SIR we would be right at the benchmark. Net Contributions to Net Position ratios have improved as the funding moved from a 60% confidence level to 80% confidence level.

Increased SIR to \$1M will result in a NP:SIR ratio below the target to 5:1, with goal to 10:1. Increased volatility and higher settlement values are cause to maintain a conservative approach.

Mr. Beverly discussed the Workers' Compensation Financial History. Medical expenses are going to continue to increase. The Program continues in a strong position and well above most benchmarks. Liabilities to Net Position, just went below the benchmark driven by drop in liabilities and an increase in Net Position. Change is liabilities dropped by 6%. The last three years haven't shown much change. Back within all benchmarks for the first time in five years.

Maintain conservative funding approach to be prepared for increasing severity from presumptions, COVID, cumulative injuries, etc.

Information only.



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F.2. Liability Program issues

Mr. Beverly discussed where we are in the Liability and Property market. Predicting a pandemic coverage in the future. How do we manage the newly attained risks? We have to get back to basics and manage risk management.

Mr. Beverly also reviewed an article on hyper social inflation. Factors include changes in tort landscape, reptilian trial tactics, litigation funding, polarized political climate.

Dave Warren thanked Mr. Beverly for sharing the Article. Discussed a possible message to share this article and message with the public.

Kristina Miller left the meeting at 9:10 a.m.

F. Liability Program Issues

Excess Coverage Provider CJPRMA, has a \$5M pooled limit including NCCSIF \$500 SIR. \$500,000 SIR will still be an option next year. Reviewed the considerations for choosing an SIR next year. Will have more details from CJPRMA by the next meeting.

F.2.a. Increasing SIR

Mr. Beverly noted that we will still have the \$500,000 SIR option, and will review what other members will be staying at \$500,000.

Members discussed how an increase in SIR for excess affects our NCCSIF rates and overall impacts. We would need to increase our SIR, but in turn it should decrease our CJPRMA rates.

For the 20/21 FY we chose to stay at the \$500,000 SIR and fund at the higher \$750,000 SIR. This was expected to result in an additional \$316,356 in funding but a last-minute increase in CJPRMA's reinsurance reduced that to \$149,669.

Mr. Simmons discussed if we were forced to move to a \$750,000 SIR we might want to move to \$1,000,000. On or about April 1st we will need to get the estimates if we want to consider options for next year.

Members discussed if we might be possible to request an indication from PRISM or CARMA of what NCCSIF would have paid in the current year.

Kristina Miller joined the meeting at 9:40 a.m.



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F.2.b. CJPRMA Funding

CJPRMA Premium Funding Formula is not keeping pace with claims. Change to actuary model means a rate increase of 30%+, rate increase in addition to potential increased SIR funding.

Mr. Beverly discussed the 13 year history of incurred claims and the ten-year rolling average funding formula. The most recent three years are not used. The claims over \$1 million and \$5 million were discussed. This graph doesn't include PERMA or Vallejo.

The Board of Directors sent a letter at the end of last fiscal year to CJPRMA explaining that we need to do something about the funding. They have gotten the message and are moving in a better direction. During the last meeting they are going to the actuary funding at the 70% confidence level. We will have more to share after the next CJPRMA Meeting. We have drafted another follow-up letter. We may recommend putting additional funding into the Excess Liability Fund.

Mr. Simmons discussed the funding options and CJPRMA funding. If they aren't addressing the issue the group may decide to go with another option.

Members discussed sending the letter and have a plan in place for other options. We do need a better plan on funding in the future. They also suggested the return on deposits.

A motion was made to authorize the President to send the letter to CJPRMA.

MOTION: Liz Ehrenstrom

SECOND: Andy Schiltz

**MOTION CARRIED
UNANIMOUSLY**

Ayes: Cottrell, Miller, Ancheta, Koehn, Van Steyn, Hanken, Styczynski, McCay, Ehrenstrom, Kerrigan, Warren, Ryan, Jasso, Schiltz, Morrison

Nays: None

The board had a 15 minute break at 10:35 a.m.

Sari Dierking joined the meeting at 10:50 a.m.

F.2.c. Excess Goals and Options

Mr. Beverly discussed possible excess options, we can discuss as the two other Board Meetings. The two other pools that would be candidates to look at would be PRISM or CARMA. If the Board is interested we can reach out to PRISM or CARMA and get a



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quote or indication. The issues we could have is we wouldn't know what the final rates are for reinsurance for CARMA until June, 2021. April 1st is the deadline to rescind our notice with CJPRMA. Or goal is to strengthen CJPRMA.

E.3. Risk Management Issues and Services

E.3.a. COVID-19

Mr. Beverly discussed COVID-19 Workers' Compensation claims. We did see claims early on during COVID-19. We are grand fathered in as long as it stays COVID-19.

The property market has also been impacted by COVID-19, with the filing and rejection of most related business interruption claims and subsequent court cases that so far have favored insurers.

Henri Castro from Sedgwick, discussed SB 1159 and AB 685 regarding COVID-19. AB 685 is about new Cal/OSHA requirements. It will be effective January 1, 2021. The bills are very different and employers are expected to know the differences and Sedgwick will be distributing educational materials.

Members discussed if cities are having issues with employees wearing masks and check-in stations for employees.

Sedgwick has a COVID-19 resource page with Cal/OSHA requirements with infectious disease protocols. The rule of thumb if they can maintain a 6 foot distance they don't need to wear a mask. Cal/OSHA visits they will want to look at the IIPP supplement and what you're doing related to COVID exposures.

Members should make sure all COVID-19 claims reported to Sedgwick.

Program Administrators are not recommending excluding COVID-19 claims this year.

E.3.b. Police Liability

Mr. Beverly discussed Police Liability topics and body worn cameras. Members have gone back and forth over the years about the grant fund usage. Reviewed the request from City of Folsom for a new program the police department would like to use. They want to implement this software before they implement the body worn cameras.

Galt and Anderson haven't used any of the funds for the body worn cameras.



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Chief Landon from the Yuba City recommend the program the City of Folsom is interested in using. It tracks all of the different uses of force by officers. The cameras are very costly and the funds don't cover the cost of the cameras. Some of the agencies that are using the funds for other items that are apart of risk management.

Members discussed direction for the City of Folsom request. Cities might not be able to afford the cameras. Members are ok with the City using the funds for the software.

A motion was made to approve the City of Folsom's request for the IA pro software.

MOTION: Liz Ehrenstrom

SECOND: Andy Schiltz

**MOTION CARRIED
UNANIMOUSLY**

Ayes: Cottrell, Miller, Ancheta, Koehn, Van Steyn, Hanken, Styczynski, McCay, Ehrenstrom, Kerrigan, Warren, Ryan, Jasso, Schiltz, Morrison

Nays: None

E.3.c. Wildfire Risks

Mr. Beverly discussed the Wildfire Risks. Property insurance market remains hard, expect rate increases in 20%-25% range and wildfire deductibles will be more common and increasing. We don't have many options for other programs. PRISM doesn't compete with APIP and has so far avoided Wildfire deductibles. The Town of Paradise has a \$2.5 million dollar wildfire deductible. The Program Administrators aren't in the position to recommend a change. Travelers could be an option but they will have a bigger deductible.

Focusing on Risk Management would be beneficial for underwriters and having fire safe communities and engineering and rapid response. Mr. Beverly discussed using a wildfire score card from Core Logic. Members are interested in a presentation from the rapid response company and interested in learning the toxicity of the chemicals sprayed.

E.3.d. Training and Services

Tabled for wrap up discussion.

E.4 Long Range Planning Wrap-up

Members requested updating the home page for the NCCSIF website. We will be sending out the CJPRMA letter. We might not have as strong as presence if we work with PRISM because they have a larger group.



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L. INFORMATION ITEMS

1. Glossary of Terms
2. NCCSIF Organizational Chart
3. NCCSIF 2020-11 Meeting Calendar
4. NCCSIF Resource Contact Guide
5. York Who's Who in Claims - WC and Liability Contacts

These items were provided as information only.

M. ADJOURNMENT

The meeting was adjourned at 11:52 a.m.

Next Meeting Date:

Respectfully Submitted,

Jennifer Styczynski, Secretary

November 13, 2020
Date