



Yolo County Public Agency Risk Management Insurance Authority

BOARD MEETING MINUTES October 24, 2024

The meeting of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) was held on October 24, 2024, at the YCPARMIA office located at 77 West Lincoln Avenue, Woodland, CA.

BOARD MEMBERS PRESENT: Amanda Berlin (*President, City of West Sacramento*), Kimberly McKinney (*Vice President, City of Woodland*), Christopher Bensch (*City of Davis*), Philip Pogledich (*County of Yolo*), Leah Smith (*Esparto USD*), Cathy Mathews (*City of Winters*)

BOARD MEMBERS ABSENT: none.

OTHERS PRESENT: Barbara Lubben (*YCPARMIA Executive Director*), Lily Viek (*YCPARMIA Member Services and Operations Manager*), Herbert Lester (*County of Yolo*)

1. CALL TO ORDER

Amanda Berlin called the meeting to order at 9:04 a.m.

2. APPROVAL OF AGENDA

Cathy Mathews moved to approve the agenda; seconded by Kim McKinney. Motion passed unanimously.

3. PUBLIC COMMENTS

None.

4. CLOSED SESSION

The Board adjourned to closed session from 9:08 a.m. to 10:47 a.m.

A. Public Employment

Public Employee Performance Evaluation/Appointment/Discipline/Dismissal/Release
(Government Code § 54957(b)(1))

Title: Executive Director

B. Conference with Labor Negotiator (Government Code § 54957.6)

Designated Representatives: Board President and Board Vice President

Unrepresented Employee: Executive Director

No reportable action taken.

5. PRESENTATIONS

A. Actuarial Reports

Mike Harrington, Bickmore Actuarial, presented the Actuarial Reports to the Board.

B. Financials

Ritesh Sharma, James Marta & Company, LLP, presented the June 30, 2024 Financial Statements to the Board.

6. COMMUNICATIONS

A. Board Members

No communications were provided by the Board

B. Executive Director

Executive Director Barbara Lubben provided a brief update to the Board on her priorities over the next six months, financial updates, the status of YCPARMIA's Workplace Violence Prevention Plan, and CAJPA accreditation.

7. CONSENT CALENDAR

A. Approval of August 22, 2024 Minutes

B. Financial Statements as of June 30, 2024

C. Chandler Quarterly Investment Report as of September 30, 2024

D. Workers' Compensation Claims Audit

E. Corrected 2025 Calendar of Meetings

Kim McKinney moved to approve the Consent Calendar, seconded by Philip Pogledich. Motion passed unanimously.

8. ACTION ITEM

A. Accept Actuarial Reports

YCPARMIA has an actuarial valuations performed of its pooled property and casualty programs by Bickmore Actuarial. The purpose of the pooled actuarial study is to determine a single base rate that would be appropriate for a homogeneous group of members.

The valuations estimate that funding needed to cover the cost of claims expected to be incurred over the next fiscal year and paid over the life of the claim that year and future years. The total annual cash payment for each member will be calculated using the results of these valuations, the excess premium costs, and the administrative costs for the program.

Although the pooled actuarial valuations assume a homogenous group of members, the YCPARMIA pool is heterogeneous. YCPARMIA utilizes an experience modification (x-Mod) factor in the calculation of its final rates that relies on member loss histories, to adjust for the differences among members.

Because the ultimate liability for any policy year can only be estimated, the valuations also consider how estimates for claims from prior years have changed over the past year. These results are also compared to the YCPARMIA target funding guidelines, to determine whether an additional contribution is needed to fund adverse development in prior years.

A summary of the actuary's findings for each program is included below, with a reference to the section of the actuarial report that addresses the topic.

LIABILITY

- The program's reported losses emerged greater than expected since our prior analysis while paid losses were about as expected. (Pages 10 & 11)
- Our estimate of outstanding liabilities increased from \$7,682,000 as of June 30, 2023 to \$12,478,000 as of June 30, 2024 at the undiscounted, expected level. This increase was primarily driven by an increase in case reserves. (Page 13)

- Our projection for 2025-26 losses and ALAE (excluding ULAE & other expenses & gross of member deductibles) is a rate of \$1.20 per \$100 of estimated 2024 DE-9 payroll at the undiscounted, expected level. This is an increase from the prior study's 2024-25 projection of \$1.06. (Page 14)

PROPERTY

- The program's reported losses emerged greater than expected since our prior analysis, while paid losses emerged less than expected. (Page 8)
- Our estimate of outstanding liabilities increased from \$366,000 as of June 30, 2023 to \$515,000 as of June 30, 2024 at the undiscounted, expected level. This increase was driven by an increase in both case reserves and IBNR. (Page 10)
- Our projection for 2025-26 losses and ALAE (excluding ULAE & other expenses & net of member deductibles) is a rate of \$129.47 per \$1M of TIV at the undiscounted, expected level. This is an increase from the prior study's 2024-25 projection of \$114.88 and is driven by the greater than expected emergence noted above. (Page 11)

WORKERS' COMPENSATION

- The program's reported & paid losses emerged greater than expected since our prior analysis. (Pages 10 & 11)
- Our estimate of outstanding liabilities increased from \$17,310,000 as of June 30, 2023 to \$20,950,000 as of June 30, 2024 at the undiscounted, expected level. This increase was driven by both an increase in case reserves and an increase in IBNR. (Page 13)
- Our projection for 2025-26 losses and ALAE (excluding ULAE & other expenses & gross of member deductibles) is a rate of \$2.49 per \$100 of estimated 2024 DE-9 payroll at the undiscounted, expected level. This is an increase from the prior study's 2024-25 projection of \$2.23 and is driven by the greater than expected emergence noted above. (Page 14)

MEMBER RETAINED LIMITS STUDY

Last year, Bickmore completed Member Retained Limit (MRL) studies for our liability and property programs. This year the study was completed for our Workers Compensation Program.

The purpose of the MRL study is to determine the appropriate MRL for an individual member assuming:

- Larger members should retain risk more (assumes homogeneity). This is because as the member size increases the predictability of the losses at a given retention will increase so the cap on what is considered the "predictable" layer will increase. In general the member should retain the predictable losses and utilize the Pool for the unpredictable losses.
- All members should "equitably access" pool funds (addresses heterogeneity). The idea is to pool funds for the unpredictable layer for each member (which relies on the appropriateness of the MRL) which will allow for equitable access to pool funds if the MRL is selected appropriately.

DEDUCTIBLE CREDIT STUDY

The purpose of the deductible credit study is to determine a single rate for each level of MRL that would be appropriate for a homogeneous group of members. This year's study shows

the impact on a member's rate for the pooled layer component of the total Workers Compensation program cost of electing selected deductible/MRL levels. The minimum deductible for YCPARMIA's program is currently \$1,000. If a member were to elect a higher deductible, they would need to fund the higher deductible through their individual entity budget.

Deductible credit studies were performed for the general liability and property programs last year, and those rates can continue to be used for the coming year. We completed the deductible study for workers' compensation program this year, and that report is included here.

Bickmore Actuarial is available to conduct individual member actuarial studies to determine a recommended level of funding for selected deductible amounts. The cost of such a study would be borne by the individual member requesting the study.

Cathy Mathews moved to accept the Actuarial Reports; seconded by Chris Bensch. Motion passed unanimously.

B. Policy and Procedure A-19: Underwriting Policy

YCPARMIA is required to review its underwriting policy every three years. Last year, the YCPARMIA Board reviewed the policy and approved changing the period used for the loss history component of its rates, in order to allow rate estimates to be provided earlier in the budget cycle and implemented the use of deductible credits for members.

Three years ago, YCPARMIA approved an agreement with Yolo County to reduce their allocation by 10% for workers compensation and 5% for general liability, in order to reflect their positive loss experience, relative to City members. The agreement was to last at least three years. This agreement is now expiring.

We anticipate studying multiple components of our rating methodology next year, so we are recommending that we extend the discounts to Yolo County for the current year, and revisit them as part of a larger overall analysis.

Phil Pogledich moved to approve the one year extension of the current County of Yolo credit and the revised Underwriting Policy; seconded by Leah Smith. Motion passed unanimously.

C. Discussion and Consideration of Salary/Fringe Benefits of Executive Director and Discussion and Consideration of Executive Director Employment Agreement

Executive Director Barbara Lubben has been employed by YCPARMIA since February 28, 2022. At her first annual review, she moved to the top step for the Executive Director position. Subsequently, at the request of the Board, YCPARMIA retained Bryce Consulting to complete a total compensation and classification study for YCPARMIA. That study recommended that the Executive Director position move off of a step system and be compensated based on an approved range. A range of \$208,000 - 281,784 was approved at the June 27, 2024 Board Meeting, effective July 1, 2024. The actual amount of the Executive Director salary would be determined by the Board of Directors.

Subsequent to the June 27, 2024 Board meeting, a survey of YCPARMIA staff was completed by the Board President to create a 360 degree evaluation process. The Executive Director met with YCPARMIA Board Vice President Kim McKinney on August 21, 2024 to discuss potential contract revisions. On October 15, 2024, YCPARMIA Board President Amanda Berlin and Vice President McKinney delivered the Executive Director's performance review to her.

Phil Pogledich moved to incorporate edits to the Executive Director employment agreement and approve a 5% increase to current Executive Director Barbara Lubben's salary from the bottom of the range effective July 1, 2024; seconded by Cathy Mathews. Motion passed unanimously.

9. INFORMATION ITEMS

A. Liability Claims Update

A list of the 40 new liability claims that were received by YCPARMIA between August 1 and September 30, 2024 and a list of the 42 liability claims closed in the same period were given to the Board for review.

B. Workers Compensation Program Update

YCPARMIA utilizes a Workers Compensation/Wellness Nurse (RN) who collaborates with our third party administrator, LWP, to ensure that appropriate medical care is provided to YCPARMIA Members' injured workers.

During August and September, YCPARMIA staff completed Workers' Compensation Claim Reviews with the City of Davis, the County of Yolo, and Esparto Unified School District. Staff also provided a Workers' Compensation 101 Training for the City of Davis.

C. Loss Prevention/Risk Control Program Update

The Board was given statistics on loss prevention and risk control services from two main sources: those delivered by YCPARMIA staff and services utilized by our members through the Vector Solutions online learning management system.

D. Early Excess Premium Estimates

The marketing of our excess insurance coverages is a lengthy process and often concludes just before the end of the fiscal year on June 30. To facilitate the budgeting process, our excess pool, PRISM provides early premium indications beginning in October and updates those estimates throughout the year. The first update is expected in January, 2025 with final rates provided in conjunction with the PRISM Board Meeting on June 6, 2025.

It is early in the renewal for most PRISM programs, and the current round of estimates are solely based on *assumptions for all component pieces* of premium including loss history, exposure data, pool rates, reinsurance and excess premiums, and administrative costs. As more costs are known and updated exposure and loss data is collected, new reports will be provided. These estimates are intended to be conservative to allow members to set their budgets accordingly.

YCPARMIA will use the high end of the most current indication in the development of its early estimated rates that will be provided at our January 23, 2025 Board Meeting. Those rates will

utilize the results of the June 30, 2024 actuarial valuations, discussed on this agenda for the pooled layer of coverage, and the early estimated administrative budget which will be presented at the January 23, 2025 Board Meeting.

Attached for your information are the early premium indications from PRISM as of October, 2024.

E. Next Meeting

The next YCPARMIA Board Meeting will be held in-person at the YCPARMIA Office on December 12, 2024 at 9:00 a.m.

10. ADJOURNMENT

The October 24, 2024 YCPARMIA Board Meeting adjourned at 12:12 p.m. by general consent.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Lily Viek', followed by a horizontal line extending to the right.

Lily Viek
Member Services and Operations Manager, YCPARMIA