



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, October 24, 2013 at 9:30 a.m.

**YCPARMIA
77 W. LINCOLN AVE.
WOODLAND, CA 95695**

1. Call to Order
2. Approval of Agenda
3. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON ANY MATTER WHETHER OR NOT IT IS ON THE AGENDA, BUT STATE LAW PROHIBITS ACTION BY THE BOARD ON NONAGENDA ITEMS
4. Communications
 - A. Board Members
 - B. CEO/Risk Manager
 - C. Next Meeting
5. Consent Calendar
 - A. Approval of Minutes
6. Action Items
 - A. Management's Discussion and Analysis – Financial Audit
 - B. Annual Financial Audit
7. Information Items
 - A. YCPARMIA Financial Report
 - B. YCPARMIA Investment Statement
 - C. Notification of New Claims Received Since the Previous Board Meeting
 - D. Closed Liability Files
 - E. Certificates Issued
 - F. Workers' Compensation Loss Run Summary as of Sept. 30, 2013
 - G. Statement of Revenues, Expenses, and Retained Earnings as of Sept. 30, 2013
 - H. Reporting on Worker's Compensation Liability as Required by Section 30702.6 of the California Labor Code
 - I. Strategic Planning
8. Closed Session
 - A. Section 54956.95 – LIABILITY CLAIM

The meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact our office at (530) 666-4456 or Fax (530) 666-4491. Requests for such modifications or accommodations must be made at least 48 hours before the start of the meeting.

Yolo County Public Agency Risk Management Insurance Authority

COMMUNICATIONS

AGENDA ITEM NO. 4B

DATE: October 24, 2013

SUBJECT: CEO/Risk Manager's Report

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

The CEO/Risk Manager will be reporting on the following items:

1. PARMA is scheduled for February in San Jose at the Convention Center with an opening night reception at the San Jose Tech Museum. A block of rooms has been reserved at the adjoining Marriott.
2. Due to reoccurring targeting by local homeless squatters, YCPARMIA has been forced to fence in and lock the trash facility at the south end of our parking lot. We had previously been forced to padlock our gates.
3. In response to concerns raised by two of our parks departments, it was necessary to have the large oaks east of our parking lot pruned to remove excess weight, and cabled to address a significant split. Cost for the work was equally shared with our neighbor.
4. Marinda's due date is mid-February. She currently intends to work as close to delivery as possible, and return to work in early June. We anticipate covering for her with existing staff, but will bring in part-time student for filing as needed.
5. As indicated previously, YCPARMIA is obtaining a quote from a recommended HR service to review and update our Personnel Manual, and will be bring a proposal back to the Board for consideration.
6. In the past, YCPARMIA would host a quarterly loss prevention lunch to allow discussion between chairs of the safety committees for our various members; we are curious as to whether there is interest in renewing the practice.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	COMMUNICATIONS
	AGENDA ITEM NO. <u>4C</u>
	DATE: <u>October 24, 2013</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The following are items we anticipate will be agendized for our next Board meeting:

DATE: December 12, 2013

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: October 24, 2013

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of August 22, 2013 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for August 22, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6A</u>
	DATE: <u>October 24, 2013</u>
SUBJECT:	Management's Discussion and Analysis – Financial Audit
RECOMMENDED ACTION:	That the Board Review and Approve the Attached Management's Discussion and Analysis for the annual Financial Audit

BACKGROUND INFORMATION:

Pursuant to GASB 34, YCPARMIA includes the required Management's Discussion and Analysis as part of our annual financial audit process. Attached is this year's submission, and when approved by the Board, will become part of the financial audit report, and of our CAFR application in December.

The report is intended to provide context for the financial audit results both for the authority as a whole, and by individual program. As part of the presentation we attempt to place the current audited year in a historical prospective by comparing selected results with previous benchmarks.

To summarize the MD&A, the Liability, Property, and Fidelity programs are fully funded, while the Workers' Compensation Program has seen deterioration due to actuarially generated reserve increases. Premiums remain flat, and we have seen good results in meeting our budget.

FISCAL IMPACT:

The recommended action has no anticipated fiscal impact.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6B</u>
	DATE: <u>October 24, 2013</u>
SUBJECT:	Annual Financial Audit
RECOMMENDED ACTION:	That the Board Review and Accept the Annual Financial Audit

BACKGROUND INFORMATION:

YCPARMIA, pursuant to requirement in its governing documents, has an independent annual financial audit performed after the end of our financial year on June 30th. This year's audit was performed by Crowe-Horwath, which is in the last year of our current three year contract. Overseeing the audit process was Matt Nethaway, a partner in Crowe-Horwath; he will be present at the Board meeting to present and discuss the audit with the Board.

Once again we have a "clean audit" evidencing compliance "...in all material respects..." and "...in conformity with accounting principles generally accepted."

An additional required part of the annual audit, Management's Discussion and Analysis, prepared by YCPARMIA staff, has been submitted separately for Board review and approval.

It should be remembered that the Board has directed staff to go through an RFP process for a financial auditor. We have been with Crow-Horwath and their predecessor, Perry Smith, for at least twenty years; the Board went through an RFP process six years ago, and at that time decided to renew the contract. We anticipate starting the RFP process prior to the December Board meeting, and bringing a recommendation to the Board at its January meeting.

FISCAL IMPACT:

There is no fiscal impact associated with this recommended action.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7A

DATE: October 24, 2013

SUBJECT: YCPARMIA Financial Report

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through September 30, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7B</u>
	DATE: <u>October 24, 2013</u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through September 30, 2012 for your review.

Investment Statement

For your information:

LAIF as of 9/30/2013:	\$ 3,415,271
County Pool as of 9/30/2013:	\$ no report
Chandler as of 9/30/2013:	\$10,326,693
Total as of 9/30/2013:	\$13,741,964

Outstanding Reserves

For your information:

Total as of 9/30/2012:	\$ 9,536,363
Total as of 8/31/2013:	\$ 10,580,191
Total as of 9/30/2013:	\$ 10,203,062

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7C

DATE: October 24, 2013

SUBJECT: Notification of New Claims Received Since the
Previous Board Meeting

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is a list of new Liability claims that have been received by YCPARMIA since the last Board Meeting. For your convenience, we have also included a list of all open Liability claims.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM	
AGENDA ITEM NO. <u>7D</u>	
DATE: <u>October 24, 2013</u>	
SUBJECT:	Closed Liability Files
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached is our report on closed liability files. Recognizing that this agenda is a public document, it should be emphasized that the information provided is general. It is probable during the course of the year that some files that close with a denial will re-open for litigation.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7E</u>
	DATE: <u>October 24, 2013</u>
SUBJECT:	Certificates Issued
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

Attached is a list of the certificates that have been issued since the last Board Meeting.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: October 24, 2013

SUBJECT: Workers' Compensation Loss Run Summary –
September 2013

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the end-of-the-first quarter loss run summary from LWP.

Summary: LWP is coming slowly up to speed in preparing some of the unique monthly loss reports that YCPARMIA requires. Attached is their first Loss Run Summary. It reflects two positive trends:

- Increased closings – which was expected since York had stopped working the files; and
- Decreased benefit costs – which is most likely just ebb in the flow. If the trend continues thru the second quarter then we can project a “good year” for the program.

Lisa has done a spot check against reimbursement payments that YCPARMIA has made, and the loss run summary appears accurate.

Frequency:

While the numbers are a bit suspect, we have seen a reduced number of claims during the first quarter. Last year we averaged 29.5 claims a month, while this year we are averaging 26.6.

Severity:

Of the 80 new claims received in the first quarter, 12 of them have been coded indemnity meaning they have TD and/or PD reserves. This number is similar to what we experience two years ago, and is a couple of files better than last year's rate. At the same time we have seen six previously opened med-only claims reclassified as indemnity, so in reality our numbers are tracking almost exactly with the last two years.

Benefits:

Average monthly costs for the first quarter are \$181,903 per month. This is down nicely from \$255,738 last year, but the numbers are small and we can see significant

movement with a bad month or large settlement. Note: the significant increase in C&R settlements in the first quarter reflects the aggressive claim handling that LWP promised. C&R's are good for the Authority as they clean future liabilities off of our books, and can positively affect our future actuary studies.

Temporary Disability: This benefit is trending lower which suggests that the members are providing modified work. A second explanation is that we have not had many recent surgeries which is supported by the reduced medical payments.

Permanent Disability: This number is up significantly, but is probably explained by the negotiated C&R settlements.

Medical costs: This benefit total is down significantly, and I do not have an explanation as to why that is the case; we will be looking into this number further.

Legal, Investigative, Subrosa: Just a reminder that the components in this category have changed in the last two years with some items that were formerly in medical now moved to here.

Future Reserves:

For our actuary study, this is the most important number that we monitor; program reserves and premiums are driven by this number. Last month's report suggested that we were at an all-time high at over \$9.9M – an increase of more than \$1.5M in two months, with no catastrophic losses received to justify the jump. They have now dropped to \$9.4M, but at this point we have no confidence in the accuracy of the total. It is noted that we have three months to get it right before the actuary study.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7G</u>
	DATE: <u>October 24, 2013</u>
SUBJECT:	Estimated Statement of Revenues, Expenses, and Retained Earnings as of September 30, 2013
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached is the 9/30/13, end-of-the-first-quarter Statement of Revenues, Expenses and Retained Earnings. The report reflects the performance and fiscal health of YCPARMIA's various programs, and can be used to identify issues with developing trends. More importantly it tracks excess surplus that can be used for premium rebate credits, or funding problems that could lead to member assessments. Note: investment earnings do not include any investment returns from LAIF – we have not yet received this report from the County.

Liability

This program is fully funded in its program reserves and confidence margin. There is a \$40K shortfall in the Catastrophic Fund that will be made up in the second quarter. Significantly, we have seen a significant reduction in open litigation as some of our older files have been successfully concluded. Current open inventory is much lower than our traditional numbers.

Workers' Compensation

Last year ended with the actuary study hitting us with almost \$1.5M in unbudgeted program reserve increases, and that amount basically mirrors the change in fund balance that we experienced for the year. As a result we were fully funded in our program reserves, but both the Confidence Margin and Catastrophic Fund were bare. The first quarter has seen us make up about \$300K due primarily to lower claim payments. This means that our Confidence Margin is not funded to about \$370K, or about 19% of the approved level.

Property

The Property Program is full funded in its program reserves, confidence margin and catastrophic fund. We have seen a \$68K surplus developed, but have also received a number of recent claims, so we anticipate that this surplus will be reduced as payments are made.

Fidelity

The fidelity program is also fully funded and generating a surplus.

While it is dangerous to project off a first quarter report, the year has started well for us in all programs.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7H</u>
	DATE: <u>October 22, 2009</u>
SUBJECT:	Reporting on Worker's Compensation Liability as Required by Section 30702.6 of the California Labor Code
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Section 30702.6 of the California Labor Code requires that within 90 days of the submission of the Self-Insurer Annual Report the governing body of the self-insurer be notified of the future liability and the fact that these liabilities are funded in compliance with the requirements of GASB 10. YCPARMIA's report, submitted September 25th, is attached.

- In simple terms GASB 10 requires that actuarial techniques be used to evaluate liabilities;
- The figures reported in the attached report are included in the data analyzed in our annual actuary study performed by AON;
- That actuarial study determines proper program reserves and funding at various confidence levels;
- Board policy sets funding and reserve levels that are supplied by the actuary study.

It should be noted that the State uses the Annual Report to generate revenue. The State makes an assessment against self-insureds to fund the applicable activities provided by the Department of Insurance. Applying a rate to the reported estimated Future Liability generates the amount of the assessment. Over the last six years we have seen the assessment spike as our reserves have remained somewhat flat, while the State's rate increased to generate additional funds:

- 2009: \$30,328
- 2010: 49,531
- 2011: 65,252
- 2012: 71,744
- 2013: 82,365

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 71

DATE: October 24, 2013

SUBJECT: Strategic Planning: The Board's Opportunity To
Discuss Developing Issues

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

This agenda item is intended to allow the Board to discuss trends and future risk management plans.

Absent items that the Board wishes to discuss, I would like to propose a subcommittee be formed to standardize basic loss prevention standards and activities.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CLOSED SESSION

SUBJECT: Settlement Authority on Sierra Northern Railroad Claim

RECOMMENDED ACTION: That the Board grant authority to settle this claim for \$62,185.

BACKGROUND INFORMATION:

On May 30, 2013, an uninsured unlicensed 22 year-old adverse driver destroyed a railroad crossing signal box in a single car collision; he died at the scene. YCPARMIA has confirmed that the deceased had no assets, and had a substantial criminal history of driving on a suspended license. Criminal fines of \$80K were levied against him for a variety of incidents in 2012, and included three short jail sentences.

The County, in a 2003 agreement assumed the liability of uninsured drivers causing damage to the railroad at the involved crossing – Old River Road and CR 124. This is apparently a fairly common agreement as a condition for the public entity to obtain a track crossing easement for their roads. The railroads hold all of the cards, and play them well.

The approximately \$62K in damage is made up of \$5K in labor, \$55K for the new signal box, and \$2K for equipment use. The charges appear proper.

Based on the contractual obligation of assuming the liability, this is a case for settlement.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager